

22 August 2018

FY2018 FINANCIAL RESULTS SUMMARY

Strong financial results position Silver Lake for growth

Silver Lake Resources Limited (“Silver Lake” or the “Company”) is pleased to report financial results for year ended 30 June 2018.

FY2018 performance highlights

- 16% increase in gold production to 157,936 ounces
- 10% increase in gold sales to 151,250 ounces
- 5% reduction in AISC to A\$1,289/oz
- 26% increase in EBITDA (excluding significant items ¹) to \$87.9 million
- NPAT of \$16.2m, a 697% increase on FY2017
- 26% increase in cash flow from operations to \$80.8 million
- \$11.4 million investment in exploration, focused on resource to reserve conversion and advancing the pipeline of prospective opportunities for investment
- Cash and bullion balance appreciated significantly to finish the year at \$105.7 million (FY2017: \$69.1 million) with listed investments of \$8.1 million and no debt

Commenting on the Company’s FY2018 performance, Silver Lake Managing Director Luke Tonkin said:

“The strong financial results for FY2018 are a reflection of the operational and exploration strategy pursued over the past two years at Mount Monger. Establishing three independent Mining Centres and diversifying our high grade underground feed sources delivered a material increase in production and, more importantly, increased our cash operating margins.

Our strong balance sheet and cash margins allow Silver Lake to continue pursuing our near mine exploration and development strategy. The current suite of advanced exploration targets including Santa, Easter Hollows, Daisy North and the Aldiss shear zone have considerable potential to add to our four year Reserve and M&I backed Life of Mine through resource conversion and, just as importantly, the delineation of new resources proximal to existing mine and processing infrastructure.”

¹ Refer to glossary on page 5

Suite 4, Level 3
South Shore Centre
85 South Perth Esplanade
South Perth WA 6151
TEL +61 8 6313 3800
FAX +61 8 6313 3888
ABN 38 108 779 782

Board of Directors:

David Quinlivan
Luke Tonkin
Les Davis
Kelvin Flynn
Brian Kennedy

ASX Code: SLR

Issued Capital:

505.7m Shares
6.1m Performance Rights

All financial figures quoted in this report are in Australian dollars and are unaudited

FY2018 financial results summary

Silver Lake recorded a net profit after tax for the year of \$16.2 million (2017: \$2.0 million) and an EBITDA (before significant items) of \$87.9 million, a 26% increase on FY2017. The EBITDA margin for the year was 34% (2017: 31%).

Revenue for the year totalled \$255.6 million from the sale of 151,250 ounces of gold at an average realised price of A\$1,684/oz, a 12% increase on FY2017 (\$227.5 million from 137,000 ounces @ A\$1,654/oz). The increase in revenue reflects the strong production result during the year as new high-grade ore sources were introduced to the Randalls Mill, supplementing baseload mine production from the Daisy Complex.

Cost of sales increased to \$225.9 million in the period (2017: \$216.4 million) reflecting the ramp up of production from the Imperial/Majestic open pits and the Cock-eyed Bob and Maxwells underground mines, including the amortisation and depreciation costs associated with these mines. The All-in Sustaining Cost (AISC) for the period of A\$1,289/oz was 5% lower year than FY2017 and reflects the increase in high grade ore feed to the mill.

Key measures (\$m)	FY2018	FY2017	Variance
Gold produced (oz)	157,936	135,837	+16%
Gold sales (oz)	151,250	137,000	+10%
Average realised gold price (A\$/oz)	1,684	1,654	+2%
AISC (A\$/oz)	1,289	1,359	-5%
Revenue	255.5	227.5	+12%
EBITDA	87.9	70.0	+26%
<i>EBITDA margin (%)</i>	34	31	+10%
Depreciation & amortisation	64.9	65.9	-2%
NPAT	16.2	2.0	+697%

Table 1: Summary P&L

Operating cash flow for the period was \$80.8 million, a 26% increase on FY2017, benefiting from the year on year increase in gold sales.

Capital expenditure for FY2018 not captured in the AISC was \$9.1 million, related to the establishment of Mining Centre infrastructure at Mount Belches and Aldiss. Exploration spend of \$11.4 million was consistent with FY2017 expenditure of \$13.2 million.

FY2018 saw Silver Lake's cash and bullion position continue to increase, finishing the year at \$105.7 million in cash and bullion with no debt. In addition, Silver Lake has \$8.1m in listed investments.

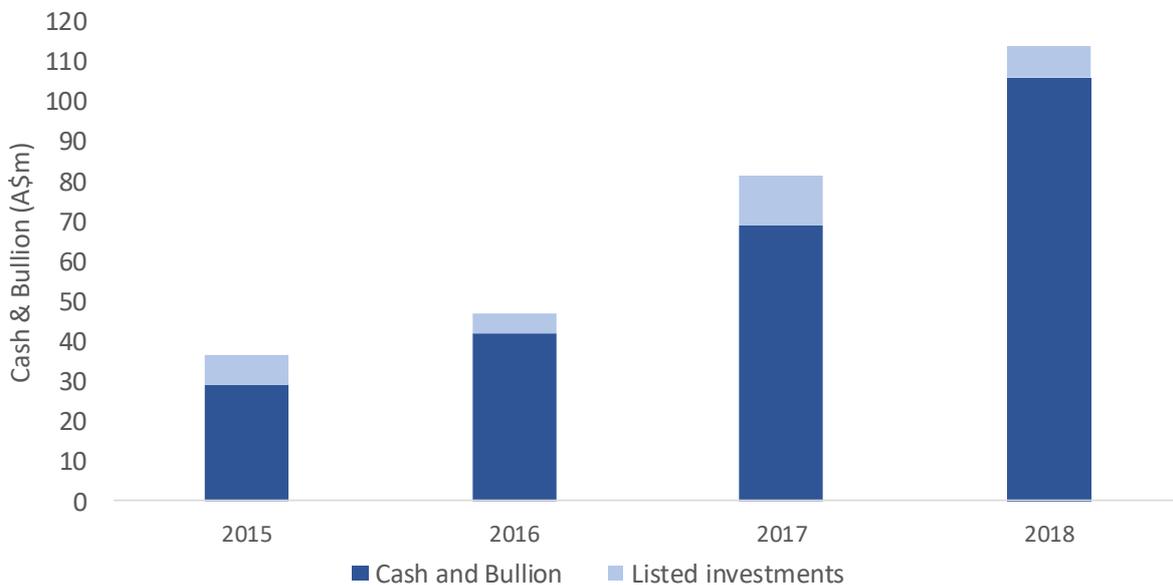


Chart 1: Cash and bullion growth FY2015-FY2018

FY2019 Outlook

FY2019 gold sales guidance is 140,000-150,000 ounces with AISC expected to average A\$1,350-A\$1,390/oz for the full year.

The forecast AISC range is an average for the full year and Silver Lake expects costs to be higher in 1H FY2019, before falling to below the average in 2H FY2019, as was evident in FY2018. The increase in average FY2019 AISC results from:

- Stockpiled low grade ore treated prior to the introduction of Harry's Hill high grade ore, scheduled in 2Q FY2019. There is no cash outflow associated with the mining of the stockpiled low grade ore, however, the historical mining cost attributed to the stockpile draw will be included in the AISC as a non-cash expense; and
- Milling of lower grade stockpiles (average grade 1.3 g/t) through 1H FY2019 prior to the introduction of higher grade Harry's Hill ore into the mill feed in 2Q FY2019.

Growth capital works expenditure for FY2019 is expected to be in the order of \$5 million and largely associated with the completion of infrastructure at the Aldiss Mining Centre, which is expected to be incurred in 1H FY2019. All other development and sustaining capital is included in the forecast AISC range.

The completion of the investment cycle at Aldiss during 1H FY2019 is expected to have Silver Lake well positioned to continue to build on the strong cash flow generation seen in FY2018 in 2H FY2019 and well into FY2020.

The increased visibility on mill feed in FY2019 and beyond is a result of Silver Lake's investment in exploration and development of three diversified Mining Centres at Mount Monger. At the Aldiss Mining Centre, which is exclusively open pit for the three year Reserve backed LOM, Silver Lake has elected to pursue a hybrid owner operator model. The optimal mining schedule results in a stockpile build in FY2019 which will be drawn down from FY2020 to FY2022. The optimal mining schedule delivers a significant NPV

benefit over a contractor mining scenario for the 3 year base case LOM at Aldiss. A high level summary of FY2019 mill feed is set out below in Chart 2.

The exploration budget for FY2019 is \$12 million and is designed to pursue the numerous high value targets proximal to our existing infrastructure with at least two thirds of the total exploration budget allocated to direct “in ground” drilling programs. These targets have the dual purpose of “extend and replenish” and “margin enhancement” across all three Mining Centres at Mount Monger and have demonstrable pathways to Mineral Resource conversion and extensions which would see Silver Lake producing from Mount Monger for many years to come.

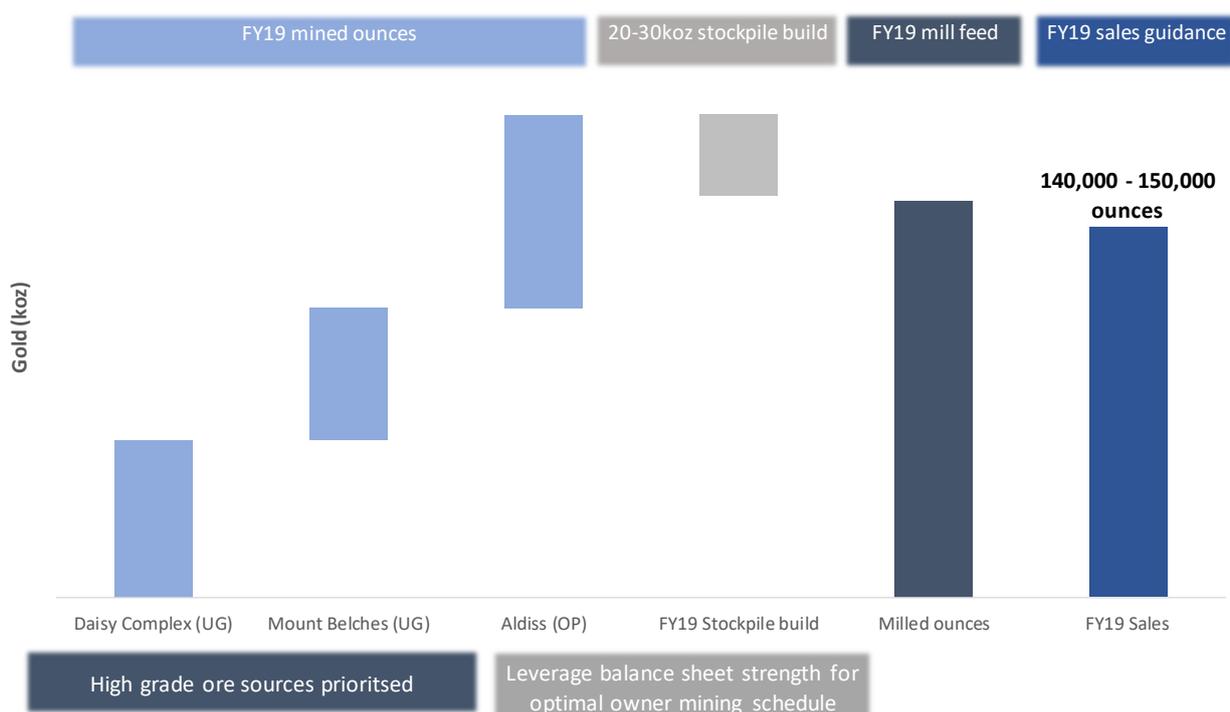


Chart 2: FY2019 mill feed and sales guidance waterfall

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

For further information, please contact

Luke Tonkin
Managing Director
+61 8 6313 3800
contact@silverlakeresources.com.au

Len Eldridge
Corporate Development Officer
+61 8 6313 3800
contact@silverlakeresources.com.au

Glossary

EBITDA (before significant items) is a non-IFRS measure and comprises net profit after tax, adjusted to exclude significant items such as tax expense, finance costs, interest income, asset impairments and depreciation and amortisation. An unaudited reconciliation between the net profit after tax and EBITDA (excluding significant items) is set out on page 11 of the Company's 2018 Annual Financial Report released to the ASX contemporaneously with this announcement. The directors consider it useful as it enables readers to obtain an understanding of results from operations.