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APPENDIX 4E
FULL YEAR REPORT
Year ended 30 June 2020

Name of entity: Silver Lake Resources Limited
Current reporting period: 12 months ended 30 June 2020
Previous corresponding reporting period: 12 months ended 30 June 2019

		FY2020 A$'000	FY2019 A$'000
Revenues from ordinary activities	up 87%	563,435	301,514
Earnings before interest, tax, depreciation and amortisation (EBITDA)[1]	up 224%	260,088	80,194
Profit after tax	up 3,852%	256,875	6,500
Profit after tax normalised[2]	up 699%	133,133	16,669
Cash and bullion	up 106%	269,391	130,727
Net tangible assets per share	up 41%	$0.66	$0.47

[1] Refer to Page 7 of Annual Financial Report for reconciliation between profit after tax and EBITDA
[2] FY20 result calculated by adjusting profit after tax for non-cash, income tax adjustments

Financial Results

The following Appendix 4E reporting requirements are found in the attached Annual Financial Report which has been audited by KPMG:

Title	Reference
Review of results	Page 6
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Dividend information

The Company has not proposed to pay any dividend in respect of the period.

Control gained or lost over entities during the period

On 21 November 2019 the Group obtained control of Egan Street Resources Limited ("EGA") by acquiring 84.1% of the shares and voting interests in that company. On 8 January 2020, the Group completed the compulsory acquisition process of EGA.

There have been no other changes in control over entities in the year ended 30 June 2020.

Joint Operations

The Group has the following interests in unincorporated joint operations:

Joint Operation	Joint Operation Parties	SLR Interest 30 June 2020	SLR Interest 30 June 2019
Horse Well JV	SLR/Alloy Resources	40.0%	49.0%
Peter's Dam	SLR/Rubicon	-	71.8%

The joint operations are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint operations are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint operation assets.

There are no other associates or joint venture entities.

Silver Lake Resources Limited

(ABN 38 108 779 782)

Annual Financial Report
For the Year Ended 30 June 2020

Corporate Directory

Directors

David Quinlivan	Non-executive Chairman
Luke Tonkin	Managing Director
Peter Alexander	Non-executive Director
Kelvin Flynn	Non-executive Director

Company Secretaries

David Berg
Liz Hough

Principal Office

Suite 4, Level 3, South Shore Centre
85 South Perth Esplanade
South Perth WA 6151
Tel: +61 8 6313 3800
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Registered Office

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85 South Perth Esplanade
South Perth WA 6151

Share Register

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone (03) 9415 4000

Auditors

KPMG
235 St George's Terrace
Perth WA 6000

Internet Address

www.silverlakeresources.com.au

ABN 38 108 779 782

ASX Code: SLR

Directors' Report

The Directors submit their report, together with the consolidated financial statements of the Group comprising Silver Lake Resources Limited (the Company or Silver Lake) and its subsidiaries for the year ended 30 June 2020.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year were:

David Quinlivan
BApp Sci, Min Eng, Grad Dip Fin Serv, FAusImm, FFINSA, MMICA
Non-executive Chairman
Appointed Non-executive Director on 25 June 2015 and Chairman on 30 September 2015

Mr Quinlivan is a Mining Engineer with significant mining and executive leadership experience having 11 years of service at WMC Resources Ltd, followed by a number of high-profile mining development positions. Since 1989, Mr Quinlivan has served as Principal of Borden Mining Services, a mining consulting services firm, where he has worked on multiple mining projects in various capacities. He is currently Managing Director of Ora Banda Mining Limited and previously served as Chief Executive Officer of Sons of Gwalia Ltd (post appointment of administrators), Chief Operating Officer of Mount Gibson Iron Ltd and President and Chief Executive Officer of Alacer Gold Corporation. Mr Quinlivan has held no other Directorships in public listed companies in the last three years.

Luke Tonkin
BEng, Min Eng, MAusImm
Managing Director
Appointed 14 October 2013

Mr Tonkin is a Mining Engineering graduate of the Western Australian School of Mines and his extensive operations and management career spans over 30 years within the minerals and mining industry. He is a past Chairman of the Western Australian School of Mines Advisory Board. Mr Tonkin has held senior management roles at WMC Resources Ltd, Sons of Gwalia Ltd and was Managing Director of Mount Gibson Iron Ltd for 7 years and Chief Executive Officer and Managing Director of Reed Resources Ltd.

Mr Tonkin joined the Company in October 2013 as Director of Operations and was appointed as Managing Director on 20 November 2014. Mr Tonkin has held no other Directorships in public listed companies in the last three years.

Peter Alexander
ASS APPL Geol
Non-executive Director
Appointed 5 April 2019

Mr Alexander is a geologist and has over 30 years' experience in mineral exploration and mining in Australia and overseas. Mr Alexander was Managing Director and Chief Executive Officer of Dominion Mining Limited from 1997 until his retirement in January 2008, at which time he continued as a Non-Executive Director until the takeover by Kingsgate Consolidated in 2010. Mr Alexander managed the start-up and operation of Dominion's Challenger gold mine in South Australia and, under Mr Alexander's management, Dominion won the Gold Mining Journal's "Gold Miner of the Year" three years in succession.

Mr Alexander was a Non-executive Director and former Chairman of Doray Minerals Limited and was appointed to the Silver Lake Board following the Company's merger with Doray Minerals Limited. He is currently a Non-Executive Director of Kingsgate Consolidated Limited and was previously Non-Executive Chairman of Caravel Minerals Limited. Mr Alexander has held no other Directorships in public listed companies in the last three years.

Directors' Report

Kelvin Flynn
B.Com, CA
Non-executive Director
Appointed 24 February 2016

Mr Flynn is a qualified Chartered Accountant with over 29 years' experience in investment banking and corporate advisory roles including private equity and special situations investments in the mining and resources sector. He has held various leadership positions in Australia and Asia, having previously held the position of Executive Director/Vice President with Goldman Sachs and Managing Director of Alvarez & Marsal in Asia. He has worked in complex financial workouts, turnaround advisory and interim management. He is the Managing Director of the specialist alternative funds manager Harvis, which focuses on investments and financing in the real estate and real assets sectors.

Mr Flynn is currently a Director of privately held Global Advanced Metals Pty Ltd and a Non-Executive Director of Mineral Resources Limited. Mr Flynn has held no other Directorships in public listed companies in the last three years.

Les Davis
MSc (Min Econs)
Non-executive Director
Appointed 25 May 2007; Resigned 22 November 2019

Mr Davis has over 35 years' industry experience including 17 years' hands-on experience in mine development and narrow vein mining. Mr Davis' career incorporates 13 years' senior management experience including roles as Mine Manager, Technical Services Manager, Concentrator Manager, Resident Manager and General Manager Expansion Projects with organisations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd.

Mr Davis ceased as Managing Director of the Company on 20 November 2014 and was subsequently appointed as Non-executive Director. Mr Davis is a Non-executive Director of Black Cat Syndicate Limited and was previously a Non-executive Director of Spectrum Metals Limited.

Leigh Junk
Dip Surv, Grad Dip Min Eng, MSc Min Econ
Non-executive Director
Appointed 5 April 2019; Resigned 12 July 2019

Mr Junk is a Mining Engineer with 25 years' experience and held senior positions in several Western Australian mining companies including WMC Resources, Pilbara Manganese and Mincor Operations. In 2000 Mr Junk started the private mining company Donegal Resources Pty Ltd, which was successful in purchasing and recommissioning several nickel operations around Kambalda W.A. Donegal Resources was later sold to Canadian company Brilliant Mining Corp during the Nickel boom in late 2006. Over the next 10 years Mr Junk was a Director of several public companies in the Mining and Financial sectors in Australia and Canada.

Mr Junk was previously Managing Director of Doray Minerals Limited and was appointed to the Silver Lake Board following the Company's merger with Doray Minerals Limited.

Directors' Report

COMPANY SECRETARIES

David Berg
LLB BComm (General Management), FGIS, FCIS
Appointed 4 September 2014

Mr Berg has worked both in the resources industry and as a lawyer in private practice, advising on corporate governance, M&A, capital raisings, commercial contracts and litigation. Mr Berg has previously held company secretarial and senior legal positions with Mount Gibson Iron Limited and Ascot Resources Limited and legal roles with Atlas Iron Limited and the Griffin Group. Prior to this Mr Berg worked in the corporate and resources groups of Herbert Smith Freehills and King & Wood Mallesons.

Liz Hough
LLB, BA (Politics and International Studies), Grad Cert Chinese Law
Appointed 18 December 2019

Ms Hough is a corporate lawyer and was appointed as an additional Company Secretary in December 2019. Prior to joining the Company, Ms Hough held a legal role at Resolute Mining Limited. Ms Hough has previously worked as a lawyer in private practice specialising in energy and resources, mergers and acquisitions, capital raisings and general corporate and commercial matters.

COMMITTEE MEMBERSHIP

As at the date of this report, the Board has an Audit Committee and a Nomination & Remuneration Committee. Those members acting on the committees of the Board during the year were:

Audit Committee	Term	Nomination & Remuneration Committee (NRC)	Term
Kelvin Flynn (Chairman)	Full Year	Peter Alexander (Chairman)	Part Year
Peter Alexander	Part Year	Kelvin Flynn	Full Year
David Quinlivan	Full Year	David Quinlivan	Full Year
Les Davis	Part Year	Les Davis	Part Year

DIRECTORS' MEETINGS

The number of Directors' meetings (including committee meetings) held during the year and the number of meetings attended by each Director are as follows:

	Directors' Meetings		Audit Committee		Nomination & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
David Quinlivan	11	11	2	2	2	2
Luke Tonkin	11	11	-	-	-	-
Peter Alexander	11	11	1	1	1	1
Les Davis[1]	3	3	1	1	1	1
Kelvin Flynn	11	11	2	2	2	2
Leigh Junk[2]	-	-	-	-	-	-

[1] Resigned 22 November 2019
[2] Resigned 12 July 2019

Directors' Report

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital at the date of this report is as follows:

Name of Director	Fully Paid Ordinary Shares	Unlisted Performance Rights
David Quinlivan	-	-
Luke Tonkin	528,016	2,853,542
Peter Alexander	18,165	-
Kelvin Flynn	-	-

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate in Australia.

OPERATING OVERVIEW

Silver Lake is a multi-asset, mid-tier gold company operating in the Eastern Goldfields and Midwest regions of Western Australia.

The Group currently has 6 mines and 2 processing facilities in operation and 1 mine in development across its Deflector and Mount Monger operations with significant potential for organic growth from its portfolio of highly endowed and prospective tenement holdings.

The Group's operations over the last 6 months have been disrupted by COVID-19, however the combined collaborative support of Government, representative industry bodies, employees, contractors, suppliers and our host communities has allowed the Company to adapt and mitigate, as far as practicable, the risks this infectious disease presents. Given the industry framework in which Silver Lake operates and the Company's strong debt free balance sheet, Silver Lake will continue to actively pursue exploration, production and growth objectives, subject to the evolving and unforeseen impacts of COVID-19.

Group Financial Overview

The Group recorded a net profit after tax for the year of $256.9 million (FY19: $6.5 million) and an EBITDA (before significant items) of $260.1 million (FY19: $80.2 million). This resulted in an EBITDA margin for the year of 46% (FY19: 27%). The Board considers that EBITDA is an important metric in assessing the underlying operating performance of the Group. A reconciliation between the statutory profit after tax and the Group's EBITDA is tabled on page 7.

The increase in profit in FY20 is attributed to:

- Contribution from the Deflector Operation for a full 12 month period (FY19 included 3 months of contribution);
- a 7% increase in feed grade from underground sources at Mount Monger;
- a 49% increase in feed grade from open pit sources at Mount Monger, with both Harrys Hill and French Kiss open pits grading higher than FY19 open pit sources;
- a 24 % increase in average realised gold price; and
- an income tax benefit of $123.7 million driven primarily by the recognition of carry forward tax losses that are available for offset against future taxable profits of the Group.

Directors' Report

Revenue for the year totalled $563.4 million from the sale of 263,362 ounces of gold equivalent[1] at an average realised gold sale price of A$2,132/oz and copper price of A$8,494/t compared with revenue of $301.5 million from 171,322 ounces (at A$1,754/oz) in FY19. The increase in revenue reflects improved commodity prices and a full 12 months contribution from the Deflector Operation.

Cost of sales increased to $398.8 million in the year (FY19: $272.1 million) reflecting the inclusion of costs associated with the Deflector Operation for a full year. The All-in Sustaining Cost (AISC) for the year of A$1,295/oz (FY19: A$1,367/oz) reflects the strong production results during the period across both operations.

Operating cash flow for the period was $252.3 million resulting in a 30 June 2020 cash and bullion balance of $269.4 million. The cash and bullion balance excludes $10.0 million of gold in circuit and concentrate on hand, and listed investments of $6.4 million. Key cash flow movements for the year included:

- Net cash inflow from operations of $252.3 million
- Acquisition of plant and equipment of $24.9 million
- $82.7 million on mine development and exploration

EBITDA (excluding significant items)

The reconciliation between the statutory profit after tax and the Group's EBITDA (excluding significant items) is outlined in the table below:

Reconciliation of Statutory Profit after Tax to EBITDA (excluding significant items) - unaudited	**30 June 2020 $'000**	**30 June 2019 $'000**
Statutory profit after tax:	256,875	6,500
Adjustments for:		
Depreciation and amortisation	122,891	60,653
Income tax benefit	(123,742)	-
Net finance costs (includes change in value of listed investments)	12	2,084
Business combination adjustments	4,108	10,169
Other	(56)	788
EBITDA (excluding significant items) [2,3]	**260,088**	**80,194**

[1] All gold equivalency calculations assume a gold price of A$2,100/oz, copper price of A$8,400/t and a 10% payability reduction for treatment and refining charges

[2] Non-IFRS measure

[3] Included in FY20 Statutory profit after tax is $13.4 million of depreciation and $1.5 million of interest costs that have been reclassified due to the adoption of AASB 16 Leases. These costs would previously have been disclosed as mining costs and would result in a reduction in EBITDA.

Directors' Report

Overview of the Mount Monger Operation

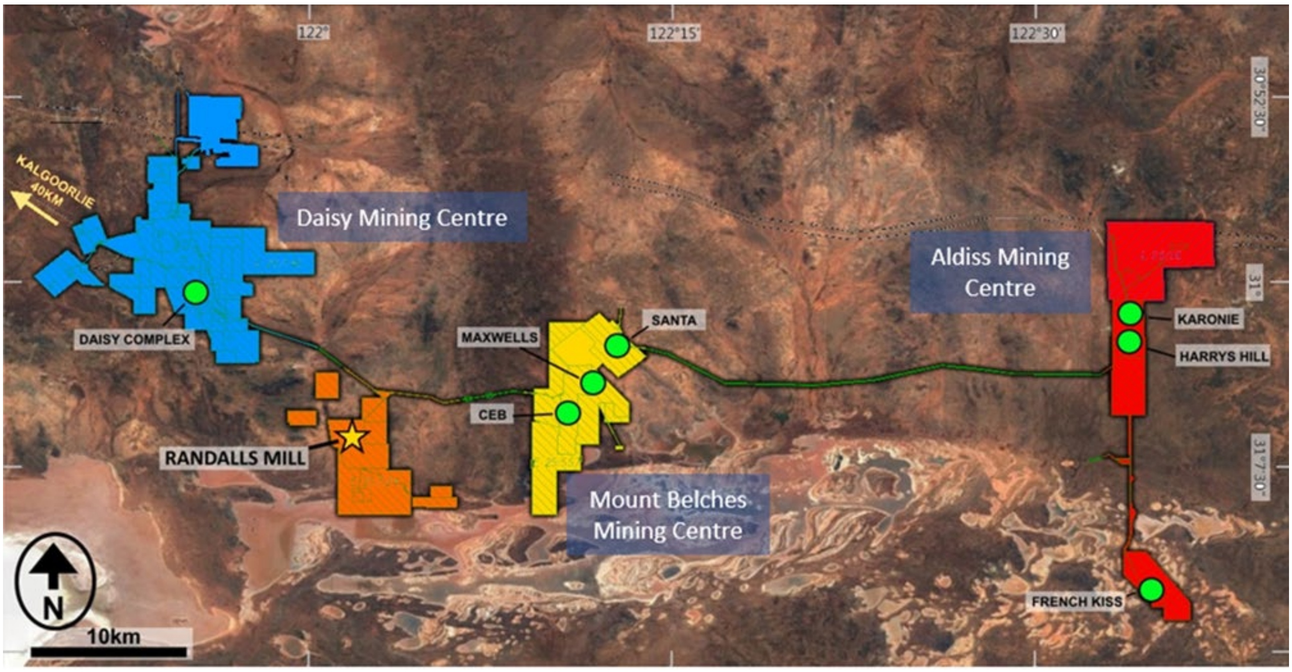

Figure 1: Location of Mount Monger Mining Centres and the centralised Randalls Mill.

The Mount Monger Operation is located approximately 50km southeast of Kalgoorlie and is a highly endowed gold camp with an established track record of gold production. Through exploration and development Mount Monger has transitioned to larger, longer life Mining Centres which have delivered multiple high-grade ore sources and increased production transparency. The three independent and self-sufficient Mining Centres at Mount Monger are the Daisy Complex, Mount Belches and Aldiss Mining Centres. These Mining Centres feed the centrally located 1.3Mtpa Randalls mill.

Mining

Ore mined from the three Mount Monger Mining Centres totalled 1,755,539 tonnes at a grade of 3.5 g/t Au for 197,150 contained ounces (FY19: 1,419,100 tonnes at a grade of 3.5 g/t Au for 158,549 contained ounces).

Underground Mining

Mount Monger underground mine production for the year totalled 668,039 tonnes at 5.5 g/t for 118,790 contained ounces (FY19: 674,510 tonnes at a grade of 5.2 g/t Au for 111,876 contained ounces).

The Daisy Complex produced 270,531 tonnes at 6.4 g/t for 55,353 contained ounces, with production sourced from the Haoma West, Lower Prospect and remnant mining areas. Development to access the Easter Hollows lodes located ~350 metres to the west of existing underground development is underway with the target area reached in Q1 FY21. Once established, the Easter Hollows zone will provide a shallower mining front at the Daisy Complex and provides a significant exploration opportunity, with 1,000 metres of known plunge extent and improved drill access to target infill and extensional opportunities.

The Mount Belches underground mines (Maxwells, Cock-eyed Bob and Santa) produced 397,508 tonnes at 5.0 g/t for 63,437 contained ounces, representing 53% of the underground mine ounces at Mount Monger. The commencement of the Santa mine in the last quarter of the year has resulted in a third shallow underground ore source in the Mount Belches area with production in FY21 expected to be ~23,000 ounces. Production from the Mount Belches Mining Centre is scheduled to increase to 80,000 – 90,000 ounces in FY21.

Directors' Report

Once underground access is established at Santa, ongoing RC and diamond drilling will focus on infilling and further extending the identified high-grade zones immediately to the north, south and below the current mine plan and outside the current Santa Ore Reserve.

Open Pit Mining

Open pit mining at Aldiss (Harrys Hill, French Kiss and Karonie) totalled 1,087,500 tonnes at 2.2 g/t for 78,360 contained ounces (FY19: 744,590 tonnes at 2.0 g/t Au for 46,673 contained ounces). The increased production reflects the deeper higher grade zones of the Harrys Hill pit and commencement of production at French Kiss in the period.

The Harrys Hill mine was completed in April 2020 with total material movement of 822,292 bcm for production of 703,649 tonnes at 2.0 g/t and 45,130 contained ounces.

Mining at French Kiss was completed in May 2020 with total material movement of 1,210,798 bcm for 271,156 tonnes at 3.3 g/t and 28,772 contained ounces.

Open pit mining activities transitioned to Karonie South in the last quarter of the year following completion of mining at Harrys Hill and French Kiss.

Mining at Karonie South was focused on overburden removal and waste stripping with a total of 1,960,100 bcm mined in the year for 112,695 tonnes at 1.2 g/t for 4,457 contained ounces. Ore tonnes and grades will progressively increase from Q2 FY21 as the investment in waste stripping improves ore access.

Processing

Gold ore from the Mount Monger Operation is treated at the centrally located Randalls Gold Processing Facility. Ore milled for the period totalled 1,233,922 tonnes at a blended grade of 4.4 g/t Au for 160,214 recovered ounces. The high grade underground mines provided ~53% of the mill feed with the balance sourced from the lower grade open pit mines.

Mining and production statistics for the Mount Monger Operation for the year ended 30 June 2020 are detailed in Table 1 and Table 2.

Directors' Report

Overview of the Deflector Operation

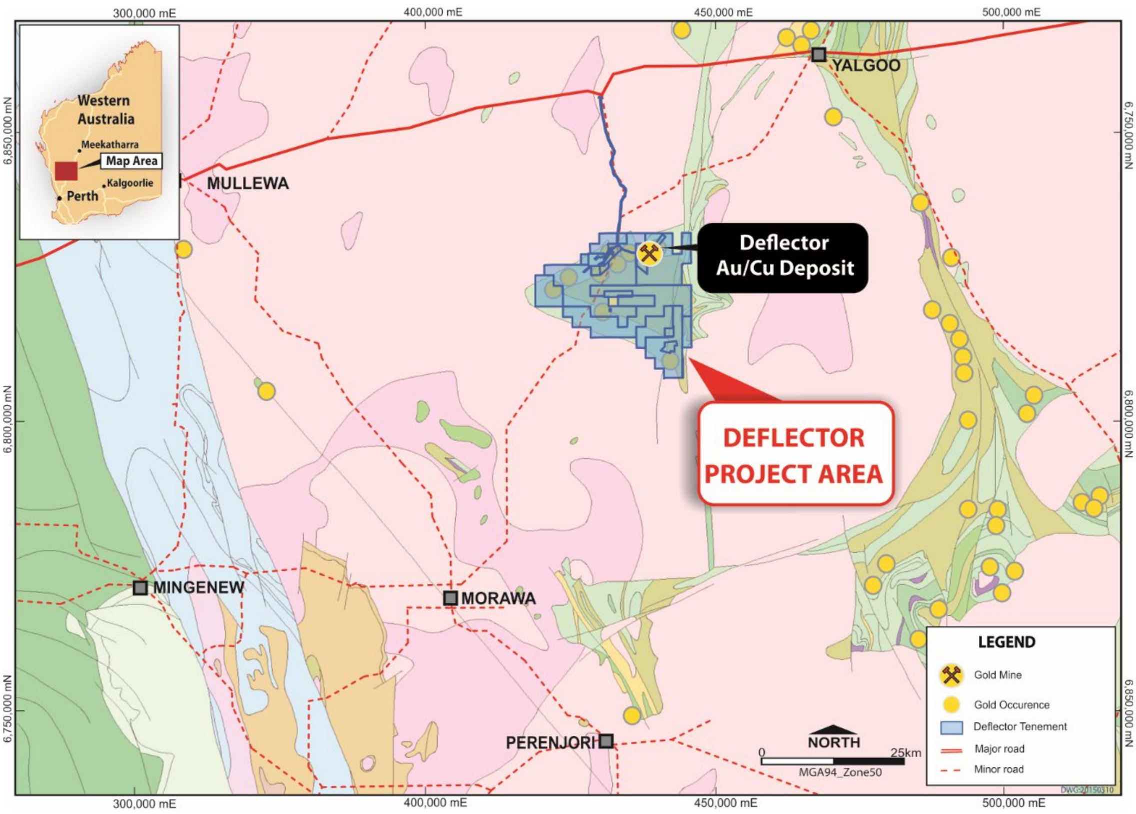

Figure 2: Location of the Deflector Mining Operation.

The Deflector Operation is in the midwest region of Western Australia and is a shallow, narrow vein, high-grade gold and copper underground mine. Production at the mine commenced in May 2016 and became a Silver Lake operation following the completion of the merger with Doray Minerals on 5 April 2019.

Mining

Deflector mine production for the period totalled 707,899 tonnes at 5.4 g/t gold and 0.37% copper for 122,243 contained ounces. Production was sourced from the Link, Central and Western Lodes, with ~57% of mined ore tonnes sourced from stoping. Mining rates during the period have benefited from the utilisation of a third production drill rig which increased available production fronts, improving mine productivity.

Processing

Deflector mill throughput was 659,354 tonnes at an average gold grade of 5.5 g/t and copper grade of 0.4%. Total gold recovery was 89.3% with copper recovery of 92.6%.

Concentrate produced totalled 13,060 tonnes with an average gold grade of 72 g/t gold and 18% copper.

Production for the year totalled 104,376 ounces gold and 2,356 tonnes copper.

Directors' Report

Rothsay

The Rothsay gold project became a Silver Lake asset following the takeover of Egan Street Resources Limited in the current year.

Since acquisition, significant progress has been made on the project including construction of the accommodation village, erection of communication infrastructure, footings and block work for mine administration and workshops, box cut excavation works and commencement of underground mine dewatering.

Mine development activity is scheduled to commence from surface in Q1 FY21. Underground development at Rothsay will be progressively increased throughout H2 FY21 with target annualised ore production rates of 250,000 to 300,000 tonnes per annum for approximately 45,000 to 50,000 ounces per annum over the life of mine. Rothsay high grade ore will be hauled to Deflector for processing through Deflector's upgraded CIP circuit from Q1 FY22.

Group Mining and Production Statistics

Mount Monger Mining	Units	FY20	FY19
Underground			
Ore mined	Tonnes	668,039	674,510
Mined grade	g/t Au	5.5	5.2
Contained gold	Oz	118,790	111,876
Open Pit			
Ore mined	Tonnes	1,087,500	744,590
Mined grade	g/t Au	2.2	2.0
Contained gold	Oz	78,360	46,673
Deflector Mining			
Underground			
Ore mined	Tonnes	707,899	175,647
Mined grade	g/t Au	5.4	5.7
Contained gold	Oz	122,243	31,902
Copper grade	%	0.4%	0.5%
Contained copper	Tonnes	2,596	864
Group Mining			
Total ore mined	Tonnes	2,463,438	1,594,747
Mined grade	g/t Au	4.0	3.7
Contained gold	Oz	319,393	190,451
Copper grade	%	0.4%	0.5%
Contained copper	Tonnes	2,596	864

Table 1 - Deflector information reported in FY19 is from 5 April 2019, being the date on which Doray Minerals was acquired

Directors' Report

Mount Monger Processing	Units	FY20	FY19
Ore milled	Tonnes	1,233,922	1,229,195
Head grade	g/t Au	4.4	3.7
Recovery	%	92%	95%
Gold produced	Oz	160,214	136,767
Gold sold	Oz	154,900	141,006
Deflector Processing			
Ore milled	Tonnes	659,354	158,467
Gold grade	g/t Au	5.5	5.9
Copper grade	%	0.4%	0.4%
Gold recovery	%	89.3%	91.3%
Copper recovery	%	92.6%	92.4%
Gold produced	Oz	104,376	27,514
Gold sold	Oz	100,633	27,837
Copper recovered	Tonnes	2,356	575
Copper sold	Tonnes	2,175	590
Group Processing			
Ore milled	Tonnes	1,893,276	1,387,662
Gold grade	g/t Au	4.8	3.9
Copper grade	%	0.4%	0.4%
Gold produced	Oz	264,590	164,281
Gold sold	Oz	255,533	168,843
Copper recovered	Tonnes	2,356	575
Copper sold	Tonnes	2,175	590

Table 2 - Deflector information reported in FY19 is from 5 April 2019, being the date on which Doray Minerals was acquired

Exploration

Silver Lake invested $23.5 million in exploration activities during the year to advance high-grade projects within established and proven mineralised corridors proximal to established infrastructure.

Daisy Mining Centre

Exploration at the Daisy Mining Centre focused on the Easter Hollows area to target a new, shallower mining area proximal to established mine infrastructure. Following positive drilling results development to access the Easter Hollows area commenced in H2 FY20, with the target zone reached in Q1 FY21.

Development into Easter Hollows serves a dual purpose by providing access to the Easter Hollows lodes currently in Mineral Resources and a new production front in FY21, whilst also providing the necessary drill platforms for Resource definition and extensional drilling to target the broader Easter Hollows system which has a plunge extent of 1,000 metres.

Mount Belches

Exploration success at Santa continued during the year and mine development commenced in H2 FY20. Mine development will initially be focused on high-grade mineralisation beneath the Santa North Open Pit (West Limb) to provide a development path accessing the large Santa Resource which is predominantly located on the eastern limb. Surface drilling in FY20 intersected a new, high-grade zone on the eastern limb in several drill holes which were targeting the western limb. This discovery is particularly encouraging given the majority of the Santa Resource resides on the eastern limb.

Directors' Report

Aldiss

Silver Lake announced the discovery of the high-grade Tank South deposit in June 2019 with a maiden Inferred Mineral Resource subsequently reported in August 2019. Infill drilling during FY20 confirmed the continuity and geometry of high-grade mineralisation over the 120 metres strike length of the 2019 Mineral Resource.

The historical Tank Open Pit Resource on the SAT trend was elevated in exploration priority following the discovery of the Tank South deposit and subsequent delineation of the maiden Mineral Resource in August 2019. The pit's proximity to existing infrastructure presents an opportunity to mine ounces from the Tank Open Pit as part of an integrated open pit/underground development strategy, with the Tank South portal to be located within the potential open pit.

Deflector

Since the acquisition of Doray Minerals in April 2019, Silver Lake has aggressively advanced exploration drilling, targeting immediate strike extensions to the Deflector Mineral Resource within the broader Deflector corridor, which remains open in multiple directions. Silver Lake elevated the exploration priority of the Deflector South West corridor adjacent to the 2019 Mineral Resource and existing underground mine development. Three surface and underground drilling programs targeting the south west zone were completed and have successfully defined high-grade gold/copper mineralisation with "Deflector style" quartz veining and massive sulphides to the south and south west over 500 metres of strike.

STRATEGY

The Group's short to medium term strategy is to maximise returns to shareholders. This will be achieved by:

- Maximising the value of our established asset base;
- Investing in exploration to target extensions to known resources and the discovery of new deposits proximal to existing infrastructure; and
- Create new opportunities to compete for capital.

Key risks associated with delivering on the Group's strategy include:

- price and demand for gold - it is difficult to accurately predict future demand and gold price movements and such movements may adversely impact on the Group's profit margins, future development and planned future production
- exchange rates – the Group is exposed to the Australian dollar currency risk on gold sales, which are denominated in US dollars. Therefore, revenue will be affected by movements in the US dollar gold price or movement in the Australian Dollar exchange rate (against the US dollar)
- Reserves and Resources - the Mineral Resources and Ore Reserves for the Group's assets are estimates only and no assurance can be given that they will be realised
- operations - the Group's operations are subject to operating risks that could result in decreased production, increased costs and reduced revenues. Operational difficulties may impact the amount of gold produced, delay deliveries or increase the cost of mining for varying lengths of time
- exploration success – no assurance can be given that exploration expenditure will result in future profitable operating mines
- unforeseen disruptions to mine and processing operations caused by COVID-19.

Directors' Report

Dividends

No dividend has been paid or declared by the Company up to the date of this report.

Significant Changes in the State of Affairs

Other than as disclosed elsewhere in this report, there have been no material events that have occurred between the reporting date and the date of signing this report.

Likely Developments

The Company will continue to pursue maximising free cashflow and increasing operating margins from its Mount Monger and Deflector operations. This will include directing exploration expenditure to high priority, cash generative projects.

Environmental Regulations and Performance

The Company's operations hold licences issued by the relevant regulatory authorities. These licences specify limits and regulate the management associated with the operations of the Company. At the date of this report the Company is not aware of any significant breach of those environmental requirements.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify the current Directors and Officers against any liability that may arise from their position as Directors and Officers of the Company except where the liability arises out of the improper use of position, or committing of any criminal, dishonest, fraudulent or malicious act.

During the financial year the Company has paid Directors' & Officers' insurance premiums in respect of liability of any current and future Officers, and senior executives of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Silver Lake has not provided any insurance or indemnity to the auditor of the Company.

Proceedings on Behalf of the Company

At the date of this report there are no leave applications or proceedings brought on behalf of the Group under section 237 of the *Corporations Act 2001*.

Corporate Governance

In recognising the need for appropriate standards of corporate behaviour and accountability, the Directors of Silver Lake have adhered to the principles of good corporate governance. The Company's corporate governance policies are located on the Company's website.

Subsequent Events

No events have arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' Report

Remuneration Report - Audited

This report outlines the remuneration arrangements in place for both Executives and Non-executive Directors of Silver Lake Resources Limited.

Contents:

1. Basis of preparation

This remuneration report has been prepared and audited in accordance with the requirements of the Corporations Act 2001 and the applicable accounting standards. All references to dollars in this remuneration report are to Australian Dollars unless otherwise specified.

2. Key Management Personnel

Key management personnel (**KMP**) comprise those persons with authority and responsibility for planning, directing and controlling the activities of the Company. This includes the Executives and Non-executive directors (**NEDs**) of the Company. In this report, 'Executives' refers to individuals identified as KMP, excluding NEDs.

A list of all NEDS and Executives for FY20 is set out below:

Name	Position	Term as KMP
David Quinlivan	Non-executive Chairman	Full year
Luke Tonkin	Managing Director	Full year
Peter Alexander	Non-executive Director	Full year
Kelvin Flynn	Non-executive Director	Full year
David Berg	General Counsel & Company Secretary	Full year
Diniz Cardoso	Chief Financial Officer	Full year
Steven Harvey	General Manager Mount Monger Operations	Full year
Antony Shepherd	Exploration & Geology Manager	Full year
David Vemer[1]	General Manager Deflector Operations	Full year
Les Davis[2]	Non-executive Director	Part year
Leigh Junk[3]	Non-executive Director	Part year

[1] Classified as KMP from 1 July 2019
[2] Resigned on 22 November 2019
[3] Resigned on 12 July 2019

Directors' Report

Remuneration Report - Audited

3. Remuneration Snapshot

FY20 Remuneration in review

During the year the Company continued its focus on delivering new ore sources that sustain and enhance margins to drive shareholder returns. Highlights for the year from this strategy included:

- production of 273,071 ounces gold equivalent, a 64% increase on FY19;
- cash & bullion increased 106% to $269.4 million at 30 June 2020 with no debt;
- commenced production at Santa - the Group's fifth underground operation;
- completed the acquisition of Egan Street Resources Limited;
- announced a 54% increase in Mineral Resources at Deflector; and
- strong results from the FY20 exploration campaign with near term targets that have the potential to enhance the future production and margin profile of the Group.

Further information on the link between company performance and KMP remuneration can be found in section 5(g).

The Board believes that the Company's remuneration framework is aligned with market practice and that Executive remuneration in FY20 was reasonable, having regard to the performance of the Company, the platform established for ongoing performance improvement and the experience of the Executives.

Key remuneration outcomes for FY20 are summarised in the table below:

Remuneration element	Details
Fixed remuneration	No change to fixed remuneration structure.
Short-term incentive (**STI**)	STI payments were made to Executives during the period in line with their performance against set targets. Further information on STI payments is included in Section 5(c) of this report.
Long-term incentive (**LTI**)	In FY20, 696,052 performance rights were granted to the Managing Director and a further 1,546,240 performance rights were granted to other KMP's on the terms approved by shareholders at the 2018 AGM and described further in this report.

FY21 Remuneration Changes

The following changes will be made to the structure of executive remuneration in FY21:

- the target remuneration mix will be split: 1/3 fixed remuneration, 1/3 Target STI and 1/3 Target LTI; and
- the target STI opportunity will be increased from 50% to 100% of Total Fixed Remuneration (TFR).

Directors' Report

REMUNERATION REPORT - AUDITED

4. REMUNERATION GOVERNANCE

a. Board and Nomination & Remuneration Committee responsibility

The Nomination & Remuneration Committee is a subcommittee of the Board. It assists the Board to ensure that the Company develops and implements remuneration policies and practices that are appropriate for the nature, size and standing of the Company.

The Nomination & Remuneration Committee is responsible for making recommendations to the Board on:

- the remuneration arrangements (including base pay, performance targets, bonuses, equity awards, superannuation, retirement rights, termination payments) for Executives;
- the remuneration of Non-executive Directors; and
- the establishment of employee incentive and equity-based plans and the number and terms of any incentives proposed to be issued to Executives pursuant to those plans, including any vesting criteria.

b. Remuneration principles

The Company's remuneration strategy and structure is reviewed by the Board and the Nomination & Remuneration Committee for business appropriateness and market suitability on an ongoing basis.

KMP are remunerated and rewarded in accordance with the Company's remuneration policies (outlined in further detail below).

c. Engagement of remuneration consultants

During the period, the Company did not engage remuneration consultants to provide a "remuneration recommendation" (as that term is defined in the Corporations Act 2001). However the Nomination & Remuneration Committee has benchmarked KMP remuneration using external independent industry reports and data to ensure that remuneration levels are competitive and meet the objectives of the Company.

d. 2019 AGM voting outcome and comments

The Company received more than 98% votes in favour of the adoption of its Remuneration Report for the 2019 financial year.

5. FY20 EXECUTIVE REMUNERATION

a. Executive remuneration strategy and policy

In determining Executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

REMUNERATION REPORT - AUDITED

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance, and is simple to administer and understand by Executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives.

The Company's reward structure provides for a combination of fixed and variable pay with the following components:

- Fixed remuneration in the form of base salary, superannuation and benefits;
- Variable remuneration in the form of short-term incentives (STI) and long-term incentives (LTI).

The table below provides a summary of the structure of executive remuneration:

Fixed Remuneration
- Base salary
- Superannuation
- Other benefits

Variable Remuneration
- STI (Cash Bonuses)
- LTI (Performance Rights)

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of Executives' remuneration is placed "at risk". The relative proportion of target FY20 total remuneration packages split between the fixed and variable remuneration is shown below:

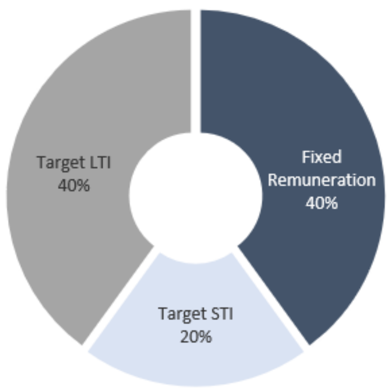

Figure 3: FY20 Target remuneration mix

Directors' Report

REMUNERATION REPORT - AUDITED

b. Fixed remuneration

Fixed remuneration is set at a level that is aligned to market benchmarks and reflective of Executives' skills, experience, responsibilities and performance.

When positioning base pay, the Company presently aims to position aggregate fixed remuneration at approximately the 62.5 percentile of the industry benchmark AON McDonald Report (an independent, industry recognised report on the gold and mining industry). This is to ensure that the Company's remuneration arrangements remain competitive against peer companies to assist with the retention and attraction of key talent.

Executive remuneration is benchmarked annually to ASX-listed companies of similar size (by market capitalisation), revenue base, employee numbers and complexity. Specific reference is also made to peer companies within the gold mining sector.

Executives' base salaries for the 2020 financial year were:

Executive	Base Salary FY20[1]	Base Salary FY19[1]	Movement
Luke Tonkin	$695,000	$665,600	4%
David Berg	$311,400	$298,900	4%
Diniz Cardoso	$326,700	$317,200	3%
Steven Harvey	$306,000	$300,000	2%
Antony Shepherd	$268,250	$260,400	3%
David Vemer	$300,000	*Note 2*	Note 2

[1] Base Salary as at 30 June of each respective year

[2] David Vemer classified as a KMP from 1 July 2019

c. Short-term incentive (STI) arrangements

The purpose of the STI plan is to link the achievement of key Company targets with the remuneration received by those Executives charged with meeting those targets.

The STI plan provides eligible employees with the opportunity to earn a cash bonus if certain financial hurdles and agreed key performance indicators (**KPIs**) are achieved. The Board has determined that the Company must be cash-flow positive from normal operating and sustaining capital activities (excluding enhancement activities) for the applicable performance period, for any STI to be paid.

All Executives are eligible to participate in the STI plan with awards capped at 100% of the target opportunity. The target opportunity for KMP is 50% of TFR.

Each year the Nomination & Remuneration Committee, in conjunction with the Board, set KPI targets for Executives. Ordinarily, the KPIs would include measures relating to the Group and the individual, and include environmental, health & safety, financial, production, exploration, business development and company performance measures.

Directors' Report

REMUNERATION REPORT - AUDITED

FY20 Performance against STI measures

A summary of the KPI targets set for FY20 and their respective weightings are as follows:

KPI *	Weighting	Measure
1. Safety/Environment	9%	▪ Lagging EH&S indicators ▪ Environmental management effectiveness ▪ Safety management effectiveness
2. Production	45%	Production from each operating site versus FY20 Stretch Target
3. Costs	18%	Costs for each cost centre versus FY20 Stretch Target
4. Operating Strategy & Execution	9%	Execution and success of Operating Strategy
5. Business Development & Growth	9%	Execution and success of Business Development Strategy
6. Company Performance	10%	TSR performance against comparator group

* Not all of the above KPIs were assigned to all Executives

In assessing KMP performance the Committee considered KPI's against budgeted stretch targets as well as the following achievements against objectives set at the start of the year:

- achieving OH&S objectives;
- achieving environmental objectives;
- exceeded twice revised FY20 sales guidance;
- achieving FY20 AISC sales guidance;
- exceeding the targeted end of year cash and bullion balance;
- successful completion of Egan Street Resources Limited transaction;
- commencement of production at Santa - the Group's fifth underground operation;
- successful drilling campaigns at Deflector resulted in a 54% increase in Mineral Resources, increasing the mine life of the operation;
- delivery of positive exploration results from infill and extensional resource definition drilling to allow further mines to enter production in future periods; and
- Company TSR performance against the comparator group.

Directors' Report

REMUNERATION REPORT - AUDITED

Based on the above assessment, STI payments for FY20 to Executives were as follows:

Executive	Maximum STI opportunity	% STI awarded	STI awarded
Luke Tonkin	50% of TFR	93.5%	$364,000
David Berg	50% of TFR	93.5%	$160,000
Diniz Cardoso	50% of TFR	93.5%	$168,000
Steven Harvey	50% of TFR	94.8%	$159,000
Antony Shepherd	50% of TFR	93.5%	$138,000
David Vemer	50% of TFR	89.9%	$148,000

d. Long-term incentive (LTI) arrangements

The Board has established the Employee Incentive Plan (Incentive Plan) as a means for motivating senior employees to pursue the long term growth and success of the Company. The Incentive Plan provides the Company with the flexibility to issue incentives in the form of either options or performance rights which may ultimately vest and be converted into shares on exercise, subject to satisfaction of any relevant vesting conditions. The Incentive Plan was approved by shareholders at the 2018 AGM.

Key features of the Incentive Plan

Under the terms of the Incentive Plan, the Board may determine which employees are eligible to participate. The number of Performance Rights awarded is calculated by dividing an employees' maximum LTI opportunity by the 20 day VWAP of the Company shares as traded on the ASX up to 30 June of each respective year. Performance Rights which are granted will not vest (and therefore will lapse) unless a hurdle, based on relative total shareholder return (**TSR**), has been satisfied. TSR measures the growth for a financial year in the price of shares plus dividends paid. The NRC believes that a single hurdle is appropriate as it is transparent, simple to administer and directly links Executive remuneration to the Company's share price relative to its peers.

Relative TSR will be measured by comparing the Company's TSR with that of a comparator group of companies over the respective 3 year vesting period. The TSR metric measures the share price movement and dividends over this period for both the Company and the comparator group. The Performance Rights will vest based on the Company's relative TSR ranking on the relevant vesting date as follows:

Relative TSR Performance	Vesting Outcome
Less than 50th percentile	0% vesting
Between the 50th percentile and 75th percentile	Pro rata straight line from 50% to 100%
At or above the 75th percentile	100% vesting

Relative TSR performance is calculated at a single point in time and is not subject to re-testing. The comparator group of companies for Performance Rights on issue is listed in the table on page 23.

Directors' Report

REMUNERATION REPORT - AUDITED

At the discretion of the Board, the composition of the comparator group may change from time to time.

Performance rights granted under the Incentive Plan will have no exercise price.

Unless the Board in its absolute discretion determines otherwise, all unvested performance rights will lapse 30 days following the cessation of employment. The Board will take into account the circumstances surrounding the cessation of employment before deciding whether to make any such determination.

FY20 LTI outcomes

During the year the Company issued 2,242,292 Performance Rights to KMP in respect of the LTI component of their FY20 remuneration. The quantum of Performance Rights issued was determined by reference to the 20 day VWAP to 30 June 2019 of $1.07 per share.

Executive	Maximum LTI opportunity	% LTI granted	Number of Performance Rights granted during FY20	Fair value per Performance Right *
Luke Tonkin	100% of TFR	100%	696,052	$0.817
David Berg	100% of TFR	100%	318,378	$0.817
Diniz Cardoso	100% of TFR	100%	334,021	$0.817
Steven Harvey	100% of TFR	100%	312,857	$0.817
Antony Shepherd	100% of TFR	100%	274,261	$0.817
David Vemer	100% of TFR	100%	306,723	$0.817

* Independently valued using a hybrid share option pricing model

Performance Rights

During the year the Company issued 3,145,866 Performance Rights to employees (including 2,242,292 Performance Rights to KMP) in respect of the LTI component of their FY20 remuneration.

Key Management Person	Balance at 1 July 2019	Granted in FY20	Converted	Lapsed	Balance at 30 June 2020	Vested & exercisable at 30 June 2020
Luke Tonkin	3,017,389	696,052	(859,899)	-	2,853,542	923,845
David Berg	899,138	318,378	(171,079)	-	1,046,437	179,091
Diniz Cardoso	944,346	334,021	(183,299)	-	1,095,068	187,203
Steven Harvey	88,574	312,857	-	-	401,431	-
Antony Shepherd	780,846	274,261	(146,640)	-	908,467	156,002
David Vemer	190,471	306,723	(40,733)	-	456,461	67,081
Total	5,920,764	2,242,292	(1,401,650)	-	6,761,406	1,513,222

The total expense recognised in the Statement of Profit or Loss for all Executives' Performance Rights for the period ended 30 June 2020 was $1,503,000.

Directors' Report

REMUNERATION REPORT - AUDITED

Details of the performance rights currently on issue are summarised in the following table:

	FY18 Award [1]	FY19 Award	FY20 Award
Number of performance rights	1,693,295	3,820,978	3,145,866
Exercise price	$0.00	$0.00	$0.00
Grant date	1 July 2017	1 July 2018	1 July 2019
Vesting period	1 July 2017 - 30 June 2020	1 July 2018 - 30 June 2021	1 July 2019 - 30 June 2022
ASX Comparator Group	AQG; BDR; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; TRY; WGX	AQG; DCN; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; WGX	AQG; DCN; EVN; GOR; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; WGX

	FY18 Award	FY19 Award	FY20 Award
Valuation at grant date	$0.257	$0.439	$0.817
Underlying 20 day VWAP	$0.481	$0.581	$1.071
Volatility	20%	70%	65%
Risk free rate	1.94%	2.07%	0.98%
Expected dividends	-	-	-

Note 1: On completion of the vesting period 100% of the FY18 Performance Rights had vested in accordance with the relative TSR hurdle attached to them. This included 1,513,222 rights awarded to KMP's

The fair value of the performance rights was measured using a hybrid employee share option pricing model (correlation simulation and Monte Carlo model) and was calculated by independent consultants.

e. Service agreements

A summary of the key terms of service agreements for Executives in FY20 is set out below. There is no fixed term for Executive service agreements and all Executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate service agreements immediately for cause, in which case the Executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Term of Agreement	Notice Period by Executive	Notice Period by Silver Lake	Termination Payment
Luke Tonkin	Open	6 months	6 months	12 months TFR
David Berg	Open	6 months	6 months	6 months TFR
Diniz Cardoso	Open	6 months	6 months	6 months TFR
Steven Harvey	Open	9 weeks	9 weeks	as per Legislation
Antony Shepherd	Open	6 months	6 months	6 months TFR
David Vemer	Open	9 weeks	9 weeks	as per Legislation

Directors' Report

REMUNERATION REPORT - AUDITED

f. Executive remuneration paid

Executive	Year	Fixed Remuneration			Variable Remuneration		Total	Performance Related Remuneration
		Salary & Fees	Other Benefits [1]	Superannuation	STI Cash Payments	Rights [2]		
		$	$	$	$	$	$	%
Luke Tonkin	2020	753,400	80,990	25,000	364,000	449,224	1,672,614	49
	2019	683,123	72,908	25,000	300,000	330,464	1,411,495	45
Diniz Cardoso	2020	332,737	25,131	25,000	168,000	190,975	741,842	48
	2019	304,265	24,155	25,000	139,772	115,101	608,293	42
Antony Shepherd	2020	268,734	20,635	25,000	138,000	158,032	610,400	48
	2019	245,789	19,903	24,580	114,748	95,415	500,435	42
David Berg	2020	315,983	23,954	25,000	160,000	182,379	707,316	48
	2019	284,354	23,042	25,000	133,210	109,760	575,366	42
David Vemer [3]	2020	303,500	23,077	25,000	148,000	95,626	595,203	41
	2019	-	-	-	-	-	-	-
Steve Harvey	2020	310,070	23,538	25,000	159,000	98,163	615,771	42
	2019	297,774	23,077	28,500	71,613	12,961	433,925	19
Total	2020	2,284,423	197,324	150,000	1,137,000	1,174,399	4,943,146	47
	2019	1,815,305	163,085	128,080	759,343	663,701	3,529,514	40

[1] Represents contractual entitlements (including termination and retirement benefits), annual leave and long service leave entitlements, measured on an accrual basis
[2] These are valuations for accounting purposes and have not actually been paid during the year
[3] Classified as KMP from 1 July 2019

g. Link between company performance, shareholder wealth generation and remuneration

The Nomination & Remuneration Committee considers a number of criteria to assess the performance of the Company. Criteria used in this assessment include maximising of cash flows, managing risk, using a stronger balance sheet to undertake cash accretive investments in core assets, execution of development projects, exploration success as well as the following metrics in respect of the current and previous financial years.

	2020	2019	2018	2017	2016
Cash and bullion ($m)	**269.4**	130.7	105.7	69.1	42.6
Profit after tax ($m)	**256.9**	6.5	16.2	2.0	4.4
Cash from operating activities ($m)	**252.3**	71.8	80.8	64.0	55.0
Closing share price at 30 June	**$2.13**	$1.26	$0.60	$0.47	$0.52

The Company's remuneration practices reflect the achievement of certain of the Company's and KMP's performance objectives. The Company's overall objective has been to maximise cash flow, increase operating margins and create new opportunities that compete for capital.

Directors' Report

REMUNERATION REPORT - AUDITED

6. FY20 NON-EXECUTIVE DIRECTOR (NED) REMUNERATION

a. NED remuneration policy

The Company's policy is to remunerate NEDs at market rates (for comparable ASX listed companies) for time, commitment and responsibilities. Fees for NEDs are not linked to the performance of the Company.

It is ensured that:

- fees paid to NEDs are within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
- NEDs are remunerated by way of fees (in the form of cash and superannuation benefits);
- NEDs are not provided with retirement benefits other than statutory superannuation entitlements; and
- NEDs are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. No additional fees are paid to NEDs for being a Chair or Member of a sub-committee. However, NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. They may also be reimbursed for out of pocket expenses incurred as a result of their Directorships.

b. NED fee pool and fees

The Company's Constitution provides that the NEDs may collectively be paid, as remuneration for their services, a fixed sum not exceeding the aggregate maximum from time to time determined by the Company in a general meeting. Directors' fees payable in aggregate to the NEDs of the Company is currently capped at $1,000,000 per annum.

FY20 NED fees

NED	Fees FY20[1]	Fees FY19[1]	Movement
David Quinlivan	$200,000	$173,750	15%
Peter Alexander	$115,000	$26,538	Note 2
Les Davis	$48,654	$115,000	Note 3
Kelvin Flynn	$125,925	$125,925	-
Leigh Junk	$4,423	$26,538	Note 4

[1] Fees excluding superannuation as at 30 June of each respective year

[2] Mr Alexander was appointed to the Board on 5 April 2019 following the Company's merger with Doray Minerals Limited

[3] Mr Davis resigned from the Board on 22 November 2019

[4] Mr Junk was appointed to the Board on 5 April 2019 following the Company's merger with Doray Minerals Limited and resigned on 12 July 2019

Directors' Report

REMUNERATION REPORT - AUDITED

c. NED fees paid

Details of the remuneration of each NED for the year ended 30 June 2020 is set out in the following table:

Non executive Director	Year	Short Term Base Fee $	Post-employment Superannuation benefits $	Total $
David Quinlivan	2020	200,000	19,000	219,000
	2019	173,750	16,506	190,256
Peter Alexander	2020	115,000	10,925	125,925
	2019	26,538	2,521	29,059
Les Davis	2020	48,654	4,622	53,276
	2019	115,000	10,925	125,925
Kelvin Flynn	2020	125,925	-	125,925
	2019	125,925	-	125,925
Leigh Junk	2020	4,423	420	4,843
	2019	26,538	2,521	29,059
Total	2020	494,002	34,967	528,969
	2019	467,751	32,473	500,224

7. KMP SHAREHOLDINGS

Key Management Person	Balance at 1 July 2019	Acquired	Other	Conversion of Performance Rights	Sold	Balance at 30 June 2020
David Quinlivan	-	-	-	-	-	-
Luke Tonkin	1,458,117	-	-	859,899	(1,790,000)	528,016
Peter Alexander	18,165	-	-	-	-	18,165
Kelvin Flynn	-	-	-	-	-	-
David Berg	384,396	-	-	171,079	(350,000)	205,475
Diniz Cardoso	811,152	-	-	183,299	(811,152)	183,299
Steven Harvey	-	-	-	-	-	-
Antony Shepherd	191,021	-	-	146,640	(191,021)	146,640
David Vemer	-	1,500	11,046	40,733	(21,779)	31,500
Les Davis[1]	1,000,000	-	(1,000,000)	-	-	-
Leigh Junk[2]	3,792,320	-	(3,792,320)	-	-	-
Total	7,655,171	1,500	(4,781,274)	1,401,650	(3,163,952)	1,113,095

[1] Mr Davis resigned from the Board on 22 November 2019. The balance disclosed as "Other" represents his final interest in the Company on this date

[2] Mr Junk resigned from the Board on 12 July 2019. The balance disclosed as "Other" represents his final interest in the Company on this date

Directors' Report

Auditor's Independence

Section 307C of the Corporations Act 2001 requires Silver Lake's auditors, KPMG, to provide the Directors with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2020. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

Non-Audit Services

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The Board is satisfied that the provision of non-audit services is compatible with, and did not compromise the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risk and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, for audit and non-audit services provided during the year are set out below:

	2020 $	2019 $
Audit services		
Audit and review of financial statements	246,370	240,000
Other audit services	-	2,500
Non-audit services		
Taxation services	52,430	50,000
Accounting advisory services	-	15,000
Total paid	**298,800**	**307,500**

Rounding Off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

The Directors' Report is signed in accordance with a resolution of the Directors.

Luke Tonkin
Managing Director
18 August 2020

Directors' Declaration

1. In the opinion of the Directors:

   a) the consolidated financial statements and notes of the Group and the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001 including:

      i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and

      ii) Complying with Australian Accounting Standards and Corporations Regulations 2001;

   b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1;

   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   d) there are reasonable grounds to believe that the Company and the Group entity identified in Note 36 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and that Group entity pursuant to ASIC Corporations (wholly owned companies) Instruments 2016/785.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2020.

The declaration is signed in accordance with a resolution of the Board of Directors.

Luke Tonkin
Managing Director
18 August 2020

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Silver Lake Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Silver Lake Resources Limited for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Derek Meates
Partner

Perth

18 August 2020

KPMG

Independent Auditor's Report

To the shareholders of Silver Lake Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Silver Lake Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group***'s financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recoverability of Deferred Tax Assets;
- Valuation of Goodwill; and
- Acquisition of Egan Street Resources Limited.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Recoverability of Deferred Tax Assets ($123.742 million)	
Refer to Note 9 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The Group recognised deferred tax assets of $161.987 million during 30 June 2020 arising from tax losses carried forward. $34.668 million of these losses were utilized during the year to reduce income taxes of the Group that would have otherwise been payable. The closing losses carried forward as at 30 June 2020 is $123.742 million. Accounting standards state that Deferred tax assets are only recognised if certain conditions under Australian tax law are satisfied and if it is probable that sufficient taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits. The recoverability of Deferred Tax Assets was a key audit matter due to: • the significance of these assets recognised by the Group; • the significant judgment required to assess the probability that sufficient taxable profits can be generated given the tax losses recorded in the previous financial year. • The risk of the Group applying the requirements of the accounting standards and Australian tax law to recognise deferred tax assets for tax losses incorrectly, which could result in a substantial effect on the Group's statement of profit or loss and other comprehensive income. We involved tax specialists to supplement our senior team members in assessing this key audit matter.	Working with our specialists, our procedures included: • We examined the documentation prepared by the Group supporting the availability of tax losses that were recognised in accordance with Australian tax law. • We assessed the factors that led to the Group incurring tax losses in the previous years, and challenged the Group's assessment of future taxable profits. • We compared the forecasts included in the Group's estimate of future taxable profits used in their deferred tax asset recoverability assessment to those used in the Group's assessment of the value of goodwill. Our approach to testing these forecasts was consistent with the approach detailed below in relation to the Valuation of Goodwill. We challenged the differences between forecast cash flows and taxable profits by evaluating the adjustment of cash flows, for differences between accounting profits, as presented in the Group's forecasts, to taxable profits. • Understanding the timing of future taxable profits and considering the consistency of the timeframes of expected recovery to our knowledge of the business and its plans and Australian tax law requirements. We placed increased skepticism where there was a longer timeframe of expected recovery. • We assessed the Group's disclosures in the financial report using the results from our testing and against the requirements of the accounting standards.

KPMG

Valuation of Goodwill ($90.695 million)	
Refer to Note 3 and Note 18 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
As disclosed in Note 3 to the financial report, the Group made a significant acquisition of Doray Minerals Limited (Doray) during the prior year which resulted in the recognition of $90.695 million of goodwill. A key audit matter for us was the Group's impairment testing of goodwill, given the size of the balance. We focussed on the significant and judgemental forward-looking assumptions the Group applied in their fair value less costs of disposal models, including: • Forecast sales, production output, production costs and capital expenditure • Forecast gold prices • Discount rate, and • Life of mineral reserves and resources. These assumptions require management to apply significant estimates and judgments, which contributes to our conclusion that the valuation of goodwill is a key audit matter We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • We considered the appropriateness of the Group's use of the fair value less costs of disposal methodology against the requirements in the accounting standards. • Using our valuation specialists, we assessed the integrity of the fair value less costs of disposal model used, including the accuracy of the underlying calculation formulas. • We evaluated the sensitivity of the valuation of goodwill by considering reasonably possible changes to the key assumptions, such as forecast gold prices, forecast production costs and the discount rate. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We assessed the accuracy of previous Group budgets by comparing to actual results to determine the reasonability of forecasts incorporated in the model. We noted previous trends and evaluated their impact on current forecasts including sensitivities. • We compared the forecast cash flows contained in the fair value less costs of disposal models to Board approved forecasts. • We assessed key assumptions underlying the discounted cash flows in the fair value less costs of disposal methodology (including forecast sales, production output, production costs and capital expenditure) using our knowledge of the Group, their past performance, and our industry experience. • We compared forecast commodity prices and forecast exchange rates to published views of market commentators on future trends. • We assessed the scope, competence and objectivity of the Group's internal expert involved in the estimation process of mineral reserves and resources. • We compared the life of mineral reserves and resources in the model to the reserves and resources statement for consistency, in particular to application across production assumptions. • Working with our valuation specialists, we independently developed a discount rate range considered comparable, using publicly available market data for comparable entities. • We assessed the disclosures in the financial report and against the requirements of the accounting standards.

KPMG

<table>
<tr><th colspan="2">Acquisition of Egan Street Resources Limited ($52.883 million)</th></tr>
<tr><td colspan="2">Refer to Note 3 to the financial report</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
The Group’s acquisition of Egan Street Resources Limited (Egan Street) on 21 November 2019 (the date the Group obtained control of Egan Street) for $52.883 million, representing 84.1% ownership, was a significant transaction for the Group. As disclosed in Note 3 to the financial report, the Group subsequently acquired the remaining non-controlling interest by 8 January 2020. This was a key audit matter due to the:

The significance of the acquisition;
Level of judgement required in determining the accounting approach as either a business combination (in accordance with AASB 3 Business Combinations) or an asset acquisition. The difference in the accounting for the acquisition as a business or an asset is significant and could impact the recognition and measurement of amounts reported in the consolidated financial statements; and
Judgements made by the Group relating to the purchase price allocation. The Group engaged an external expert to assist in performing a valuation assessment, which included the identification and measurement of acquired assets and liabilities. The most significant assumptions the Group applied in their assessment of the allocation of purchase consideration was the fair value of mineral interests acquired, which included:

Life of mineral reserves and resources estimates; and
Reserve and resource multiples.

These conditions required significant audit effort and greater involvement by senior team members and our valuation specialists.
</td><td>
Our procedures included:

We read the Bidders Statement related to the acquisition to understand the structure, key terms and conditions, and nature of purchase consideration. Using this, we evaluated the accounting treatment of the purchase consideration and transaction costs against the criteria in the accounting standards.
We involved senior audit team members to assess the accounting treatment for the transaction. We analysed the conclusions reached by the Group to accounting interpretations, industry practice and accounting literature.
We assessed the scope, competence and objectivity of the Group’s external expert involved in estimating the purchase price allocation.
We read the external valuation report and worked with our valuation specialists to assess and challenge the key assumptions used in the purchase price allocation. We challenged the Group’s approach and methodology to valuing the identified mineral interest in comparison with accepted industry practice and the requirements of the accounting standards.
We assessed the scope, competence and objectivity of the Group’s external expert involved in the estimation process of mineral reserves and resources.
We assessed the reasonableness of reserve and resource multiples applied by comparing them to recent transactions and comparable companies.
We assessed the Group’s disclosures of the quantitative and qualitative considerations in relation to the business combination, by comparing these disclosures to our understanding of the acquisition and the requirements of the accounting standards.

</td></tr>
</table>

Other Information

Other Information is financial and non-financial information in Silver Lake Resources Limited annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chairman and Managing Director's Report, Project Report, Exploration Report, Reserves & Resources report and ASX additional information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Silver Lake Resources Limited for the year ended 30 June 2020, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included on pages 15 to 26 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Derek Meates

Partner

Perth

18 August 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	30 June 2020 $'000	30 June 2019 $'000
Revenue	4	563,435	301,514
Cost of sales	5	(398,764)	(272,085)
Gross profit		164,671	29,429
Other income		225	153
Exploration expensed/impaired		(10,306)	(2,355)
Administration expenses	6	(21,445)	(18,643)
Results from operating activities		133,145	8,584
Finance income		1,516	1,221
Finance expenses		(1,528)	(3,305)
Net finance costs	8	(12)	(2,084)
Profit before income tax		133,133	6,500
Income tax benefit	9	123,742	-
Profit for the year		256,875	6,500
Total comprehensive income for the year		256,875	6,500
		Cents Per Share	Cents Per Share
Basic earnings per share	10	31.09	1.12
Diluted earnings per share	10	30.77	1.11

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to these consolidated financial statements.

Consolidated Balance Sheet

As at 30 June 2020

	Notes	30 June 2020 $'000	30 June 2019 $'000
Current assets			
Cash and cash equivalents	11	256,993	125,073
Trade and other receivables	13	6,652	4,497
Inventories	14	69,456	49,661
Prepayments		274	630
Total current assets		333,375	179,861
Non-current assets			
Inventories	14	14,119	1,868
Exploration evaluation and development expenditure	15	268,855	217,600
Property, plant and equipment	16	131,139	75,950
Investments	17	6,352	6,591
Deferred tax assets	9	123,742	-
Goodwill	18	90,695	90,695
Total non-current assets		634,902	392,704
Total assets		968,277	572,565
Current liabilities			
Trade and other payables	19	70,730	53,650
Lease liabilities	20	22,457	284
Employee benefits	21	5,057	3,722
Rehabilitation and restoration provision	23	800	-
Total current liabilities		99,044	57,656
Non-current liabilities			
Lease liabilities	20	30,783	431
Rehabilitation and restoration provision	23	42,823	40,260
Total non-current liabilities		73,606	40,691
Total liabilities		172,650	98,347
Net assets		795,627	474,218
Equity			
Share capital	24	1,023,106	960,075
Reserves	25	3,978	2,475
Accumulated losses		(231,457)	(488,332)
Total equity		795,627	474,218

The Consolidated Balance Sheet should be read in conjunction with the accompanying notes to these consolidated financial statements.

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Non-Controlling interests $'000	Total Equity $'000
Balance at 1 July 2018	699,564	1,650	(494,832)	-	206,382
Total comprehensive profit for the period	-	-	6,500	-	6,500
Transactions with owners, recorded directly in equity					
Issue of securities (Note 24)	260,511	-	-	-	260,511
Equity settled share based payment	-	825	-	-	825
Balance at 30 June 2019	960,075	2,475	(488,332)	-	474,218
Balance at 1 July 2019	960,075	2,475	(488,332)	-	474,218
Total comprehensive income for the period	-	-	256,875	-	256,875
Transactions with owners, recorded directly in equity					
Issue of securities (Note 24)	52,883	-	-	-	52,883
Equity settled share based payment	-	1,503	-	-	1,503
Total contributions	52,883	1,503	-	-	54,386
Changes in ownership interests					
Acquisition of subsidiary with NCI (Note 3)	-	-	-	10,308	10,308
Acquisition of non-controlling interest	10,148	-	-	(10,308)	(160)
Total transactions with owners of the Company	63,301	1,503	-	-	64,534
Balance at 30 June 2020	1,023,106	3,978	(231,457)	-	795,627

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	30 June 2020 $'000	30 June 2019 $'000
Cash flows from operating activities			
Receipts from sales		560,640	302,148
Payments to suppliers and employees		(308,333)	(230,318)
Net cash from operating activities	12	252,307	71,830
Cash flow from investing activities			
Interest received		1,516	1,221
Acquisition of plant and equipment		(24,877)	(8,084)
Cash from acquisition of subsidiary	3	32	13,333
Acquisition of investments	17	(503)	(2,906)
Proceeds from divestments		668	1,361
Payments for exploration, evaluation and development		(82,748)	(49,605)
Net cash used in investing activities		(105,912)	(44,680)
Cash flows from financing activities			
Repayment of finance leases		(12,998)	-
Interest paid		(1,477)	(36)
Net cash used in financing activities		(14,475)	(36)
Net increase in cash and cash equivalents		131,920	27,114
Cash and cash equivalents at 1 July		125,073	97,959
Cash and cash equivalents at 30 June	11	256,993	125,073

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

1. Basis of Preparation

Silver Lake Resources Limited ("Silver Lake" or "the Company") is a for-profit entity domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group Entities").

The consolidated financial statements were approved by the Board of Directors on 18 August 2020. The financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001;
- complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB");
- has been presented on the historical cost basis except for the following items in the balance sheet:
  - investments which have been measured at fair value.
  - equity settled share based payment arrangements have been measured at fair value.
  - inventories which have been measured at the lower of cost and net realisable value.
  - exploration, evaluation and development assets which have been measured at recoverable value where impairments have been recognised
  - assets and liabilities acquired as part of the acquisition of Egan Street Resources Limited, which have been measured at fair value (refer Note 3).

Other than the adoption of new standards, there have been no material changes to accounting policies for the periods presented in these consolidated financial statements. Significant accounting policies specific to one note are included in that note. Accounting policies determined non-significant are not included in the financial statements.

The accounting policies have been applied consistently to all periods presented and by all Group entities. Certain comparative disclosures have been reclassified to conform to the current year's presentation.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

(a) Functional and Presentation Currency

These consolidated financial statements are prepared in Australian dollars, which is the functional currency of the Company and its subsidiaries.

(b) Use of Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates which are material to the financial report are found in the following notes:

- Note 3 Acquisition of Subsidiary – fair value of the consideration transferred, and fair value of the assets acquired and liabilities assumed, measured on a provisional basis
- Note 9 Income Tax – recognition of deferred tax assets
- Note 15 Exploration, evaluation and development expenditure carried forward – consideration of impairment triggers and recognition of impairment losses
- Note 15 Amortisation of development expenditure – estimation of future mineable inventory and future development expenditure when calculating units of production amortisation
- Note 15 Reserves and Resources – estimating reserves and resources
- Note 18 Impairment testing of goodwill - key assumptions underlying recoverable amounts
- Note 23 Closure and rehabilitation – measurement of provision based on key assumptions

(c) Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is disclosed in Note 30.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

2. Significant Accounting Policies

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have a significant impact on the Group.

(a) AASB 16 Leases

This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). AASB 16 replaces the previous leases Standard, AASB 117 *Leases*, and related Interpretations. AASB 16 has one model for lessees which will result in almost all leases being included on the Balance Sheet.

The lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has adopted AASB 16 using the modified retrospective approach from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

The Group leases assets including properties and equipment. As a lessee, the Group previously classified leases as operating or financial leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right of use assets and lease liabilities for some of these leases – i.e. they are on-Balance Sheet.

The Group presents right of-use assets in 'Property, plant and equipment' together with assets that it owns. The Group presents lease liabilities separately in the Balance Sheet.

The accounting policy changes have been outlined below.

i. Definition of a lease

In accordance with AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration. On transition to AASB 16, the Group elected to apply the practical expedient (where applicable) to grandfather the assessment of lease transactions and applied AASB 16 only to contracts entered or changed on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

ii. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease and is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for any changes to lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

iii. Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification to an index or rate, a change in the residual value guarantee, or changes in the assessment of whether a purchase, extension or termination option will be exercised.

The lease payments include fixed monthly payments, variable lease payments and amounts expected to be paid under residual value guarantees less any incentives received. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period it was incurred. The lease payment also includes the exercise price, or termination price, of a purchase option in the event the lease is likely to be extended, or terminated, by the Group. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of these options will impact the lease term and therefore affects the amount of lease liabilities and right-of-use assets recognised.

iv. Impact on financial statements

On transition to AASB 16, the Group recognised additional right-of-use assets of $30.2 million and lease liabilities of $30.2 million. When measuring lease liabilities for leases that were classified as operating leases, the Group discounted the lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied was 4.2%. There was no impact on opening retained earnings at 1 July 2019.

On initial application	**$'000**
Operating lease commitments at 30 June 2019	33,292
Discounted on initial application using the incremental borrowing rate	30,220
Lease liability recognised at 1 July 2019	30,220

At 30 June 2020	**$'000**
Right of use assets	52,274
Finance lease liabilities	52,849

In addition, the Group has recognised depreciation and interest costs, instead of operating lease expenses. For the period ended 30 June 2020, the Group recognised $12.8 million of lease liability repayments, $13.5 million of depreciation charges and $1.5 million of interest costs in relation to these leases. Total cash outflows for leases recognised under AASB 16 totalled $14.3 million for the year.

(b) IFRIC 23

IFRIC 23 became effective for the Group from 1 July 2019 and clarifies how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over income tax treatments. The Group has reviewed the accounting standard and has determined that there is no material impact.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

3. Acquisition of Subsidiary (Egan Street Resources Limited)

On 21 November 2019 the Group obtained control of Egan Street Resources Limited ("EGA") by acquiring 84.1% of the shares and voting interests in that company. On 8 January 2020, the Group completed the compulsory acquisition process for EGA.

The acquisition of EGA allows Silver Lake to consolidate an additional JORC Resource of 454,000 ounces at the Rothsay Gold Project and provide a near term development opportunity to introduce a new high-grade ore source to an upgraded Deflector processing facility.

The Group incurred acquisition-related costs of $4.1 million including legal fees, estimated stamp duty and due diligence costs. These costs have been included in the Statement of Profit and Loss under administration expenses.

The following summarises the consideration transferred, and the fair value of assets and liabilities on acquisition:

Consideration Transferred

	$'000
Equity Instruments Issued (50,481,300 fully paid ordinary shares)	52,883

The fair value of the fully paid ordinary shares issued was based on the share price of the Company at 21 November 2019 of $1.05 per share, being the date of acquisition.

Identifiable assets acquired and liabilities assumed

	$'000
Cash and cash equivalents	32
Trade and other receivables	205
Prepayments	19
Property plant and equipment	201
Exploration and evaluation expenditure	64,527
Trade and other payables	(802)
Employee provisions	(991)
Total net identifiable assets	63,191

The value of assets acquired, and liabilities assumed has been measured on a provisional basis. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

	$'000
Total consideration on acquisition	52,883
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of Egan Street	10,308
Fair value of identifiable net assets	63,191

Acquisition of Non-controlling interest

During the period from 21 November 2019 to 8 January 2020, the Group increased its interest in EGA from 84.1% ownership to 100%. This increase resulted in the issue of an additional $10.1 million of additional equity in Silver Lake.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

Acquisition of Doray Minerals in FY19

On 5 April 2019 the Group obtained control of Doray Minerals Limited by acquiring 100 percent of the shares and voting interests in that company.

The following summarises the consideration transferred, and the fair value of assets and liabilities acquired at the acquisition date:

Consideration Transferred

	$'000
Equity Instruments Issued (310,209,934 fully paid ordinary shares)	260,615

The fair value of the fully paid ordinary shares issued was based on the share price of the Company at 5 April 2019 of $0.84 per share, being the date of acquisition.

Identifiable assets acquired and liabilities assumed

	Notes	$'000
Cash and cash equivalents		13,333
Trade and other receivables		2,677
Prepayments		763
Inventories		15,629
Property plant and equipment	16	42,205
Exploration, evaluation and development expenditure	15	136,359
Other assets		357
Trade and other payables		(16,683)
Employee provisions		(1,004)
Interest bearing liabilities		(1,294)
Rehabilitation provision	23	(22,422)
Total net identifiable assets		169,920

Goodwill recognised

	$'000
Total consideration transferred	260,615
Fair value of identifiable net assets	(169,920)
Goodwill	90,695

Accounting Policies

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

4. Revenue

	30 June 2020 $'000	30 June 2019 $'000
Gold sales	543,995	296,112
Copper	18,087	4,762
Silver sales	1,353	640
Total	563,435	301,514

Included in current year gold sales is 107,782 ounces of gold sold (at an average price of A$1,807/ounce) under various hedge programs. At 30 June 2020, the Company has a total of 155,568 ounces of gold left to be delivered under these programs over the next 2 years at an average price of A$2,147/ounce.

Accounting Policies

Gold bullion sales

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. With the sale of gold bullion, this occurs when physical bullion, from a contracted sale, is transferred from the Company's account into the account of the buyer.

Concentrate Sales

Under AASB 15, revenue is recognised upon receipt of the bill of lading when the concentrate is delivered for shipment. Contract terms for concentrate sales allow for a final price adjustment after the date of sale, based on average market prices and final assays in the period after the concentrate is sold. Average market prices are derived from independently published data with material adjustments between the provisional and final price separately disclosed as other revenue. This typically occurs between 60-80 days after the initial date of sale.

Gold forward contracts

The Group uses derivative financial instruments such as gold forward contracts to manage the risks associated with commodity price. The sale of gold under such hedge instruments is accounted for using the 'own use exemption' under *AASB 9 Financial Instruments* and as such all hedge revenue is recognised in the Statement of Profit or Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

5. Cost of sales

	Notes	30 June 2020 $'000	30 June 2019 $'000
Mining and processing costs		210,800	169,590
Amortisation	15	90,425	48,996
Depreciation[1]	16	32,467	11,657
Salaries and on-costs		44,904	31,169
Royalties		20,168	10,673
		398,764	272,085

[1] Included in the FY20 balance is $13.5 million of depreciation from the adoption of AASB 16 Leases. This depreciation would previously have been classified as mining and processing costs

Notes to the Consolidated Financial Statements
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Accounting Policies

Mining and processing costs

This includes all costs related to mining, milling and site administration, net of costs capitalised to mine development and production stripping. This category also includes movements in the cost of inventory and any net realisable value write downs.

Amortisation

The Group applies the units of production method for amortisation of its mine properties, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements. These estimates and assumptions are reviewed annually and changes to these estimates and assumptions may impact the amortisation charge in the Statement of Profit or Loss and asset carrying values.

The Group uses ounces mined over mineable inventory as its basis for depletion of mine properties. In the absence of reserves, the Group believes this is the best measure as evidenced by historical conversion of resources to reserves. The Group applies applicable factoring rates when adopting the units of production method to reflect the risk of conversion from the inferred and indicated categories to mineable inventory.

Depreciation

Depreciation is calculated on either a reducing balance basis or on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful life while processing plants are depreciated on the life of the mine basis. Capital work in progress is not depreciated until it is ready for use. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The estimated useful lives for the current and comparative period are as follows:

	Period
Buildings	7-10 Years
Haul roads	3-5 Years
Plant and equipment	3-10 Years
Office furniture and equipment	3-15 Years
Motor vehicles	3-5 Years

6. Administration expenses

	30 June 2020 $'000	**30 June 2019 $'000**
Salaries and on-costs	10,562	5,695
Consultants and contractors	1,409	1,389
Rental expense	546	371
Business combination expense (Note 3)	4,108	8,676
Share based payments	1,503	825
Other corporate costs	3,317	1,687
Total	21,445	18,643

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7. Personnel expenses

	30 June 2020 $'000	30 June 2019 $'000
Wages and salaries	47,127	33,497
Other associated personnel expenses	1,785	1,466
Superannuation contributions	4,125	2,924
Total	53,037	37,887

8. Finance income and expenses

	30 June 2020 $'000	30 June 2019 $'000
Interest income	1,516	1,221
Finance income	1,516	1,221
Change in fair value of listed investments (Note 17)	(52)	(3,269)
Interest expense on lease liabilities	(1,476)	(36)
Finance costs	(1,528)	(3,305)
Net finance costs	(12)	(2,084)

Accounting Policies

Interest income comprises bank interest on funds invested and is recognised as it accrues, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and change in the value of investments measured at fair value through the profit and loss. All borrowing costs are recognised in the Statement of Profit or Loss using the effective interest method in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case, borrowing costs are capitalised as part of the qualifying asset.

9. Taxes

(a) Income tax

	30 June 2020 $'000	30 June 2019 $'000
Current tax expense		
Current income tax loss	-	-
Adjustment for prior years	(248)	(50)
	(248)	(50)
Deferred income tax expense		
Origination and reversal of temporary differences	248	50
Recognition of previously unrecognised tax losses	(161,987)	-
Movement in temporary differences	3,577	-
Utilisation of tax losses	34,668	-
Income tax benefit reported in profit or loss	(123,742)	-

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

	30 June 2020 $'000	30 June 2019 $'000
Numerical reconciliation between tax expenses and pre-tax profit		
Profit before tax	133,133	6,500
Income tax using the corporation tax rate of 30%	39,940	1,950
Movement due to non-deductible items	1,882	(4,271)
Recognition of tax effect of previously unrecognised tax losses	(161,987)	-
Changes in unrecognised temporary differences	-	2,321
Changes in recognised temporary differences	(3,577)	-
Income tax benefit reported in profit or loss	(123,742)	-

(b) Deferred tax assets and liabilities

	30 June 2020 $'000	30 June 2019 $'000
Deferred tax assets and liabilities are attributable to the following:		
Receivables	2,017	2,017
Inventories	(3,475)	(3,419)
Exploration, evaluation and mining assets	(36,472)	(11,643)
Property, plant and equipment	19,703	4,819
Accrued expenses	1,299	975
Provisions	13,349	12,291
Share issue costs	2	3
Tax losses	127,319	162,235
	123,742	167,278
Less deferred tax asset not recognised	-	(167,278)
Net deferred tax assets	123,742	-

Accounting Policies

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Tax consolidation

The Company and its wholly-owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity (Silver Lake Resources Limited is the head entity within the tax-consolidation group).

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within the group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group. Any differences between these amounts are recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that the future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Tax losses

The Group utilised $115,559,000 of tax losses during the current year by offsetting them against taxable income. At 30 June 2020 the Company has $424,399,000 (2019: $540,784,000 loss) of tax losses remaining for offset against future taxable profits.

As a result of a rising gold price environment, the acquisition of the Deflector and Rothsay projects and the continued success of the Mount Monger Operation, management have considered it probable that future taxable profits would be available for offset against these tax losses. As a result, the Company has recognised a deferred tax asset at 30 June 2020 of $123,742,000 (2019: $162,000,000 of unrecognised deferred tax asset).

The potential benefit of carried forward tax losses will only be obtained if taxable profits are derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Group provided that:

i) the provisions of deductibility imposed by law are complied with; and

ii) no change in tax legislation adversely affects the realisation of the benefit from the deductions.

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unrecognised tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgments about commodity prices, ore resources, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

Notes to the Consolidated Financial Statements
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10. Earnings per share

	30 June 2020 $'000	30 June 2019 $'000
Profit used in calculating basic and diluted EPS	256,875	6,500

	Number of Shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	826,101,988	580,836,639
Effect of dilution	8,660,139	5,388,008
Weighted average number of ordinary shares used in calculating diluted earnings per share	834,762,127	586,224,647

Accounting Policies

Basic EPS is calculated as profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares.

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, including performance rights granted to employees.

11. Cash and cash equivalents

	30 June 2020 $'000	30 June 2019 $'000
Cash at bank	256,993	125,073

Accounting Policies

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. The Group ensures that as far as possible it maintains excess cash and cash equivalents in short-term high interest bearing deposits. The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 26.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

12. Reconciliation of cash flows from operating activities

	30 June 2020 $'000	30 June 2019 $'000
Cash flow from operating activities		
Profit after tax	256,875	6,500
Adjustments for:		
Depreciation	32,467	11,657
Amortisation	90,425	48,996
Exploration expensed	10,306	2,355
Share based payments	1,503	825
Write off of investment	52	38
Net finance costs	(39)	2,084
Profit from the sale of non-current assets	(58)	(153)
Operating profit before changes in working capital and provisions	391,531	72,302
Change in trade and other receivables	(2,155)	247
Change in inventories	(32,046)	(6,292)
Change in prepayments and other assets	356	284
Change in deferred tax assets	(123,742)	-
Change in trade and other payables	19,613	5,078
Change in other liabilities	(1,250)	211
Total	252,307	71,830

13. Trade and other receivables

	30 June 2020 $'000	30 June 2019 $'000
Current		
Trade and other receivables	9,368	9,122
GST receivable	4,007	2,098
Provision for doubtful debts	(6,723)	(6,723)
Total	6,652	4,497

The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 26.

Accounting Policies

Trade receivables are recognised initially at the value of the invoice sent to the counterparty and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding change to the profit or loss statement.

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14. Inventories

	30 June 2020 $'000	30 June 2019 $'000
Current		
Materials and supplies	12,492	11,398
Ore stocks	34,546	28,115
Gold in circuit	6,764	3,192
Concentrate on hand	3,256	1,302
Bullion on hand	12,398	5,654
	69,456	49,661
Non-Current		
Ore stocks	14,119	1,868
Total	83,575	51,529

At the reporting date the Group carried out an impairment review of inventory and assessed that all inventory was carried at the lower of cost and net realisable value and that no impairment was required.

Accounting Policies

Inventory

Ore stockpiles, concentrate on hand, gold in circuit and gold bullion are physically measured or estimated and valued at the lower of cost and net realisable value. The cost comprises direct materials, labour and transportation expenditure in bringing such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure based on weighted cost incurred during the period in which such inventories were produced.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to perform the sale. Inventories of consumable supplies and spare parts that are expected to be used in production are valued at cost. Obsolete or damaged inventories of such items are valued at net realisable value.

Consumables and spare parts are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

Bullion on Hand

Bullion on hand comprises gold that has been delivered to the Perth Mint prior to period end but which has not yet been delivered into a sale contract.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

15. Exploration, evaluation and development expenditure

During the year ended 30 June 2020 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

Exploration and evaluation phase	30 June 2020 $'000	30 June 2019 $'000
Cost brought forward	49,597	17,263
Acquired in a business combination (Note 3)	64,527	24,687
Expenditure during the year	16,238	11,476
Transferred to development phase[1]	(83,265)	(1,474)
Expensed during period	(10,306)	(2,355)
Balance at 30 June	36,791	49,597

Development phase	30 June 2020 $'000	30 June 2019 $'000
Cost brought forward	5,190	10,004
Transfer from exploration and evaluation phase	83,265	1,474
Rehabilitation provision adjustment	2,199	-
Transferred to production phase	(23,928)	(6,288)
Balance at 30 June	66,726	5,190

Production phase	30 June 2020 $'000	30 June 2019 $'000
Cost brought forward	162,813	52,321
Transfer from development phase	23,928	6,288
Acquired in a business combination (Note 3)	-	111,672
Expenditure during the year	67,414	40,863
Rehabilitation provision adjustment	1,608	665
Amortisation expense	(90,425)	(48,996)
Balance at 30 June	165,338	162,813
Total	268,855	217,600

[1] The transfer of costs to the development phase includes expenditure relating to the newly acquired Rothsay project which is currently in development

Accounting Policies

Exploration and evaluation expenditure

Exploration and evaluation expenditures are those expenditures incurred in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; and
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or relating to, this area are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. If costs do not meet the criteria noted above, they are written off in full against the profit and loss statement.

Exploration and evaluation assets are transferred to Development Phase assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are tested for impairment, and any impairment loss is recognised, prior to being reclassified.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- the term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration and evaluation of mineral resources in the specific area are not budgeted or planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resource and the decision was made to discontinue such activities in the specific area; or
- sufficient data exists to indicate that, although development in the specific area of interest is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When a potential impairment is indicated, an assessment is performed for each cash generating unit which is no larger than the area of interest.

Impairment testing of assets in the development or production phase

The carrying amounts of assets in the development or production phase are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal (FVLCD). In assessing FVLCD, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Long term development and production phase assets that relate to unmined resources are assessed in light of current economic conditions. Assumptions on the economic returns on and timing of specific production options may impact on the timing of development of these assets. The carrying values of these assets are assessed where an indicator of impairment exists using a fair value less cost to sell technique. This is done based on implied market values against their existing resource and reserve base and an assessment on the likelihood of recoverability from the successful development or sale of the asset. The implied market values are calculated based on recent comparable transactions within Australia converted to a value per ounce. This is considered to be a Level 3 valuation technique.

Exploration expenditure commitments

Exploration expenditure commitments represent tenement rentals and minimum spend requirements that are required to be met under the relevant legislation should the Group wish to retain tenure on all its current tenements.

Mine properties and mining assets

Mine properties represent the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

Mine development costs are deferred until commercial production commences. When commercial production is achieved mine development is transferred to mine properties, at which time it is amortised on a unit of production basis based on ounces mined over the total estimated resources related to this area of interest.

Significant factors considered in determining the technical feasibility and commercial viability of the project are the completion of a feasibility study, the existence of sufficient resources to proceed with development and approval by the board of Directors to proceed with development of the project.

Underground development expenditure incurred in respect of mine development after the commencement of production is carried forward as part of mine development only when substantial future economic benefits are expected, otherwise this expenditure is expensed as incurred.

Deferred Stripping Costs

Stripping is the process of removing overburden and waste materials from surface mining operations to access the ore. Stripping costs are capitalised during the development of a mine and are subsequently amortised over the life of mine on a units of production basis, where the unit of account is ounces of gold mined. Stripping costs capitalised at year end are included in the Production phase in Note 15.

Reserves and Resources

Resources are estimates of the amount of gold product that can be economically extracted from the Group's mine properties. In order to calculate resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of resources requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore resources under the Australian Code of Reporting for Mineral Resource and Ore Reserves (2004 and 2012), known as the JORC Code. The JORC Code requires the use of reasonable assumptions to calculate resources. Due to the fact that economic assumptions used to estimate resources change from period to period, and geological data is generated during the course of operations, estimates of resources may change from period to period. Changes in reported resources may affect the Group's financial results and financial position in a number of ways, including:

- asset carrying values may be impacted due to changes in estimates of future cash flows
- amortisation charged in the Statement of Profit or Loss may change where such charges are calculated using the units of production basis
- decommissioning, site restoration and environmental provisions may change due to changes in estimated resources after expectations about the timing or costs of these activities change
- recognition of deferred tax assets, including tax losses.

16. Property, Plant and Equipment

	Note	Land & Buildings $'000	Plant & Equipment $'000	Capital Work In Progress $'000	Total $'000
Balance 1 July 2018		**2,734**	**30,425**	**4,207**	**37,366**
Additions		-	119	7,965	8,084
Acquisition of subsidiary	3	8,013	32,028	2,164	42,205
Transfers		2,124	7,687	(9,811)	-
Depreciation expense	5	(1,255)	(10,402)	-	(11,657)
Disposals		(23)	(25)	-	(48)
Balance 30 June 2019		**11,593**	**59,832**	**4,525**	**75,950**
Balance 1 July 2019		**11,593**	**59,832**	**4,525**	**75,950**
Additions		594	415	21,796	22,805
Transfers		-	10,125	(10,125)	-
Right-of-use lease assets	16(a)	-	65,657	-	65,657
Depreciation expense	5	(2,587)	(29,880)	-	(32,467)
Disposals		-	(806)	-	(806)
At 30 June 2020		**9,600**	**105,343**	**16,196**	**131,139**

16(a) Right-of-use assets

The Group leases mining equipment for the purposes of production and exploration activities. These leases run for a period of approximately 1-3 years, with an option to renew the lease after that date. Leases that contain extension options are exercisable by the Group and not the lessor. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group has estimated that exercising of the extension options would result in an increase in lease liabilities and right-of-use assets of $2.6 million.

Some leases provide for additional rent payments that are based on changes in local price indices. These are factored into the calculation of minimum lease payments in determining the value of the right-of-use assets only when these changes become effective.

Information about leases for which the Group is a lessee is presented below:

Property, plant and equipment	Note	$'000
Balance 1 July 2019	2	30,220
Additions to right-of-use assets		35,437
Depreciation charge for the year		(13,383)
Balance 30 June 2020		52,274

Accounting Policies

Items of plant and equipment are stated at their cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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17. Investments

	30 June 2020 $'000	30 June 2019 $'000
Investments in listed entities - at fair value	6,352	6,591
Movements as follows:		
Balance at 1 July	6,591	8,140
Acquisitions	503	2,906
Disposals	(690)	(1,186)
Change in fair value	(52)	(3,269)
Balance at 30 June	6,352	6,591

Accounting Policies

Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss comprise investments in equity securities.

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets are measured at fair value and changes are recognised in the profit or loss.

The fair values of investments in equity securities are determined with reference to their quoted ASX closing price at balance date.

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18. Goodwill

Goodwill of $90.695 million was recorded following the Company's merger with Doray Minerals Limited on 5 April 2019. The goodwill was attributable to both financial synergies (as a result of the creation of a mid-tier gold company with two complementary gold camps increasing market presence and liquidity) and operating synergies (expected to be achieved from integrating Doray into the Group's existing mining operations).

Impairment testing

As goodwill does not generate cash flows independently of other assets, its carrying value was apportioned to the Group's two operating CGUs as part of the 30 June impairment testing review. The allocation was made based on the relative market values of the Silver Lake and Doray entities at the date of the merger as follows:

- Mount Monger Operation 68% ($61.673 million)
- Deflector Operation 32% ($29.022 million)

In assessing whether each CGU (including its share of goodwill) has been impaired, its carrying amount is compared with its recoverable amount. In accordance with the Group's accounting policy, recoverable amount is assessed as the higher of fair value less costs of disposal (FVLCD) and value in use. The Group has adopted FVLCD in its assessment, using discounted cash flows.

The key assumptions in addition to the life of mine plans used in the discounted cash flow valuation are the gold price, the Australian dollar exchange rate against the US dollar and the discount rate.

Gold price and AUD:USD exchange rate assumptions are estimated by management, with reference to external market forecasts, and updated at least annually. For this review, the forecast gold price was estimated at US$1,700–US$1,800/oz. and the forecast exchange rate of US$0.68 to US$0.72 per A$1.00, based on a forward curve over the life of the mines. Significant changes to either the forecast gold price or the forecast exchange rate may have an impact on the carrying value of the CGU in future periods.

A discount rate of 8% was applied to the post tax cash flows expressed in nominal terms. The discount rate was derived from the Group's post tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU.

The impairment testing carried out at 30 June 2020 using these assumptions resulted in a nil impairment charge.

Accounting Policies

Goodwill arising on acquisition of subsidiaries is measured at cost less accumulated impairment losses. At each reporting date, the Group tests goodwill for impairment. Where the asset does not generate cash inflows independent from other assets and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs.

The Group considers each of its two segments (Mount Monger and Deflector) to be a separate CGU. If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss recognised in the Statement of Profit or Loss. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

19. Trade and other payables

	30 June 2020 $'000	30 June 2019 $'000
Trade payables	48,846	39,053
Stamp duty and other accruals	21,884	14,597
Total	70,730	53,650

The Group's exposure to liquidity risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 26.

Accounting Policies

Trade payables are recognised at the value of the invoice received from a supplier. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and generally paid between 30-45 days of recognition.

20. Lease liabilities

	30 June 2020 $'000	30 June 2019 $'000
Current		
Lease liabilities	22,457	284
Non-current		
Lease liabilities	30,783	431
Total	53,240	715

Payments made during the year under lease arrangements qualifying under AASB 16, but were variable by nature and therefore not included in the minimum lease payments used to calculate lease liabilities, totalled $32.3 million. These include payments for services, including labour charges, under those contracts that contained payments for the right-of-use of assets.

Accounting Policies

From 1 July 2019 the Group has applied the new AASB 16 Leases accounting standard. See Note 2 for details on the impacts of this new standard which has significantly increased the value of right-of-use assets and lease liabilities of the Group.

Prior to 1 July 2019, leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset (but not legal ownership) were classified as finance leases. Finance leases were capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Leased assets were depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, were charged as expenses in the periods in which they are incurred. Lease incentives under operating leases were recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

21. Employee benefits

	30 June 2020 $'000	30 June 2019 $'000
Current		
Liability for annual leave	3,957	2,872
Liability for long service leave	1,100	850
Total	5,057	3,722

Accounting Policies

(i) Defined Contribution Superannuation Funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are incurred.

(ii) Other Long-Term Employee Benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs. The benefit is discounted to determine its present value using a discount rate that equals the yield at the reporting date on Australian corporate bonds that have maturity dates approximating the terms of the Group's obligations.

(iii) Short-Term Benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

22. Share based payments

Performance rights (equity settled)

Performance rights have been issued to the Managing Director and other eligible employees in accordance with long term incentive plans approved by shareholders. Movements in Performance Rights are summarised as follows:

	Balance at 1 July 2019	Granted in FY20	Converted	Lapsed	Balance at 30 June 2020	Vested & exercisable at 30 June 2020
Total	7,438,257	3,145,866	(1,627,856)	(296,128)	8,660,139	1,693,295

Details of the performance rights currently on issue are summarised in the following table:

	FY18 Award [1]	FY19 Award	FY20 Award
Number of performance rights	1,693,295	3,820,978	3,145,866
Exercise price	$0.00	$0.00	$0.00
Grant date	1 July 2017	1 July 2018	1 July 2019
Vesting period	1 July 2017 - 30 June 2020	1 July 2018 - 30 June 2021	1 July 2019 - 30 June 2022
ASX Comparator Group	AQG; BDR; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; TRY; WGX	AQG; DCN; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; WGX	AQG; DCN; EVN; GOR; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; WGX

	FY18 Award	FY19 Award	FY20 Award
Valuation at grant date	$0.257	$0.439	$0.817
Underlying 20 day VWAP	$0.481	$0.581	$1.071
Volatility	20%	70%	65%
Risk free rate	1.94%	2.07%	0.98%
Expected dividends	-	-	-

Note 1: On completion of the vesting period 100% of the FY18 Performance Rights had vested in accordance with the relative TSR hurdle attached to them. This included 1,513,222 rights awarded to KMP's

The fair value of the performance rights was measured using a hybrid employee share option pricing model (correlation simulation and Monte Carlo model) and was calculated by independent consultants.

The total expense recognised in the Statement of Profit or Loss for all performance rights for the period ended 30 June 2020 was $1,503,000 (2019: $825,000).

Accounting Policies

Share-Based Payment Transactions

The grant-date fair value of equity-settled share based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

23. Provisions

	30 June 2020 $'000	30 June 2019 $'000
Closure and rehabilitation		
Opening balance at 1 July	40,260	16,450
Provision acquired on acquisition of subsidiary	-	22,422
Adjustment to provisions during the year	3,807	1,388
Rehabilitation spend	(444)	-
Closing balance at 30 June	43,623	40,260
Current provision	800	-
Non-current provision	42,823	40,260
Closing balance at 30 June	43,623	40,260

At year end a review of the Group's closure and rehabilitation provision was undertaken using updated cost assumptions and life of mine plans. As a result of this review the provision was increased by $3,807,000 (2019: $1,388,000).

Accounting Policies

Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Closure and Rehabilitation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. The extent of work required, and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies.

Provisions for the cost of each closure and rehabilitation program are recognised when the Group has a present obligation and it is probable that rehabilitation/restoration costs will be incurred at a future date, which generally arises at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly.

Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure, in connection with disturbances, as at the reporting date.

The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and rehabilitation requirements.

Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows.

When provisions for closure and rehabilitation are initially recognised, to the extent that it is probable that future economic benefits associated with the rehabilitation, decommissioning and restoration expenditure will flow in the entity, the corresponding cost is capitalised as an asset. The capitalised cost of closure and rehabilitation activities is recognised in exploration evaluation and mine properties and is amortised accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost of the related assets, where it is probable that future economic benefits will flow to the entity, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the Statement of Profit or Loss.

Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include:

- revisions to estimated reserves, resources and lives of operations;
- regulatory requirements and environmental management strategies;
- changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates;
- movements in interest rates affecting the discount rate applied; and
- the timing of cash flows.

At each reporting date, the rehabilitation and restoration provision is remeasured to reflect any of these changes.

Notes to the Consolidated Financial Statements
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24. Share capital

	Number	$'000
Movements in issued capital		
Balance as at 1 July 2018	503,947,514	699,564
Movement in the period *	4,014,708	-
Issue of share capital (Note 3)	310,209,934	260,615
Costs associated with issue of shares	-	(104)
Balance as at 30 June 2019	818,172,156	960,075
Movement in the period *	1,627,856	-
Issue of share capital on acquisition of subsidiary (Note 3)	50,481,300	52,883
Issue of share capital to acquire non-controlling interest in subsidiary	9,562,797	10,308
Costs associated with issue of shares	-	(160)
Balance as at 30 June 2020	879,844,109	1,023,106

* Movement relates to the vesting of performance rights issued for nil consideration.

Accounting Policy

Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

25. Reserves

Movement in share based payment reserve	30 June 2020 $'000	30 June 2019 $'000
Balance as at 1 July	2,475	1,650
Equity settled share based payment expense	1,503	825
Balance as at 30 June	3,978	2,475

26. Financial risk management

(a) Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board regularly reviews the use of derivatives and opportunities for their use within the Group. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Notes to the Consolidated Financial Statements
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Presently, the Group undertakes gold mining, exploration and evaluation activities exclusively in Australia. At the balance sheet date, there were no significant concentrations of credit risk.

i) Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with major Australian financial institutions.

ii) Trade and other receivables

The Group's trade and other receivables relate to gold and concentrate sales, GST refunds and rental income.

At 30 June 2020, a provision for doubtful debts of $6,723,000 (2019: $6,723,000) has been recorded against rental income receivable as a result of a debtor being placed in liquidation in a prior year. This receivable is therefore not reflected in the trade and other receivables balance in Note 26(c).

The Group has determined that its credit risk exposure on all other trade receivables is low, as customers are considered to be reliable and have short contractual payment terms. Management does not expect any of these counterparties to fail to meet their obligations.

iii) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2020 $'000	2019 $'000
Trade and other receivables	6,652	4,497
Cash and cash equivalents	256,993	125,073
Total	263,645	129,570

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate cash reserves from funds generated from operations and by continuously monitoring forecast and actual cash flows.

To mitigate large fluctuations in the USD:AUD exchange rate as well as the USD denominated gold price, the Group has entered into hedging programmes whereby future bullion sales are hedged at a predetermined AUD gold price. At 30 June 2020, the Group has a total of 155,568 ounces to be delivered under these hedges over the next 2 years at an average of A$2,147/oz. The sale of gold under these hedges is accounted for using the 'own use exemption' under *AASB 9 Financial Instruments* and as such all hedge revenue is recognised in the Statement of Profit or Loss and no mark to market valuation is performed on undelivered ounces.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2020	Carrying Amount $'000	Contractual Cash Flows $'000	12 Months or Less $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000
Trade and other payables	70,730	70,730	70,730	-	-	-
Lease liabilities	53,240	56,228	24,544	18,780	12,904	-
Total	123,970	126,958	95,274	18,780	12,904	-

30 June 2019	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000
Trade and other payables	53,650	53,650	53,650	-	-	-
Lease liabilities	715	759	355	404	-	-
Total	54,365	54,409	54,005	404	-	-

** The carrying value at balance date approximates fair value*

(d) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

i) Commodity risk

The Group's exposure to commodity price risk arises largely from Australian dollar gold price fluctuations. The Group's exposure to movements in the gold price is managed through the use of Australian dollar gold forward contracts. The gold forward sale contracts do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Further information relating to these forward sale contracts is included in Note 4. No sensitivity analysis is provided for these contracts as they are outside the scope of *AASB 9 Financial Instruments*.

ii) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents and its interest-bearing liabilities), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2020 $'000	2019 $'000
Fixed rate instruments		
Lease liabilities	53,240	715
Variable rate instruments		
Cash and cash equivalents	256,993	125,073

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss after tax by $2,570,000 (2019: $1,250,000). This analysis assumes that all other variables remain constant.

iii) Equity price risk

Equity investments are long-term investments that have been classified as financial assets at fair value through profit or loss.

(e) Fair values

The carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing liabilities is considered to be a fair approximation of their fair values. The carrying amounts of equity investments are valued at year end at their quoted market price.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business through future exploration and development of its projects. There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2020

27. Commitments

The Group has $5,545,000 (2019: $5,137,000) of commitments relating to minimum exploration expenditure on its various tenements and $6,052,000 (2019: $5,440,000) of capital commitments at 30 June 2020.

28. Operating leases

The Company leases assets for operations including plant and office premises. As at 1 July 2019, with the adoption of AASB 16, operating leases as previously defined under AASB 117 have, for the most part, been recognised and included as lease liabilities with future commitments disclosed in Note 26(c). Any leases that did not meet the definition of finance leases were either short-term in nature or did not meet the recognition requirements (these totalled $51,000). Expenses from operating leases under AASB 117 for 30 June 2019 totalled $2 million. See Note 2 for further details of the impact of this change.

The disclosure of prior period operating commitments is retained in these financial statements as follows:

	30 June 2019 $'000
Less than one year	12,390
Between one and five years	20,902
	33,292

29. Related parties

(a) Key Management Personnel compensation

	30 June 2020 $	30 June 2019 $
Short-term employee benefits	4,112,749	3,233,039
Post-employment benefits	184,967	175,134
Other long-term benefits	1,174,399	663,701
Total	5,472,115	4,071,874

(b) Individual directors and executives' compensation disclosures

Information regarding individual Directors and Executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

During the current period 2,242,292 performance rights were awarded to key management personnel. See Note 22 and the Remuneration Report for further details of these related party transactions.

Notes to the Consolidated Financial Statements
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30. Group Entities

The Company controlled the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Interest	
		2020	2019
Silver Lake (Integra) Pty Ltd	Australia	100%	100%
Backlode Pty Ltd	Australia	100%	100%
Loded Pty Ltd	Australia	100%	100%
Paylode Pty Ltd	Australia	100%	100%
Cue Minerals Pty Ltd	Australia	100%	100%
Silver Lake (Doray) Pty Ltd	Australia	100%	100%
Doray Gold Operations Pty Ltd	Australia	100%	100%
Andy Well Mining Pty Ltd	Australia	100%	100%
Murchison Resources Pty Ltd	Australia	100%	100%
Meehan Minerals Pty Ltd	Australia	100%	100%
Silver Lake (Deflector) Pty Ltd	Australia	100%	100%
MYG Tenement Holdings SPV Pty Ltd	Australia	100%	100%
MYG Tenement Holdings Pty Ltd	Australia	100%	100%
Brandy Hill Iron SPV Pty Ltd	Australia	100%	100%
Brandy Hill Iron Pty Ltd	Australia	100%	100%
Central Infrastructure SPV Pty Ltd	Australia	100%	100%
Central Infrastructure Pty Ltd	Australia	100%	100%
Deflector Gold SPV Pty Ltd	Australia	100%	100%
Deflector Gold Pty Ltd	Australia	100%	100%
Gullewa Gold Project SPV Pty Ltd	Australia	100%	100%
Gullewa Gold Project Pty Ltd	Australia	100%	100%
Egan Street Resources Pty Ltd	Australia	100%	-
Egan Street Rothsay Pty Ltd	Australia	100%	-
Egan Street Victoria Bore Pty Ltd	Australia	100%	-

Accounting Policies

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Consolidated Financial Statements

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31. Joint Operations

As at 30 June, the Group has the following interests in unincorporated joint operations:

Joint Operation	Principal Activities	Joint Operation Parties	Group Interest 2020	Group Interest 2019
Peter's Dam	Exploration	SLR/Rubicon	-	71.8%
Horse Well JV	Exploration	SLR/Alloy Resources	40.0%	49.0%

Accounting Policies

Joint Operation Arrangements

The Group has investments in joint operations, but they are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint operations are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint operation assets. The joint operations do not hold any assets and accordingly the Group's share of exploration evaluation and development expenditure is accounted for in accordance with the policy set out in Note 15.

32. Auditor's Remuneration

	30 June 2020 $	30 June 2019 $
Audit services		
Audit and review of financial statements	246,370	240,000
Other audit services	-	2,500
Non-audit Services		
Taxation services	52,430	50,000
Accounting advisory services	-	15,000
Total	298,800	307,500

33. Subsequent Events

No events have arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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34. Parent Entity

As at, and throughout the financial year ended 30 June 2020, the parent company of the Group was Silver Lake Resources Limited.

	30 June 2020 $'000	30 June 2019 $'000
Results of the parent entity		
Profit for the year	127,622	1,309
Total comprehensive profit for the year	127,622	1,309
Balance Sheet of parent entity at year end		
Current assets	138,696	101,347
Total assets	736,546	486,975
Current liabilities	97,291	40,900
Total liabilities	103,487	46,073
Total equity of the parent entity comprising of:		
Share capital	1,023,106	960,075
Reserves	3,979	2,475
Accumulated losses	(394,026)	(521,648)
Total equity	633,059	440,902

The parent entity has $2,536,000 (2019: $2,569,000) of commitments relating to minimum exploration expenditure on its various tenements and $1,464,000 (2019: $4,800,000) of capital commitments at financial year end.

Notes to the Consolidated Financial Statements
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35. Segment Reporting

The accounting policies used by the Company in reporting segments are in accordance with the measurement principles of the Australian Accounting Standards. The Group has the following reportable segments:

i) Mount Monger Operation
i) Deflector Operation (including the Rothsay Project)

The Group's segments are both located in Western Australia, with the Mount Monger Operation producing gold bullion and Deflector producing gold bullion and gold-copper concentrate.

Financial information for the reportable segments for the years ended 30 June 2020 and 30 June 2019 is as follows:

30 June 2020	Mount Monger $'000	Deflector $'000	Unallocated[2] $'000	Total $'000
Revenues	322,069	241,366	-	563,435
EBITDA (excluding significant items)[1]	144,479	133,445	(17,836)	260,088
Capital expenditure	74,841	33,646	-	108,487

30 June 2019	Mount Monger $'000	Deflector[3] $'000	Unallocated[2] $'000	Total $'000
Revenues	246,929	54,585	-	301,514
EBITDA (excluding significant items)[1]	67,968	22,013	(9,787)	80,194
Capital expenditure	54,687	5,736	-	60,423

[1] A reconciliation between the statutory profit after tax and the Group's EBITDA (excluding significant items) is tabled on page 7

[2] Unallocated items primarily comprise corporate costs

[3] Deflector information reported in FY19 is from 5 April 2019, being the date on which Doray Minerals was acquired

Notes to the Consolidated Financial Statements
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36. Deed of Cross Guarantee

The Company and its wholly owned subsidiary Silver Lake (Integra) Pty Ltd have entered into a Deed of Cross Guarantee under which each company guarantees the debts of the other. By entering into the Deed of Cross Guarantee, Silver Lake (Integra) Pty Ltd has been relieved from the Corporations Act 2001 requirement to prepare, audit and lodge a financial report and Directors' report under ASIC Corporations (wholly owned companies) Instrument 2016/785.

The summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020 along with the Consolidated Balance Sheet at 30 June 2020 for the members of the Deed of Cross Guarantee are disclosed in the tables below:

	30 June 2020 $'000	30 June 2019 $'000
Current assets		
Cash and cash equivalents	134,160	97,813
Trade and other receivables	3,258	2,317
Inventories	46,044	34,567
Prepayments	274	87
Total current assets	183,736	134,784
Non-current assets		
Inventories	14,119	1,868
Exploration evaluation and development expenditure	96,206	86,875
Property, plant and equipment	86,006	34,258
Investments	328,349	265,609
Intercompany receivables	-	6,850
Deferred tax asset	123,742	-
Total non-current assets	648,422	395,460
Total assets	832,158	530,344
Current liabilities		
Trade and other payables	44,014	38,602
Lease liabilities	22,457	-
Employee benefits	3,210	2,698
Rehabilitation and restoration provision	800	-
Total current liabilities	70,481	41,300
Non-current liabilities		
Lease liabilities	28,055	-
Rehabilitation and restoration provision	18,837	17,586
Total non-current liabilities	46,892	17,586
Total liabilities	117,373	58,886
Net assets	714,785	471,358
Equity		
Share capital	1,023,106	960,075
Reserves	3,979	2,475
Accumulated losses	(312,300)	(491,192)
Total equity	714,785	471,358

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	30 June 2020 $'000	30 June 2019 $'000
Revenue	322,069	246,929
Cost of sales	(233,977)	(223,594)
Gross profit	88,092	23,335
Other income	163	153
Exploration expensed	(8,893)	(2,355)
Administration expenses	(23,867)	(13,945)
Results from operating activities	55,495	7,188
Finance income	1,118	1,168
Finance expenses	(1,463)	(3,286)
Net finance costs	(345)	(2,118)
Profit before income tax	55,150	5,070
Income tax benefit	123,742	-
Profit for the year	178,892	5,070