

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:**

503.9m Shares  
8.4m Performance Rights

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

## MARCH 2018 QUARTERLY ACTIVITIES REPORT

---

### Mount Monger Operations

- Record gold production with 46,780 ounces produced during the quarter (Q2 FY18: 34,206 ounces)
- Strong increase in mine production with 308,755 tonnes mined at 4.9 g/t for 49,079 ounces
  - 33% increase in underground ounce production quarter on quarter, with commercial production declared at Cock-eyed Bob
  - The Imperial open pit delivered a significant grade increase (+64%) as mining moved into the lower benches of the open pit
- Quarterly AISC of A\$1,168/oz and YTD ASIC of A\$1,302/oz has Silver Lake well positioned to deliver into full year cost guidance
- Final Board approval received for the development of the Aldiss Mining Centre and capital works commenced post quarter end

### Exploration

- Drilling during the quarter returned strong results across all mining centres demonstrating the potential for new lode discoveries and extensions to known lodes at all our mines
  - Daisy Mining Centre
    - New lode structures discovered at Daisy North and Easter Hollows, increasing the confidence in the potential for new mining fronts higher in the mine elevation and proximal to existing development
  - Mount Belches Mining Centre
    - Drilling commenced at Santa, targeting high-grade BIF hosted ore shoots beneath the existing open pit floor to assess the potential for a third shallow underground mine at Mount Belches
  - Aldiss Mining Centre
    - Drilling at Karonie continued to return broad high-grade intersections which will be used to assess the potential for a cut back to the existing Karonie pit

### Corporate and Finance

- Quarterly gold sales of 45,206 ounces at an average price of A\$1,692/oz
  - YTD gold sales of 113,909 ounces with FY18 sales guidance upgraded to 145,000-150,000 ounces
  - Substantial cash build during the quarter of A\$20.7m after exploration, capital and working capital movements
  - Cash and bullion of A\$87.4m, listed investments of A\$10.4m and nil bank debt at 31 March
  - Hedge book of 142,500 ounces at an average A\$1,720/oz
-

## Production

### Underground Mining

Underground ounce production from the Daisy and Mount Belches (Maxwells and Cock-eyed Bob) Mining Centres increased 33% in the March quarter (*Chart 1*).

The Daisy Complex produced 83,511 tonnes at 6.4 g/t Au for 17,275 contained ounces, continuing the strong track record of consistent baseload supply to the Randalls Mill.

The quarter on quarter increase in production at Maxwells reflects the investment in underground development in 1H FY18. Production for the quarter was a record, 60,667 tonnes at 5.0 g/t Au for 9,814 contained ounces, a 35% quarter on quarter increase in ounces.

Long hole stope production at Cock-eyed Bob commenced during the quarter with commercial production declared in March and quarterly production of 30,407 tonnes at 5.8 g/t for 5,704 ounces. Encouragingly, mine grade reconciliation has to date exceeded the resource model.

The establishment of the Mount Belches underground mining centre is an important milestone for Silver Lake, as it broadens the developed underground ore sources and increases LOM visibility at Mount Monger. The two mines at Mount Belches provide access to shallow, high grade underground ore sources in addition to the established and consistent baseload feed from the Daisy Complex. Following the successful re-entry into Cock-eyed Bob, focus has returned to Mount Belches exploration and a drilling program is underway at Santa targeting Maxwells and Cock-eyed Bob style mineralisation below the floor of the Santa open pit.

### Mining - Increasing contribution from Mount Belches underground mines

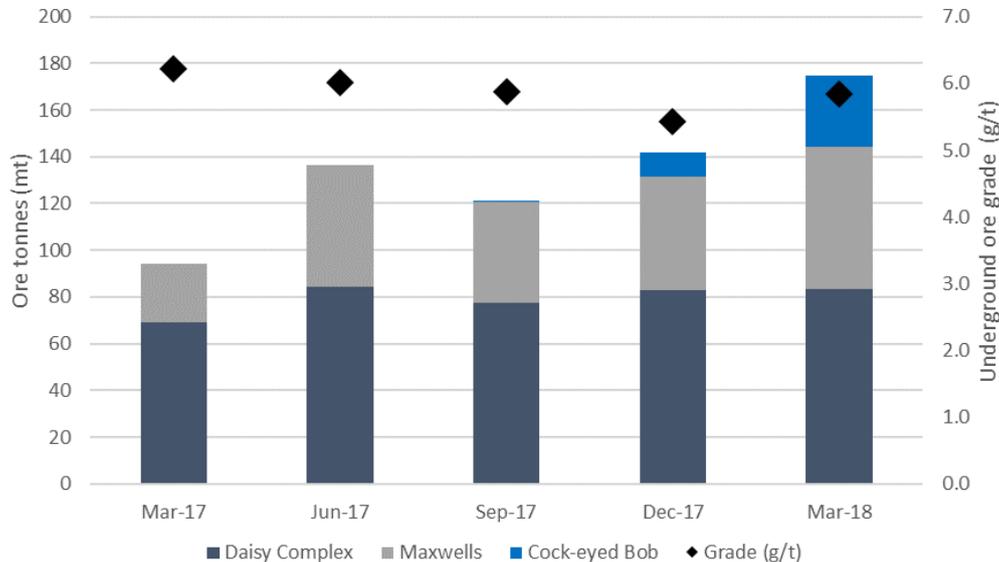


Chart 1: Underground Production

### Open Pit Mining

March quarter production totalled 134,170 tonnes at 3.8 g/t Au for 16,286 contained ounces. Mining operations were focused on the high-grade Imperial pit which produced 116,845 tonnes at 4.0 g/t Au for 15,037 contained ounces. The high grades mined in the lower benches of the Imperial Pit resulted in a 64% quarter on quarter increase in grade, which resulted in a significant increase in feed grade to the Randalls Mill for the quarter.

Mining activities were accelerated during the quarter to bring forward completion of mining at Imperial to April 2018, reducing fixed costs and building ore stockpiles which will be consumed during the development of the Aldiss Mining Centre.

#### Mine Development

Final Board approval for mining at Aldiss was received in March with predevelopment works commenced in April 2018. The Aldiss Mining Centre comprises the Harry's Hill and French Kiss deposits with the possible addition of Karonie South following recent resource definition drilling. The development schedule is expected to deliver first ore to the mill in the latter part of Q1 FY19, which dovetails with the drawdown of stockpiles post completion of the Imperial open pit.

A hybrid owner operator mine model will be adopted at Aldiss whereby all major earthmoving equipment will be dry hired with Silver Lake providing all operating labour. The adoption of this model (as opposed to engaging a mining contractor) results in an accelerated mine plan and an improvement in project margins.

Once the Aldiss Mining Centre is established, focus in 2H FY19 will broaden to several near surface exploration targets along the north-trending shear zones that host the Aldiss gold deposits known as the "SAT" trend.

#### Processing - Delivering consistent throughput at the Randalls Mill

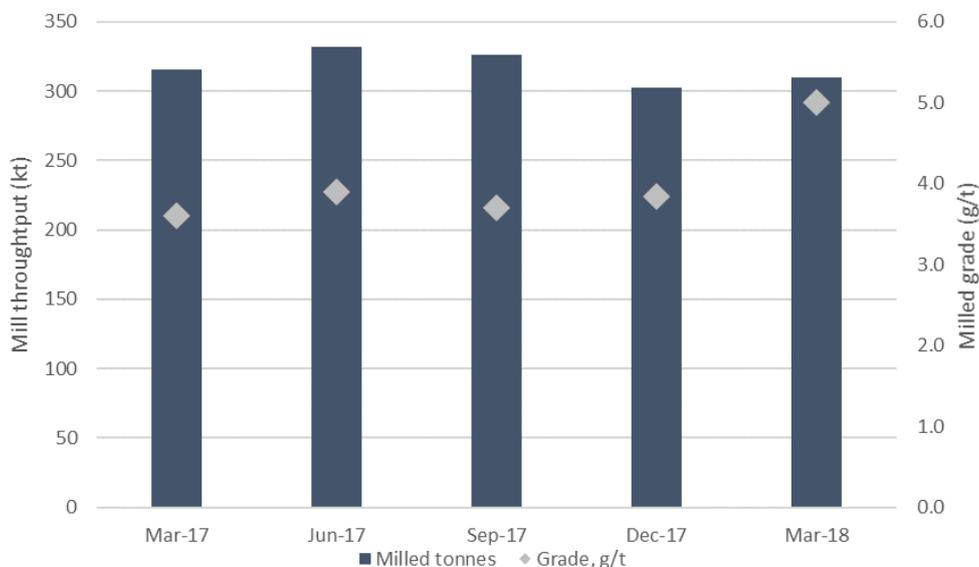


Chart 2: Processing

Ore milled for the quarter totalled 310,201 tonnes at 5.0 g/t Au for 46,780 recovered ounces (Chart 2). Gold production of 46,780 ounces (Q2 FY18: 34,206) reflects a 30% increase in feed grade (largely driven by high grades realised from the Imperial pit) and moderate increase in gold recoveries relative to the previous quarter.

Ore stockpiles remained consistent with the prior quarter at approximately 558,000 tonnes containing 24,500 ounces (31 December 2017: 563,000 for 25,000 ounces). Ore stocks are expected to be drawn down over the next 6 months following completion of the Imperial open pit and prior to the introduction of Aldiss feed to the mill.

Gold sales for the quarter totalled 45,206 ounces, a 31% increase on the prior quarter with FY18 sales guidance increased to 145,000 - 150,000 ounces.

Mount Monger Camp - Mining	Units	Jun Qtr 2017	Sep Qtr 2017	Dec Qtr 2017	Mar Qtr 2018	YTD FY18	FY17
<u>Underground - Daisy Complex</u>							
Ore mined	Tonnes	84,458	77,347	82,708	83,511	243,566	300,201
Mined grade	g/t Au	6.4	6.8	6.1	6.4	6.4	7.0
Contained gold in ore	Oz	17,426	16,890	16,283	17,275	50,448	67,106
<u>Underground - Cock-eyed Bob</u>							
Ore mined	Tonnes	-	785	10,294	30,407	41,486	23,677
Mined grade	g/t Au	-	2.7	3.6	5.8	5.2	4.1
Contained gold in ore	Oz	-	69	1,192	5,704	6,965	3,114
<u>Underground - Maxwells</u>							
Ore mined	Tonnes	51,994	43,189	48,842	60,667	152,698	88,858
Mined grade	g/t Au	5.4	4.3	4.6	5.0	4.7	4.9
Contained gold in ore	Oz	8,945	5,914	7,267	9,814	22,995	13,914
<u>Open Pit - Imperial/Majestic</u>							
Ore mined	Tonnes	274,008	268,927	247,483	134,170	650,580	768,296
Mined grade	g/t Au	2.3	2.3	2.3	3.8	2.6	2.2
Contained gold in ore	Oz	20,022	19,924	18,296	16,286	54,506	54,606
<u>Open Pit - Santa Area</u>							
Ore mined	Tonnes	-	-	-	-	-	125,476
Mined grade	g/t Au	-	-	-	-	-	2.4
Contained gold in ore	Oz	-	-	-	-	-	9,504
<b>Total ore mined</b>	<b>Tonnes</b>	<b>410,460</b>	<b>390,248</b>	<b>389,327</b>	<b>308,755</b>	<b>1,088,330</b>	<b>1,306,508</b>
<b>Mined grade</b>	<b>g/t Au</b>	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>	<b>4.9</b>	<b>3.9</b>	<b>3.5</b>
<b>Total contained gold in ore</b>	<b>Oz</b>	<b>46,393</b>	<b>42,797</b>	<b>43,038</b>	<b>49,079</b>	<b>134,914</b>	<b>148,244</b>

Table 1: Mount Monger Camp - mine production statistics

Mount Monger Camp - Processing	Units	Jun Qtr 2017	Sep Qtr 2017	Dec Qtr 2017	Mar Qtr 2018	YTD FY18	FY17
Ore milled	Tonnes	332,289	326,286	302,242	310,201	938,729	1,300,152
Head grade	g/t Au	3.9	3.7	3.8	5.0	4.2	3.5
Contained gold in ore	Oz	41,319	38,595	37,366	49,928	125,890	145,661
Recovery	%	93	90	92	94	92	93
<b>Gold produced</b>	<b>Oz</b>	<b>38,366</b>	<b>34,692</b>	<b>34,206</b>	<b>46,780</b>	<b>115,678</b>	<b>135,837</b>
<b>Gold sold</b>	<b>Oz</b>	<b>37,515</b>	<b>34,322</b>	<b>34,382</b>	<b>45,206</b>	<b>113,909</b>	<b>137,000</b>

Table 2: Mount Monger Camp - processing statistics

## Costs

The Unaudited All-in Sustaining Cost (AISC) for the quarter (Table 3) was A\$1,168/oz (Q2 FY18: A\$1,430/oz). The lower AISC for the quarter is consistent with FY18 cost guidance and reflects:

- Increased high grade ore production from all three underground mines and the higher grade ore in the lower benches of the Imperial open pit, which translated to a 30% increase in quarter on quarter mill feed grade
- Declaration of commercial production at Cock-eyed Bob in March 2018

AISC for the quarter in absolute dollar terms of \$50.1 million was consistent quarter on quarter and excludes \$1.9 million incurred on regional exploration.

FY18 AISC guidance is maintained and expected to be in line with FY17 (~A\$1,350/oz). Q4 FY18 AISC costs will include the non-cash inventory adjustment for stockpiles which will be treated post completion of the Imperial open pit.

Mount Monger Camp	Notes	Unit	Jun-17 Quarter	Sep-17 Quarter	Dec-17 Quarter	Mar-18 Quarter	FY18 YTD	FY17
Mining costs	1	A\$M	27.5	26.8	27.3	29.4	83.6	95.5
General and administration costs	2	A\$M	2.9	2.8	2.9	3.0	8.7	11.1
Royalties		A\$M	2.0	1.9	2.0	2.4	6.2	7.3
By-product credits		A\$M	(0.3)	(0.3)	(0.2)	(0.1)	(0.6)	(0.8)
Processing costs	3	A\$M	11.5	10.2	10.6	10.3	31.2	43.7
Corporate overheads	4	A\$M	1.6	1.4	1.6	1.1	4.1	6.3
Mine exploration (sustaining)	5	A\$M	1.2	0.8	1.0	0.8	2.5	4.4
Capital expenditure and underground mine development (sustaining)	6	A\$M	4.4	6.6	4.9	3.4	14.8	16.7
<b>All-in Sustaining Cash Costs (Before non-cash items)</b>		<b>A\$M</b>	<b>50.8</b>	<b>50.2</b>	<b>50.2</b>	<b>50.1</b>	<b>150.5</b>	<b>184.2</b>
Inventory movements	7	A\$M	(2.1)	(4.1)	(2.1)	0.4	(5.8)	1.9
Rehabilitation - accretion & amortisation	7	A\$M	-	-	-	-	-	-
<b>All-in Sustaining Costs</b>		<b>A\$M</b>	<b>48.6</b>	<b>46.1</b>	<b>48.1</b>	<b>50.5</b>	<b>144.7</b>	<b>186.2</b>
<b>Gold sales</b>	<b>8</b>	<b>oz</b>	<b>37,515</b>	<b>34,322</b>	<b>33,637</b>	<b>43,234</b>	<b>111,193</b>	<b>137,000</b>
Mining costs		A\$/oz	733	782	812	680	752	697
General and administration costs		A\$/oz	76	82	88	68	78	81
Royalties		A\$/oz	54	54	58	55	56	54
By-product credits		A\$/oz	(7)	(8)	(5)	(3)	(5)	(6)
Processing costs		A\$/oz	305	297	316	239	280	319
Corporate overheads		A\$/oz	42	42	49	25	37	46
Mine exploration (sustaining)		A\$/oz	32	24	29	18	23	32
Capital expenditure and underground mine development (sustaining)		A\$/oz	118	191	145	78	133	122
<b>All-in Sustaining Cash Costs (Before non-cash items)</b>		<b>A\$/oz</b>	<b>1,353</b>	<b>1,463</b>	<b>1,492</b>	<b>1,159</b>	<b>1,354</b>	<b>1,345</b>
Inventory movements		A\$/oz	(57)	(119)	(62)	9	(52)	14
Rehabilitation - accretion & amortisation		A\$/oz	-	-	-	-	-	-
<b>All-in Sustaining Costs</b>		<b>A\$/oz</b>	<b>1,297</b>	<b>1,344</b>	<b>1,430</b>	<b>1,168</b>	<b>1,302</b>	<b>1,359</b>

Table 3: Unaudited all-in sustaining costs for Mount Monger Camp

- Costs for underground & open pit operating activities (including infill and grade control drilling). Costs allocated upon mines achieving commercial production.
- Costs for site administration including corporate recharges.
- Processing costs include costs of haulage from mine to mill.
- Corporate overheads are post recharges to sites.
- Costs relating to regional exploration are excluded from the calculation (amounting to \$1.9m for Q3 FY18).
- Costs include underground decline development and sustaining capital works, but exclude site infrastructure/set up costs for new projects.
- These costs are included in the calculation of all-in sustaining cost based on World Gold Council guidelines.
- Q3 Gold sales exclude 1,972 ounces sourced from CEB as commercial production was only declared in March 18.

## Group Finance

Cash and bullion increased \$20.7 million during the quarter to \$87.4 million at 31 March 2018 and included \$14.1 million in bullion awaiting settlement. Key cash flow movements included:

- Net cash flow from the Mount Monger Camp of \$35.5 million
- Exploration spend of \$2.7 million
- Cock-eyed Bob capital expenditure of \$1.4 million
- Working capital movements of \$5.3 million

The Company's strong cash position will continue to fund the exploration programme at Mount Monger and the capital drawdown on infrastructure for the Aldiss project in Q4 FY18, totalling approximately \$10m. This drawdown will result in a more modest increase in cash and bullion in Q4 FY18 relative to Q3 FY18.

Cash flow for the March quarter is summarised in Chart 3 below:

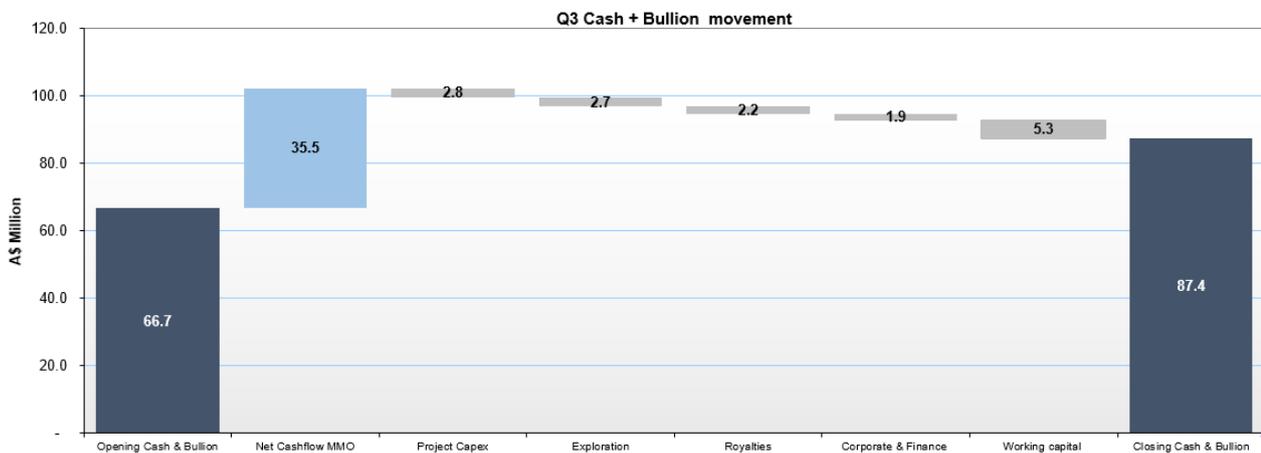


Chart 3: Q3 Cash & Bullion movement

## Hedging

As at 31 March 2018, the Company's forward gold hedging program totals 142,500 ounces, to be delivered over the next 26 months at an average forward price of A\$1,720/oz.

	Jun-18 Quarter	Sep-18 Quarter	Dec-18 Quarter	Mar-19 Quarter	Jun-19 Quarter	Sep-19 Quarter	Dec-19 Quarter	Mar-20 Quarter	Jun-20 Quarter
Ounces (koz)	30.5	17.9	18.3	15.9	15.9	13.5	13.5	10.5	6.5
Hedged gold price (A\$/oz)	1,703	1,720	1,722	1,726	1,728	1,723	1,724	1,720	1,720

Table 4: Hedge book profile

## Exploration

### Daisy Complex

During Q3 FY18, Silver Lake invested A\$2.7 million as it continued the highest priority work programs as part of the A\$12 million FY18 exploration programme. This exploration strategy is focused at the Mount Monger Gold Camp and targets:

- Near-term resource definition and project development opportunities to target high margin ounces at the Daisy Complex, Maxwells and Cock-eyed Bob underground mines, and the Aldiss Mining Centre open pit mines
- Regional exploration across the Daisy and Mount Belches Mining Centres, proximal to existing mine and processing infrastructure.

Highlights from recently completed successful exploration work programs are noted below and were announced on 23 March 2018\*.

### Daisy North

All five diamond holes from the Daisy North target intersected coarse visible gold and returned significant intersections.

- Hole 18DNRD003 returned 2.00m @ 29.2 g/t Au, and 18DNRD005 returned 0.42m @ 51.2 g/t Au

Mineralisation intersected at depths of less than 250 metres below surface increases confidence in the potential for development of a new shallow mining front proximal to established underground infrastructure.

Follow up resource definition drilling has commenced at Daisy North, comprising six additional diamond drill holes, and is expected to be completed in Q4. The drilling will target extensions to the recently intersected high grade zone along strike towards the historical Caledonian workings, and confirm continuity between Daisy North and the Stanley lode system in the Daisy Complex, proximal to the current underground development. The FY19 exploration program will include follow up infill and extensional drilling along the Stanley and Daisy North target zone to identify potential production areas to be incorporated into future mine planning.

### Easter Hollows

Multiple high-grade zones intersected in the latest diamond hole targeting the newly defined Easter Hollows lode structure.

- Hole EH346002 returned 1.92m @ 25 g/t Au, 0.2m @ 61 g/t Au, 0.4m @ 13 g/t Au and 0.2m @ 31 g/t Au

The latest results from Easter Hollows are ~160m down plunge of previously reported high grade intersections and extends the mineralised plunge to greater than 600m. The results increase the confidence that Easter Hollows has the potential to provide a new mining front proximal to the highly productive Haoma lodes.

A follow up drill program will be prepared and prioritised to target the Easter Hollows area within the FY19 exploration program. The discovery of Daisy style mineralised lodes proximal to existing mine

---

\* Refer to ASX announcement "Exploration Update" dated 23 March 2018

development provides the potential to truncate the development timeframe to access a new mining front should continuity of mineralisation be confirmed.

#### *Lower Prospect extension*

Diamond drilling for resource definition and down-plunge extensions at Lower Prospect in the Daisy Mine has confirmed the continuity of mineralisation  $\approx 300\text{m}$  down plunge of current mining levels and  $\approx 150\text{m}$  down plunge of the resource envelope.

- Reported results include 1.20m @ 145 g/t Au, 0.67m @ 120 g/t Au, and 1.76m @ 22.9 g/t Au

The strong intersections from the Lower Prospect extensional program highlight the depth potential and plunge continuity of multiple lodes within the Daisy gold mine. The lodes remain open at depth and along strike. Resource definition drilling will progressively extend these lodes as the Daisy mining front advances into the new lode positions.

#### *Aldiss*

At the Aldiss Mining Centre, resource definition and strike extension drilling targeting the Karonie South open pit returned thick, high-grade intersections confirming the potential to extend gold lodes to the south and below the current optimised pit shell

- Reported results include 10.5m @ 5.16 g/t Au and 19m @ 4.81 g/t Au

Initial evaluation of the latest set of broad, high grade drill results has significantly increased the confidence in the potential to include a southern cutback of the Karonie open pit as part of the Aldiss Mining Centre production plan with detailed planning currently underway.

Phase 4 RC and diamond drilling has commenced at the Karonie deposit, targeting further southern and down plunge extensions to the Karonie South deposit, potential extensions to the mineralisation in the north and west side of the Karonie open pit, and evaluating a strong geophysical IP target north of the Karonie deposit.

Initial geological logging of the drilling has been very encouraging, with coarse visible gold observed in RC chips within the potential open pit cutback.

Assay results are expected in the June 2018 quarter.

#### *Mount Belches*

RC and diamond resource development drilling has commenced at the Santa development project, initially targeting depth extensions to the high grade Maxwells-style mineralisation below the Santa North open pit.

The Santa development project is a high priority near-term underground development opportunity for the Company and is located 6 kilometres north east of the Cock-eyed Bob underground mine within the Mount Belches Mining Centre.

Geological models of the BIF hosted Santa gold deposits have identified the potential for significant, high grade ore shoots beneath the open pit floor, analogous to the gold lodes at Maxwells and Cock-eyed Bob.

A 2,300 metre drilling program commenced late in the March quarter. A total of eleven RC pre-collars with diamond tails will aim to extend and upgrade the resource in the Santa North area. Results are pending.

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

*For further information, please contact*

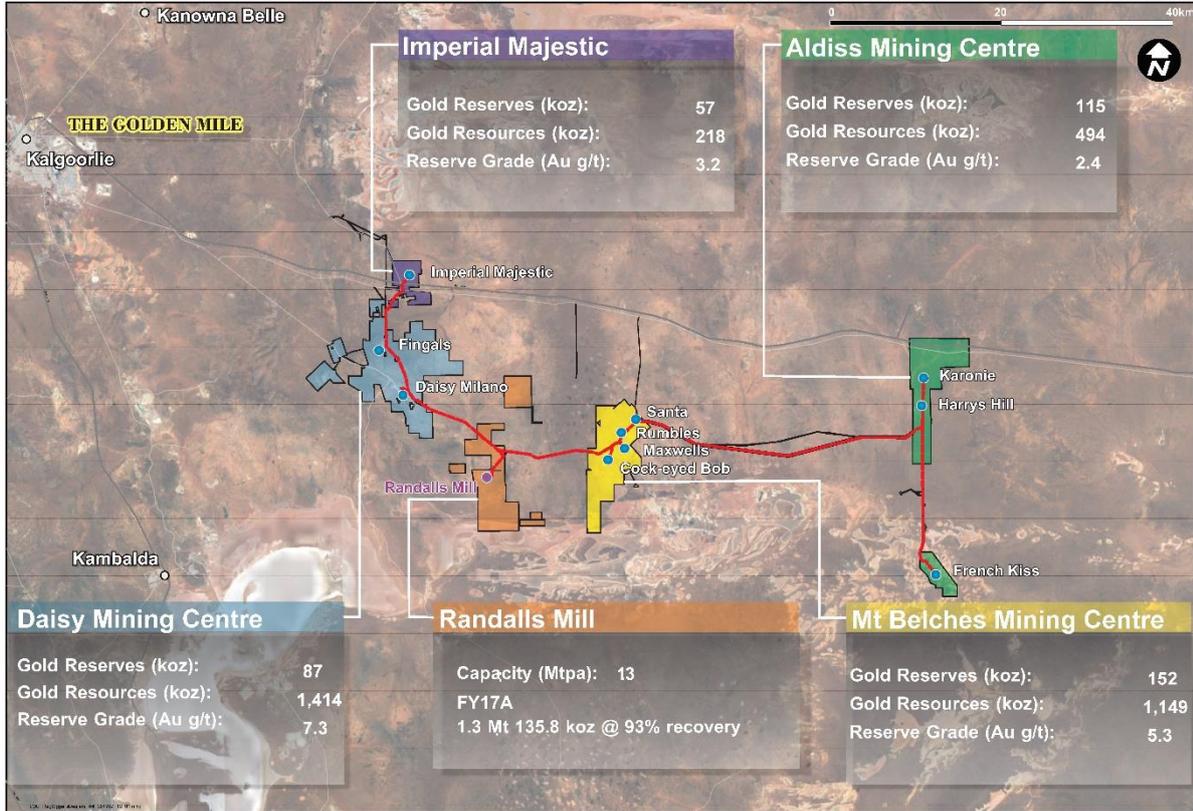
Luke Tonkin  
Managing Director  
+61 8 6313 3800  
[contact@silverlakeresources.com.au](mailto:contact@silverlakeresources.com.au)

Len Eldridge  
Corporate Development Officer  
+61 8 6313 3800  
[contact@silverlakeresources.com.au](mailto:contact@silverlakeresources.com.au)

**Competent Person's Statement**

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Antony Shepherd, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Shepherd is a full-time employee of Silver Lake Resources Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shepherd consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Appendix 1: Mount Monger Camp



Location of Mount Monger Camp Mining Centres and the centralised Randalls Mill.

Refer to ASX announcement “Mineral Resource and Ore Reserve Statement - MMO” dated 4 August 2017 for further information relating to Resources and Reserves