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2015 Financial Year Results

Silver Lake Resources Limited ("Silver Lake" or "Group") reports its results for the financial year ended 30 June 2015 (FY2015).

All figures quoted in this announcement are in Australian dollars.

Key Financial Points

- Revenue of $186.0m (FY2014: $309.7m)
- Net loss after tax of $94.0m (FY2014: loss of $170.4m)
- EBITDA excluding significant items[1] of $38.0m (FY2014: $26.3m)
- Net operating cash flows of $29.5m (FY2014: $24.5m)
- Cash, bullion and investments of $36.5m (FY2014: $41.9m)

Key Operational Points

- FY2015 mine production from Daisy Complex, Cock-eyed Bob underground, Wombola Dam open pit and stockpiles
- Gold sales for the period 124,209 oz (2014: 217,348 oz)
- Focussed production from low risk, high tenor Mount Monger ore sources
- Introduced a prudent gold hedging policy
- Completed care and maintenance obligations at the Murchison Operation
- Commenced crystallising value from non-core assets:
  - Lakewood mill sale
  - Murchison mill lease
  - Divestment process underway for Murchison Operation & Great Southern Project

Commenting on the financial results, Silver Lake Managing Director Luke Tonkin said:

"Silver Lake has returned to its core assets where it has been possible to generate a superior financial return from substantially less production. The balance sheet has been strengthened and a coherent value accretive strategy has been deployed which invests in our core assets to deliver significantly higher margins while crystallising inherent value from Silver Lake's non-core assets.

Following a strategic exploration review, Silver Lake is committed to investing exploration funds in its core Mount Monger tenements which host numerous near surface Daisy Milano target analogues which, if converted, may materially enhance the Group's operating margins.

Silver Lake's short to medium term production plan generates sufficient cash to invest in planned exploration activities and future mine development and, given the prevailing gold price, establishes a sound platform for earnings growth."

[1] Refer to glossary on page 3

Summarised Financial Results

The Group recorded revenue of $186.0 million (2014: $309.7 million), a decrease of 40% compared to the previous corresponding period. Sales were lower as a result of placing the Murchison Operation on care and maintenance in the June 2014 quarter and completion of the Maxwells open pit mine in June 2014.

Importantly, the Group's EBITDA (before significant items)[2] increased 45% to $38.0 million for the year (2014: $26.3 million). The increase in EBITDA (before significant items) is primarily due to the strategic decision to place the Murchison Operation on care and maintenance and focus resources on the Company's core Mount Monger Operation. Processing costs were also reduced with the sale of the Lakewood mill with all feed sources now processed through the Randalls mill.

The Group recorded a net loss after tax for the year of $94.0 million (2014: loss of $170.4 million). The FY2015 result included $87.0 million of asset impairments and depreciation and amortisation charges of $38.4 million.

Asset impairments included $54.5 million written off against assets now re-designated as "non-core" and the necessary alignment of book values to market valuations. In addition, a $32.5 million impairment was recorded against the Mount Monger Operation due to a reduction in the resource base as a result of revising associated geological models.

At 30 June 2015 the net asset backing of the Group is $0.36/share (2014: $0.55 /share).

From a cashflow perspective, net operating cash flows increased 21% to $29.5 million for the year (FY2014: $24.5 million). At 30 June 2015 the Group had cash and bullion of $28.9 million (2014: $32.2 million), and investments in ASX-listed entities valued at $7.6 million (2014 $9.8 million). The improved operating cash flow of the Group is due to the closure of the Murchison Operation as well as a strong operating contribution from the Mount Monger assets. The All in Sustaining Cost at the Mount Monger Operation has for consecutive quarters been below A$1,300/oz.

In December 2014, the Company raised $10 million through a gold presale arrangement with the Commonwealth Bank of Australia (CBA) for working capital purposes. The facility is being repaid through the monthly delivery of 392oz of gold. The year-end balance of $6.8 million will be fully repaid by 30 June 2016.

Outlook

The Group's short to medium term strategy is to maximise cash flow and maintain a strong balance sheet that allows for future growth. This will be achieved by:

- focussing on maximising cashflow from the Mount Monger Operation;
- commencing production from the Lucky Bay, Rumbles and Santa Area open pit mines;
- continue generating lease income from the Murchison processing facility or alternatively divesting the asset;
- executing the updated exploration strategy by directing expenditure to highly prospective priority targets identified during the exploration review; and
- divestment of the Murchison Operation and Great Southern Project.

The Randalls processing facility has capacity of 1.2mtpa and in FY2016 will be fed with underground ore from the Daisy Complex and Cock-eyed Bob underground mines, the Lucky Bay, Rumbles and Santa Area open pit mines and surface stockpiles.

[2] Refer to glossary on page 3

Guidance for FY2016 gold sales is 125,000 oz to 135,000 oz of gold.

Mining options and optimisation studies continue for a number of near term mine sites in the Mount Monger Region, including the Majestic and Imperial deposits and the Maxwells Underground deposit. Silver Lake is planning to commence capital works for the Majestic and Imperial ore sources in Q3 FY2016 with associated open pit mining commencing in Q4 FY2016 for approximately two years. Subject to ongoing exploration success at Maxwells, production from Maxwells Underground is capable of being introduced to the production plan in Q3 2017.

As a result of the strategic exploration review and the identification of a number of highly prospective exploration targets, an amount of $15,500,000 has been budgeted for FY2016 exploration spend. This exploration will focus on highly prospective, near mine gold targets at Mount Monger, proximate to existing mine and processing infrastructure.

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Glossary

EBITDA (before significant items) is a non-IFRS measure and comprises net loss 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 loss after tax and EBITDA (excluding significant items) is set out on page 13 of the Company's 2015 Annual 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.