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Silver Lake Resources Ltd  
 ("Silver Lake" or "the  
 Company") is pleased to  
 present this Quarterly  
 Activities Report.



Les Davis  
 Managing Director

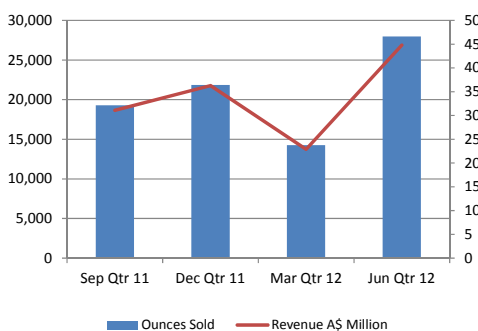
## QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2012

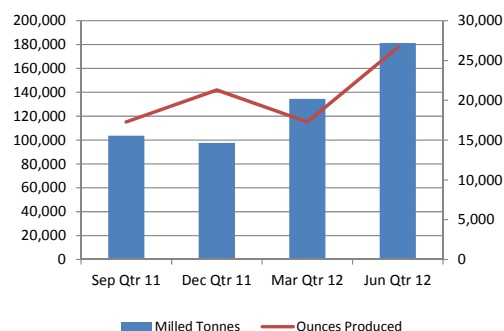
### Highlights

- Record quarterly production for tonnes milled, ounces produced & ounces sold
- Record month in June 2012 with 11,909 ounces poured and sold
- 102% increase in full year (unaudited) pre-tax profit to \$46.1 million
- Murchison 250 person camp operational
- Murchison project on track for first gold production in March 2013 quarter
- Maiden copper resource at Hollandaire totalling 25,400 tonnes
- Asset sale agreement completed with Philips River Mining Ltd.
- High grade gold resource inventory totalling 4.5Moz
- Cash & Bullion on hand totals \$79.7 million

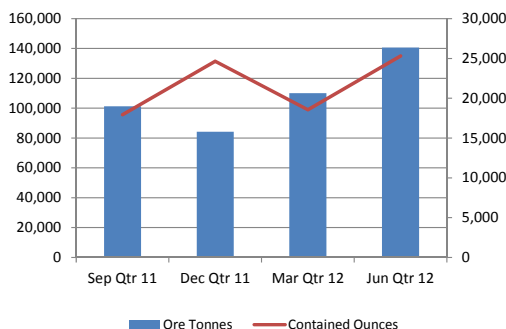
### Gold Sales & Revenue



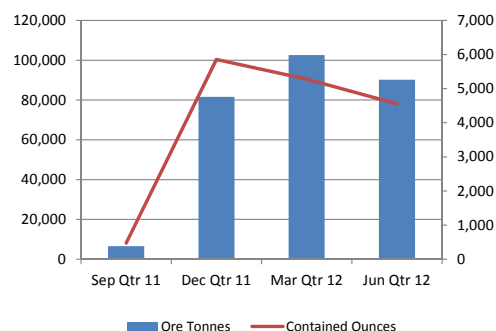
### Production - Processing



### Production - Underground



### Production - Open Pit



## Quarterly Overview

Silver Lake's strategy is to develop large production centres at Mount Monger, in the Murchison and the Great Southern with multiple mines at each centre. Further strategic milestones were reached during the quarter, including:

### *Mount Monger Operations:*

Expansion of Mount Monger Operations continuing:

- production from four underground mines and one open pit mine;
- underground ore tonnes mined at record levels with 52,450 tonnes mined in May 2012;
- multiple access levels developed into Haoma with ore driving on multiple levels in progress;
- underground and open pit mine production for the quarter totalled 230,800 ore tonnes for an annualised mined rate of >900,000 tpa;
- Lakewood Gold Processing Facility operating at 700,000tpa (hard rock) and 900,000tpa (blended rock);
- record quarterly production for tonnes milled, ounces produced & ounces sold;
- record month in June 2012 with 11,909 ounces poured and sold;
- significant drill intercepts outside resource at Haoma and Haoma West; and
- exploration ongoing with multiple drill rigs targeting resource extensions.

### *Murchison Project:*

In the Murchison, Silver Lake is developing a second gold mining operation for a low capital outlay of A\$65 million with multiple mines feeding a central processing facility. The project is progressing to plan with first gold production on track to commence in the March 2013 quarter ramping up to 100,000 ounces per annum in 2014.

Progress during the quarter included:

- 250 person camp operational;
- deconstruction, relocation, refurbishment and reconstruction of milling infrastructure 45% complete;
- commitment to gas fired engines for power generation resulting in project savings of ~A\$3 million per annum;
- award of open pit mining contract to Alliance Mining with open pit mining commencing in October 2012; and
- exploration ongoing with multiple drill rigs targeting resource extensions.

### *Great Southern:*

In the Great Southern, Silver Lake owns the large Kundip and Munglinup projects covering over 2,500 sqkm. Post ramp up of Mount Monger and development of the Murchison in 2013, Silver Lake will increase gold exploration at the advanced Kundip project with the view of establishing a third gold mining centre.

Progress during the quarter included:

- completion of the asset sale agreement with Philips River Mining Ltd.; and
- 200 hole RAB surface drilling programme completed at Munglinup with assays pending.

## Safety

There were no lost time injuries across the group during the quarter. The 12 month moving average Lost Time Injury Frequency Rate ("LTIFR") stands at 3.1 down from 7.2 in the previous quarter.

## Operations

Gold bullion sold for the quarter was a record totalling 27,969 ounces, 96% higher than the previous quarter at an average realised price of A\$1,602 oz for A\$44.8 million revenue. June 2012 was also a record month with 11,907 ounces poured and sold. Full year gold bullion sold totalled 83,347 ounces, 29% higher than the previous year at an average realised price of A\$1,624 oz for A\$135.3 million revenue. Bullion refined and not sold at the end of the quarter totalled 2,536 ounces.

Cash operating costs for the quarter were A\$602 per ounce, 19% lower than the previous quarter due to higher ounces produced. Full year cash operating costs were A\$640 per ounce.

Ore tonnes mined for the quarter was also at record level totalling 230,824 tonnes resulting in gold in ore production from the Mount Monger Operations of 29,866 ounces. Full year ore tonnes mined totalled 717,076 resulting in gold in ore production of 102,598 ounces, 33% higher than the previous year.

The Lakewood Gold Processing Facility operated at 700,000tpa (hard rock) design rates throughout the quarter with the majority of feed sources being hard rock. As softer ore from Wombola Pit become available throughput was steadily increased to 900,000tpa (blended rock) rates late in the quarter.

Tonnes milled for the quarter totalled 181,337 tonnes at a blended grade of 4.9 g/t Au for 26,673 recovered ounces. Full year tonnes milled totalled 517,105 tonnes at a blended grade of 5.3 g/t Au for 82,531 recovered ounces, 30% higher than the previous year. Unprocessed ore stocks available for mill feed at the end of the quarter are ~325,000 tonnes containing 27,700 ounces.

A major milestone occurred during the quarter with the pouring of the 250,000<sup>th</sup> ounce of gold since Silver Lake commenced production from the Mount Monger Operations. This milestone was achieved through processing 1.3 million ore tonnes at a blended grade of 6.4 g/t Au from multiple underground and open pit feed sources at an average (blended) metallurgical recovery of 93.5%.

## Finance (unaudited)

Full year revenue was A\$135.3 million, 51% higher than the previous year.

Full year EBITDA was A\$59.9 million, 81% higher than the previous year.

EBITDA/Revenue Margin was 44%, 7% higher than the previous year.

Full year pre-tax profit was A\$46.1 million, 103% higher than the previous year.

Cash & bullion on hand as of 30 June 2012 totals A\$79.7 million (A\$81.6 million previous quarter) after spending A\$33.9 million on investing activities.

## Exploration

The June 2012 resource and maiden mining reserves are currently being finalised and will be announced early in August 2012. With the completion of the Philips River Mining asset sale agreement, the December 2011 JORC compliant gold resources now totals 42.6 million tonnes at 3.3 g/t Au for 4.5 million ounces (refer to table 8).

At the Eelya Complex, part of the Murchison project, a maiden JORC inferred resource was announced during the quarter from the initial 9 hole programme which totals 1.1 million tonnes at 2.4% Cu, 0.5 g/t Au and 13 g/t Ag (refer to table 10). Approximately 78% of the copper resource is located in the supergene & transitional zones averaging 4% grade.

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Mount Monger	Units	Full Year FY12	Jun Qtr 2012	Mar Qtr 2012	Dec Qtr 2011	Sep Qtr 2011	Full Year FY11
<u>Underground</u>							
Ore tonnes mined	Tonnes	436,157	140,633	110,048	84,195	101,281	300,369
Mined grade	g/t Au	6.2	5.6	5.2	9.1	5.5	7.2
Contained gold in ore <sup>1</sup>	Oz	86,437	25,313	18,556	24,652	17,916	69,923
<u>Open Pit</u>							
Ore tonnes mined	Tonnes	280,919	90,191	102,537	81,608	6,583	105,156
Mined grade	g/t Au	1.8	1.6	1.6	2.2	2.2	2.2
Contained gold in ore <sup>2</sup>	Oz	16,161	4,553	5,278	5,856	474	7,358
<b>Total ore tonnes mined</b>	<b>Tonnes</b>	<b>717,076</b>	<b>230,824</b>	<b>212,585</b>	<b>165,803</b>	<b>107,864</b>	<b>405,525</b>
<b>Mined grade</b>	<b>g/t Au</b>	<b>4.5</b>	<b>4.0</b>	<b>3.5</b>	<b>5.7</b>	<b>5.3</b>	<b>5.9</b>
<b>Contained gold in ore</b>	<b>Oz</b>	<b>102,598</b>	<b>29,866</b>	<b>23,834</b>	<b>30,508</b>	<b>18,390</b>	<b>77,281</b>

Table 1: Mount Monger Operations - mine production statistics

Mount Monger	Units	Full Year FY12	Jun Qtr 2012	Mar Qtr 2012	Dec Qtr 2011	Sep Qtr 2011	Full Year FY11
Ore milled <sup>3</sup>	Tonnes	517,105	181,337	134,507	97,575	103,686	356,684
Head grade <sup>3</sup>	g/t Au	5.3	4.9	4.3	7.3	5.5	5.8
Contained gold in ore	Oz	88,264	28,485	18,552	22,929	18,298	66,571
Recovery	%	94	94	93	93	95	95
<b>Gold produced</b>	<b>Oz</b>	<b>82,531</b>	<b>26,673</b>	<b>17,284</b>	<b>21,292</b>	<b>17,282</b>	<b>63,425</b>
Gold refined & sold <sup>4</sup>	Oz	83,347	27,969	14,258	21,840	19,280	64,703

Table 2: Mount Monger Operations - Lakewood Gold Processing Facility production statistics

Notes to Tables 1&2:

1: Underground contained gold in ore mined is from a combination of Daisy Milano, Daisy East, Rosemary & Haoma mines.

2: Open Pit contained gold in ore is from Wombola Dam & Wombola Pit.

3: Ore milled is from all sources including stock piled material.

4: Bullion refined and not sold at the end of the quarter totalled 2,536 ounces.

## Mount Monger Operations

- **Safety**

There were no lost time injuries during the quarter.

- **Underground production & development - Mount Monger**

*Production:*

Gold in ore production during the quarter was sourced from four underground mines, Daisy Milano, Haoma, Daisy East, & Rosemary (refer to figures 1 & 2) totalling 140,633 tonnes at an average grade of 5.6 g/t Au for 25,313 oz. Ore tonnes mined were higher than the previous quarter primarily due to multiple ore structures within Haoma being amenable to 4 metre wide ore drives.

Mined grade for the quarter was 5.6 g/t Au which is still reflecting high volumes of ore development throughout the underground operations. Ore development for the quarter totalled 1,846 metres and is continuing on the 33,34 & 35 levels at Daisy Milano and the 16,17,18,19,25,27,33,34 & 35 levels at Haoma in readiness for stoping activities. Ore development is forecast to be the primary ore source from the underground operations for the September and December 2012 quarters.

Ore tonnes mined and trucked to the surface in May 2012 were 52,450 tonnes, a new monthly record.

*Waste development:*

215 metres of ore access development were undertaken during the quarter developing to the 35 level (eastern structures) at Daisy Deeps and multiple levels at Haoma.

816 metres of capital development were undertaken during the quarter mining the decline to access Haoma.

## **Open pit production - Wombola Pits**

*Production:*

Gold in ore production from the Wombola Dam starter pit and Wombola Pit (refer to figure 3) produced 90,191 tonnes at 1.6 g/t Au for 4,553 ounces.

The Wombola Pit is performing to plan and produced 3,680 ounces for the quarter.

The Wombola Dam starter pit was completed during the quarter. Grade control and depth drilling has been completed at Wombola Dam big pit (refer to figure 3) to finalise the mining study which is nearing completion.

*Waste development:*

1.14 million tonnes of waste material was removed from Wombola Pit during the quarter.

- **Gold Production - Lakewood Gold Processing Facility**

Mill availability during the quarter was excellent with uptime greater than 97%. Underground ore milled for the quarter totalled 150,149 tonnes at 5.5 g/t Au for 25,100 recovered ounces. Open pit ore milled for the quarter totalled 31,188 tonnes at 1.8 g/t Au for 1,573 recovered ounces. Combined milled production for the quarter totalled 181,337 tonnes at 4.9 g/t Au for 26,673 recovered ounces.

The mill operated at 700,000tpa (hard rock) design rates throughout the quarter with the majority of feed sources being hard rock from underground sources and stockpiled ore from Wombola Dam. As softer ore from Wombola Pit become available throughput was steadily increased to 900,000tpa (blended rock) rates late in the quarter. The facility can be operated at 1.0mtpa rates upon completion of the crusher upgrade, construction of a ROM bin and installation of a new tailings storage facility later in 2012.

Unprocessed ore stocks available for mill feed at the end of the quarter are ~325,000 tonnes containing 27,700 ounces.



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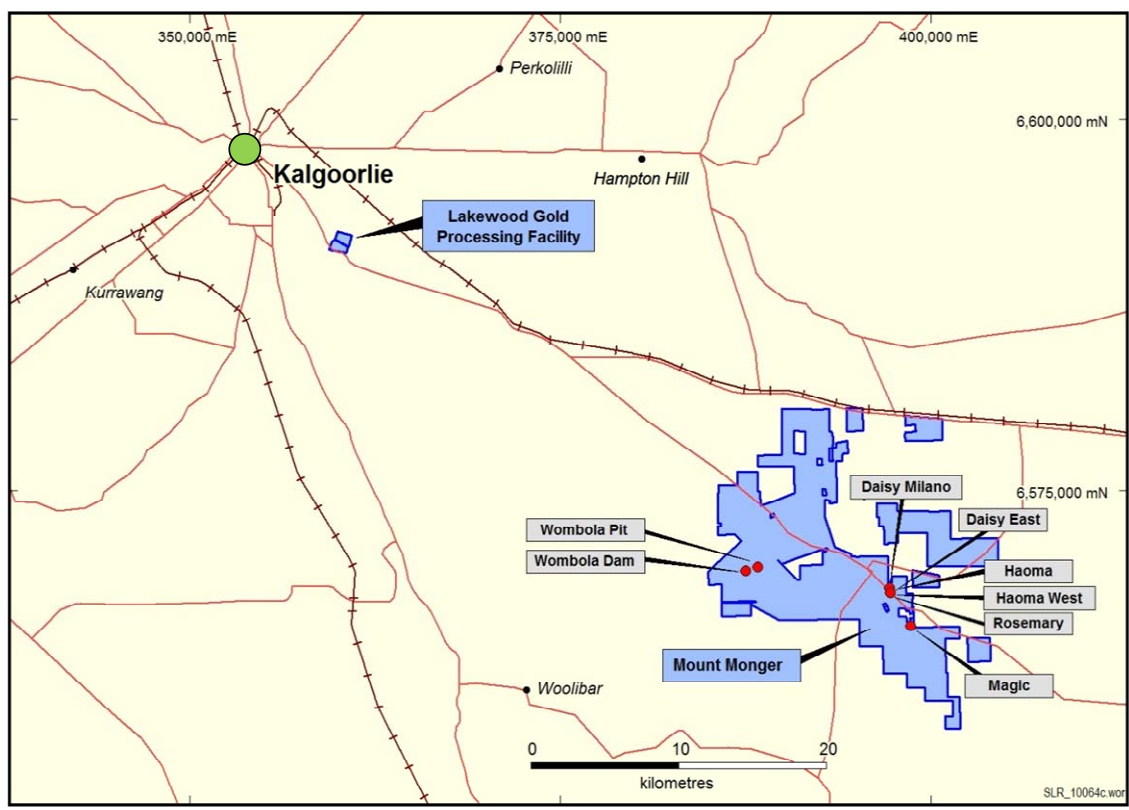


Figure 1: Mount Monger Operations location plan.

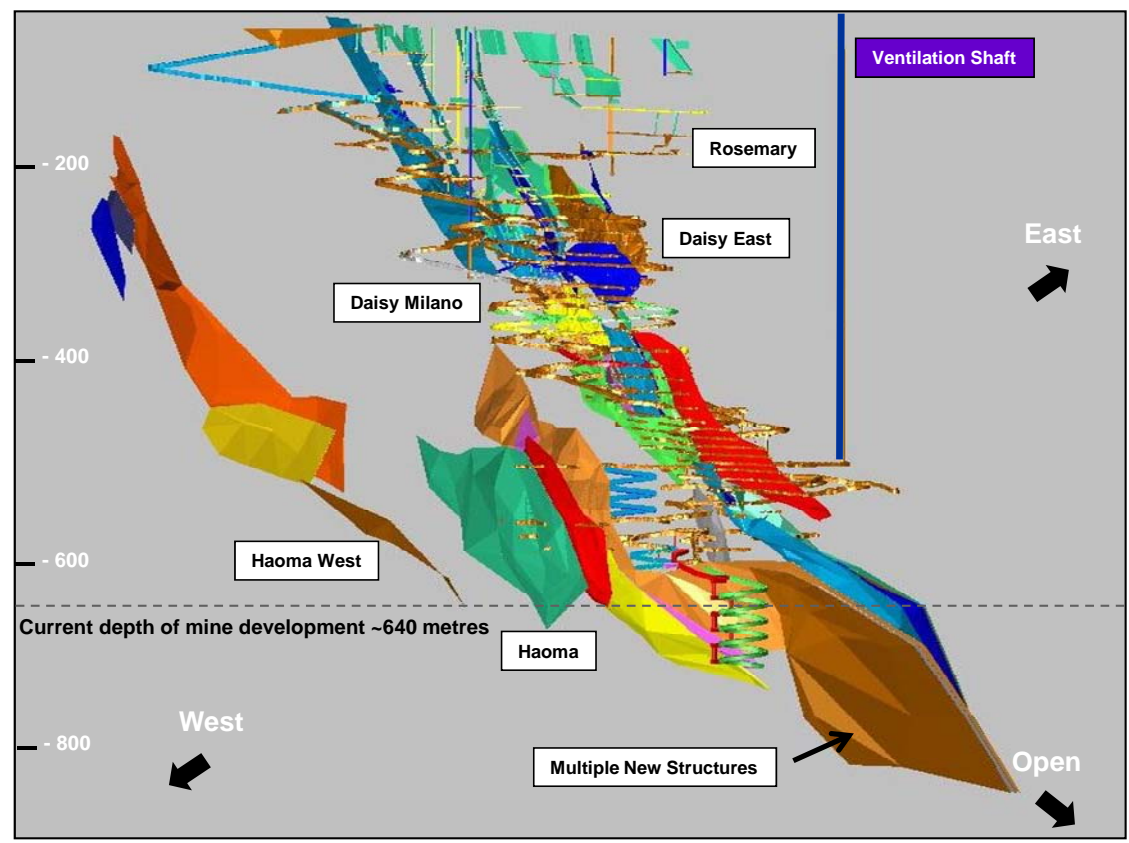


Figure 2: Schematic view showing location of Daisy Milano, Haoma, Daisy East and Rosemary that contain over 1.3 million ounces of resource accessible from the same infrastructure (not to scale).

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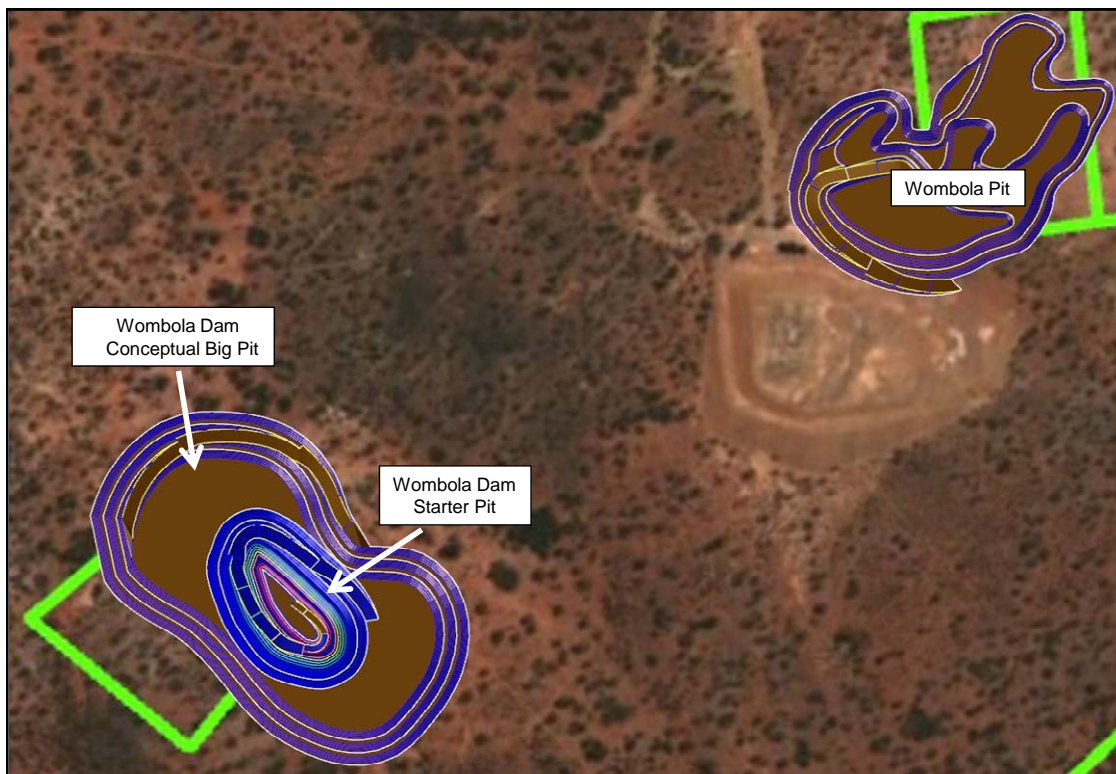


Figure 3: Aerial and schematic plan view of Wombola open pit projects.

- **Gold Sales**

27,969 ounces were refined and sold at an average realised price of A\$1,602 oz during the quarter. Bullion refined and not sold at the end of the quarter totalled 2,536 ounces.

- **Year Ended 30 June 2012**

Mined production from underground and open pit ore sources from Mount Monger Operations totalled 102,598 oz for year ending 30 June 2012, within guidance of 100,000 to 110,000 ounces. Milled production and ounces sold totalled 83,347 ounces which was lower than guidance due to lower mined grade and subsequent feed grade.

- **Outlook Year Ending 30 June 2013**

Guidance for milled production and gold sales from Mount Monger Operations for the year ending 30 June 2013 is 120,000 to 150,000 ounces at a blended feed grade to the mill of 4.4 g/t Au to 5.6 g/t Au from underground, open pit and stockpiled ore sources. Refer to below tabulation for feed sources, underground grade and ounces produced ranges.

Ore Source	Tonnes	g/t Au	Oz	g/t Au	Oz	g/t Au	Oz
Underground Feed (hard rock)	600,000	5.6	108,000	6.5	125,000	7.3	140,000
Stockpile Feed (hard rock)	100,000	2.7	8,250	2.7	8,250	2.7	8,250
Oxide Feed (soft rock)	200,000	1.8	11,500	1.8	11,500	1.8	11,500
<b>Total Feed</b>	<b>900,000</b>	<b>4.4</b>	<b>127,750</b>	<b>5.0</b>	<b>144,750</b>	<b>5.6</b>	<b>159,750</b>
Recovery %			94		94		94
<b>Gold produced</b>	<b>900,000</b>	<b>4.4</b>	<b>120,000</b>	<b>5.0</b>	<b>136,000</b>	<b>5.6</b>	<b>150,000</b>

Guidance for milled production and gold sales from Murchison Operations for the year ending 30 June 2013 is 35,000 to 45,000 ounces at a blended feed grade to the mill of 2.0 g/t Au to 2.4 g/t Au from low grade commissioning stockpiles and initial open pit ore sources.

### Unit Costs

Cash operating costs<sup>1</sup> for the quarter were A\$602 per ounce, 19% lower than the previous quarter due to higher ounces produced. Full year cash operating costs were A\$640 per ounce.

Cost Centre	Units	Full Year FY12	Jun Qtr 2012	Mar Qtr 2012	Dec Qtr 2011	Sep Qtr 2011	Full Year FY11
<u>Cash Operating Cost</u> <sup>1</sup>	<u>A\$oz</u>	<u>640</u>	<u>602</u>	<u>741</u>	<u>536</u>	<u>691</u>	<u>643</u>
<u>Royalties</u>	<u>A\$oz</u>	<u>53</u>	<u>53</u>	<u>53</u>	<u>56</u>	<u>48</u>	<u>49</u>
<u>Average realised price</u>	<u>A\$oz</u>	<u>1,624</u>	<u>1,602</u>	<u>1,608</u>	<u>1,668</u>	<u>1,617</u>	<u>1,390</u>
<u>Revenue</u>	<u>A\$M</u>	<u>135.3</u>	<u>44.8</u>	<u>22.9</u>	<u>36.4</u>	<u>31.2</u>	<u>90.0</u>

Table 3: Mount Monger Operations financial statistics.

Notes to Table 3.

1: Cash operating cost includes all direct underground and open pit mining costs, road transport and processing costs during the period and exclude royalties, sustaining & prepaid waste development costs.

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## Exploration and Development - Mount Monger

Exploration activities are ongoing at the Mount Monger Operations (refer to figure 1).

Key focus areas for Mount Monger during 2012 are delineating resources located within 600 metres to the east and west of the Daisy Milano infrastructure (refer to figure 2).

During the quarter extensional and infill diamond drilling was undertaken at Haoma, Haoma West and Daisy Deeps (refer to tables 4, 5, 6 & 7).

Results outside resource at Haoma included:

- 3.0 metres at 41.1 g/t Au;
- 3.6 metres at 28.4 g/t Au;
- 3.2 metres at 27.2 g/t Au;
- 3.3 metres at 15.0 g/t Au;
- 2.0 metres at 17.5 g/t Au;
- 2.7 metres at 12.2 g/t Au; and
- 3.3 metres at 11.8 g/t Au.

Results outside resource at Haoma West included:

- 1.9 metres at 45.9 g/t Au;
- 8.5 metres at 9.8 g/t Au; and
- 1.0 metres at 14.5 g/t Au.

Infill results at Haoma included:

- 2.3 metres at 86.9 g/t Au; and
- 4.4 metres at 31.7 g/t Au.

Infill results at Daisy Deeps included:

- 3.5 metres at 51.5 g/t Au;
- 1.2 metres at 41.3 g/t Au;
- 1.7 metres at 30.6 g/t Au;
- 2.3 metres at 13 g/t Au, and
- 1.1 metres at 19.3 g/t Au.

Underground drilling is ongoing with 1 drill rig and regional exploration is ongoing with 1 surface drill rig.

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Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
HAO175002	19220	10297	-394	242	0.5	13.60	16.00	2.4	3.1
HAO195003	19219	10332	-430	345	-46.0	204.20	207.50	3.3	11.8
HAO195005	19219	10332	-430	334	-53.0	137.70	140.40	2.7	12.2
HAO195007	19219	10332	-430	317	-52.6	135.90	140.80	4.9	3.2
						176.70	178.00	1.3	14.3
HAO195008	19219	10332	-430	320	-59.9	141.50	143.30	1.8	21.0
HAO195010	19219	10332	-430	292	-57.0	125.80	129.10	3.3	15.0
HAO195011	19219	10332	-430	294	-62.0	148.00	150.00	2.0	17.5
						194.80	197.00	2.2	6.4
HAO195017	19219	10332	-430	356	-52.0	71.00	74.00	3.0	41.1
						82.20	88.30	6.1	4.9
						176.60	177.60	1.0	20.8
HAO195020	19217	10331	-426	344	30.0	125.00	129.50	4.5	3.8
HAO195027	19217	10331	-426	341	5.0	158.30	159.50	1.2	5.4
HAO195028	19217	10331	-426	320	-15.0	99.30	102.90	3.6	28.4
HAO195029	19217	10331	-426	333	-12.5	132.80	136.00	3.2	27.2

Table 4: Drilling and assay results for Haoma outside of current resource received during the quarter.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
HAO18106	19115	10324	-417	327	-18.9	278.30	286.80	8.5	9.8
						292.90	295.70	2.8	3.9
						323.00	327.10	4.1	2.2
						330.00	331.90	1.9	45.9
HAO325003	18931	10159	-586	349	-27.6	164.80	166.30	1.5	4.4
HAO325005	18931	10159	-586	355	-20.0	172.00	174.20	2.2	3.0
HAO325013	18848	10140	-585	359	-79.5	155.10	158.30	3.2	4.0
HAO325014	18848	10140	-585	264	-65.0	98.80	99.80	1.0	14.5
HAO325016	18848	10140	-585	237	-60.0	75.00	76.00	1.0	4.7
						147.70	149.20	1.5	5.7

Table 5: Drilling and assay results for Haoma West outside of current resource received during the quarter.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
HAO18105	19115	10324	-417	326	-12.0	76.70	78.60	1.9	4.3
HAO350003	18640	10218	-627	312	0.2	43.00	47.40	4.4	31.7
						57.80	60.10	2.3	86.9
						69.10	70.60	1.5	3.4
						76.00	78.30	2.3	3.2

Table 6: Infill drilling and assay results for Haoma received during the quarter.

Hole ID	Northing	Easting	rL	Azimuth (Deg)	Dip (Deg)	From (m)	To (m)	Down hole Interval (m)	Grade g/t Au
MIL30053	18622	10457	-542	215	-32.0	314.50	319.00	4.5	3.5
						322.70	323.80	1.1	19.3
						333.00	334.20	1.2	4.1
						342.90	344.10	1.2	19.0
MIL30054	18622	10457	-542	234	-48.0	180.20	182.50	2.3	13.0
						227.20	232.30	5.1	4.2
						248.20	249.20	1.0	11.3
						284.20	285.40	1.2	4.1
MIL30056	18622	10457	-542	225	-55.0	240.70	243.00	2.3	3.1
MIL30057	18622	10457	-542	215	-45.7	356.10	357.60	1.5	17.4
MIL30058	18622	10457	-542	211	-50.0	256.60	257.80	1.2	41.3
						625.00	626.30	1.3	16.4
MIL30059	18622	10457	-542	211	-28.5	373.00	375.20	2.2	3.6
						407.50	411.00	3.5	51.5
MIL30060	18622	10457	-542	265	-64.5	152.50	154.80	2.3	8.4
						178.60	181.00	2.4	5.2
MIL350101	18483	10275	-631	89	0.0	11.80	13.50	1.7	30.6

Table 7: Infill drilling and assay results for Daisy Deeps received during the quarter.

- **Magic Deposit**

The Magic deposit is located 3 kilometres south of the Daisy Milano mine (refer to figure 1) and has a current resource of 1.8 million tonnes at 4.7 g/t Au for 276,300 ounces (refer to table 8) and is currently subject to a mining study. The deposit contains thick high grade mineralisation and is planned to be an underground mine amenable to a bulk mining method.

Thick high grade intersections within the deposit include:

- 11.0 metres at 59.5 g/t Au;
- 8.3 metres at 44.4 g/t Au;
- 4.2 metres at 42.6 g/t Au; and
- 10.0 metres at 19.1 g/t Au.

Preliminary metallurgical flotation test work on three composite samples of diamond core sourced from multiple drill holes distributed across the extent of the resource has been completed. Initial results have provided encouragement indicating that the ore will be amenable to processing through a conventional crushing and grinding circuit followed by a contemporary sulphide flotation sequence.

Rougher sulphide flotation results indicate particularly high gold recoveries of 85% to 93% over a relatively coarse grind size. These high rougher recoveries suggest that final gold recovery levels into a commercial grade concentrate will also be quite high.

These preliminary results provide a solid foundation from which to carry out further optimization of the metallurgical flow sheet for the Magic deposit.

Refer to ASX announcement 13 July 2012 for further information.

### Exploration and Development - Murchison

Exploration and development activities are ongoing at the Murchison project (refer to figure 4 for location plan).

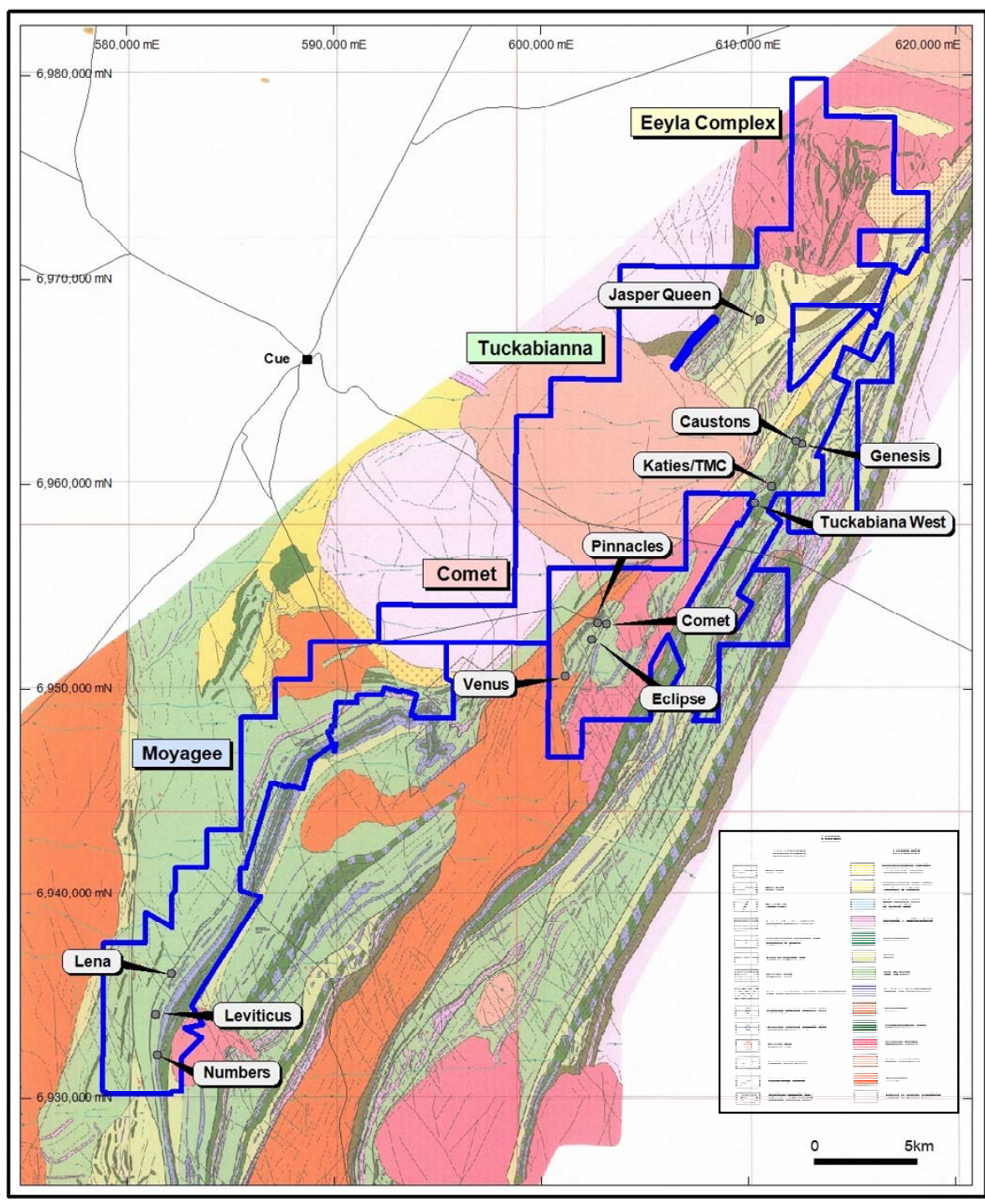


Figure 4: Murchison projects location plan.

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## Murchison Gold Project

- Safety

There were no lost time injuries during the quarter.

- Construction

Progress during the quarter included:

- 250 person camp operational;
- relocation, refurbishment and reconstruction of milling infrastructure 45% complete, and
- award of open pit mining contract to Alliance Mining with open pit mining commencing in October 2012.

Further mining optimisations were carried out during the quarter including the results from a study to install a LNG gas storage facility and install 2-off 3.4MW gas engines for project power generation. This option delivers ~A\$3 million per annum operating cost saving over the life of the project. Manufacture of the storage tanks has commenced and it is planned to convert from diesel fired engines at project commencement to gas fired engines mid 2013.

The project is on track for first gold production in the March 2013 quarter.



Figure 5: Murchison camp - operational June 2012.

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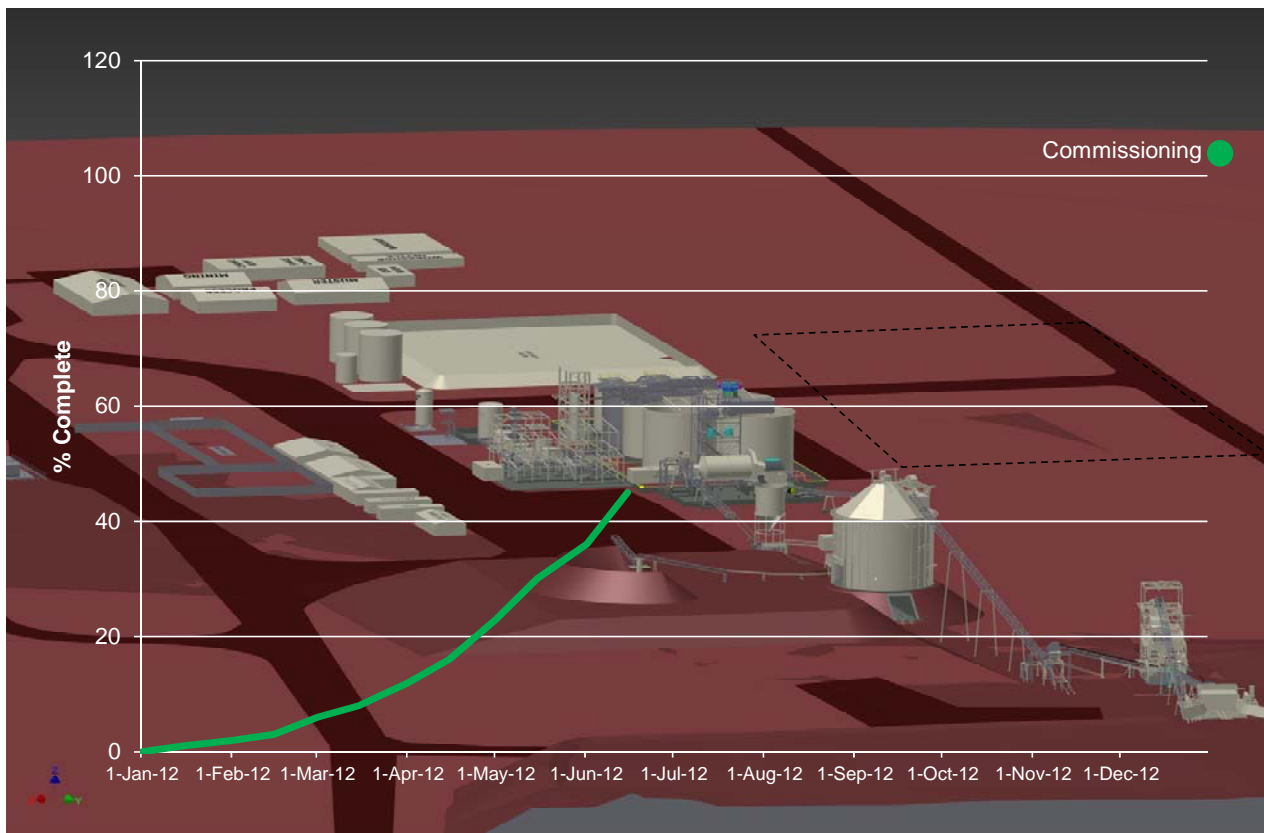


Figure 6: Murchison gold mill design & percentage completion.

## Exploration and Development - Eelya Complex

The Eelya Complex (refer to figure 10) part of the Murchison project has been stripped of its laterite by erosion, exposing moderately weathered bedrock. The granodiorite which forms the core of the complex is described as unusual by the Geological Survey of Western Australia because it has the field relationships of post-tectonic granite yet it is completely recrystallised. It is flanked by felsic schists composed of varying amounts of muscovite, sericite, quartz, chlorite and minor pyrite.

Only limited base metals exploration was conducted in the region by previous explorers during the 1970's. This work included mapping, geochemical sampling and some drilling. Massive sulphide mineralisation hosted by felsic volcanic rocks was identified, as were extensive gossanous zones at surface. The region hosts a felsic volcanic rock complex that indicates the potential for volcanic massive sulphide ("VMS") mineralisation.

Surface geophysics located nine large electromagnetic conductors at Hollandaire, Colonel, Mount Eelya, and Eelya South (refer to figure 10).

- **Hollandaire**

Hollandaire is a tabular stratbound felsites hosted VMS deposit. The felsite is hosted within a thick sequence of mafic rocks which show typical packages of chlorite and silica alteration similar to other known VMS deposits. The mineralisation forms a moderately dipping zone of massive sulphide 10-15m thick which plunges to the south west. Mineralisation is dominantly supergene chalcocite in the oxidised zones and chalcopyrite in the primary zone. The deposit is underlain in part with disseminated sulphides and a semi-concordant stockwork of sulphide and silicate veining.

A maiden JORC inferred resource (refer to table 10 and figure 9) was announced in June 2012 from the initial 9 hole programme which totals 1.1 million tonnes at 2.4% Cu, 0.5 g/t Au and 13 g/t Ag. Approximately 78% of the copper resource is located in the supergene & transitional zones averaging 4% grade.

The copper resource is located ~50 vertical metres from the surface and extends down to ~180 vertical metres and covers an area ~200 metres x ~100 metres with mineralisation averaging 10 metres thick. The copper resource is sitting below gold mineralisation that extends from the surface down to ~50 vertical metres depth (refer to figure 7).

Since drilling recommenced in late March 2012, 29 RC & 21 diamond holes have been completed with 44 extensional holes drilled outside of the current resource (refer to figure 9). This extensional drilling programme has significantly increased the mineralised area to ~500 metres x ~300 metres with varying thickness from 4 to 50 metres.

Due to the depth limitations of the drill rig, 5 RC drill holes finished in mineralisation: 12HORC019 (50m @ 1.4% Cu), 12HORC021 (32m @ 0.3% Cu), 12HORC017 (9m @ 1.0% Cu), 12HORC018 (10m @ 0.6% Cu) & 12HORC016 (4m @ 0.5% Cu). These holes have since been extended with assays pending (refer to figure 9). The remaining 7 holes from the 50 hole programme also have assays pending (refer to figure 9).

Assay results (refer to figures 8, 9 & 10) received during the quarter included:

- 50 metres at 1.4% Cu from 50 metres;
- 10 metres at 6.1% Cu, 1.2 g/t Au & 13.6 g/t Ag from 86 metres;
- 12.6 metres at 3.0% Cu, 0.4 g/t Au & 8.8 g/t Ag from 243 metres;
- 10.9 metres at 1.4% Cu, 0.1 g/t Au & 2.5 g/t Ag from 84 metres; and
- 10.2 metres at 1.2% Cu, 0.3 g/t Au & 4.7 g/t Ag from 115 metres

Down hole geophysics has identified off hole conductors to the south west of the current mineralised envelope (refer to figure 9). Once the remaining assays are received an upgraded resource will be announced. The next drilling campaign is currently being planned and expected to commence in August 2012.

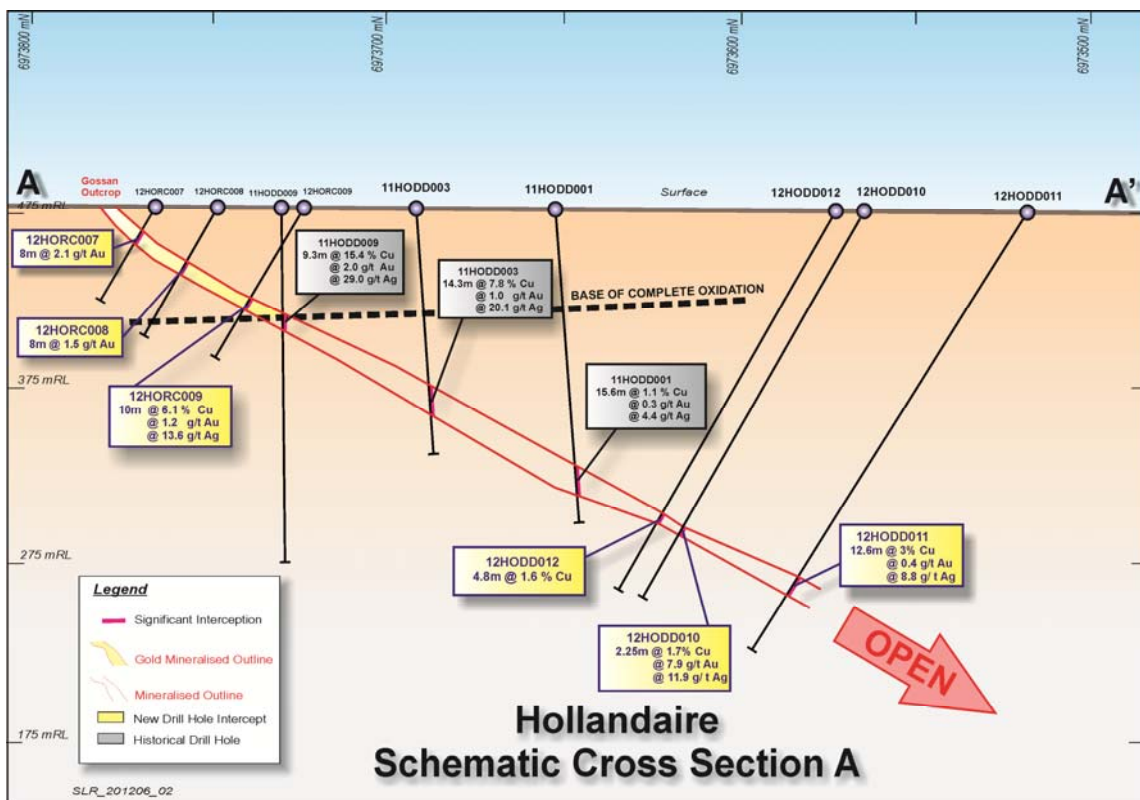


Figure 7: Hollandaire schematic cross section A

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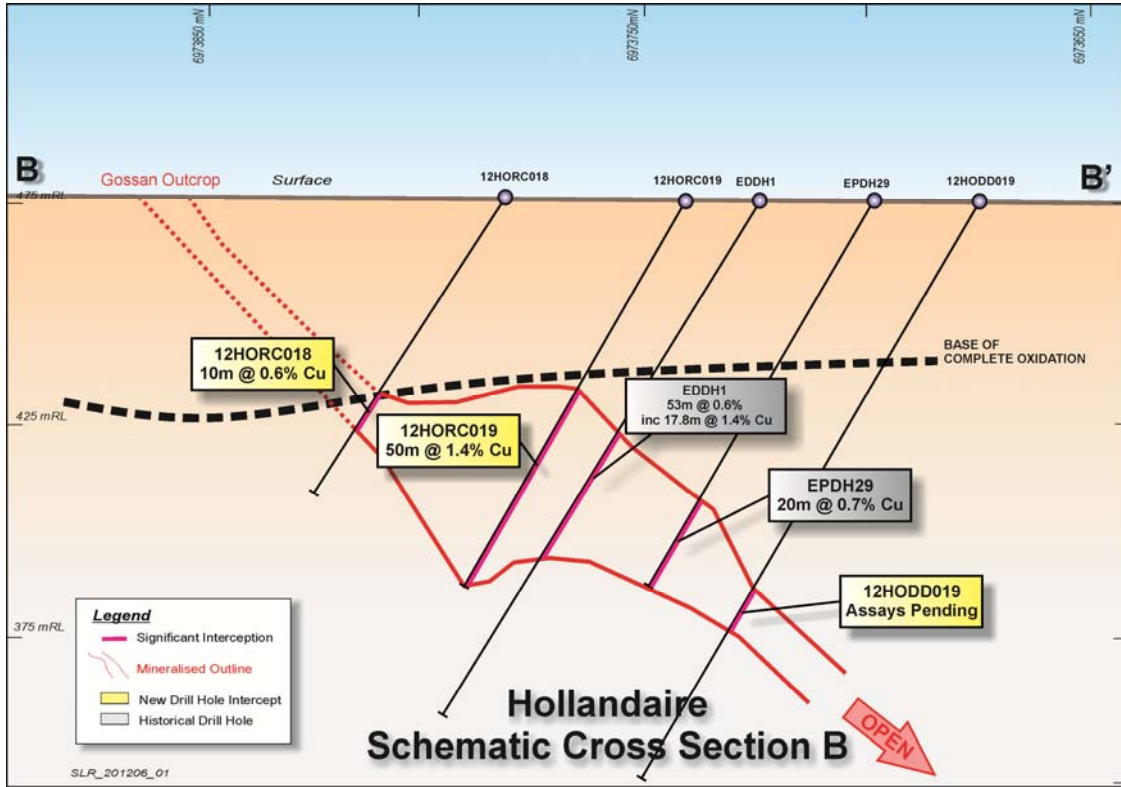


Figure 8: Hollandaire schematic cross section B

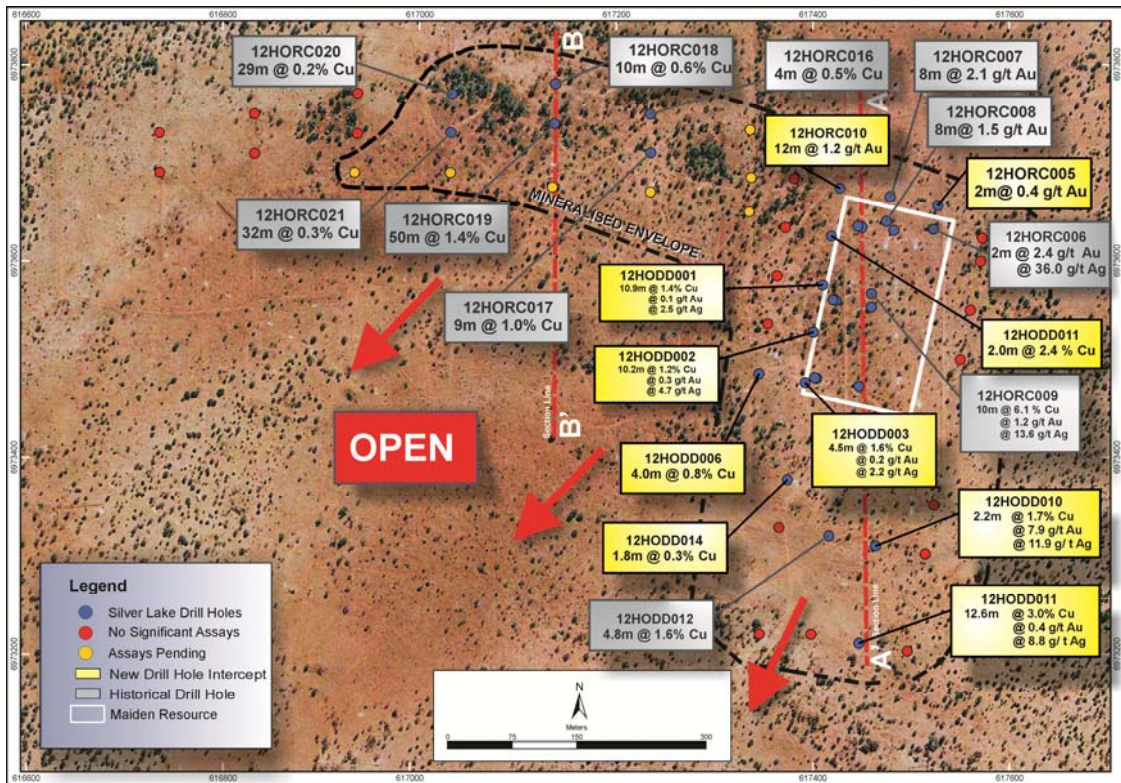


Figure 9: Aerial view showing completed RC and diamond drill holes to date, significant increase in mineralised zone footprint from discovery holes and area to the south west where off hole conductors have been identified.

Refer to ASX announcement 15 June 2012 & xx July 2012 for further information.



- Colonel

The Colonel prospect is located 5 km north west of Hollandaire (refer to figure 10). A 6 hole diamond drilling programme was completed during the quarter with assays pending.

- Mount Eelya

The Mount Eelya prospect is located 4 km north west of Hollandaire (refer to figure 10). An 8 hole diamond drilling programme was completed during the quarter with assays pending.

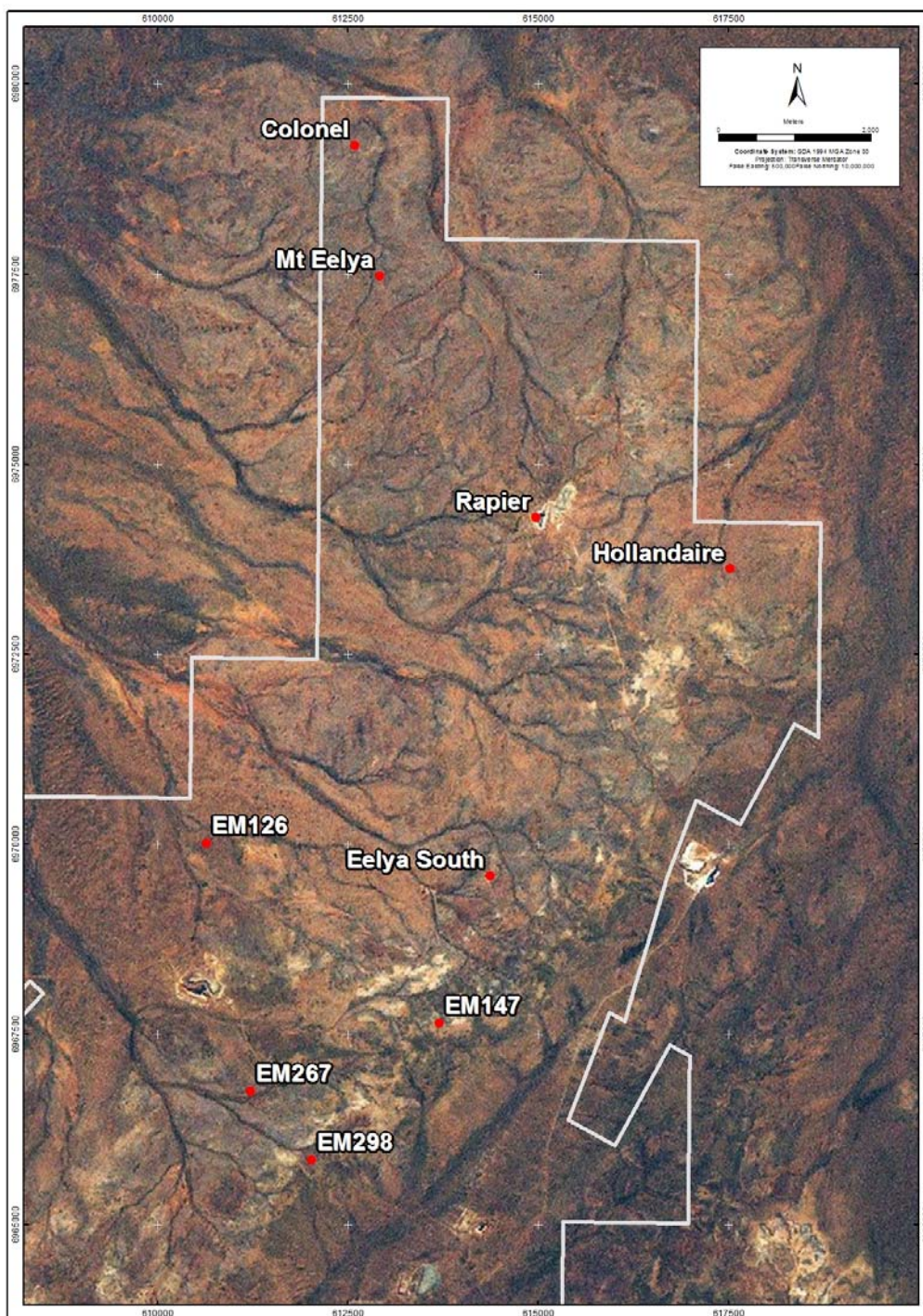


Figure 10: Eelya Complex showing 9 electromagnetic conductor targets.

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## Exploration and Development - Great Southern

- Kundip Mining Centre

The Kundip Mining Centre has a current JORC resource of 1 million ounces of gold, 10 million ounces of silver and 95,000 tonnes of copper that contain two main ore bodies within 10km of each other that have been subject to a Definitive Feasibility Study (“DFS”).

The Trilogy orebody is a polymetallic deposit located on cleared freehold farmland. At this stage, Silver Lake does not view Trilogy as a priority and will not be pursuing the DFS to develop Trilogy. As such, no further work will be undertaken on the DFS.

Kundip constitutes a number of high-grade gold ore bodies. These deposits have been mined in the past on a small scale producing 121,000t @ 18.0 g/t Au for 68,000 ounces Au from both underground and open pit sources that are underexplored at depth.

There is significant regional potential at Kundip for further high-grade gold deposits to be identified through a systematic and ramped up exploration campaign.

Kundip has a current JORC resource of 8.9 million tonnes at 2.7 g/t Au for 0.8 million ounces (refer to table 8). The DFS for Kundip delivered a probable mining reserve of 2.8 million tonnes at 3.4 g/t Au for 307,000 ounces (refer to table 9) with an average copper grade of 0.4%.

The mining reserve is made up of three deposits at Kaolin, Flag and Harbour View with designed open pit mines followed by underground mines (refer to figure 11).

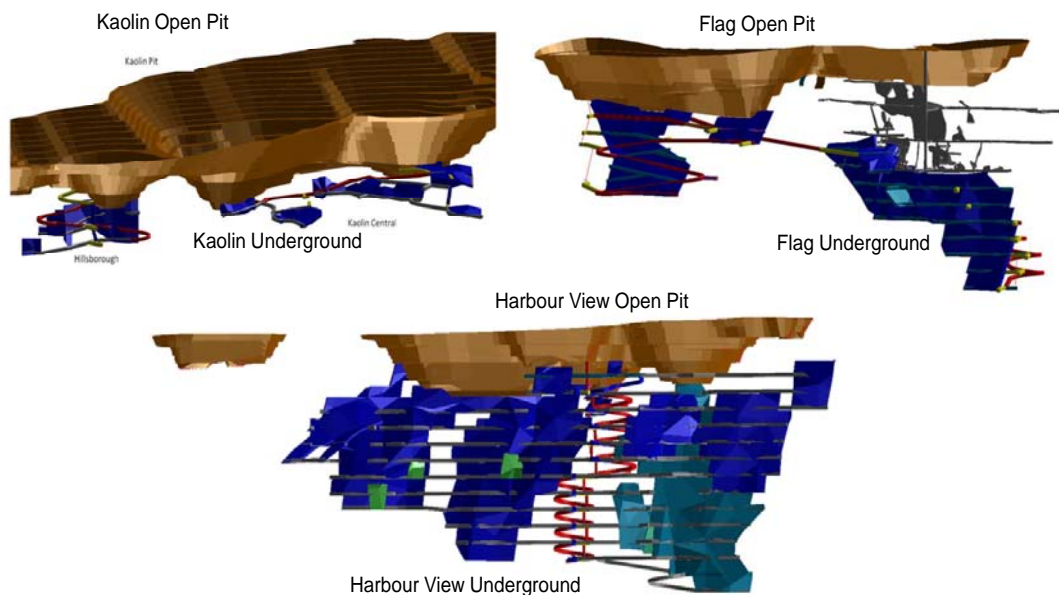


Figure 11: Schematic view of designed open pit and underground mines at Kundip.

Post ramp up of Mount Monger and development of the Murchison in 2013, Silver Lake will increase regional gold exploration at Kundip with the view of establishing a third gold mining centre (with potential copper and silver credits). This will be funded from internal cash flows. This work will also assess a low capital operating scenario with a simple and straight forward processing circuit.

In addition, exploration will focus on infill drilling to convert current resources to reserves; extensional drilling to expand current resources and step out drilling to delineate new resources.

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- **Munglinup**

This Munglinup project (refer to figure 12) is made up of five exploration tenements E74/485; E74/472; E74/471; E74/473 and E74/474 and covers over 1,600 sqkm located in the Albany Fraser belt (refer to figure 12). This is one of Australia's most significant gold belts and hosts the 5Moz Tropicana deposit located ~500 kilometres to the North East. The tenement package is on cleared agricultural ground with shallow cover and is essentially unexplored.

A 200 hole RAB drilling programme was completed during the quarter with assays pending.

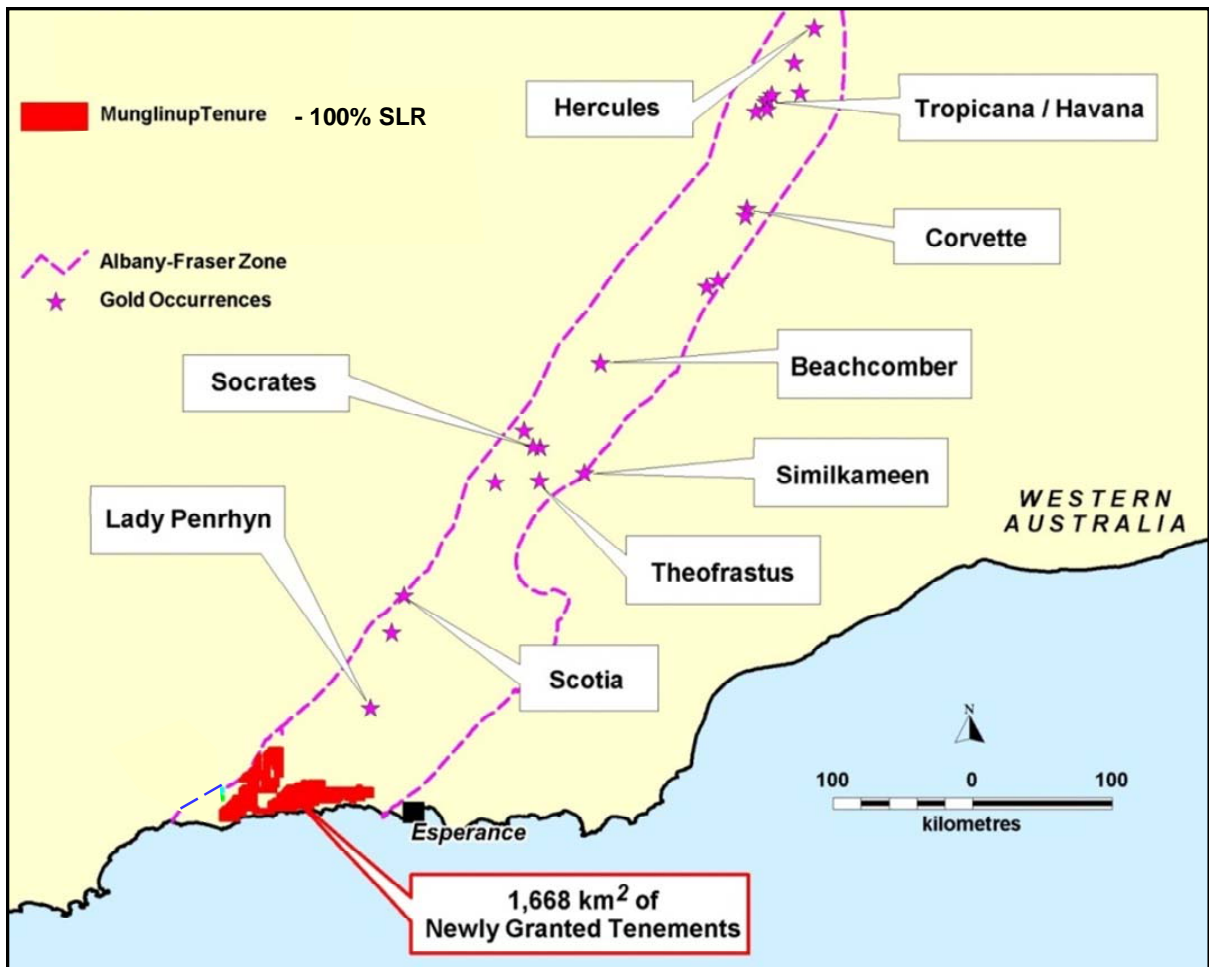


Figure 12: Munglinup tenements location plan.

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## Resources

The JORC Gold Resource as at December 2011 totalled 4.5 million ounces as detailed below.

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	172.3	30.6	169.5	562.2	17.2	310.9	326.0	12.3	128.9	1,060.5	17.9	609.3
Daisy East	23.9	41.4	31.9	21.4	15.5	10.7	25.9	15.9	13.2	71.2	24.4	55.8
Christmas Flat	-	-	-	338.6	4.1	44.1	448.5	6.3	91.3	787.1	5.3	135.4
Haoma	945.0	8.1	247.0	365.0	14.8	174.0	90.0	15.6	45.0	1,400.0	10.3	465.0
Costello	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Lorna Doone	-	-	-	-	-	-	128.0	3.1	12.8	128.0	3.1	12.8
Magic	-	-	-	749.2	4.1	98.3	1,071.0	5.2	178.0	1,820.2	4.7	276.3
Wombola Pit	-	-	-	161.2	3.0	15.7	299.0	2.8	26.6	460.2	2.9	42.3
Wombola Dam	-	-	-	154.8	4.1	20.4	420.2	3.5	47.1	575.2	3.7	67.5
Hammer & Tap	-	-	-	-	-	-	350.2	2.4	27.4	350.2	2.4	27.4
<b>Total Mount Monger</b>	<b>1,141.2</b>	<b>12.2</b>	<b>448.4</b>	<b>2,352.4</b>	<b>8.9</b>	<b>674.1</b>	<b>3,269.8</b>	<b>5.6</b>	<b>584.6</b>	<b>6,763.4</b>	<b>7.8</b>	<b>1,706.1</b>
Tuckabianna - OP	-	-	-	4,170.0	2.2	290.0	4,310.0	2.0	280.0	8,480.0	2.1	580.0
Tuckabianna - UG	-	-	-	1,210.0	4.3	170.0	2,170.0	4.1	290.0	3,380.0	4.2	460.0
Comet - OP	36.0	0.6	0.7	2,540.0	2.5	210.0	1,060.0	1.9	70.0	3,636.0	2.4	270.7
Comet - UG	-	-	-	800.0	5.3	140.0	260.0	4.2	30.0	1,060.0	5.0	170.0
Moyagee - OP	-	-	-	960.0	2.1	70.0	1,410.0	2.2	100.0	2,370.0	2.2	170.0
Moyagee - UG	-	-	-	80.0	3.3	10.0	1,630.0	4.0	210.0	1,710.0	4.0	220.0
<b>Murchison - OP</b>	<b>36.0</b>	<b>0.6</b>	<b>0.7</b>	<b>7,670.0</b>	<b>2.3</b>	<b>570.0</b>	<b>6,780.0</b>	<b>2.1</b>	<b>450.0</b>	<b>14,450.0</b>	<b>2.2</b>	<b>1,020.0</b>
<b>Murchison - UG</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,080.0</b>	<b>4.6</b>	<b>310.0</b>	<b>4,060.0</b>	<b>4.1</b>	<b>530.0</b>	<b>6,150.0</b>	<b>4.3</b>	<b>840.0</b>
Hollandaire	-	-	-	-	-	-	1,100.0	0.5	18.0	1,100.0	0.5	18.0
<b>Total Murchison</b>	<b>36.0</b>	<b>0.6</b>	<b>0.7</b>	<b>9,750.0</b>	<b>2.8</b>	<b>880.0</b>	<b>11,940.0</b>	<b>2.6</b>	<b>998.0</b>	<b>20,636.0</b>	<b>2.8</b>	<b>1,860.7</b>
Kundip	-	-	-	4,390.0	3.4	481.3	4,550.0	2.1	307.2	8,940.0	2.7	788.5
Trilogy	310.0	2.4	23.9	5,750.0	0.7	136.4	180.0	0.6	4.5	6,240.0	0.8	163.8
<b>Total Great Southern</b>	<b>310.0</b>	<b>2.4</b>	<b>23.9</b>	<b>10,140.0</b>	<b>1.9</b>	<b>617.7</b>	<b>4,730.0</b>	<b>2.0</b>	<b>311.7</b>	<b>15,180.0</b>	<b>2.0</b>	<b>952.3</b>
<b>Total Silver Lake</b>	<b>1,487.2</b>	<b>9.9</b>	<b>473.0</b>	<b>22,242.4</b>	<b>3.0</b>	<b>2,171.8</b>	<b>19,939.8</b>	<b>3.0</b>	<b>1,894.3</b>	<b>42,579.4</b>	<b>3.3</b>	<b>4,519.1</b>

Table 8: December 2011 Gold Resource Inventory

*Rounding may give rise to unit discrepancies in this table*

### Notes to table 8:

Murchison open pit resources include mineralisation down to 100 metres depth below the surface.

Murchison underground resources include mineralisation below 100 metres depth from the surface.

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	Proved Reserves				Probable Reserves				Total Reserves			
	Ore tonnes '000s	Grade	Increment	Total '000s	Ore tonnes '000s	Grade	Increment	Total '000s	Ore tonnes '000s	Grade	Increment	Total '000s
Kundip Project	-	-	g/t Au	-	2,810.0	3.4	g/t Au	307.2	2,810.0	3.4	g/t Au	307.2
Trilogy Project	310.0	2.2	g/t Au	22.0	4,320.0	0.8	g/t Au	112.9	4,630.0	0.9	g/t Au	134.9
Total Reserve	310.0	2.2	g/t Au	22.0	7,130.0	1.8	g/t Au	420.1	7,440.0	1.8	g/t Au	442.1

Table 9: JORC Gold Ore Reserve as of December 2011

*Rounding may give rise to unit discrepancies in this table*

	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	
Hollandale																					
Silver	-	-	-	-	oz	-	-	-	-	oz	1,100.0	13.0	g/t Ag	440.0	oz	1,100.0	13.0	g/t Ag	440.0	oz	
Copper	-	-	-	-	t	-	-	-	-	t	1,100.0	2.4	% Cu	25.4	t	1,100.0	2.4	% Cu	25.4	t	
Total Resource																					
Silver	310.0	40.8	g/t Ag	406.6	oz	10,140.0	28.3	g/t Ag	9,213.5	oz	4,730.0	2.5	g/t Ag	386.6	oz	16,280.0	20.0	g/t Ag	10,447.7	oz	
Copper	310.0	0.3	% Cu	0.9	t	10,140.0	0.8	% Cu	77.8	t	5,830.0	0.7	% Cu	41.5	t	16,280.0	0.7	% Cu	120.2	t	

Table 10: Base Metal JORC Resource as of June 2012

*Rounding may give rise to unit discrepancies in this table*

	Proved Reserves					Probable Reserves					Total Reserves				
	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	2,810.0	2.7	g/t Ag	243.9	oz	2,810.0	2.7	g/t Ag	243.9	oz
Copper	-	-	% Cu	-	t	2,810.0	0.4	% Cu	10.7	t	2,810.0	0.4	% Cu	10.7	t
Trilogy Project															
Silver	310.0	45.0	g/t Ag	448.5	oz	4,320.0	55.0	g/t Ag	7,637.7	oz	4,630.0	54.3	g/t Ag	8,086.2	oz
Copper	310.0	0.4	% Cu	1.2	t	4,320.0	1.1	% Cu	48.1	t	4,630.0	1.1	% Cu	49.3	t
Total Reserve															
Silver	310.0	45.0	g/t Ag	448.5	oz	7,130.0	34.4	g/t Ag	7,881.7	oz	7,440.0	34.8	g/t Ag	8,330.2	oz
Copper	310.0	0.4	% Cu	1.2	t	7,130.0	0.8	% Cu	58.8	t	7,440.0	0.8	% Cu	60.0	t

Table 11: Base Metal JORC Reserve as of June 2012

*Rounding may give rise to unit discrepancies in this table*

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## Finance

During the quarter, Silver Lake continued to invest internal cash flow and cash reserves in the future growth of the company including exploration activities at Mount Monger and the Murchison (A\$7.3m), underground capital development at Mount Monger (A\$7.3M), waste material movement at Wombola open pits (A\$3.3M), upgrading of Lakewood Gold Processing Facility to 1 million tonnes per annum and power upgrade at Mount Monger underground operations (A\$2.2m) development of the Murchison Gold Project (A\$12.0m) and business development activities (\$1.8M) including convertible note facility for Philips River Mining.

Cash & cash equivalents at the end of the quarter totalled A\$79.7 million comprising:

- ▶ A\$75.8 million in cash; and
- ▶ A\$3.9 million in bullion on hand.

Full year audited profit (before tax) was A\$46.1 million, a 102% increase from the previous corresponding period.

The company remains debt and hedge free.

## Corporate

Investor Relations:

- ▶ Silver Lake presented at the following investor conferences during the quarter:
  - ▶ 18 April 2012 at the Pay Dirt Conference in Perth
  - ▶ 8 May 2012 at the RIU Conference in Sydney

- **Issued Share Capital**

Class of Securities	Issued capital
Fully Paid Ordinary Shares	225,493,476

- **Unlisted Options**

Unlisted Options	Exercise price	Expiry date
3,447,010	A\$0.30	31 December 2012

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

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#### About Silver Lake Resources Ltd:

Silver Lake is an ASX 200 gold producing and exploration company with a resource base of 4.5 million oz in highly prospective regions including the Mount Monger and Murchison goldfields and the Great Southern district of Western Australia. Silver Lake's strategy is to develop large production centres at Mount Monger, in the Murchison and the Great Southern with multiple mines at each centre.

Silver Lake's Mount Monger Operation contains the Daisy Milano, Daisy East, Rosemary & Haoma underground mines and the Wombola open pit mines located 50 km south east of Kalgoorlie.

Gold ore from Mount Monger is transported to Silver Lake's Lakewood Gold Processing Facility located 5 km south east of Kalgoorlie and 45 km from the Daisy Milano mine. This facility has been expanded to 900,000 tonnes per annum and is currently being expanded to 1 million tonnes per annum by September 2012 quarter.

In the Murchison, Silver Lake is developing a second mining operation with multiple mines feeding a central processing facility. The project is under construction and production is expected to commence in the March 2013 quarter.

At the Eelya Complex, part of the Murchison project, a high grade copper discovery has been made at Hollandaire. The Hollandaire deposit contains copper, gold & silver with grades up to 45% Cu, 5.5 g/t Au and 256 g/t Ag.

In the Great Southern, Silver Lake owns the large Kundip and Munglinup exploration projects covering over 2,500 sqkm. Post ramp up of Mount Monger and development of the Murchison in 2013, Silver Lake will increase regional gold exploration at Kundip with the view of establishing a third gold mining centre (with potential copper and silver credits).

Silver Lake's exploration programme is targeting 10 million oz Au<sup>1</sup> over time.

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#### Competent Person's Statement

*The information in this report that relates to Exploration Results, Mineral Resources and Mineral Reserves 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 and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

*The information on exploration targets are based on a conceptual range of targets as follows:*

*Tonnage range: 50 million to 100 million tonnes*

*Grade range: 3 g/t Au to 8 g/t Au*

*Ounces: 5 million to 10 million*