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All financial figures
quoted in this report are
in Australian dollars

1H FY2020 FINANCIAL RESULTS SUMMARY

Strong financial results across all key measures with operational performance driving growth at increased margins

Silver Lake Resources Limited (“Silver Lake” or the “Company”) is pleased to report its financial results for the half year ended 31 December 2019.

1H FY2020 highlights

- 98% increase in gold production to 132,879 ounces gold equivalent¹
- 82% increase in gold sales to 127,459 ounces gold equivalent¹
- 372% increase in EBITDA¹ to \$116.8 million (1H FY19 \$24.7 million), with a 119% increase in EBITDA margin to 45%
- 1,117% increase in normalised profit after tax¹ of \$48.7 million (1H FY2019: \$4.0 million)
- 1,014% increase in statutory profit after tax of \$44.6 million (1H FY2019: \$4.0 million)
- 232% increase in cash flow from operations to \$98.6 million (1H FY20: \$29.7 million)
- Cash and bullion balance increased by \$55.4 million to \$186.1 million at 31 December 2019 (30 June 2019: \$130.7 million) with no debt. In addition, Silver Lake had \$10.3 million of gold in circuit and concentrate on hand and listed investments of \$5.2 million at period end
- Hedge book at 31 December totals 154,532 ounces at A\$1,900/oz for delivery from FY20 - FY22
- \$13.3 million investment in exploration, focused on Mineral Resource to Reserve conversion and advancing the pipeline of prospective opportunities
- Acquisition of Egan Street Resources completed in January 2020
- FY20 group sales guidance upgraded to 240,000 to 250,000 gold equivalent¹ ounces (215,000 to 230,000) at lower average AISC of A\$1,300 to A\$1,350/oz (A\$1,375 to A\$1,450/oz)

¹ Refer to glossary on page 3

1H FY20 Financial Results summary

The 1H FY20 results reflect the benefit of the nil-premium acquisition of Doray Minerals completed in April 2019 and the full period contribution from the Deflector operation for the first time. The acquisition underpinned the headline 82% increase in gold equivalent sales and significant EBITDA and EBITDA margin growth of 372% and 119% respectively and is consistent with Silver Lake's strategy to maximise the value of its existing assets while pursuing external opportunities which enhance its asset portfolio.

The Company's normalised net profit after tax for the half year was \$48.7 million, a 1,117% increase on the pcp (\$4.0 million). Non-recurring items during the period were associated with the acquisition of Egan Street Resources and included estimated stamp duty associated with the acquisition of Egan Street Resources.

Revenue for the half year totalled \$258.8 million from the sale of 127,459 ounces of gold equivalent¹ at an average gold price of A\$2,011/oz and copper price of A\$8,475/t, a 116% increase on 1H FY19 (\$119.8 million from 69,947 ounces @ A\$1,713/oz). The increase in revenue reflects the contribution from Deflector for the full period and the higher realised gold price.

Cost of sales increased to \$194.5 million for the year (1H FY19: \$106.6 million) resulting from the enlarged production base following the inclusion of Deflector for the full period.

EBITDA¹ was up 372% on pcp at \$116.8 million at an EBITDA margin of 45%, up 119% on the pcp. EBITDA growth was driven by strong operational performance at both operating sites which allowed Silver Lake to capture the benefits of the increased production base and capitalise on the higher realised gold price. The EBITDA contribution was split relatively evenly across both operations with Mount Monger reporting EBITDA of \$65.2 million and \$60.2 million reported at Deflector for the period.

The All-in Sustaining Cost (AISC) for the period of A\$1,223/oz was 17% lower than 1H FY19 resulting from strong operational performance and the inclusion of the lower cost Deflector operation for the full period.

Key measures	1H FY2020	1H FY2019	Variance
Gold produced (Au equivalent oz)	132,879	66,966	+98%
Gold sales (Au equivalent oz)	127,459	69,947	+82%
Average realised gold price (A\$/oz)	2,108	1,713	+23%
AISC (A\$/oz)	1,223	1,467	-17%
Revenue (\$m)	258.8	119.8	+116%
EBITDA (\$m)	116.8	24.7	+372%
EBITDA margin (%)	45	21	+119%
NPAT normalised (\$m)	48.7	4.0	+1,117%
NPAT (\$m)	44.6	4.0	+1,014%
Operating cash flow (\$m)	98.6	29.7	+232%
Cash and bullion at 31 Dec (\$m)	186.1	104.3	+78%
Debt at period end	Nil	Nil	-

Table 1: 1H FY20 Financial Results

Operating cash flow for the period was \$98.6 million and includes all mining costs associated with a ~27,000 ounce build in inventory across stockpiles and gold in circuit during 1H FY20, the revenue on which will be recognised in future cash flows.

Capital expenditure for 1H FY20 totalled \$42.6 million (1H FY19: \$32.9 million) and included \$8.3 million of project capital, \$21.1 million of mine capital development and exploration spend of \$13.2 million.

Silver Lake continued to build on its strong track record of cash generation (refer Chart 1) with a cash and bullion position at 31 December 2019 of \$186.1 million and no bank debt. In addition, Silver Lake has \$10.3 million of gold in circuit and concentrate on hand and listed investments of \$5.2 million.

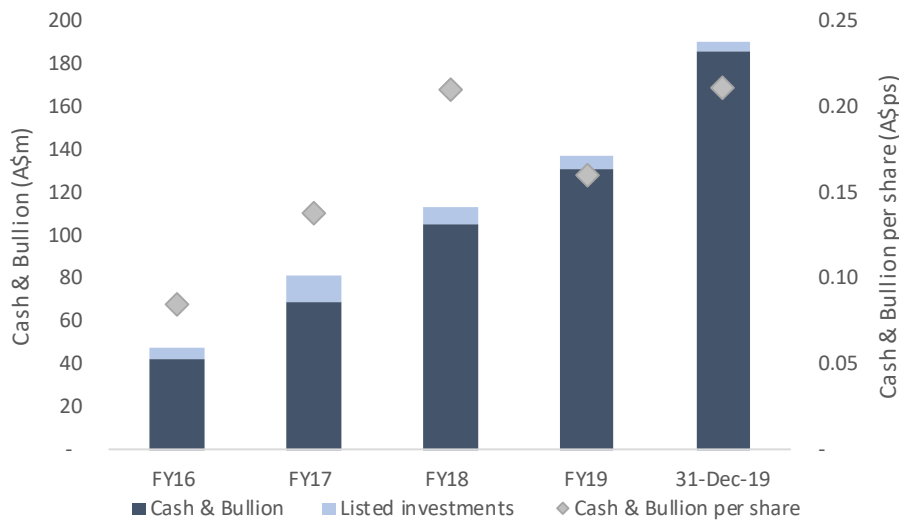


Chart 1: Cash and bullion growth FY16 - 1H FY20

This announcement was authorised for release to ASX by Luke Tonkin, Managing Director. For more information about Silver Lake and its projects please visit our web site at www.silverlakeresources.com.au.

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Glossary

EBITDA (before significant items)
Is a non-IFRS measure and comprises net profit after tax, adjusted to exclude significant items such as net finance costs, business combination expenses, depreciation and amortisation. An unaudited reconciliation between the net profit after tax and EBITDA (excluding significant items) is set out on page 10 of the Company's Interim 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.

Deflector Gold Equivalent Calculation Methodology and Parameters
All gold equivalency calculations assume a Au price of A\$2,100/oz, Cu price of A\$8,400/t and a 10% payability reduction for treatment and refining charges. The gold equivalent formula is $Au\ Eq\ koz = Au\ koz + (Cu\ kt * 4)$, based on the commodity price assumptions outlined above.

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