

ASX ANNOUNCEMENT

29 July 2010

70% increase in high grade gold JORC Resource inventory to 2.5 million ounces

Highlights

- Mount Monger:
 - Total resource of 3.6 million tonnes at 9.4 g/t Au for 1.1 million ounces
 - 142% increase in resource at Daisy Milano to 623,700 ounces
 - maiden resource at Daisy East totalling 142,600 ounces at 38.7 g/t Au
 - 172% increase in resource at Magic to 152,800 ounces
 - North Monger acquisition of 80,300 ounces
- Murchison:
 - Total resource of 13.7 million tonnes at 3.0 g/t Au for 1.3 million ounces
 - maiden resources at Caustons South, Genesis & Exodus totalling 121,000 ounces
- Total June 2010 resource inventory:
 - 17.8 million tonnes at 4.4 g/t Au for 2.5 million ounces

Silver Lake Resources Ltd ("Silver Lake") is pleased to announce a June 2010 JORC Resource inventory totalling 17.8 million tonnes at 4.4 g/t Au for 2.5 million ounces (refer to table 1) an increase of 70% from the June 2009 inventory (refer to table 2). The June 2010 resource inventory is calculated after allowing for the previous year's mining depletion of 66,700 ounces.

Silver Lake's discovery cost continues to be less than A\$10 per ounce.

Not all of the recent drilling success has been included in the latest inventory as drilling is ongoing. A further resource upgrade will be announced in January 2011 to include:

- expanded resources at Magic and Daisy East;
- maiden resources for Lena South, Leviticus and Numbers in the Murchison; and
- other resources as defined by our ongoing drilling campaigns over the next six months.

"To add over 1 million ounces of gold to our resource inventory during the year after mining 66,700 ounces is a significant outcome and supports our view on the underexplored, highly prospective nature of our Mount Monger Operations and Murchison projects. Further encouraging results are expected from our ongoing drilling programmes throughout the year as many of these resources are by no means closed out" said Managing Director Les Davis.

"The immediate implications of the increased resource base at a sustained high grade, are to confirm a mine life at our Mt Monger Operations well beyond 5 years and to make a second production centre in the Murchison more likely than not", Mr Davis added.

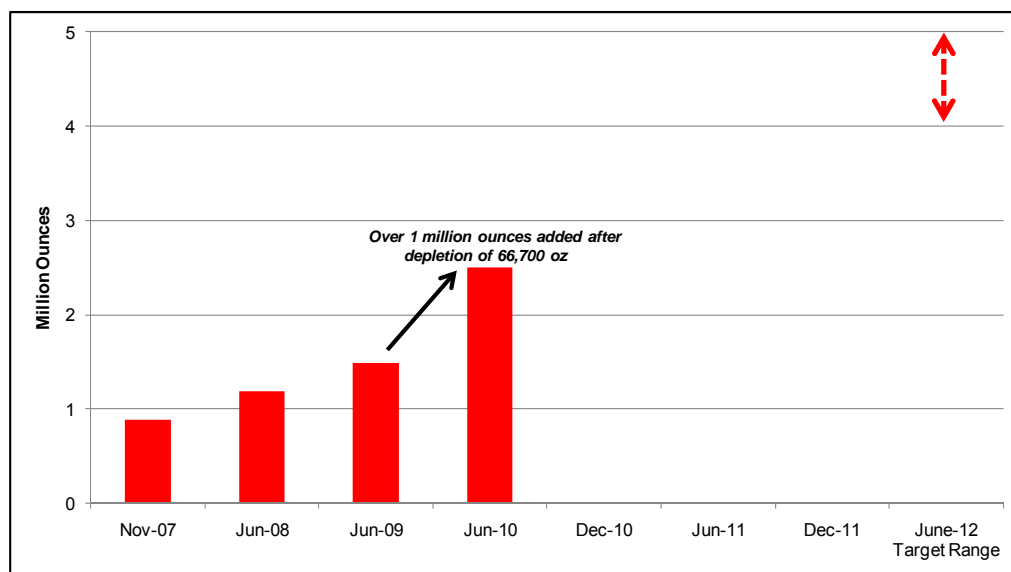


Figure 1: Resource inventory since inception in November 2007 (refer to note 1 on page 7 regarding exploration targets).

Exploration - Mount Monger

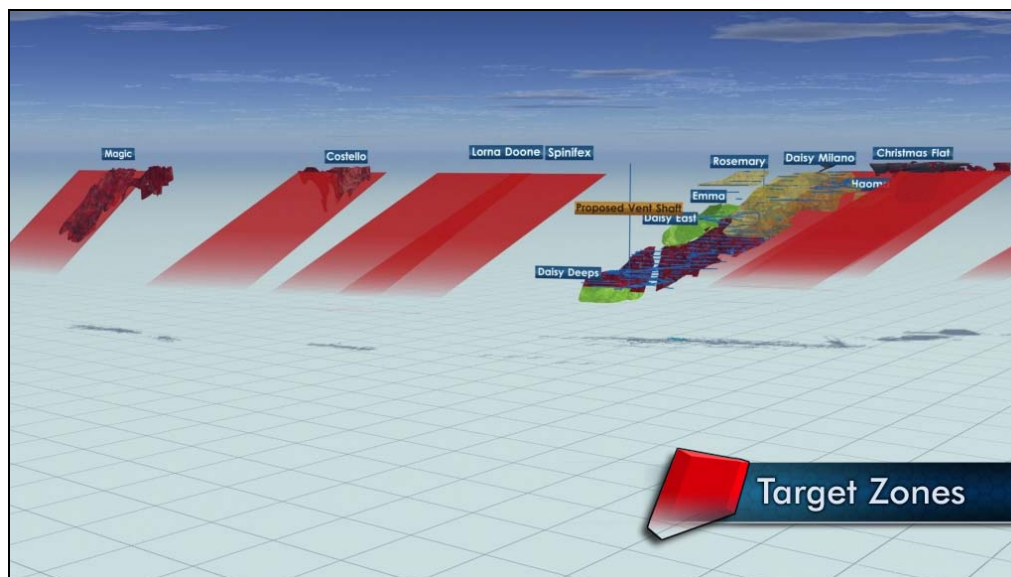


Figure 2: Schematic view of target zones at Mount Monger.

The next six months surface drilling programmes at Mount Monger will mainly be targeting the thick high grade zones intersected at the Magic deposit located 3km south of Daisy which include:

- 11 metres at 59.4 g/t Au from 251 metres (including 1.5 metres at 243 g/t Au);
- 10 metres at 19.1 g/t Au from 52 metres;
- 3 metres at 23.8 g/t Au from 44 metres; and
- 15 metres at 4.7 g/t Au from 272 metres;

The mineralisation at the Magic deposit remains open to the south and at depth.

Underground drilling programmes over the next six months will be targeting the northern extent at Daisy East and extensions to Emma, Rosemary and Haoma.

Exploration - Murchison

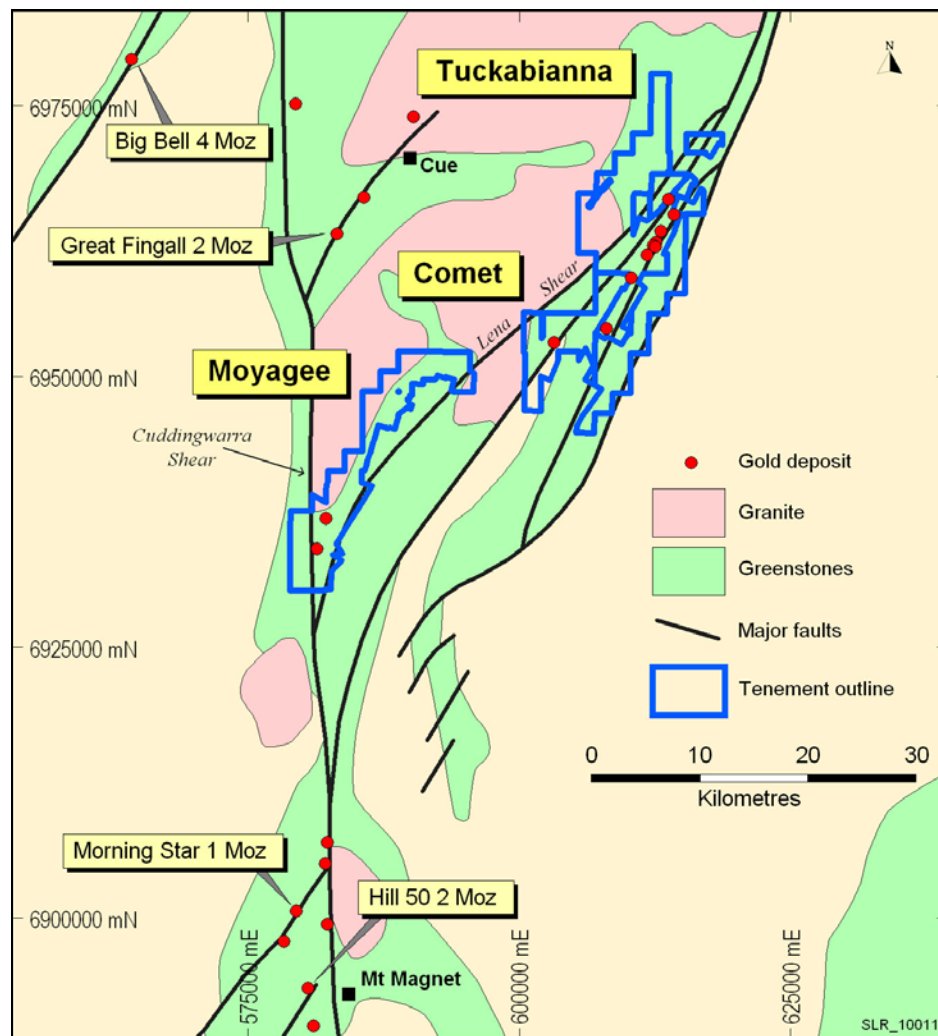


Figure 3: Murchison projects location plan.

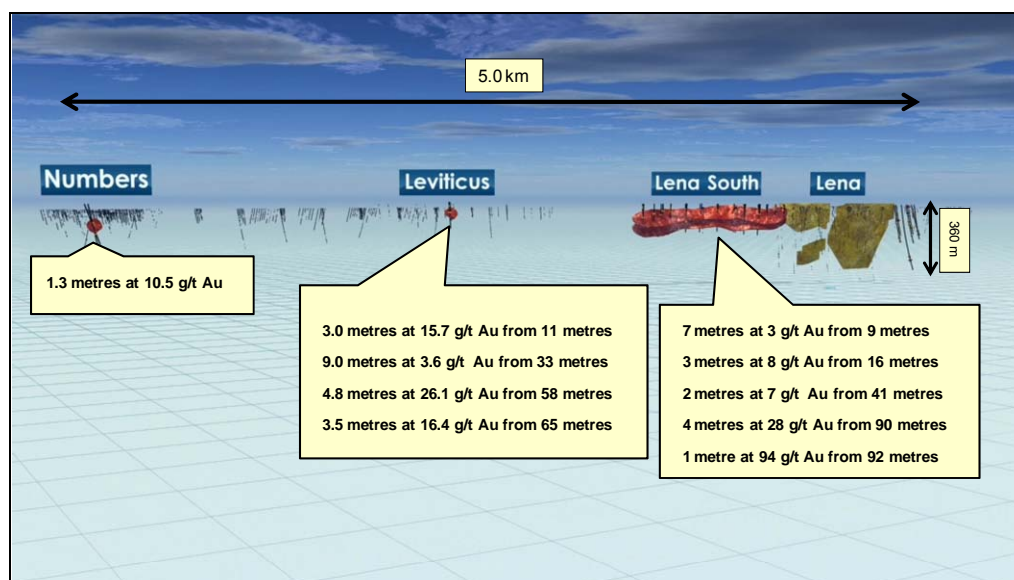


Figure 4: Schematic view of Lena, Lena South, Leviticus and Numbers.

The Moyagee Project (refer to figure 3) contains 35 km of the highly prospective Lena Shear zone. The Lena deposit is located in this shear zone and already has a resource of 820,000 tonnes at 8.5 g/t Au for 224,200 oz (refer to table 1).

Infill drilling will be undertaken over the next six months at Lena South, Leviticus and Numbers prospects to calculate a maiden resource for each area (refer to figure 4).

Resource inventory - June 2010

Deposit	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s
Daisy Milano	70.3	24.7	55.8	457.1	23.1	339.5	227.0	31.3	228.4	754.4	25.7	623.7
Daisy East	33.0	48.1	51.0	53.6	44.9	77.4	27.9	15.7	14.1	114.6	38.7	142.6
Christmas Flat	-	-	-	152.8	3.0	14.7	238.6	3.6	27.6	391.4	3.4	42.4
Costello	-	-	-	115.0	3.3	12.2	128.2	3.1	12.8	243.2	3.2	25.0
Lorna Doone	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Magic	-	-	-	283.8	4.4	39.7	807.2	4.4	113.2	1,091.0	4.4	152.8
Wombola Pit ¹	-	-	-	132.2	2.6	11.1	171.0	2.9	15.7	303.0	2.8	26.8
Wombola Dam ¹	-	-	-	125.1	2.6	10.3	432.0	3.1	43.2	557.2	3.0	53.5
Total Mount Monger	103.3	32.2	106.9	1,320.0	11.9	504.9	2,142.7	6.8	469.3	3,565.7	9.4	1,081.0
Caustons	-	-	-	625.6	3.9	78.2	462.2	3.3	48.9	1,087.8	3.6	127.1
Caustons South	-	-	-	424.8	2.0	27.6	296.5	4.2	39.6	721.3	2.9	67.2
Tuckabianna	-	-	-	1,224.0	2.2	86.6	938.0	2.1	63.3	2,162.0	2.2	149.9
Friars	-	-	-	-	-	-	402.0	1.9	24.6	402.0	1.9	24.6
Jasper Queen	-	-	-	-	-	-	175.0	2.6	14.6	175.0	2.6	14.6
Gilt Edge	-	-	-	63.0	3.0	6.0	33.0	5.2	5.5	96.0	3.8	11.6
Genesis	-	-	-	353.7	1.8	20.2	11.8	2.4	0.9	365.5	1.8	21.2
Exodus	-	-	-	457.4	1.6	23.7	101.3	2.8	9.0	558.7	1.8	32.6
Julies Reward	-	-	-	461.3	3.2	46.7	254.7	3.4	27.8	716.0	3.2	74.6
Sherwood	-	-	-	-	-	-	349.0	2.2	24.9	349.0	2.2	24.9
Jaffas Folly	-	-	-	6.0	4.3	0.8	202.0	1.4	9.1	208.0	1.5	9.9
Little John	-	-	-	-	-	-	1,201.0	1.8	69.5	1201.0	1.8	69.5
TMC/Katies	-	-	-	-	-	-	850.0	1.9	51.9	850.0	1.9	51.9
Total Tuckabianna	-	-	-	3,615.8	2.5	289.9	5,276.4	2.3	389.7	8,892.2	2.4	679.6
Comet	36.0	-0.6	0.7	2,776.2	3.7	325.5	1,150.3	2.5	91.5	3,962.5	3.3	417.8
Moyagee	-	-	-	-	-	-	820.2	8.5	224.2	820.2	8.5	224.2
Total Murchison	-	-	-	6,392.0	3.0	615.5	7,247.0	3.0	705.4	13,675.0	3.0	1,321.6
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	139.4	24.0	107.6	7,711.7	4.5	1,120.4	9,980.8	4.1	1,307.5	17,831.9	4.4	2,535.5

Table 1: June 2010 Resource Inventory

Rounding may give rise to unit discrepancies in this table

Notes to table 1:

1: Settlement for the North Monger transaction is expected to occur in the September 2010 quarter.

2: Refer to documentation in appendices.

Deposit	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s
Daisy Milano	117.1	41.3	155.7	36.7	32.7	38.5	44.0	44.7	63.2	197.8	40.5	257.4
Christmas Flat	-	-	-	206.5	3.5	23.0	247.2	3.5	28.0	453.7	3.5	51.0
Costello	-	-	-	-	-	-	94.0	3.7	11.2	94.0	3.7	11.2
Lorna Doone	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Magic	-	-	-	348.4	3.2	35.4	249.2	2.6	20.8	597.6	2.9	56.2
Total Mount Monger	117.1	41.3	155.7	591.6	5.1	96.9	745.4	5.7	137.5	1454.1	8.3	390.1
Comet	-	-	-	1,709.1	3.6	198.3	572.2	5.1	92.9	2,281.2	4.0	291.2
Moyagee	-	-	-	-	-	-	820.2	8.5	224.2	820.2	8.5	224.2
Tuckabianna	-	-	-	2,327.1	2.8	212.1	2,393.2	3.1	237.9	4,720.3	3.0	450.0
Total Murchison	-	-	-	4,036.2	3.2	410.4	3,785.6	4.6	554.9	7,821.8	3.8	965.4
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	117.1	41.3	155.7	4627.8	3.4	507.3	5122.2	5.0	825.3	9,867.1	4.7	1488.4

Table 2: June 2009 Resource Inventory

Rounding may give rise to unit discrepancies in this table

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

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About Silver Lake Resources Ltd:

Silver Lake is an ASX 300 gold producing and exploration company with a resource base of 2.5 million oz in highly prospective regions including the Mount Monger goldfield and the Murchison (Tuckabianna, Comet, and Moyagee). Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre.

Silver Lake's Mount Monger Operation contains the Daisy Milano and Daisy East underground mines located 50 km south east of Kalgoorlie.

Mount Monger has additional multi mine potential underpinned by emerging open pit production from Magic, Costello and Lorna Doone deposits. Furthermore the discoveries of Emma and the extension of the Rosemary lode show potential as near term production sources.

Gold ore from Mount Monger is transported to Silver Lake's 600,000 tpa Lakewood Gold Processing Facility located 5 km south east of Kalgoorlie and 45 km from the Daisy Milano mine.

The Company continues to review low capital milling options for the Murchison project. Ongoing exploration will focus on extending current resources that are constrained by limited drilling particularly below 100 metres depth. Our strategy is to delineate sufficient resources to sustain a 100,000 oz per annum operation.

Silver Lake's exploration programme is targeting¹ 5 million oz Au in resource.

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Christopher Banasik who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Banasik is a full time employee of Silver Lake Resources Ltd, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Mr Banasik has given his consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

1: Information that relates to exploration 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.

2: Information in this report relating to the Wombola Dam and Wombola Pit Mineral Resources has been completed by Mr Aaron Green of Runge Ltd., who is a member of the Australian Institute of Geoscientists. Mr Green has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'competent person' under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Green consents to the inclusion of the data in the form and context in which it appears.

Appendices:

Mount Monger

Notes relating to the Daisy Milano and Daisy East June 2010 Mineral Resource Inventory:

Geology

The dominant rock types hosting the gold mineralisation are felsic and mafic units. The former comprises felsic to intermediate pyroclastic rocks and coarse volcanogenic sediments. The overlying mafic unit comprises high magnesium basalt with thin chert members. Both units are intruded by layered ultramafic to mafic sills and dykes of felsic porphyry. Gold mineralisation is hosted by thin (0.1 metre to 1.0 metre wide), sub-vertical dipping quartz veins within north to north-east trending shear zones. Some east-west trending cross cutting veins are also known to be mineralised.

Data Density

Within the Daisy Milano resource the diamond drilling spacing ranges from 40 metres by 40 metres spacing down to 15 metres by 15 metres spacing. For the production face samples the data density is approximately 2 metres by 15 metres, being the length of each development round and the distance between levels in the development drives.

Geological Interpretation

For areas of the resource adjacent or between developed mine levels, ore zone outlines were digitised by Silver Lake Resources personnel based on development face data and level plan geology outlines. Where digitised ore outlines appeared not to continue up to or down to the next level the ore zone was projected half way to the next level (approximately 7.5 metres). Away from development, due consideration was given for the steep dipping but strike discontinuous nature of the known mineralisation when generating wireframe outlines.

Drilling Technique

The drill hole data used for the June 2010 update was obtained by underground diamond drilling. Core diameter varies between NQ (76mm) and LTK 60 (60mm) for underground.

Accuracy of Location of Sampling Points

All drill collars were surveyed by mine surveyors or licensed land surveyors. The Daisy Milano deposit is drilled on a local grid referenced back to the National Grid system. Drill holes are routinely surveyed down hole using either Eastman single shot or electronic multishot cameras. The face data is obtained from underground development headings. The location of this data is determined via standard underground survey pick up methods. The maximum error in the location of this data is 4 metres in the vertical and 4 metres in the horizontal (i.e. the size of the development heading).

Sampling Techniques

Diamond drill core was whole, half or quarter core sampled and submitted for assaying. The minimum sample interval was 0.1 metre to a maximum of 1.1 metres. Sample intervals were constrained to geological boundaries defined by lithology, alteration or structure.

For face sample data, chips are taken across the face and likewise constrained to zones of similar lithology, alteration or structure. The maximum length across a face sample is 1.0 metre.

Drill Core Recovery

Drill core recovery exceeds 98%.

Specific Gravity

Immersion technique and specific gravity determinations of the porphyry unit which hosts the gold mineralisation have been carried out. The specific gravity of this unit is 2.75 tcm, this value has been used in the resource calculation.

Quality of Assay Data

Sample preparation and assaying of samples was done by AMDEL Laboratories Ltd in Kalgoorlie. The fire assay method used by the laboratory was the FA1 or the FA1UG method. This used a 40 gram charge and had a detection limit of 0.01 ppm Au with an accuracy of +/- 10% for assays of greater than 0.5 ppm Au.

The screen fire assay method was used whenever visual gold was observed by the geologist logging a drill hole. This method was also used on sample coarse rejects when assays were unexpectedly high or low.

Quality of Data Description

All drill holes were logged by mine site geologists and external specialists. Features relating to lithology, alteration type, alteration intensity, vein type, vein intensity as well as structural features are captured and stored in an electronic database. Drill core is also photographed.

Estimation Techniques

Three dimensional orebody outlines and block models were generated by Silver Lake Resources personnel. The grade interpolation method was Inverse Distance Squared based on drill hole, face sample data and geological interpretations provided by Silver Lake Resources.

Cut-off Grades

Usual statistical methods were used to determine the top cut for the gold distribution. The orebody style leads to a high top cut due to the high nugget. The lower cut off grade used is 3 g/t Au and the upper cut was 600 g/t Au.

Metallurgical Considerations

Metallurgical testing has been done on the ores. The testing shows that it is likely that a high proportion of the gold will be won in the gravity separation for Daisy Milano ores.

Notes relating to the Magic June 2010 Mineral Resource Inventory:

Geology

The Magic project is associated with north, north-west splay faults off the Godard shear. The gold is hosted within 2 to 3 sets of "wavy" quartz veins that form within, or proximal to, a quartz feldspar porphyry unit. The quartz veins and the porphyry cross-cut the south-west dipping volcanic stratigraphy. This stratigraphy comprises andesitic volcanoclastic rocks ranging from fine-grained pillow andesites to polymictic mass flow rocks. Several thin Proterozoic dykes cross cut the mine sequence, with one dyke (approximately 20 m thick) encountered. Several wedges of talc altered ultramafic rock occur within the sequence. Gold mineralization is always associated with quartz veins that are typically less than 1m thick but vary from 0.1m to 2m in width. Mineralisation is thought to terminate down dip at the ultramafic contact, which plunges south at 30 degrees. Mineralisation is open at depth.

Data Density

Since June 2009 and additional 108 RC holes and 28 diamond holes have been drilled into the deposit. The majority of the RC holes were short (30m) which were used to test the upper portions of the resource. The diamond holes were used to define the resource at depth and down plunge (to the south).

Geological Interpretation

Resource outlines are generated by creating wireframes of interpreted zones of grade continuity. The wireframes are snapped to drill holes and converted into an orebody solid model. The model was created by Silver Lake Resources geologists in conjunction with Runge Mining resource geologists.

Drilling Technique

The drill hole data used was obtained by surface RC and diamond drilling.

Accuracy of Location of Sampling Points

All drill collars were surveyed by mine surveyors or licensed land surveyors. The Magic resource is drilled on the local Solomon Grid referenced back to the National Grid system. Drill holes are routinely surveyed down hole using either Eastman single shot or electronic multishot cameras and gyroscopic down hole surveying equipment. The work as well as the additional drilling which has increased confidence in the geological model has led to a portion of the resource model being upgraded to an indicated resource category.

Sampling Techniques

Diamond drill core was whole, half or quarter core sampled and submitted for assaying. The minimum sample interval was 0.1 metre to a maximum of 1.1 metres. Sample intervals were constrained to geological boundaries defined by lithology, alteration or structure.

RC samples were sampled at 1 metre intervals within and beyond the interpreted ore zone. Four metre composites were used in all other parts of the hole. Where the 4m composites had grade of greater than 0.05 g/t, the individual metre samples were obtained and assayed. Samples were riffle split in preparation for assay.

Standards were added for every 20 samples, duplicated and added to the sample suite every 30 samples.

Drill Core Recovery

Core recovery was above 95%.

Specific Gravity

Bulk density values of 1.8 t/m³ for oxide, 2.2 t/m³ for transition and 2.8t/m³ for fresh material, were used in the resource calculation.

Quality of Assay Data

Sample preparation and assaying of samples was done by Amdel Laboratory in Kalgoorlie. The fire assay method used by the laboratory was the FA1EX method. This used a 40 gram charge and had a detection limit of 0.01 ppm Au with an accuracy of +/- 10% for assays of greater than 0.5 ppm Au.

Quality of Data Description

All drill holes were logged by mine site geologists and external specialists. Features relating to lithology, alteration type, alteration intensity, vein type, vein intensity as well as structural features are captured and stored in an electronic database.

Estimation Techniques

Three dimensional orebody outlines and block models were generated by Silver Lake Resources personnel. The grade interpolation method was Inverse Distance Weighting based on drill hole data and geological interpretations provided by Silver Lake Resources.

Cut-off Grades

Usual statistical methods were used to determine the top cut for the gold distribution. The lower cut off grade used is 1 g/t Au and the upper cut was 40 g/t Au.

Metallurgical Considerations

Samples from the recent diamond drilling and RC programmes have been sent to AMMTEC laboratories for recovery test work. These results will form part of the mining feasibility study.

Notes relating to the Costello June 2010 Mineral Resource Inventory:

Geology

The Costello project is associated with north, north-west splay faults off the Godard shear. The gold is hosted within 2 to 3 sets of "wavy" quartz veins that form within, or proximal to, a quartz feldspar porphyry unit. The quartz veins and the porphyry cross-cut the south-west dipping volcanic stratigraphy. This stratigraphy comprises andesitic volcanoclastic rocks ranging from fine-grained pillow andesites to polymictic mass flow rocks. Several thin Proterozoic dykes cross cut the mine sequence, with one dyke (approximately 20 m thick) encountered. Several wedges of talc altered ultramafic rock occur within the sequence. Gold mineralization is always associated with quartz veins that are typically less than 1m thick but vary from 0.1m to 2m in width. Mineralisation is thought to terminate down dip at the ultramafic contact, which plunges south at 30 degrees. Mineralisation is open at depth.

Data Density

Since June 2009 and additional 100 RC holes and 4 diamond holes have been drilled into the deposit. The majority of the RC holes were short (30m) which were used to test the upper portions of the resource. The diamond holes were used to define the resource at depth and down plunge (to the south).

Geological Interpretation

Resource outlines are generated by creating wireframes of interpreted zones of grade continuity. The wireframes are snapped to drill holes and converted into an orebody solid model. The model was created by Silver Lake Resources geologists in conjunction with Runge Mining resource geologists.

Drilling Technique

The drill hole data used was obtained by surface RC and diamond drilling.

Accuracy of Location of Sampling Points

All drill collars were surveyed by mine surveyors or licensed land surveyors. The Magic resource is drilled on the local Solomon Grid referenced back to the National Grid system. Drill holes are routinely surveyed down hole using either Eastman single shot or electronic multishot cameras and gyroscopic down hole surveying equipment. The work as well as the additional drilling which has increased confidence in the geological model has led to a portion of the resource model being upgraded to an indicated resource category.

Sampling Techniques

Diamond drill core was whole, half or quarter core sampled and submitted for assaying. The minimum sample interval was 0.1 metre to a maximum of 1.1 metres. Sample intervals were constrained to geological boundaries defined by lithology, alteration or structure.

RC samples were sampled at 1 metre intervals within and beyond the interpreted ore zone. Four metre composites were used in all other parts of the hole. Where the 4m composites had grade of greater than 0.05 g/t, the individual metre samples were obtained and assayed. Samples were riffle split in preparation for assay.

Standards were added for every 20 samples, duplicated and added to the sample suite every 30 samples.

Drill Core Recovery

Core recovery was above 95%.

Specific Gravity

Bulk density values of 1.8 t/m³ for oxide, 2.2 t/m³ for transition and 2.8t/m³ for fresh material, were used in the resource calculation.

Quality of Assay Data

Sample preparation and assaying of samples was done by Amdel Laboratory in Kalgoorlie. The fire assay method used by the laboratory was the FA1EX method. This used a 40 gram charge and had a detection limit of 0.01 ppm Au with an accuracy of +/- 10% for assays of greater than 0.5 ppm Au.

Quality of Data Description

All drill holes were logged by mine site geologists and external specialists. Features relating to lithology, alteration type, alteration intensity, vein type, vein intensity as well as structural features are captured and stored in an electronic database.

Estimation Techniques

Three dimensional orebody outlines and block models were generated by Silver Lake Resources personnel. The grade interpolation method was Inverse Distance Weighting based on drill hole data and geological interpretations provided by Silver Lake Resources.

Cut-off Grades

Usual statistical methods were used to determine the top cut for the gold distribution. The lower cut off grade used is 1 g/t Au and the upper cut was 25 g/t Au.

Metallurgical Considerations

Samples from the recent diamond drilling and RC programmes have been sent to AMMTEC laboratories for recovery test work. These results will form part of the mining feasibility study.

Murchison

Notes relating to the Caustons June 2010 Mineral Resource Inventory (includes Exodus, Genesis, Caustons South and Caustons North):

Geology

The dominant rock type hosting gold mineralisation is a sedimentary banded iron unit that is located within a thick mafic sequence. Minor felsic intrusions 1m to 10m thick intrude the sequence parallel to bedding and also perpendicular to the dominate strike. Minor mineralisation occurs on the mafic/felsic contacts. Gold mineralisation is typically 1 to 10m wide and dip at 60° to the grid east. An extensive layer of weakly mineralised laterite covers the majority on the BIF mineralisation. The laterite is a horizontal layer typically 1m to 10m thick that is 50m to 100m wide.

Data Density

The upper portions of the Caustons resource (100m below surface) have been extensively drilled with RC and Diamond drilling by previous owners on 25m by 20m centers. The lower portions of the resources have been drilled on 50m by 50m centers with RC and Diamond drilling of which 89 were drilled by Silver Lake in 2009-2010.

Accuracy of location of sample points

Majority of drill collars have been accurately located by either a licensed surveyor using a total station or DGPS. The Caustons deposit is drilled on a local mine grid and referenced back to National Grid system.

All holes completed by Silver Lake are routinely surveyed downhole using either an Eastman camera or electronic multi-shot device. Some of these survey have been checked against a gyroscopic survey.

Mineralisation Interpretation

Mineralised outlines were prepared using a 0.5g/t Au outline with a minimum width of 4m unless constrained by geological boundaries. Mineralisation was extended 10m or half way between the last mineralised section. Mineralisation was extended 40m down dip from the last mineralised intercept.

Sampling and assay techniques

Diamond core was sampled to geological boundaries and then cut in half using a diamond cutting blade and submitted for assay. RC samples are initially collected every 4m and then 1m splits taken for samples that return an assay greater than 0.1g/t Au. Details of the sampling techniques from the historic drilling are not known.

Sample preparation and assaying for the SLR samples was completed by Ultratrace laboratories in Perth. All assays were determined by the fire assay method using a 40g charge with a lower detection limit of 0.01ppm Au.

Bulk Density

Bulk Density has been assigned to the resource using interpreted weathering surfaces determined from drill hole logging. The following values were used for the respective zones.

- Laterite 2.0t/m³
- Oxide 2.6t/m³
- Transitional 2.8t/m³
- Fresh 3.25t/m³.

Values for the laterite, oxide and transitional zones were based on historic data from previous resource estimates. The value for the fresh mineralisation was based on bulk density values collected by SLR from diamond drill core using the water immersion technique.

Grade Estimation

A three dimension block model was created and gold grade estimated into the interpreted mineralised outlines using Inverse Distance Squared grade estimation. Only RC and Diamond drill data was used and sample lengths were all composited to even 1m lengths before estimation.

High Grade Cuts

Statistical analysis was used to determine high grade cuts to apply to the composite data. Various high grade cuts, ranging from 3g/t Au for the Laterite to 70g/t Au for the high grade BIF lodes have been applied. The resource was reported at a 1g/t cut off for material above the 350mRL (120m below surface) and 2g/t for material below 350mRL.

Metallurgical considerations

Metallurgical testing has been completed on the samples collected from the Genesis and Exodus zones, with results showing recoveries in excess of 90% from conventional CIL processing.

Notes relating to the Comet June 2010 Mineral Resource Estimates (includes Comet North, Pinnacles, Eclipse and Venus):

Geology

Mineralisation at Comet is hosted within or adjacent to structurally deformed iron (Fe) enriched silicified sediments. Au is located within quartz, carbonate, pyrite and pyrrhotite stringers that have fractured and replaced portions of the Fe rich sediments. Two parallel zones of mineralisation have been identified which vary from 1m to 5m in thickness. The two zones of mineralisation are termed the Upper and Lower lodes and are separated by a mafic unit which varies in thickness from a 0.2m to 10m.

Data Density

The upper portions of the Comet resource (100m below surface) has been extensively drilled with RC and Diamond drilling by previous owners on 20m by 20m centers. The lower portions of the resources have been drilled on irregular spacing using RC and Diamond drilling of which 19 were drilled by Silver Lake in 2009-2010.

Accuracy of location of sample points

Majority of drill collars have been accurately located by either a licensed surveyor using a total station or DGPS. The Caustons deposit is drilled on a local mine grid and referenced back to National Grid system. All holes completed by Silver Lake are routinely surveyed downhole using either an Eastman camera or electronic multi-shot device.

Mineralisation Interpretation

Mineralised outlines were prepared using a 0.5g/t Au outline with a minimum width of 2m unless constrained by geological boundaries. Mineralisation was extended 10m or half way between the last mineralised section. Mineralisation was extended 50m down dip from the last mineralised intercept.

Sampling and assay techniques

Diamond core was sampled to geological boundaries and then cut in half using a diamond cutting blade and submitted for assay. RC samples are initially collected every 4m and then 1m splits taken for samples that return an assay greater than 0.1g/t Au. Details of the sampling techniques from the historic drilling are not known.

Sample preparation and assaying for the SLR samples was completed by Ultratrace laboratories in Perth. All assays were determined by the fire assay method using a 40g charge with a lower detection limit of 0.01ppm Au.

Bulk Density

Bulk Density has been assigned to the resource using interpreted weathering surfaces determined from drill hole logging. The following values were used for the respective zones.

- Oxide - 2.5t/m³
- Transitional - 2.8t/m³
- Fresh - 3.1t/m³
- Fresh Comet Upper lodes - 3.2t/m³
- Fresh Comet Lower lodes - 3.4t/m³

Values for the oxide and transitional zones were based on historic data from previous resource estimates. The value for the fresh mineralisation was based on bulk density values collected by SLR from diamond drill core using the water immersion technique.

Grade Estimation

A three dimension block model was created and gold grade estimated into the interpreted mineralised outlines using Inverse Distance Squared grade estimation. Only RC and Diamond drill data was used and sample lengths were all composited to even 1m lengths before estimation.

High Grade Cuts

Statistical analysis was used to determine high grade cuts to apply to the composite data. Various high grade cuts, ranging from 5g/t Au to 70g/t Au have been applied to the different lodes and deposits.

The resource was reported at a 1g/t cut off for material above the 300mRL (150m below surface) and 2g/t for material below 300mRL.

Metallurgical considerations

Metallurgical testing has been completed on the samples collected from the Comet zones, with results showing recoveries in excess of 90% from conventional CIL processing.