



annual report

for the year ended 30 June 2008



silverlake
RESOURCES

HIGHLIGHTS

2008		
July		Ramped up to 35,000 to 40,000 oz Au per annum production rates.
July		Total resources of 1.4Moz Au.
June		Mount Monger open pit resources of 77,000 oz Au.
April		First gold produced at the Lakewood Gold Processing Facility from Daisy Milano ore.
April		Commissioning completed at the Lakewood Gold Processing Facility to process the high grade ore from the Daisy Milano mine.
April		Resource upgrade to 1.1Moz Au with increase at Mount Monger.
March		1Moz Au resource base achieved following the acquisition of Comet gold and Kurrajong nickel projects.
January		Exploration programme commenced with significant exploration potential over a large landholding that is under explored at depth and has not been subjected to modern systematic exploration techniques.
2007		
December		Ore production commenced from the Daisy Milano mine.
November		The 300,000 tonne per annum Lakewood Gold Processing Facility was acquired, located 5 km southeast from Kalgoorlie and 45 km from the Daisy Milano mine.
November		Silver Lake successfully completed a \$30 million Initial Public Offering and commenced trading on the Australian Stock Exchange.
September		Silver Lake obtained the right to acquire the Copper Lakes project.
August		Silver Lake obtained the right to acquire the Tuckabianna project.
August		Silver Lake obtained the right to acquire the Rothsay project.
August		Silver Lake obtained the right to acquire the Mount Monger and Moyagee projects.
May		Silver Lake appoints the current board of directors with the objective of acquiring gold and/or base metals projects in Australia.

SILVER LAKE RESOURCES LIMITED
ENTERED ITS FIRST YEAR OF BUSINESS
WITH A CLEAR STRATEGY TO BUILD A
SIGNIFICANT RESOURCE BASE WITH A
VIEW TO BECOMING A HIGH MARGIN
GOLD PRODUCER.

CORPORATE DIRECTORY

DIRECTORS

Paul Chapman Non-Executive Chairman
Les Davis Managing Director
Chris Banasik Executive Director – Exploration and Geology
Brian Kennedy Non-Executive Director
Peter Johnston Non-Executive Director
David Griffiths Non-Executive Director

COMPANY SECRETARY

Gavin Cooke

PRINCIPAL OFFICE

31 Malcolm Street
West Perth WA 6005
Tel: +61 8 6313 3800
Fax: +61 8 6313 3888
Email: contact@silverlakeresources.com.au

REGISTERED OFFICE

31 Malcolm Street
West Perth WA 6005

SOLICITORS

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

SHARE REGISTER

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

AUDITORS

KPMG
Level 31
Central Park
152-158 St George's Terrace
Perth WA 6000

INTERNET ADDRESS

www.silverlakeresources.com.au

ABN 38 108 779 782
ASX Code: SLR

TABLE OF CONTENTS

CHAIRMAN AND MANAGING DIRECTOR'S REPORT	03
OPERATIONS REPORT	04
EXPLORATION AND RESOURCES REPORT	06
PROJECTS REPORT	11
DIRECTORS' REPORT	16
AUDITOR'S INDEPENDENCE DECLARATION	25
CORPORATE GOVERNANCE	26
DIRECTORS' DECLARATION	34
INDEPENDENT AUDIT REPORT	36
INCOME STATEMENTS	38
BALANCE SHEETS	39
STATEMENTS OF CHANGES IN EQUITY	40
STATEMENTS OF CASH FLOWS	41
NOTES TO THE FINANCIAL STATEMENTS	42
ASX ADDITIONAL INFORMATION	64

CHAIRMAN & MANAGING DIRECTOR'S REPORT

Dear fellow shareholder

Silver Lake Resources Limited ("Silver Lake" or "the Company") entered its first year of business with a clear strategy to build a significant resource base with a view to becoming a high margin gold producer.

To achieve this goal the Company acquired assets with the following attributes:

- » dominant position in a highly prospective region;
- » sound economic indicators (relatively low entry cost, good widths/grades, close to existing infrastructure, potentially low discovery costs);
- » near term production potential;
- » existing JORC resources with significant potential to extend those resources; and
- » lack of previous systematic exploration (particularly at depth) with potential to discover new deposits.

Silver Lake believes gold is an attractive business to be in. In the short term, the gold price will be driven by factors including: turmoil in financial markets, political instability, oil prices and switching from a weakening US dollar into gold. In the longer term, the fundamentals are strong as supply falls due to factors such as power restrictions in South Africa and demand swells with growing consumption from developing countries.

The Company's efforts this year have been concentrated on executing the strategy:

- » in November 2007, the Company completed its Initial Public Offering;
- » also in November 2007, the Company acquired the Lakewood Gold Processing Facility near Kalgoorlie. The Facility was refurbished and in April 2008 Silver Lake carried out its first gold pour;
- » in December 2007, the Company commenced gold production at the Daisy Milano mine at its Mount Monger project;
- » in March 2008, the Company acquired the Comet gold and Kurrajong nickel projects adjacent to its Murchison projects, taking total resources to over 1Moz Au;
- » in April 2008, Silver Lake commenced a pre-feasibility study on the Murchison projects to bring the field into production with minimal capital; and
- » our exploration efforts in 2008 resulted in the addition of 302,500 oz Au to take our total resource position to 1,364,900 oz Au.

However, cost pressures have increased, particularly energy costs. The Company has focused on quality resource grades and cost management to ensure that margins remain sustainable in spite of these pressures.

Looking forward, the Company's key objectives over the next year are to:

- » maximise cash flow from the Mount Monger Operations to fund growth in the business;
- » reduce its dependence on a single mine and to bring multiple mines into production, some via open pits and other mines accessible from the existing Daisy Milano underground development;
- » continue exploration at Mount Monger to create a large-scale production scenario; and
- » progress the evaluation of the Murchison assets with a view to establishing a low capital production plan.

In addition, we also believe that consolidation at the junior end of the Australian gold mining industry is inevitable. Participants will seek to mitigate risk through multiple production sources and to reduce costs through operating synergies. Silver Lake is looking to be a leader in this process.

Silver Lake has cash flow, highly promising assets and a committed team with the proven track record to implement its strategy.

On behalf of the Board, we would like to thank the Company's employees for their efforts and achievements during a challenging period, also our suppliers for their support, and our shareholders for their confidence in the Company.



Paul Chapman

Non-Executive Chairman



Les Davis

Managing Director

26 September 2008

OPERATIONS REPORT

OVERVIEW

Silver Lake Resources Limited ("Silver Lake" or "the Company") is a gold producing and exploration company consisting predominantly of advanced gold projects in two prolific goldfields of Western Australia; Mount Monger and the Murchison.

The Daisy Milano mine, Silver Lake's core project, is an underground mine situated on the Mount Monger tenements, 50 km southeast of Kalgoorlie.

As at September 2008, the Company's overall resource base was 8.86 million tonnes at 4.8 g/t Au for 1.4Moz Au across its portfolio of assets including the Mount Monger goldfields and its Murchison projects; Tuckabianna, Comet and Moyagee, and Rothsay.

Silver Lake is targeting to grow its resource base to 5Moz Au through its exploration programme.

SAFETY

Silver Lake's Lost Time Injury Frequency Rate remains at zero. This is a notable achievement given the increase in exposure hours during modifications, refurbishment and commissioning at Lakewood Gold Processing Facility ("LGPF").

MINE PRODUCTION

Production at Daisy Milano commenced well ahead of target with the first Silver Lake ore trucked out of the mine in early December 2007, only four weeks after taking ownership of the mine. Daisy Milano ore tonnes hoisted have ramped up in line with expectations and will continue to ramp up towards 10,000 tonnes of ore per month as the year progresses.

Silver Lake increased selective mining productivity at Daisy Milano mine in the September 2008 quarter to ensure a sustained target production rate between 35,000 and 40,000 oz Au per annum.

PROCESSING

The 300,000 tonne per annum LGPF is located 5 km southeast of Kalgoorlie and 45 km from the Daisy Milano mine. During the March 2008 quarter modifications to the existing circuit were undertaken to optimise the processing of the high grade Daisy Milano ore and to complete a plant refurbishment to bring the facility up to operational standards.

Commissioning of the facility was completed in April 2008 which allowed for the processing of high grade ore from the Daisy Milano mine and resulted in Silver Lake's first gold pour.

LGPF experienced minor commissioning issues that resulted in a lower than planned gold recovery, however, these issues were resolved during June and the facility is now operating as expected.

Table 1: Production statistics to 30 June 2008

Mount Monger	Units	Year End June 2008
Ore Hoisted	Tonnes	27,554
Grade	Au g/t	10.2
Contained Gold	Oz	9,063
Ore Milled	Tonnes	21,085
Grade	Au g/t	10.2
Gold Produced	Oz	5,808

OPERATIONS REPORT

GOLD SALES

Gold sales commenced in the June 2008 quarter with 3,138 oz sold at an average realized price of A\$935/oz.

FINANCIAL RESULT

The loss of the Group for the financial period, after providing for income tax amounted to \$3,664,000 (2007: \$76,000). This loss arose from non-recurring expenses associated with the commencement of business including the costs of the Company's Initial Public Offering and costs incurred during ramp-up of production at Daisy Milano and commissioning of the LGPF.

BUSINESS DEVELOPMENT

The acquisition of Comet gold and Kurrajong nickel projects adjacent to existing Murchison projects for \$1.575 million from Alloy Resources Limited is consistent with our strategy. The Comet project contains total resources of 1.8 million tonnes at 4.0 g/t Au for 232,400 oz, the acquisition increased Silver Lake's total gold resource to over 1Moz Au. The additional resource provides the scale to assess a number of processing options built around existing infrastructure at our Tuckabianna project.

In April 2008 Silver Lake commenced a study of the Company's Murchison assets including the newly acquired Comet project. Results of the study including a low capital milling strategy are expected during the December 2008 quarter.



EXPLORATION & RESOURCES REPORT

EXPLORATION

The Silver Lake's lease holding encompasses highly prospective tenement holdings in the Mount Monger and Murchison Goldfields, along with the Rothsay and Copper Lakes projects (see Figure 1).

A comprehensive work programme has been planned by Silver Lake for the initial three years of exploration. To date, we have utilized the existing underground workings at Daisy Milano to drill the down plunge extensions to the Daisy Milano high grade lodes and also to test the proximal Haoma and Rosemary mineralised trends to the west.

A surface programme has drill tested the strike and dip extensions of the historical mining areas, commencing in the Caledonian area in the north of the project area to the Lorna Doone workings in the south.

Silver Lake's exploration strategy is to focus on shear and vein hosted gold mineralisation at all locations, and gold-copper mineralisation at the Rothsay and Copper Lakes projects. The more advanced targets at Mount Monger have been prioritized for their early production potential.

RESOURCES

A 38.9% increase to total gold resources and a Maiden Measured Resource at the Mount Monger Operation was achieved from the Company's underground and surface drilling programme, remodeling of the ore surfaces using digitized face mapping, extensive sampling and assay data and an improved interpretation of the nature of the orebody.

The high grade resource increase at Mount Monger extends the estimated Daisy Milano mine life from three years to five years and mining studies have commenced for Christmas Flats, Lorna Doone and Costello open pits.

Silver Lake commenced its exploration programme at Mount Monger in January 2008 and is targeting 2Moz Au in resource at Mount Monger, and a further 3Moz Au at its Murchison projects.

In the Murchison area the resource ounces increased by 45% (excluding the resource increase due to the acquisition of the Comet project). This increase was the result of re-interpretation of historical data and the generation of new resource models.



EXPLORATION & RESOURCES REPORT

As at September 2008, the Measured, Indicated and Inferred Mineral Resources were as follows:

Table 2: Silver Lake Resource Inventory as at September 2008

Deposit	Measured Resources ¹			Indicated Resources ¹			Inferred Resources ¹			Total Resources ¹		
	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s	Ore t '000s	Grade g/t Au	Total Oz Au '000s
Daisy Milano ²	93.6	37.9	114.1	65.4	20.8	43.7	92.0	30.8	91.2	251.0	30.8	249.0
Christmas Flats ⁵	-	-	-	206.5	3.5	23.0	247.2	3.5	28.1	453.7	3.5	51.1
Costello ³	-	-	-	-	-	-	94.0	3.7	11.2	94.0	3.7	11.2
Lorna Doone ³	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Total Mount Monger	93.6	37.9	114.1	272.0	7.6	66.7	544.2	8.3	144.7	909.8	11.1	325.5
Comet ⁴	-	-	-	1,442.3	3.4	155.4	374.0	6.4	77.0	1,816.3	4.0	232.4
Moyagee	-	-	-	-	-	-	820.2	8.5	224.2	820.2	8.5	224.2
Tuckabianna ⁵	-	-	-	2,327.1	2.8	212.1	2,393.0	3.1	237.9	4,720.3	3.0	450.0
Total Murchison	-	-	-	3,769.4	3.0	367.5	3,587.4	4.7	539.0	7,356.9	3.8	906.5
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	93.6	37.9	114.1	4,041.4	3.3	434.2	4,722.8	5.4	816.6	8,857.8	4.8	1,364.9

Notes

- The figures quoted represent the geological resource. No "Modifying Factors" have been applied as per the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").
- For the Daisy Milano Measured and Indicated Resource calculation, the geology model was formed by the incorporation of geological mapping, face production sampling and drillhole data. Mineralised veins down to a width of 0.1 metre are included in the resource model.
For the Daisy Milano Inferred Resource calculation the geology model was extrapolated from 460 metres below the surface down to 550 metres below the surface, which is the bottom of the current mine plan. This represents 100% of the Inferred Resource.
- The Costello and Lorna Doone resources incorporate oxide, transition and sulphide material. The models are based mainly on RC drilling with less than 10% diamond drill data.
- Silver Lake completed its acquisition of the Comet project on 1 July 2008.
- Resources calculations for Christmas Flats and Tuckabianna were based on reviews of historical drilling data and a recalculation of resource models.

EXPLORATION & RESOURCES REPORT

TENEMENT SCHEDULE

Project	Tenement		Registered Holder	Holder %	Date Granted	Date Expiry	Renewal/ Application Date	Area	
	Type	Number						Hectares	Blocks
Copper Lakes	E	45/2903	Rudd AP	100%	-	-	1/05/2006	24180.00	78.0
Comet	E	21/0125	Cue Minerals Pty Ltd	100%	16/01/2008	15/01/2013	-	9300.00	30.0
	M	21/0008	Alloy Resources Ltd	100%	16/05/1986	15/05/2028	-	47.68	-
	M	21/0072	Alloy Resources Ltd	100%	02/09/1991	01/09/2012	-	745.30	-
	P	20/1931	Cue Minerals Pty Ltd	100%	29/12/2006	28/12/2010	-	31.45	-
	P	20/1977	Cue Minerals Pty Ltd	100%	18/12/2007	17/12/2011	-	199.00	-
	P	21/0629	Cue Minerals Pty Ltd	100%	17/09/2004	16/09/2008	-	22.00	-
	P	21/0641	Cue Minerals Pty Ltd	100%	02/02/2007	01/02/2011	-	38.21	-
	P	21/0642	Cue Minerals Pty Ltd	100%	02/02/2007	01/02/2011	-	98.66	-
Kurrajong	E	20/0531	Cue Minerals Pty Ltd	100%	23/08/2006	22/08/2011	-	6820.00	22.0
	E	20/0573	Mavia Pty Ltd	100%	-	-	02/12/2004	930.00	3.0
	E	20/0616	Cue Minerals Pty Ltd	100%	22/01/2007	21/01/2012	-	9610.00	31.0
Lakewood	L	26/0234	Silver Lake Resources Ltd	100%	03/04/2008	02/04/2029	-	33.00	-
	M	26/0242	Silver Lake Resources Ltd	100%	18/10/1988	17/10/2009	-	141.65	-
	M	26/0367	Silver Lake Resources Ltd	100%	12/05/1993	11/05/2014	-	2.08	-
Moyagee	M	21/0087	Silver Lake Resources Ltd	100%	01/09/1994	31/08/2015	-	367.50	-
	M	21/0106	Silver Lake Resources Ltd	100%	19/05/1999	18/05/2020	-	935.00	-
	M	21/0107	Silver Lake Resources Ltd	100%	19/05/1999	18/05/2020	-	642.85	-
	M	21/0114	Noble Mining Corp Pty Ltd	100%	-	-	20/11/1996	99.73	-
	M	21/0115	Noble Mining Corp Pty Ltd	100%	-	-	20/11/1996	107.00	-
	M	21/0117	Perilya Ltd	100%	-	-	20/11/1996	426.00	-
	M	21/0148	Noble Mining Corp Pty Ltd	100%	-	-	23/05/2001	10.45	-
	M	21/0149	Noble Mining Corp Pty Ltd	100%	-	-	23/05/2001	161.74	-
	M	21/0150	Noble Mining Corp Pty Ltd	100%	-	-	23/05/2001	47.36	-
	M	21/0151	Noble Mining Corp Pty Ltd	100%	-	-	23/05/2001	8.67	-
	M	21/0152	Noble Mining Corp Pty Ltd	100%	-	-	23/05/2001	216.03	-
	M	21/0165	Perilya Ltd	100%	-	-	21/09/2005	-	-
	M	21/0166	Perilya Ltd	100%	-	-	21/09/2005	-	-
	M	21/0167	Perilya Ltd	100%	-	-	21/09/2005	-	-
	M	58/0224	Silver Lake Resources Ltd	100%	29/08/1995	28/08/2016	-	320.00	-
	M	58/0225	Silver Lake Resources Ltd	100%	29/08/1995	28/08/2016	-	154.00	-
	M	58/0242	Perilya Ltd	100%	-	-	21/02/1996	932.00	-
	M	58/0243	Perilya Ltd	100%	-	-	21/02/1996	288.00	-
	E	21/0129	Noble Mining Corp Pty Ltd	100%	30/01/2008	29/01/2013	-	7130.00	23.0
	E	58/0335	Perilya Ltd	100%	04/06/2008	03/06/2013	-	5270.00	17.0
	P	21/0651	Noble Mining Corp Pty Ltd	100%	-	-	31/08/2006	168.84	-
	P	21/0652	Noble Mining Corp Pty Ltd	100%	-	-	31/08/2006	100.23	-
	P	21/0653	Perilya Ltd	100%	-	-	31/08/2006	135.46	-
	P	21/0654	Perilya Ltd	100%	-	-	31/08/2006	29.09	-
	P	21/0655	Perilya Ltd	100%	-	-	31/08/2006	3.36	-
	P	21/0656	Perilya Ltd	100%	-	-	31/08/2006	5.23	-
	P	21/0657	Perilya Ltd	100%	-	-	31/08/2006	174.43	-
	P	21/0658	Perilya Ltd	100%	-	-	31/08/2006	48.43	-
	P	21/0659	Perilya Ltd	100%	-	-	31/08/2006	42.03	-
	P	21/0662	Noble Mining Corp Pty Ltd	100%	-	-	09/11/2006	155.00	-
	P	21/0663	Noble Mining Corp Pty Ltd	100%	-	-	09/11/2006	93.00	-

EXPLORATION & RESOURCES REPORT

Project	Tenement		Registered Holder	Holder %	Date Granted	Date Expiry	Renewal/ Application Date	Area	
	Type	Number						Hectares	Blocks
	P	21/0664	Noble Mining Corp Pty Ltd	100%	-	-	09/11/2006	148.00	-
	P	21/0665	Noble Mining Corp Pty Ltd	100%	-	-	09/11/2006	48.00	-
	P	21/0666	Noble Mining Corp Pty Ltd	100%	-	-	09/11/2006	160.00	-
	P	21/0667	Noble mining Corp Pty Ltd	100%	-	-	09/11/2006	4.40	-
	P	58/1372	Perilya Ltd	100%	-	-	31/08/2006	122.20	-
	P	58/1373	Perilya Ltd	100%	-	-	31/08/2006	124.82	-
	P	58/1374	Perilya Ltd	100%	-	-	31/08/2006	131.49	-
	P	58/1375	Perilya Ltd	100%	-	-	31/08/2006	167.31	-
Mount Monger	L	26/0215	Silver Lake Resources Ltd	100%	04/07/2000	03/07/2021	-	4.00	-
	M	25/0136	Silver Lake Resources Ltd	100%	01/02/1995	31/01/2016	-	95.00	-
	M	26/0038	Silver Lake Resources Ltd	100%	20/10/1983	19/10/2025	-	12.36	-
	M	26/0094	Silver Lake Resources Ltd	100%	08/10/1995	07/10/2027	-	9.56	-
	M	26/0129	Silver Lake Resources Ltd	100%	17/03/1987	16/03/2029	-	24.10	-
	M	26/0250	Silver Lake Resources Ltd	100%	12/01/1989	11/01/2010	-	314.75	-
	M	26/0251	Silver Lake Resources Ltd	100%	12/01/1989	11/01/2010	-	331.85	-
	M	26/0271	Silver Lake Resources Ltd	100%	31/03/1989	30/03/2010	-	18.20	-
	M	26/0280	Silver Lake Resources Ltd	100%	07/09/1989	06/09/2010	-	13.52	-
	M	26/0282	Silver Lake Resources Ltd	100%	22/05/1989	21/05/2010	-	27.56	-
	M	26/0325	Silver Lake Resources Ltd	100%	22/01/1990	21/01/2011	-	15.83	-
	M	26/0389	Silver Lake Resources Ltd	100%	20/03/1992	19/03/2013	-	77.00	-
	M	26/0393	Silver Lake Resources Ltd	100%	24/06/1992	23/06/2013	-	68.00	-
	M	26/0402	Silver Lake Resources Ltd	100%	29/10/1992	28/10/2013	-	475.80	-
	M	26/0410	Silver Lake Resources Ltd	100%	18/11/1992	17/11/2013	-	11.20	-
	M	26/0411	Silver Lake Resources Ltd	100%	25/01/1993	24/01/2014	-	10.00	-
	M	26/0415	Silver Lake Resources Ltd	100%	08/02/1993	07/02/2014	-	2.07	-
	M	26/0500	Silver Lake Resources Ltd	100%	-	-	23/08/1995	4.50	-
	M	26/0636	Silver Lake Resources Ltd	100%	11/01/1999	10/01/2020	-	5.90	-
	M	26/0665	Silver Lake Resources Ltd	100%	25/10/2000	24/10/2021	-	9.44	-
	P	25/1872	Silver Lake Resources Ltd	100%	22/11/2007	21/11/2011	-	178.00	-
	P	25/1873	Silver Lake Resources Ltd	100%	22/11/2007	21/11/2011	-	186.00	-
	P	25/1962	Silver Lake Resources Ltd	100%	22/11/2007	21/11/2011	-	121.00	-
	P	25/1963	Silver Lake Resources Ltd	100%	22/11/2007	21/11/2011	-	121.00	-
	P	26/1987	Silver Lake Resources Ltd	100%	29/08/1991	28/08/1995	-	4.09	-
	P	26/3253	Silver Lake Resources Ltd	100%	21/08/2006	20/08/2010	-	10.00	-
	P	26/3417	Silver Lake Resources Ltd	100%	12/08/2008	11/08/2012	-	8.00	-
	P	26/3501	Silver Lake Resources Ltd	100%	-	-	01/02/2007	-	-
	P	26/3502	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	24.00	-
	P	26/3503	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	9.71	-
	P	26/3504	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	4.15	-
	P	26/3505	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	134.00	-
	P	26/3506	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	102.00	-
	P	26/3507	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	70.00	-
	P	26/3508	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	157.00	-
	P	26/3509	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	157.00	-
	P	26/3510	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	183.00	-
	P	26/3511	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	158.00	-

EXPLORATION & RESOURCES REPORT

Project	Tenement		Registered Holder	Holder %	Date Granted	Date Expiry	Renewal/ Application Date	Area	
	Type	Number						Hectares	Blocks
	P	26/3512	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	198.00	-
	P	26/3513	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	177.00	-
	P	26/3514	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	150.00	-
	P	26/3513	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	179.00	-
	P	26/3516	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	129.00	-
	P	26/3517	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	122.00	-
	P	26/3518	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	199.00	-
	P	26/3519	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	121.00	-
	P	26/3520	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	195.00	-
	P	26/3521	Silver Lake Resources Ltd	100%	17/01/2008	16/01/2012	-	183.00	-
	P	26/3522	Silver Lake Resources Ltd	100%	22/11/2007	21/11/2011	-	80.00	-
Rothsay	E	59/1234	Silver Lake Resources Ltd	100%	29/01/2007	28/01/2012	-	310.00	1.0
	E	59/1262	Royal Resources Ltd	100%	10/08/2007	09/08/2012	-	310.00	1.0
	E	59/1263	Royal Resources Ltd	100%	10/08/2007	09/08/2012	-	310.00	1.0
	E	59/1455	Silver Lake Resources Ltd	100%	-	-	21/12/2007	310.00	1.0
	E	59/1494	Silver Lake Resources Ltd	100%	-	-	31/03/2008	1550.00	5.0
	L	59/0024	Silver Lake Resources Ltd	100%	22/08/1989	21/08/2009	-	6.90	-
	M	59/0039	Silver Lake Resources Ltd	100%	04/12/1986	03/12/2028	-	710.30	-
	M	59/0040	Silver Lake Resources Ltd	100%	04/12/1986	03/12/2028	-	380.85	-
	P	59/1745	Silver Lake Resources Ltd	100%	14/02/2007	13/02/2011	-	122.60	-
	P	59/1746	Silver Lake Resources Ltd	100%	14/02/2007	13/02/2011	-	152.70	-
	P	59/1747	Silver Lake Resources Ltd	100%	14/02/2007	13/02/2011	-	128.10	-
			Tectonic Resources NL	50%	-	-	-	-	-
Tuckabianna	E	20/0606	Burnakurra Pty Ltd	50%	08/08/2007	07/08/2012	-	8680.00	28.0
			Tectonic Resources NL	50%	-	-	-	-	-
	E	20/0607	Burnakurra Pty Ltd	50%	08/08/2007	07/08/2012	-	6200.00	20.0
			Tectonic Resources NL	50%	-	-	-	-	-
	E	20/0608	Burnakurra Pty Ltd	50%	08/08/2007	07/08/2012	-	2790.00	9.0
	M	20/0055	Silver Lake Resources Ltd	100%	19/05/1987	18/05/2029	344.25	-	-
	M	20/0108	Silver Lake Resources Ltd	100%	06/05/1988	05/05/2009	-	932.70	-
	M	20/0111	Silver Lake Resources Ltd	100%	06/05/1988	05/05/2009	-	240.05	-
	M	20/0176	Silver Lake Resources Ltd	100%	10/04/1989	09/04/2010	-	322.55	-
	M	20/0183	Silver Lake Resources Ltd	100%	05/09/1989	04/09/2010	-	7.88	-
	M	20/0195	Silver Lake Resources Ltd	100%	16/05/1990	15/05/2011	-	784.35	-
	M	20/0208	Silver Lake Resources Ltd	100%	04/12/1990	03/12/2011	-	819.75	-
	M	20/0225	Silver Lake Resources Ltd	100%	09/01/1992	08/01/2013	-	10.03	-
	M	20/0245	Silver Lake Resources Ltd	100%	15/09/1992	14/09/2013	-	100.00	-
	M	20/0247	Silver Lake Resources Ltd	100%	26/10/2002	25/10/2013	-	9.99	-
	M	20/0277	Silver Lake Resources Ltd	100%	29/08/1995	18/08/2016	-	707.35	-
	P	20/1848	Silver Lake Resources Ltd	100%	18/09/2006	17/09/2010	-	97.00	-
	P	20/2038	Silver Lake Resources Ltd	100%	-	-	16/10/2007	195.00	-
	P	20/2039	Silver Lake Resources Ltd	100%	-	-	16/10/2007	186.00	-
	P	20/2040	Silver Lake Resources Ltd	100%	-	-	16/10/2007	145.00	-
	P	20/2041	Silver Lake Resources Ltd	100%	-	-	16/10/2007	128.00	-
	P	20/2042	Silver Lake Resources Ltd	100%	-	-	16/10/2007	124.00	-
	P	20/2043	Silver Lake Resources Ltd	100%	-	-	16/10/2007	156.00	-

M= Mining Lease
E= Exploration License
P= Prospecting License
L = Miscellaneous License

PROJECTS REPORT

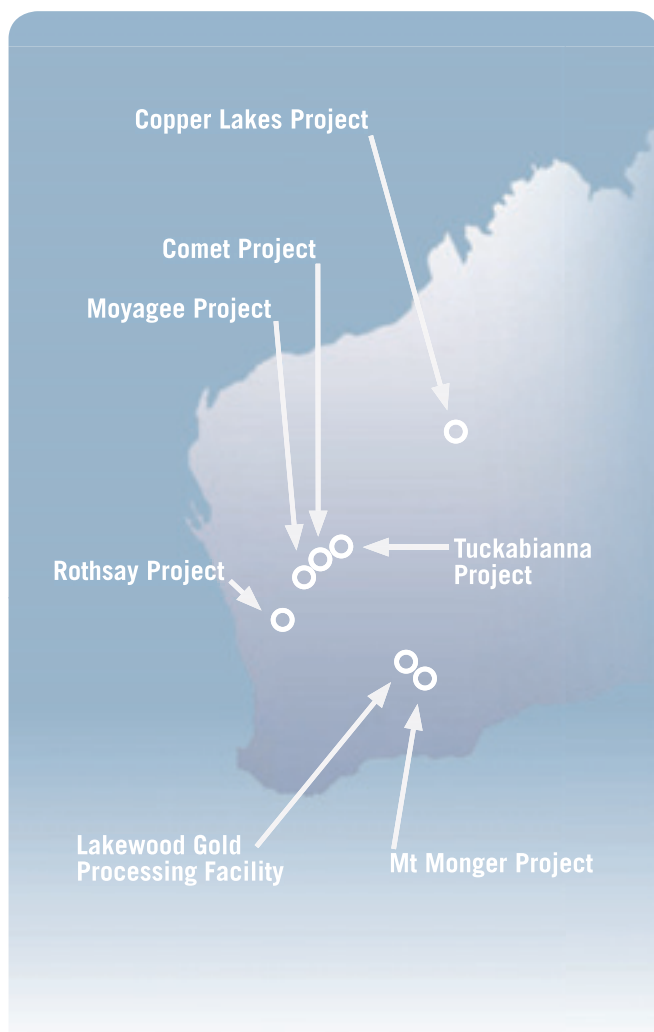


Figure 1: Map of Western Australia showing the location of Silver Lake's projects

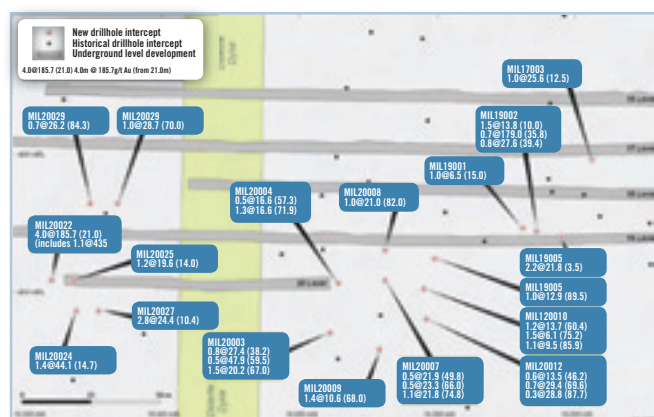


Figure 2: Long section view of underground drilling programme conducted to test down dip and along strike continuity of 20 and 21 levels at Daisy Milano

MOUNT MONGER GOLDFIELD

The Mount Monger goldfield is situated within the terrane subdivision of the Eastern Goldfields Province located 50 km southeast of Kalgoorlie. Gold mining in the Mount Monger area began during the early 1900's. Production records indicate that the field has produced in excess of 400,000 oz Au. Only sub-cropping mineralisation appears to have been exploited by early miners, with historic workings in the field typically extending to depths of no greater than 80 metres below the surface.

The Mount Monger goldfield is accessible via the Mount Monger road which is bitumen for 15 km then an all weather road for the remaining 35 km. The project consists of 44 granted tenements covering 45 km² with another 67 km² under application. All of the resources and historical workings lie within granted tenements.

Daisy Milano Mine – Western Australia (Silver Lake 100%)

The Daisy Milano gold deposit is hosted by a dilational zone within a north-south trending shear zone. The mineralisation occurs as a swarm of the thin quartz veins in two major lodes; typically less than two metres in width, dipping at about 80 degrees east, plunging to the south and lengthening in strike extent at depth.

The mine is accessed via a decline from the surface. The decline is well advanced ahead of ore development and stoping activities and currently extends down to a vertical depth of approximately 460 metres. The decline is planned to be excavated down to a vertical depth of 520 metres, which is the current drilled extent of the lode bottom of the resource.

The mineralised lodes observed underground have many similarities to lode structures of Kalgoorlie's Golden Mile (located to the northwest), in terms of the nature of shearing and veining, alteration assemblage and gold tenor.

Daisy Milano commenced production under Silver Lake's ownership in early December 2007, and within a week an underground diamond drill rig was in operation to infill drill the mine area between the 19 and 21 levels of the mine. The results from this programme provided confidence in the continuity of the mineralisation and also highlighted the existence of parallel lodes in the orebody (see Figure 2).

Other Tenements

Silver Lake's Mount Monger project area represents a contiguous lease package covering approximately 10 strike km of highly prospective greenstone stratigraphy. The Mount Monger goldfield consists of dozens of historic workings on several lines of mineralisation, most of which have not been sufficiently explored, particularly at depth. Importantly, many of these workings are in very close proximity to Daisy Milano mine, which presents an opportunity to exploit neighboring lodes via the current mine infrastructure.

PROJECTS REPORT

Until recently, ownership of tenements over the Mount Monger goldfield has been fragmented. As a result, it has not been possible to implement a consolidated, holistic approach to regional exploration. Now that Silver Lake has single ownership the full potential of this highly prospective 10 km of strike can now be realized.

Regionally, previous explorers in the Mount Monger goldfield concentrated on finding near surface, oxidized mineralisation suitable for open pit mining. However, historical mining points to the high grade, quartz reef hosted nature of the mineral field, indicating that the real thrust should have been directed towards finding more Daisy Milano look-a-like structures, where ore grades of over 10 g/t Au could be expected.

A large mining company initiated a gold potential study of the Mount Monger field in June 2003. Interpretation of the mineralised structures identified targets with the potential to host between 1.8Moz Au and 4.5Moz Au over nine independent zones down to a depth of 500 metres. That company did not proceed with a transaction because the project did not meet its minimum 5Moz Au endowment criteria.

Silver Lake commenced its exploration programme in January 2008 and is targeting 2Moz Au in resource.

The Mount Monger lease package includes the operating underground mine, Daisy Milano, as well as some open pit gold mines (currently not operating) (see Figure 3).

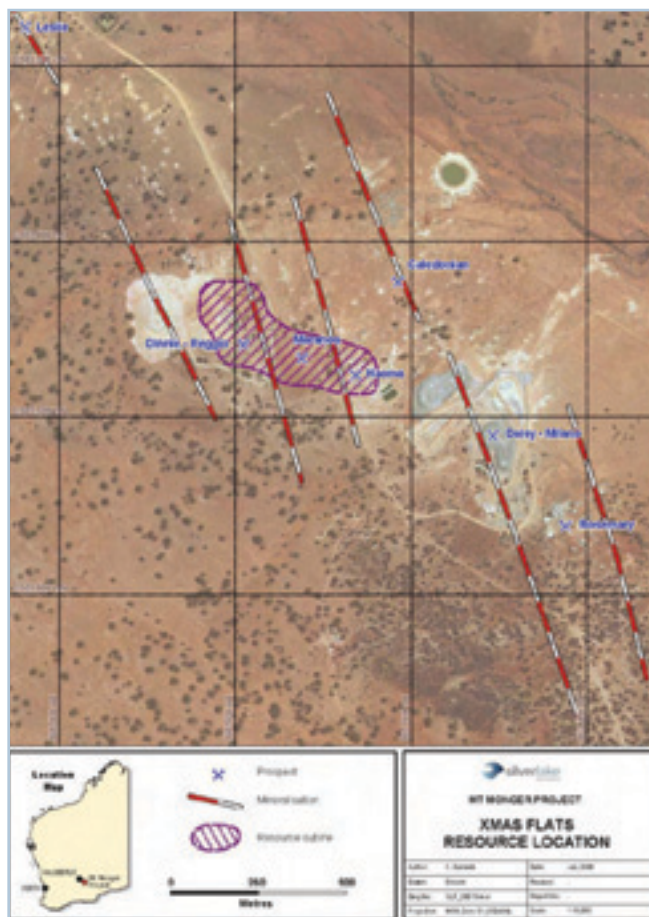


Figure 4: Plan view of the Christmas Flats area relative to the existing Daisy Milano mine

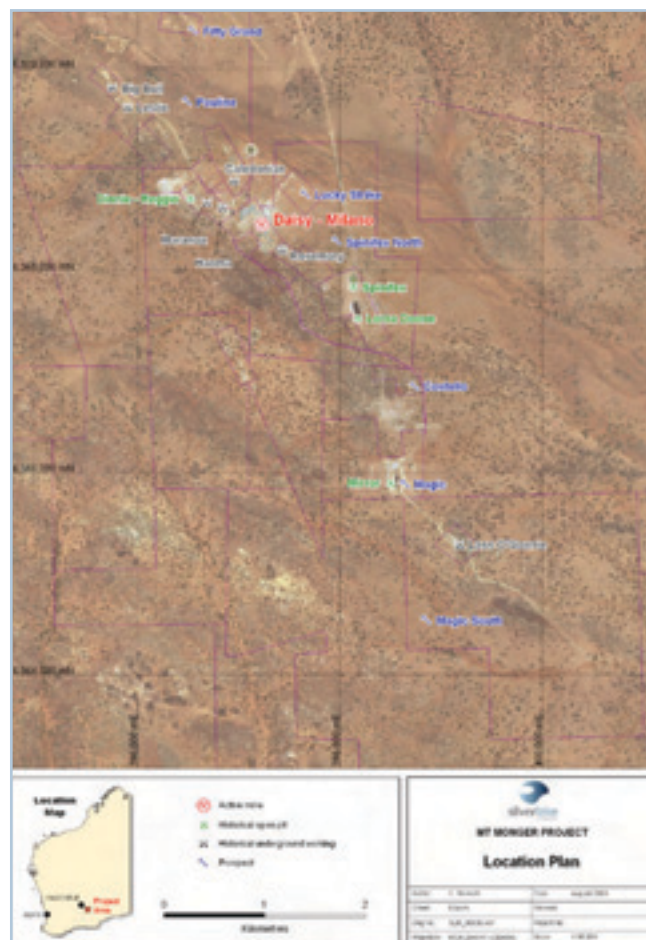


Figure 3: Location plan of Mount Monger areas showing the active mine, historical mining areas and untested prospects. Due to the untested depth potential of the field, the historic mining areas still represent high quality exploration targets

Christmas Flats Project – Western Australia (Silver Lake 100%)

The Christmas Flats area comprises the historical mines known as Haoma, Maranoa and Dinnie Riggio. All of these areas were mined via underground with production ceasing in the early 1960's. In the mid 1990's an open pit was mined at the northern end of the Dinnie Riggio ore body. Silver Lake has undertaken a re-evaluation of the historical drilling and conducted a re-interpretation of the geological model. Based on this work a resource model was generated yielding on Indicated Resource of 206,500 tonnes at 3.5 g/t Au for 23,000 oz and an Inferred Resource of 247,300 tonnes at 3.5 g/t Au for 28,100 oz. This resource is currently the subject of a full mining evaluation to test the feasibility of an open pit operation.

Diamond drilling carried out by Silver Lake at the southern end of Christmas Flats shows the mineralised system continues at depth, to the south, and may in the future become an underground mining operation.

PROJECTS REPORT

Haoma Project – Western Australia (Silver Lake 100%)

The Haoma project is a historic underground mine which is approximately 200 metres west of the Daisy Milano decline. Fifteen underground diamond drill holes were targeted at the southern (down plunge extension) of the mine workings (see Figure 6). The results from this drill programme shows that the Haoma area is composed of multiple steep dipping zones of high grade mineralisation. The area remains open down plunge and down dip.

Caledonian Project – Western Australia (Silver Lake 100%)

Surface drilling at the Caledonian project has focussed on following up historical drilling and workings. A 15 drillhole programme consisting of eight RC holes and seven diamond holes showed that the Caledonian area had continuity along strike to the south and down dip (see Figure 7).

Spinifex and Lorna Doone Projects – Western Australia (Silver Lake 100%)

To the south in the Spinifex and Lorna Doone area, two holes were drilled to test the possibility of depth extensions to these two ore zones. Both holes intersected wide zones of mineralisation with thinner zones also present above and below (see Figure 8 and 9). These results, as well as providing targets for future exploration, show that there is depth extent to these shallow orebodies and zones of thicker mineralisation are present in the Mount Monger field.

MURCHISON GOLDFIELD

Silver Lake's projects situated in the Murchison Goldfield are located between the multi-million oz gold producing areas of Mount Magnet and Cue, 600 km northeast of Perth (see Figure 10).

Murchison assets consist of the Tuckabianna, Comet, and Moyagee projects with a combined resource of 7,356,900 tonnes at 3.80 g/t Au for 906,500 oz.

The data from the projects contained has been completely reviewed. This review consisted of all of the drillhole databases and available geophysical data, and internal reports.

Work has commenced on a pre-feasibility study. The pre-feasibility study entails a capital study, a reserve estimate and the preferred milling option for the Murchison projects. These projects are in a highly prospective region and have near term production potential. Silver Lake's strategy is to develop production centres at Mount Monger and at the Murchison with multiple mines at each centre.

The pre-feasibility study is expected to be completed in the December 2008 quarter.

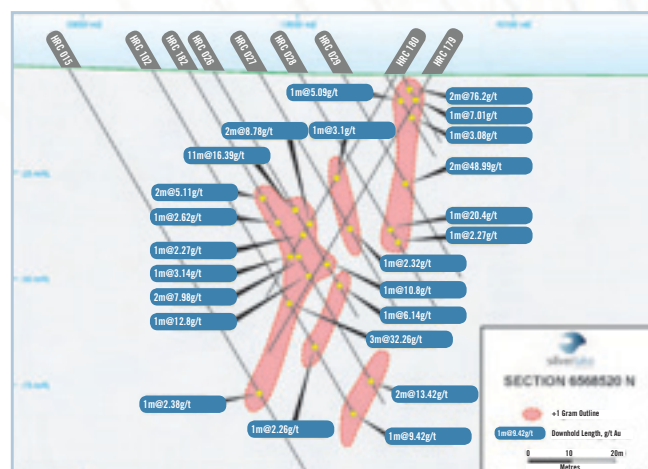


Figure 5: Section through the Christmas Flats resource showing the ore resource out lines at a 1 g/t Au cut-off grade

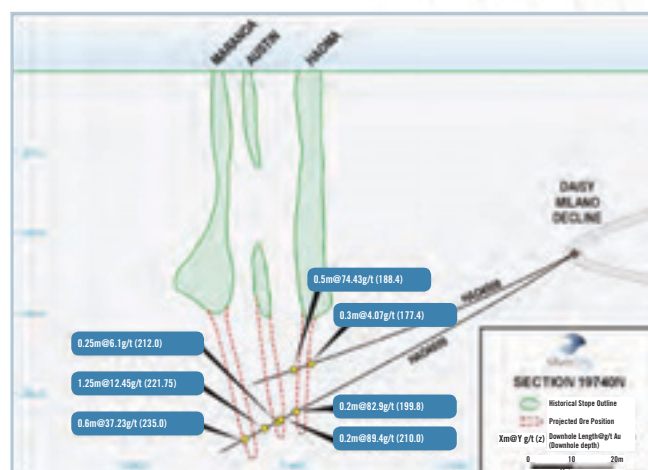


Figure 6: Cross section showing recent underground drilling results testing the Haoma trend. Results of this drilling highlight the possible depth extent of these historical mining areas and the presence of multiple stacked lodes of mineralisation



Figure 7: Long section view of results from recent drilling in the Caledonian area. This area remains open at depth and along strike to the south

PROJECTS REPORT



Figure 8: Cross section showing the evidence for mineralisation at depth below the Lorna Doone pit which has not been mined for over 10 years

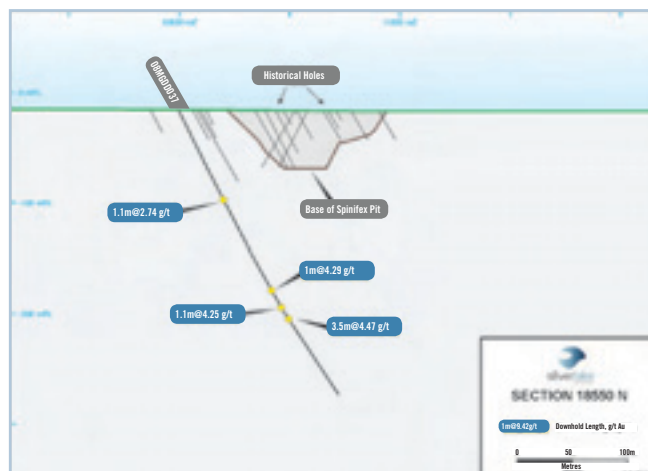


Figure 9: Cross section showing the evidence for depth extension of mineralisation below Spinifex pit which has not been mined for over 10 years



Figure 10: Plan showing the location of Silver Lake project areas of Tuckabianna, Comet and Moyagee. The location of these leases occupies a significant position on the major mineralised structures in the Murchison gold province

Tuckabianna Project – Western Australia (Silver Lake 100%)

Background

Gold was discovered at Tuckabianna in 1915 with intermittent small scale production from rich mineralised pods within the host banded iron formation. During the period leading up to the commencement of modern open pit mining operations in 1988, total gold production was 53,000 oz at an average grade of 18 g/t Au.

Between 1988 and 1997, approximately six million tonnes of ore was treated from the Tuckabianna area for total production exceeding 500,000 oz Au. Most of this production came from 17 different open pits located within the project area.

Exploration

The extensive Tuckabianna database has been reviewed and several targets identified. These targets will be the subject of an RC drilling programme. The intention of the programme is to establish continuity of the existing resources down plunge and down dip.

Comet Project – Western Australia (Silver Lake 100%)

Background

The Comet project is a pre-development gold project that also has advanced exploration targets. Mining activities commenced in the Comet project area in 1913 with underground mining being carried out until 1983. Before the 1980's gold mining activities were largely limited to intermittent underground mining and in the late 1980's, open pit mining was undertaken at the Comet and Pinnacles deposits with production being 638,335 tonnes at 3.45 g/t Au. Up to 1996, the project area was subject to active mining operations.

PROJECTS REPORT

Exploration

The target generation process for the Comet area is in progress and a drilling programme will commence in the area in 2009.

Kurrajong Nickel Project – Western Australia (Silver Lake 100%)

The Kurrajong project sits directly to the east of the Company's Comet gold project near Cue, Western Australia. Several ultramafic peridotite horizons have been identified with anomalous geochemical signatures that indicate high potential for hosting komatiite style nickel sulphide mineralisation.

Moyagee Project – Western Australia (Silver Lake 100%)

Background

Silver Lake's Moyagee project has been the subject of several phases of exploration since the early 1980's. Past gold production from the project area totaled 11,780 oz from some 9,400 tonnes of ore, mainly from small high grade quartz veins.

Exploration

The Lena prospect, at Moyagee, is the primary target for exploration in the coming year. In the second quarter of 2008 a deep diamond drilling programme will commence to test the dip and strike continuity of this resource which remains open at depth and to the north and south.

OTHER

Rothsay Project – Western Australia (Silver Lake 100%)

Background

The Rothsay gold deposit was first discovered in 1894 and several of the veins making up the deposit were mined up until 1994. It has been estimated that approximately 56,000 oz Au was produced from the small scale open pit and underground mining operations.

Location

The Rothsay project is located 300 km north-northeast of Perth and 70 km east of the wheat belt town of Perenjori. Access to the area is gained by gravel roads from Perenjori or Paynes Find. The project consists of eight granted tenements covering 25 km².

Exploration

In the second quarter of 2008 a SkyTEM and magnetic geophysical survey will be conducted at Rothsay. The gold mineralisation at Rothsay is associated with copper rich sulphides. The geophysical survey is

aimed at highlighting areas within the project where accumulations of these sulphides exist.

Copper Lakes Project – Western Australia (Silver Lake 100%)

The Copper Lakes project is located on the edge of the Great Sandy Desert approximately 520 km southeast of Port Hedland and approximately 200 km south of the Telfer copper-gold mine. Access to the project from Newman is via the unsealed Talawana track.

The project is located within the Rudall Complex, the Proterozoic core of the Paterson Orogen in the remote north of Western Australia. The Paterson Orogen is host to several major mineral deposits including Telfer (gold and copper), Nifty (copper) and Kintyre (uranium).

It is noteworthy that previous explorers reported assays from surface sampling programmes of up to 10 g/t Au, 26% Cu, and over 0.1% Co from the various locations on the project license.

The Copper Lakes project is relatively under-explored, but this has not hindered the delivery of some very significant gold and copper assays from past exploration efforts. It is awaiting grant of the exploration tenement at which time exploration activities will commence.

DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Silver Lake Resources Limited ("Silver Lake" or "the Company") and the entities it controlled at the end of, or during the financial year ended 30 June 2008.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated.

Paul Chapman

B Comm, ACA, Grad Dip Tax, CFTP (Snr), MAICD, SA Fin
Non-Executive Chairman
Appointed 20 April 2004

Mr Chapman is a chartered accountant with over 20 years experience in the resources sector gained in Australia and the United States. Mr Chapman has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas.

Mr Chapman has held managing director and other senior management roles in public companies of various sizes and is Chairman of uranium explorer Encounter Resources Ltd and minerals explorer Rex Minerals Ltd, and a Director of emerging nickel producer Albion Ltd.

Les Davis

MSc (Min Econ)
Managing Director
Appointed 25 May 2007

Mr Davis has over 30 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 GM Expansion Projects with organizations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd.

Mr Davis has held no other directorships in publicly listed companies.

Chris Banasik

B App Sc (Physics), MSc (Econ Geol), Grad Dip Ed, MAusIMM
Executive Director – Exploration & Geology
Appointed 25 May 2007

Mr Banasik has over 21 years experience in the resource industry which includes 10 years hands-on experience in mine geology resource and reserve calculation and a history of successful exploration in the Kambalda region of Western Australia.

Mr Banasik has extensive experience in leading geology and exploration teams and managing drilling programmes, surveying, mine planning and other technical services through 11 years in management roles with WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd.

Mr Banasik has held no other directorships in publicly listed companies.

Brian Kennedy

Cert Gen Eng
Non-Executive Director
Appointed 20 April 2004

Mr Kennedy has operated a successful resource consultancy for over 25 years and has worked in the coal, iron ore, nickel, gold and fertilizer industries. During this time Mr Kennedy managed large scale mining operations such as Kambalda and Mount Keith on behalf of WMC Resources Ltd.

Mr Kennedy was a founding shareholder and director of Reliance Mining Ltd, before its takeover by Consolidated Minerals Ltd.

DIRECTORS' REPORT

Peter Johnston

BA, FAICE, FAusIMM
Non-Executive Director
Appointed 22 May 2007

Mr Johnston's extensive management career spans 30 years. That time includes senior management roles at WMC Resources Ltd, Alcoa of Australia Limited and Lion Nathan Limited. Mr Johnston has been Chief Executive Officer of Minara Resources Ltd since 2001. As Executive General Manager at WMC Resources Ltd for over eight years, Mr Johnston was at various times responsible for nickel and gold operations, Olympic Dam operations, Queensland Fertilizers Ltd and human resources.

Mr Johnston is an Executive Council member of the Chamber of Minerals and Energy, a Director of the Minerals Council of Australia and the Nickel Institute and Emeco Holdings Limited, and a member of the Australian Mines and Metals Association.

David Griffiths

B Bus
Non-Executive Director
Appointed 25 May 2007

Mr Griffiths has more than 30 years management and strategic communications experience developing from an initial focus on human resources and employee relations to broader, group-wide strategic roles. Previously Mr Griffiths was employed by WMC Resources Ltd and held the roles of Group Manager – Employee Relations and more recently, General Manager Corporate Affairs and Community Relations.

Currently, Mr Griffiths is the Managing Director of the communications strategy and public relations company Gryphon Management Australia Pty Ltd which he established in 2004. Gryphon Management assists companies to develop and implement strategic communication plans, human resources strategies and corporate reputation plans.

COMPANY SECRETARY

Gavin Cooke

ACMA, B Comm, Grad Dip CSP
Appointed 3 May 2007

Mr Cooke has considerable expertise in all aspects of business management via a varied commercial career of 13 years. A Chartered Management Accountant, Mr Cooke completed a Graduate Diploma in Company Secretarial Practice with Chartered Secretaries Australia.

Mr Cooke held operational and corporate roles with WMC Resources Ltd for five years and senior commercial roles in the property and telecommunications sectors.

Mr Cooke has held no directorships in publicly listed companies.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit Committee, Remuneration Committee and a Nomination Committee.

Those members acting on the committees of the Board during the year were:

Audit*	Remuneration*	Nomination*
David Griffiths (c)	Brian Kennedy (c)	Peter Johnston (c)
Peter Johnston	Peter Johnston	Brian Kennedy
Paul Chapman	David Griffiths	David Griffiths

(c) Designates the chairman of the committee

* Formed on 17 August 2007

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director are as follows:

	Director's Meetings	Meetings of Committees		
		Audit	Remuneration	Nomination
Number of meetings held:	13	1	-	-
Number of meetings attended:				
Paul Chapman	13	1	-	-
Les Davis	13	-	-	-
Chris Banasik	12	-	-	-
Brian Kennedy	11	-	-	-
Peter Johnston	13	1	-	-
David Griffiths	13	1	-	-

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital as notified by the directors to the Australian Stock Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Name of Director	Fully Paid Ordinary Shares	Unlisted Options
Paul Chapman	4,606,908	4,000,000
Les Davis	4,000,000	4,000,000
Chris Banasik	4,000,000	4,000,000
Brian Kennedy	4,075,377	4,000,000
Peter Johnston	4,318,253	4,000,000
David Griffiths	4,158,377	4,000,000

Note: Details of relevant interest of each director are outlined at Note 30 to the financial statements.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were exploration and evaluation of projects, gold mining from the Daisy Milano mine and gold processing at Lakewood Gold Processing Facility ("LGPF").

The Company commenced the activity of gold mining and gold bar dore production during the financial period.

CORPORATE STRUCTURE

Silver Lake is a company limited by shares and is domiciled and incorporated in Australia.

DIRECTORS' REPORT

OPERATING REVIEW

The consolidated entity's operations are discussed in detail in the Operations Report contained in this annual report.

REVIEW OF FINANCIAL CONDITION

The loss of the Group for the financial period, after providing for income tax amounted to \$3,664,000 (2007: \$76,000).

At the end of the financial year the Group had \$1,637,000 in cash (2007: \$841,000). Capitalised mineral exploration and evaluation expenditure is \$22,794,000 (2007: \$20,000) including capital development \$1,474,000 (2007: nil).

Expenditure was principally directed to exploration for, and mining of gold in Western Australia.

CAPITAL STRUCTURE

As at the report date the Company had 153,409,424 fully paid ordinary shares and 26,771,560 options over ordinary shares on issue.

CASH FROM OPERATIONS

Details of the Cash from Operations are outlined in Note 15 of the financial statements.

DIVIDENDS

No dividends have been paid during the year and the directors have not recommended that any dividend be paid.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial period were as follows:

- » on 14 November 2007, the Company announced to the Australian Stock Exchange ("ASX") the completion of its Initial Public Offering of 100 million shares at an issue price of \$0.30 per share raising gross proceeds of \$30 million and was subsequently admitted to the official list of ASX and commenced trading on that date;
- » on 19 November 2007, the Company announced to the ASX the acquisition of its 300,000 tonne per annum LGPF for \$2.4 million; and
- » on 20 March 2008, Silver Lake acquired the Comet gold and Kurrajong nickel projects from Alloy Resources Limited ("Alloy"). Consideration for the transaction was payable as follows:
 - a deposit of \$150,000 was paid to Alloy on reaching agreement; and
 - a cash payment of \$1.425 million was paid to Alloy at completion which occurred on 1 July 2008.

The Company has issued 27,933,334 shares (\$8.4 million) to vendors of projects, and paid \$8.1 million in cash consideration to acquire projects.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As at the date of this report Silver Lake has announced the following strategic initiatives, however, the results of these initiatives depend on the results of future exploration and evaluation and are inherently uncertain:

- » Silver Lake plans to open further open pit ore sources at its Mount Monger operations including the Christmas Flats, Costello, and Lorna Doone deposits, in order to increase utilization of the LGPF; and
- » the Company has commenced a pre-feasibility study to determine strategies to open a second multi-source mining centre at its Murchison projects, the results of the study are due by the end of 2008.

Further information on the likely developments in the operations of the Company and the expected results of those operations in the future financial years has not been included in this report because the directors believe disclosure would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company's operations hold licenses issued by the relevant regulatory authorities. These licenses 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 breach of those environmental requirements.

SHARE OPTIONS

During the financial year Silver Lake issued 2,571,560 unlisted options to acquire unissued shares to employees of the Company.

No ordinary shares were issued on the exercise of options.

As at 29 August 2008 total unissued ordinary shares of the Company under option are:

Number of Options	Exercise Price (\$)	Vesting Date	Expiry Date
24,200,000	\$0.30	-	31 December 2012
1,935,000	\$0.30	29 January 2009	29 January 2013
636,560	\$0.33	14 March 2009	14 March 2013
361,500	\$0.39	20 August 2009	20 August 2013

EMPLOYEES

The consolidated entity had 32 employees as at 30 June 2008. In addition, Silver Lake makes use of contractors and consultants.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current officers and senior executives against any liability (other than the Company or related body corporate) that may arise from their position as directors and officers of the Company except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company has paid D&O insurance premiums of \$10,878 in respect of liability of any current and future officers, and senior executives of the Company.

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

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of Silver Lake or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognizing the need for the highest standards of corporate behavior and accountability, the directors of Silver Lake support and have adhered to the principles of good corporate governance. The Company's corporate governance statement is contained in the following section of this annual report and on the Company's website.

AUDITOR'S INDEPENDENCE

Section 307C of the Corporations Act 2001 requires Silver Lake's auditors, KPMG, to provide the directors of Silver Lake with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2008. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

NON-AUDIT SERVICES

The following non-audit services were provided by the Company's auditor, KPMG. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. The Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

KPMG received the following amounts for the provision of non-audit services:

	2008 \$	2007 \$
Taxation services	20,450	-
Independent accountant's report	33,000	-

REMUNERATION REPORT - AUDITED

Silver Lake chooses to remunerate and reward its directors, officers and employees in accordance with the Company's Remuneration Policy.

Emoluments of directors and senior executives are set by reference to payments made by other mining and exploration companies of similar size, and by reference to the skills and experience of the directors and executives. Details of the nature and amount of emoluments of each director of the Company are disclosed annually in the Company's annual report.

Remuneration Committee

The role of the Remuneration Committee and the Board of Directors of Silver Lake is to assist in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- a. remuneration packages of executive directors, non-executive directors and senior executives; and
- b. employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

DIRECTORS' REPORT

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive directors and senior management remuneration is separate and distinct.

Non-Executive Director Remuneration

The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company, however, to align directors' interests with shareholders' interests; directors are encouraged to hold shares in the Company. It is ensured that:

- a. fees paid to non-executive directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- b. non-executive directors are remunerated by way of fees (in the form of cash and/or superannuation benefits);
- c. non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- d. non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

Any change to the maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting.

The remuneration of non-executive directors is detailed on page 24 of this report.

Executive Director Remuneration

Executive directors pay and reward consists of a base salary and performance incentives to ensure that:

- a. executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;
- b. a proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and
- c. recommendations are made to the Board with respect to the quantum of bonuses to be paid to executives.

Executive directors are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

Senior Management

Senior managements' pay and reward consists of a base salary and performance incentives.

Senior management are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

Incentive Plans and Benefits Programmes

It is the place of the Remuneration Committee to:

- a. review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorizing grants, in accordance with the terms of those plans; and
- b. ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and
- c. continually review and if necessary improve any existing benefit programmes established for employees.

DIRECTORS' REPORT

Director's Remuneration

The Constitution provides that the non-executive directors 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. The directors' fees payable in aggregate to the non-executive directors of the Company are currently set at \$500,000 per annum.

Non-Executive Letters of Engagement

All non-executive directors conduct their duties under the following terms:

- » a non-executive director may resign from his position and thus terminate their contract on written notice to the Company;
- » the Company may by resolution remove any director before the expiration of their period of office, and may by resolution appoint another person in their place. Payment is paid in lieu of the notice period (based on the fixed component of the non-executive director's remuneration) if termination is initiated by the Company, except where termination is initiated from serious misconduct; and
- » the office of directors shall automatically become vacant without notice if serious misconduct has occurred.

In consideration of the services provided by Messrs Kennedy, Johnston and Griffiths, the Company will pay each \$40,000 per annum plus statutory superannuation. In consideration of the services provided by Mr Chapman the Company will pay him \$50,000 per annum plus statutory superannuation.

Messrs Chapman, Kennedy, Johnston and Griffiths are also entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. They may also be reimbursed for out of pocket expenses incurred as a result of their directorships.

Executive Employment Agreements

The Company has entered into service agreements with Mr Les Davis and Mr Chris Banasik (each an "Executive") on the following material terms and conditions. Terms defined in this section have the same meaning as contained in the service agreements.

Mr Davis is appointed to act as Managing Director of the Company for a minimum term of twenty four months commencing from 7 June 2007. Mr Davis will receive base salary of \$230,000 per annum plus the statutory superannuation to be reviewed annually or as agreed in writing between the Executive and the Company. Mr Davis may also receive an annual performance-based bonus of 25% of his current base salary, the performance criteria, assessment and timing of which will be negotiated annually with the Board.

Mr Banasik is appointed to act as Exploration and Geology Director of the Company for a minimum term of twenty four months commencing from 1 June 2007. Mr Banasik will receive an annual base salary of \$215,000 per annum plus the statutory superannuation to be reviewed annually or as agreed in writing between the Executive and the Company. Mr Banasik may also receive an annual performance-based bonus of up to 25% of his current base salary, the performance, assessment and timing of which will be negotiated annually with the Board.

The Executives can, at their sole discretion, elect for part of their remuneration to be paid in the form of benefits other than salary. The Company is required to provide such facilities, equipment, assistance and services as the Executives reasonably require and reimburse them for any expenses incurred by them in the course of their employment, including home telephone expenses, travel, accommodation and entertainment expenses, upon presentation of an itemised account to the Company.

The Service Agreements may be terminated by:

- a. the Executive or the Company providing three months notice or, in the case of notice given by the Executive, any shorter period as the Company may agree in writing;
- b. the death of the Executive;
- c. the Company giving a notice of dismissal to the Executive as a result of the Executive's misconduct, willful neglect in the discharge of his duties, serious or persistent breach of the provisions of the Service Agreement, the Executive being charged with a criminal offence which in the reasonable opinion of the Chairman of the Board brings Silver Lake into disrepute; and
- d. the Company or the Executive giving one months notice if by reason of the Executive's illness or incapacity his absence aggregates 26 weeks in any 52 consecutive weeks or the Executive becomes permanently incapable of performing the responsibilities and duties of his office.

If a notice is given under paragraph (a) above, then the Company may opt to pay the Executive the equivalent of any amount payable to the Executive during the remainder of the notice period and the appointment will terminate on the making of that payment.

DIRECTORS' REPORT

If the Company makes a decision that could have a significant effect on the Executive's employment, such as major changes in its work force, then the Company must notify and discuss the changes with the Executive as soon as possible. In the event of redundancy, the Executives are entitled to a severance payment of a lump sum of three months fixed salary for up to 12 years of service.

Under the Service Agreement, the Executive is employed as a full-time employee of the Company and will consult with the Chairman of the Board annually regarding yearly programmes and goals, perform his duties and any additional duties as may be assigned by the Board from time to time.

The Executive is entitled to 20 business days' annual leave and at least the minimum level of long service leave prescribed by law.

Shareholding Qualifications

The directors are not required to hold any shares in Silver Lake under the Constitution.

Remuneration

Details of the remuneration of each director of Silver Lake and each of the executives of the Company who received the highest remuneration for the year ended 30 June 2008 are set out in the following table:

30 June 2008	Base Emolument \$	Superannuation \$	Other Benefit \$	Options \$	Total \$
Paul Chapman Non-Executive Chairman	40,807	3,673	-	-	44,480
Les Davis Managing Director	228,655	26,295	-	-	254,950
Chris Banasik Executive Director – Exploration & Geology	213,743	24,580	-	-	238,323
Brian Kennedy Non-Executive Director	34,538	3,108	-	-	37,646
Peter Johnston Non-Executive Director	34,538	3,108	-	-	37,646
David Griffiths Non-Executive Director	34,538	3,108	-	-	37,646
Gavin Cooke Company Secretary	103,480	-	-	-	103,480
Total	690,299	63,872	-	-	754,171

Signed in accordance with a resolution of the directors.



Les Davis
Managing Director
26 September 2008

AUDITOR'S INDEPENDENCE DECLARATION



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 for the financial year ended 30 June 2008 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.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to read 'B C Fullarton'.

B C Fullarton
Partner

Perth
26 September 2008

CORPORATE GOVERNANCE

The Board of Directors' of Silver Lake Resources Limited ("Silver Lake" or "the Company") is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Silver Lake on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Australian Stock Exchange ("ASX") Listing Rules ("Listing Rules") require a listed entity to include in its annual report a statement on corporate governance practices disclosing the extent to which it has followed the "best practice" corporate governance recommendations set by the ASX Corporate Governance Council. If the entity has not followed any of the recommendations, it must identify them and give reasons why. It must state the period during which the recommendations were followed. For this purpose, Listing Rules Guidance Note 9A sets out the 10 essential corporate governance principles and the applicable "best practice recommendations".

THE COMPANY'S APPROACH

The Board and senior management of Silver Lake are committed to acting responsibly, ethically and with high standards of integrity as the Company works to create shareholder value. To achieve this goal, the Board has developed and adopted corporate governance practices and policies that have been implemented throughout management and governance. This Corporate Governance Statement summarises these practices as they have been adopted by the Company.

BOARD OF DIRECTORS

Guidelines for the nomination and selection of directors have been established to ensure the Board is well equipped to discharge its responsibilities and for the operation of the Board.

BOARD ROLE AND RESPONSIBILITIES

The Board has adopted a formal Board Charter which details the role of the Board, responsibilities and the conduct under which the Board operates.

The Board is collectively responsible for promoting the success of the Company by:

- a. supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed, which includes but is not limited to (b) to (j);
- b. ensuring the Company is properly managed for example by:
 - i. appointing a Managing Director of the Company for a period and on terms as the directors see fit;
 - ii. ratifying the appointment and, where appropriate, the removal of the chief financial officer and the company secretary;
 - iii. input into and final approval of management's development of corporate strategy and performance objectives;
 - iv. reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; and
 - v. monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- c. approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- d. approving the annual budget;
- e. monitoring the financial performance of the Company;
- f. approving and monitoring financial and other reporting;
- g. providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- h. appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises; and
- i. monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

COMPOSITION OF THE BOARD

Set out in the Directors' Report are the names of the directors of the Company in office at the date of the Statement.

The Board currently comprises six directors. Directors are selected by reference to their background and experience which is relevant to the business needs of the Company. New directors are invited to join the Board by the Chairman who makes the invitation based on recommendations made by the Nomination Committee and approved by the Board.

CORPORATE GOVERNANCE

The Chairman is responsible for leadership of the Board, for the efficient organization and conduct of the Board's function and for the briefing of all directors in relation to issues arising at Board meetings. The Chairman is also responsible for shareholder communication and arranging Board performance evaluation.

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. In making this determination, the Board takes into account the required skills and experience required, in the context of the Company's operations and activities from time to time. In determining whether or not the directors are independent, the Board applies the criteria as set out in the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

The Company has a Managing Director, Mr Les Davis, who is responsible for running the affairs of the Company under the delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

CODE OF CONDUCT

The Company has a Code of Conduct which sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive towards when dealing with each other, shareholders and the broad community. Any breach of the compliance with this Code of Conduct is to be reported directly to the Managing Director or Chairman.

The Company will monitor compliance with this Code of Conduct periodically by liaising with the Board, management and staff especially in relation to any areas of difficulty which arise from the Code of Conduct and any other ideas or suggestions for improvement of it.

CONFLICTS OF INTEREST

In accordance with the Corporations Law, directors of the Company must keep the Board advised of any interest that could potentially conflict with those of the Company. All directors and executive officers of the Company who have material personal interest in a matter relating to the affairs of the Company to give notice of the interest to the other directors.

Where the Board believes that a significant conflict exists, the director concerned will not receive relevant board papers and will not be present at the meeting whilst the item is considered.

AUDIT COMMITTEE

The Audit Committee is comprised of the following non-executive directors:

- » Mr David Griffiths (Chairman);
- » Mr Peter Johnston; and
- » Mr Paul Chapman.

The Audit Committee does not have a majority of independent directors. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint independent directors as it deems appropriate.

The role of the Audit Committee is to:

- » monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- » review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- » monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- » monitor and review compliance with the Company's Code of Conduct; and
- » perform such other functions as assigned by law, the Company's Constitution, or the Board.

The particular responsibilities of the Audit Committee are set out in the Audit Committee Charter. The Audit Committee Charter is included on the Company's website.

CORPORATE GOVERNANCE

The chairman of the Audit Committee is not the Chairman of the Company. The Audit Committee reports to the Board after each committee meeting.

NOMINATION COMMITTEE

The Nomination Committee comprises of three members, the majority being independent directors:

- » Mr Peter Johnston (Chairman);
- » Mr Brian Kennedy; and
- » Mr David Griffiths.

The chairman of the Nomination Committee is not the Chairman of the Company.

The particular responsibilities of the Nomination Committee are set out in the Nomination Committee Charter. The Nomination Committee Charter is included on the Company's website.

The role of the Nomination Committee is to nominate size and composition of the Board, identify and recommend individuals for nomination as members to the Board, and review the performance of the Board and ensure director competencies are met.

The committee meets at least twice a year and otherwise as required. Minutes of all meetings of the committee are to be kept and a report of actions taken to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

REMUNERATION COMMITTEE

The Remuneration Committee comprises a minimum of three members, the majority being non-executive directors:

- » Mr Brian Kennedy (Chairman);
- » Mr Peter Johnston; and
- » Mr David Griffiths.

The committee is chaired by a non-executive director and is not the Chairman of the Company.

The function of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- a. remuneration packages of executive directors, non-executive directors and senior executives; and
- b. employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

The committee shall meet at least once a year and otherwise as required. Minutes of all meetings of the committee are to be kept and a report of actions taken to be given at each subsequent meeting of the full Board. Committee meetings will be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board.

The particular responsibilities of the Remuneration Committee are set out in the Remuneration Committee Charter. The Remuneration Committee Charter is included on the Company's website.

TRADING IN COMPANY SECURITIES

The Board has adopted a policy and procedure on dealing in Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also provides that the written acknowledgement of the Chairman should be obtained prior to trading.

SHAREHOLDER COMMUNICATIONS

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All material and price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Law and ASX Listing Rules.

CORPORATE GOVERNANCE

The Company places all relevant announcements made to the market including all past annual reports together with related information on its website www.silverlakeresources.com.au

The Company has in place a shareholder communication strategy, a copy of which is contained on the Company's website.

CONTINUOUS DISCLOSURE

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. An officer of the Company has been appointed to be responsible for compliance. The Company treats its continuous disclosure obligations seriously and has implemented procedures that are designed to promote responsible decision-making and timely and balanced disclosure.

The Board is ultimately responsible for ensuring compliance by senior management and employees of the Company and endorses full regular communication with and between directors, the Managing Director, the Company Secretary, the external auditors, senior management, professional advisors, shareholders and other significant stakeholders.

The Company ensures that a member of the external auditor is represented at the annual general meeting to answer shareholder questions about the conduct of the audit and the preparation and procedure of the auditor's report.

BUSINESS RISK MANAGEMENT

The Company has established a risk management policy which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director. The Managing Director, with assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

ASX CORE PRINCIPLES OF CORPORATE GOVERNANCE AND ASX GUIDELINES

The ASX has published the ten essential corporate governance principles with guidelines to satisfy those core principles. Under ASX Listing Rules, listed companies are required to provide a statement in their annual report outlining the extent to which they have followed these best practice guidelines. The ASX core principles and guidelines are listed in the following table along with the Company's compliance to the corporate governance principles.

Principle 1: Lay solid foundations for management and oversight		
Recognise and publish the respective roles and responsibilities of Board and management.		
Recommendation		Comply
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	<p>The Board is comprised of a Non-Executive Chairman, Managing Director, Exploration Director, and three Non-Executive Directors'.</p> <p>The Chairman is responsible for leadership of the Board, for the efficient organization and conduct of the Board's function and for briefing of all directors in relation to issues arising at Board meetings. The Chairman is also responsible for shareholder communication and arranging Board performance evaluation.</p> <p>The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.</p>

CORPORATE GOVERNANCE

Principle 2: Structure the Board to add value

Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendations		Comply
2.1	A majority of the Board should be independent directors.	<p>The Board comprises of Mr Paul Chapman, Mr Les Davis, Mr Chris Banasik, Mr Brian Kennedy, Mr Peter Johnston and Mr David Griffiths as directors. Details of the directors are set out within this annual report.</p> <p>The Board does not have a majority of independent directors. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations.</p>
2.2	The Chairman should be an independent director.	<p>The Chairman, Mr Paul Chapman, does not satisfy the test of independence as set out in 2.1 of the ASX Corporate Governance Principles and Recommendation Relationships Affecting Independent Status ("Independence Test").</p> <p>While the Board recognizes the importance of independence in decision making, it does not comply with Recommendation 2.2 as Mr Chapman does not satisfy paragraph one of the Independence Test insofar as Mr Chapman is a substantial shareholder of the Company. Details of Mr Chapman's shareholding are disclosed within this annual report.</p> <p>The Board believes that Mr Chapman is the most appropriate person for the position as Chairman because of his industry experience and proven track record as a public company director.</p>
2.3	The roles of Chairman and chief executive officer should not be exercised by the same individual.	The role of Chairman is filled by Mr Paul Chapman (appointed 20/04/2004), and the role of chief executive officer is filled by Mr Les Davis (appointed 25/05/2007).
2.4	The Board should establish a Nomination Committee.	The Company established a Nomination Committee in 2007 which comprises of three members, the majority being non-executive directors.
2.5	Provide the information indicated in <i>Guide to reporting on Principle 2</i> .	See above.

Principle 3: Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making.

Recommendations		Comply
3.1	<p>Establish a Code of Conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:</p> <p>3.1.1 the practices necessary to maintain confidence in the Company's integrity</p> <p>3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	Silver Lake has a Code of Conduct as well as internal policies and procedures aimed at providing guidance to directors and employees on the standards of personal and corporate behavior required of all Silver Lake personnel.

CORPORATE GOVERNANCE

3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also provides that the written acknowledgement of the Chairman should be obtained prior to trading.
3.3	Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	See above.

Principle 4: Safeguard integrity in financial reporting

Have a structure to independently verify and safeguard the integrity of the Company's financial reporting.

Recommendations		Comply
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.	The Managing Director is required to sign a declaration addressing the integrity of the financial statements and maintenance of financial records in accordance with s286 of the Corporations Act.
4.2	The Board should establish an Audit Committee.	An Audit Committee was established in 2007. Audit matters are reviewed by the committee as a whole and approved by a resolution of the committee (where there is a conflict of interest those directors are abstained).
4.3	Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> • only non-executive directors • a majority of independent directors • an independent Chairman who is not Chairman of the Board • at least three members. 	The Audit Committee includes three members, all non-executive directors.
4.4	The Audit Committee should have a formal charter.	The Company has an Audit Committee Charter, a copy of which is available on the Company's website.
4.5	Provide the information indicated in <i>Guide to reporting on Principle 4</i> .	See above.

Principle 5: Timely and balanced disclosure

Promote timely and balanced disclosure of all material matters concerning the Company.

Recommendations		Comply
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Board is able to meet on a monthly basis due to the size and structure of the Company for both management and board meetings to ensure compliance with ASX Listing Rule disclosure requirements. The full Board is accountable for ASX compliance.
5.2	Provide the information indicated in <i>Guide to reporting on Principle 5</i> .	See above.

CORPORATE GOVERNANCE

Principle 6: Respect the rights of shareholders

Respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendations		Comply
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. The Company has a policy that all shareholders and investors have equal access to Company information. All material and price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Law and ASX Listing Rules, copies of which are placed on the Company's website.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	It is Company policy that the auditor attends the annual general meeting and part of the agenda is the tabling of the accounts and inviting shareholders to ask the directors or the auditor any questions about the report including the audit report.

Principle 7: Recognise and manage risk

Establish a sound system of risk oversight and management and internal control.

Recommendations		Comply
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	The Company has established a risk management policy which sets out the framework for a system risk management and internal compliance and control.
7.2	<p>The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:</p> <p>7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board</p> <p>7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p>	<p>The Managing Director is required to sign a declaration addressing the integrity of the financial statements and maintenance of financial records in accordance with s286 of the Corporations Act.</p> <p>As above.</p>
7.3	Provide the information indicated in <i>Guide to reporting on Principle 7</i> .	See above.

Principle 8: Encourage enhanced performance

Fairly review and actively encourage enhanced Board and management effectiveness.

Recommendation		Comply
8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	The Chairman is responsible for conducting an annual review of the Board performance.

Principle 9: Remunerate fairly and responsibly

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

CORPORATE GOVERNANCE

Recommendations		Comply
9.1	Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	The Company does not have a remuneration policy as such other than to ensure that directors, staff and consultants are paid market rates in accordance with their qualifications, experience and contribution to the Company. Directors' remuneration is compared to industry rates for non-executive directors.
9.2	The Board should establish a Remuneration Committee.	A Remuneration Committee was established in 2007 and consists of three non-executive directors'. Remuneration matters are reviewed by the committee and approved by resolution of the Board (with abstentions from relevant directors where there is a conflict of interest).
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	The different types of remuneration are clearly outlined in the annual report. Remuneration terms of all executive directors are governed by formal contracts. Fees for directors' are paid separately to all directors.
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Equity-based remuneration has been made to all directors, executives and staff only in accordance with shareholder resolution.
9.5	Provide the information indicated in <i>Guide to reporting on Principle 9</i> .	See above.
Principle 10: Recognise the legitimate interests of stakeholders		
Recognise legal and other obligations to all legitimate stakeholders.		
Recommendation		Comply
10.1	Establish and disclose a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.	There is a formal Code of Conduct for the Company which sets out the principles and standards with the Board, management and employees of the Company are encouraged to strive towards when dealing with each other, shareholders and the broad community.



DIRECTORS' DECLARATION

1. In the opinion of the directors:

- a. the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year then ended; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as discussed in Note 2;
- c. the remuneration disclosures that are contained in the remuneration report in the directors report comply with Australian Accounting Standards AASB 124 related party disclosures, the Corporations Act 2001 and the Corporations Regulations 2001;
- d. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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 for the financial year ended 30 June 2008.

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



Les Davis

Managing Director

26 September 2008

FINANCIAL SECTION

INDEPENDENT AUDIT REPORT



Independent auditor's report to the members of Silver Lake Resources Limited

Report on the financial report

We have audited the accompanying financial report of Silver Lake Resources Limited (the Company), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDIT REPORT



Auditor's opinion

In our opinion:

- (a) the financial report of Silver Lake Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 30 of the directors' report for the year ended 30 June 2008. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Silver Lake Resources Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of the KPMG firm, appearing as 'KPMG' in a cursive script.

KPMG

A handwritten signature in dark ink, appearing to read 'B C Fullarton'.

B C Fullarton
Partner

Perth
26 September 2008

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

		CONSOLIDATED	COMPANY	
		30 June	30 June	30 June
		2008	2008	2007
	Notes	\$,000	\$,000	\$,000
Revenue	7	2,941	2,941	-
Cost of sales		(5,426)	(5,349)	-
Gross Profit		(2,485)	(2,408)	-
Other income	8	336	336	-
Administrative expenses	9	(1,909)	(1,909)	(84)
Results from operating activities		(4,058)	(3,981)	(84)
- finance income		488	488	8
- finance expenses		(94)	(94)	-
Net Finance Income	11	394	394	8
Loss Before Income Tax		(3,664)	(3,587)	(76)
Income tax benefit	12	-	-	-
Loss Attributable to Members of the Company		(3,664)	(3,587)	(76)
Cents Per Share				
Loss Per Share				
Basic loss per share (cents per share)	13	(3.40c)	(3.40c)	n/a
Diluted loss per share (cents per share)	13	(3.40c)	(3.40c)	n/a

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT 30 JUNE 2008

		CONSOLIDATED	COMPANY	
		30 June	30 June	30 June
		2008	2008	2007
	Notes	\$,000	\$,000	\$,000
ASSETS				
Current Assets				
Cash and cash equivalents	14	1,637	1,637	841
Trade and other receivables	16	1,615	1,615	3
Inventories	17	4,256	4,256	-
Prepayments		69	69	-
Total Current Assets		7,577	7,577	844
Non-Current Assets				
Exploration evaluation and development expenditure	18	22,794	22,794	20
Intercompany loans	16	-	5,380	-
Investment in subsidiary		-	2,350	-
Property, plant and equipment	19	9,483	1,830	7
Other assets	20	1,799	1,799	-
Total Non-Current Assets		34,076	34,153	27
TOTAL ASSETS		41,653	41,730	871
LIABILITIES				
Current Liabilities				
Trade and other payables	21	5,685	5,685	35
Interest bearing liabilities	22	265	265	-
Employee benefits	23	121	121	-
Total Current Liabilities		6,071	6,071	35
Non-Current Liabilities				
Rehabilitation and restoration provision	25	1,104	1,104	-
Interest bearing liabilities	22	508	508	-
Total Non-Current Liabilities		1,612	1,612	-
TOTAL LIABILITIES		7,683	7,683	35
NET ASSETS		33,970	34,047	836
EQUITY				
Share capital	27	37,373	37,373	826
Reserves	28	339	339	88
Accumulated losses		(3,742)	(3,665)	(78)
TOTAL EQUITY		33,970	34,047	836

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

	CONSOLIDATED			
	Share Capital \$,000	Option Reserve \$,000	Retained Earnings \$,000	Total Equity \$,000
Balance at 1 July 2006	-	-	(2)	(2)
Loss for the period	-	-	(76)	(76)
Issue of ordinary shares	826	-	-	826
Issue of options	-	88	-	88
Total recognised income and expense	-	-	-	-
Balance at 30 June 2007	826	88	(78)	836
Loss for the period	-	-	(3,664)	(3,664)
Issue of ordinary shares net of transaction costs	36,547	-	-	36,547
Issue of employee options	-	251	-	251
Total recognised income and expense	-	-	-	-
Balance at 30 June 2008	37,373	339	(3,742)	33,970

	COMPANY			
	Share Capital \$,000	Option Reserve \$,000	Retained Earnings \$,000	Total Equity \$,000
Balance at 1 July 2006	-	-	(2)	(2)
Loss for the period	-	-	(76)	(76)
Issue of ordinary shares	826	-	-	826
Issue of options	-	88	-	88
Total recognised income and expense	-	-	-	-
Balance at 30 June 2007	826	88	(78)	836
Loss for the period	-	-	(3,587)	(3,587)
Issue of ordinary shares net of transaction costs	36,547	-	-	36,547
Issue of employee options	-	251	-	251
Total recognised income and expense	-	-	-	-
Balance at 30 June 2008	37,373	339	(3,665)	34,047

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2008

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Cash Flows From Operating Activities			
Cash receipts from customers	2,427	2,427	-
Cash paid to suppliers and employees	(6,199)	(6,199)	(52)
Net Cash Used In Operating Activities	(3,772)	(3,772)	(52)
Cash Flow From Investing Activities			
Interest received	488	488	8
Acquisition of plant and equipment	(9,902)	(2,171)	(7)
Acquisition of subsidiary	-	(2,350)	-
Loan to subsidiary to purchase property plant and equipment	-	(5,381)	-
Proceeds from sale of plant and equipment	410	410	-
Exploration, evaluation and development expenditure	(13,569)	(13,569)	(20)
Deposit for environmental bonds	(1,799)	(1,799)	-
Net Cash Used In Investing Activities	(24,372)	(24,372)	(19)
Cash Flows From Financing Activities			
Proceeds from borrowing	795	795	-
Repayment of borrowing	(22)	(22)	-
Proceeds from the issue of share capital	30,110	30,110	825
Proceeds from issue of options	-	-	88
Payments of transaction costs	(1,943)	(1,943)	-
Repayment of loans from directors	-	-	(14)
Draw down of loan from directors	-	-	13
Net Cash From Financing Activities	28,940	28,940	912
Net increase in cash and cash equivalents	796	796	841
Cash and cash equivalents at 1 July	841	841	-
Cash and Cash Equivalents at 30 June	1,637	1,637	841

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. REPORTING ENTITY

Silver Lake Resources Limited ("Silver Lake" or "the Company") and its subsidiaries is a company domiciled in Australia. The address of the Company's registered office is 31 Malcolm St, West Perth WA 6005. The Consolidated Financial statements of the Company as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group Entities"). The Group primarily is involved in the production of gold and minerals exploration.

2. STATEMENT OF COMPLIANCE

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors on 25 September 2008.

3. BASIS OF PREPARATION

This report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2008, the consolidated entity recorded a net loss of \$3,664,000.

The Directors' cash flow forecast for the consolidated entity anticipates a net cash flow surplus sufficient to recover the carrying value of property, plant and equipment, development assets and settlement of liabilities in the normal course of business. The cash flow forecast and the ability to recover the carrying value of property, plant and equipment and development assets is dependent upon the ability of the consolidated entity to achieve its targets from the Daisy Milano mine particularly gold production and A\$ price of gold. It is also dependent on maintaining operating costs in line with this forecast. The Directors are confident that the Daisy Milano mine will achieve its production, costs and output forecasts allowing the consolidated entity to recover the carrying value of its assets in the normal course of business and to meet its creditor obligations.

The financial report is prepared in Australian dollars. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The financial report is presented on the historical cost basis.

The preparation of a financial report requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances. The results of which forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in this consolidated financial report are the same as those applied by the Company in its consolidated financial report as at and for the year ended 30 June 2007.

a. Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

In the Company's financial statements, investments in subsidiaries are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

b. Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

c. 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 not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. 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.

A deferred tax asset is recognised to the extent that it is probable the future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the dividend is recognised.

d. Exploration and Evaluation and Development Expenditure

(i) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. 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; or
- » exploration and evaluation activities in the area have not, at balance date, resulted in booking economically recoverable reserves, and active operations in, or relating to, this area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(ii) Development Expenditure

Expenditure incurred by or on behalf of the Group is accumulated separately for each interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct cost and an appropriate portion of related overhead expenditure having a sufficient nexus with the mine development or property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs of mine properties is provided on the unit of production method with separate calculations being made for each mineral resource. No amortisation is provided in respect of development properties. (2008: 1.3%, 2007: Nil)

e. Plant and Equipment

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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 Company 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.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives 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 lives. Land is not depreciated.

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

	Period
Buildings	10 Years
Plant and equipment	3-5 Years
Office furniture and fittings	3-15 Years
Light vehicles	3-5 Years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Capital in progress is not depreciated until it is ready for use.

f. Employee Benefits

(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 due.

(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; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated [Commonwealth Government] bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method.

(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 Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(iv) Share-Based Payment Transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

g. Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

h. Lease Payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

i. Finance Income and Expenses

Interest income comprises interest income on funds invested and is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognised in profit and loss using the effective interest method.

j. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

k. Provisions

A provision is recognised in the balance sheet when the Company 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 pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Provisions are made for the estimated costs relating to the remediation of soil and untreated waste as soon as the need is identified.

l. Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for a bonus element. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

m. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

n. Inventory

Inventories of broken ore, gold in circuit and work in progress 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 are expected to be used in production are valued at cost. Obsolete or damaged inventories of such items are valued at net realisable value.

Insurance and capital (or recirculating) spare parts are capitalised and depreciated over the same remaining life as the equipment with which they are associated.

o. Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The impairment losses are recognised in profit and loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can relate objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit and loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, exploration and evaluation expenditure and deferred tax assets, 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at the reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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 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 profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

p. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's business segment is the mining and exploration of gold mineralisation and operating in one geographical segment being Western Australia. The business segments are based on the Group's management and internal reporting structure.

q. New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of the initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report:

- » AASB 8 **Operating Segments** introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures;
- » Revised AASB 101 **Presentation of Financial Statements** introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised statement does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures;
- » Revised AASB 123 **Borrowing Costs** removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date. The Group has not yet determined the potential effect of the revised standard on future earnings;
- » Revised AASB 127 **Consolidation and Separate Financial Statements** changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit and loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report; and
- » AASB 2008-1 **Amendments to Australian Accounting Standards – Share-based Payment: Vesting Conditions and Cancellations** changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

5. FINANCIAL RISK MANAGEMENT

a. Overview

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

The Company and the Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. 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 of Directors 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 and investment securities.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the balance sheet date there were no significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(i) Cash and Cash Equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

(ii) Trade and Other Receivables

The Group's trade and other receivables relate mainly to gold sales and GST refunds. The Group has determined that its exposure to trade receivable credit risk is low as customers; they are perceived to be reliable and have short contractual payment terms. Management does not expect any counterparty to fail to meet its obligations.

The Company and Group have not established an allowance for impairment.

c. Exposure to Credit Risk

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

	CONSOLIDATED Carrying Amount	COMPANY Carrying Amount	
	2008 \$,000	2008 \$,000	2007 \$,000
Trade and other receivables	1,615	1,615	3
Intercompany loan receivables	-	5,380	-
Cash and cash equivalents	1,637	1,637	841
Other assets	1,799	1,799	-
Total	5,051	10,431	844

None of the Group's receivables are past due (2007: nil).

d. 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 raised in the market and by continuously monitoring forecast and actual cash flows.

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

	CONSOLIDATED 30 JUNE 2008					
	Carrying Amount \$,000	Contractual Cash Flows \$,000	6 Mths or Less \$,000	6-12 Mths \$,000	1-2 Years \$,000	2-5 Years \$,000
Interest bearing liabilities	773	884	152	152	303	277
Trade and other payables	5,685	5,685	5,685	-	-	-
Total	6,458	6,569	5,837	152	303	277

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

COMPANY 30 JUNE 2008						
	Carrying Amount \$,000	Contractual Cash Flows \$,000	6 Mths or Less \$,000	6-12 Mths \$,000	1-2 Years \$,000	2-5 Years \$,000
Interest bearing liabilities	773	884	152	152	303	277
Trade and other payables	5,685	5,685	5,685	-	-	-
Total	6,458	6,569	5,837	152	303	277

COMPANY 30 JUNE 2007						
	Carrying Amount \$,000	Contractual Cash Flows \$,000	6 Mths or Less \$,000	6-12 Mths \$,000	1-2 Years \$,000	2-5 Years \$,000
Trade and other payables	35	35	35	-	-	-
Total	35	35	35	-	-	-

The Company also put in place a \$2 million overdraft facility secured with a floating charge over the company's assets. As at the date of this report, this facility has expired.

e. Market Risk

Market risk is the risk that changes in market prices, such as 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, while optimising the return. The Group only has exposure to interest rate risk.

f. 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.

The Group ensures that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 90 day rolling periods.

(i) Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments were:

	CONSOLIDATED Carrying Amount 2008 \$,000	COMPANY Carrying Amount 2008 \$,000	2007 \$,000
Fixed Rate Instruments			
Financial liabilities			
Equipment loan	(773)	(773)	-
Total	(773)	(773)	-
Variable Rate Instruments			
Financial assets			
Cash and cash equivalents	1,637	1,637	841
Other assets	1,799	1,799	-
Total	3,436	3,436	841

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

(ii) 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.

(iii) 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 by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

		CONSOLIDATED			
		Profit or Loss		Equity	
		100bp	100bp	100bp	100bp
		Increase	Decrease	Increase	Decrease
		\$,000	\$,000	\$,000	\$,000
30 June 2008					
Variable rate instruments		24	(24)	24	(24)
		COMPANY			
		Profit or Loss		Equity	
		100bp	100bp	100bp	100bp
		Increase	Decrease	Increase	Decrease
		\$,000	\$,000	\$,000	\$,000
30 June 2008					
Variable rate instruments		24	(24)	24	(24)
		COMPANY			
		Profit or Loss		Equity	
		100bp	100bp	100bp	100bp
		Increase	Decrease	Increase	Decrease
		\$,000	\$,000	\$,000	\$,000
30 June 2007					
Variable rate instruments		6	(6)	6	(6)

g. Fair Values

The carrying amounts of financial assets and liabilities for the Company and the Group approximate fair value.

h. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain 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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. SEGMENT REPORTING

The Group operates in one business segment, gold exploration, mining and production, and operates in one geographical segment, being Western Australia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

7. REVENUE

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Continuing Operations			
Gold sales	2,935	2,935	-
Silver sales	6	6	-
Total Sales	2,941	2,941	-

8. OTHER INCOME

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Profit on sale of plant and equipment	335	335	-
Other income	1	1	-
Total Income	336	336	-

9. ADMINISTRATIVE EXPENSES

The following expenses were incurred during the period:

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Salaries and on costs	838	838	41
Consultants	278	278	7
Professional fees	94	94	10
Travel and accommodation	85	85	2
Contractors	239	239	6
Rental expense	63	63	11
Other	312	312	7
Total	1,909	1,909	84

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

10. PERSONNEL EXPENSES

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Wages and salaries	2,003	2,003	37
Other associated personnel expenses	165	165	-
Superannuation contributions	171	171	4
Increase in liability for annual leave	121	121	-
Employee option expenses	251	251	-
Total	2,711	2,711	41

11. FINANCE INCOME AND EXPENSES

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Interest income on cash at bank	488	488	8
Finance Income	488	488	8
Interest expense on financial liabilities	(3)	(3)	-
Unwind of discount on site rehabilitation provision	(91)	(91)	-
Finance expense	(94)	(94)	-
Net Finance Income and Expense	394	394	8

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

12. INCOME TAX EXPENSE

a. Recognised in the Income Statement

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Current Tax Expense			
Current income tax	(5,208)	(5,185)	(23)
Current year tax losses not recognised	5,208	5,185	23
	-	-	-
Deferred Income Tax			
Origination and reversal of temporary differences	4,035	4,035	-
Unused tax loss not recognised	(4,035)	(4,035)	-
Income tax expense reported in income statement	-	-	-
Numerical Reconciliation Between Tax Expenses and Pre-Tax Profit			
Loss before tax	(3,664)	(3,587)	(76)
Income tax benefit using the domestic corporation tax rate of 30% (2007: 30%)	(1,099)	(1,076)	(23)
Increase in income tax expense due to non-deductible expenses	76	76	-
Decrease in income tax due to:			
Deductible expenses	5,208	5,185	23
Current year losses for which no deferred tax asset was recognised	(4,035)	(4,035)	-
Changes in unrecognised temporary differences	(150)	(150)	-
Income Tax Expense on Pre-Tax Net Profit	-	-	-

b. Unrecognised Deferred Tax Assets and Liabilities

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Deferred tax assets and liabilities are attributable to the following:			
Deferred Tax Liabilities			
Inventories	108	108	-
Exploration and evaluation expenditure	4,427	4,427	-
Total Deferred Tax Liabilities	4,535	4,535	-
Deferred Tax Assets			
Property, plant and equipment	(114)	(114)	-
Accrued expenses	(18)	(18)	-
Provisions	(368)	(368)	-
Tax losses recognised	(4,035)	(4,035)	-
Total deferred tax asset	(4,535)	(4,535)	-
Net Tax Assets/Liabilities	-	-	-

c. Tax Losses

At 30 June 2008 the Company has \$17,439,675 (2007: \$78,120) of tax losses that are available for offset against future taxable profits of the Company. No deferred tax assets have been recognised on the Balance Sheets in respect of the amounts of these losses, other than to offset against deferred tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

The potential benefit of carried forward tax losses will only be obtained if assessable income is derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realized or the benefit can be utilised by the Group providing that:

- (i) the provisions of deductibility imposed by law are complied with; and
- (ii) no change in tax legislation adversely affect the realization of the benefit from the deductions.

The Company had not formed a tax consolidation group at balance date.

13. EARNINGS PER SHARE

The earnings per share at 30 June 2008 was based on the loss attributable to ordinary shareholders of \$3,664,000 and the weighted average number of ordinary shares outstanding as at 30 June 2008 of 107,814,000. As the Company was not listed at 30 June 2007, no earnings per share comparative have been disclosed.

	CONSOLIDATED 30 June 2008 '000	COMPANY 30 June 2008 '000
Weighted Average Number of Ordinary Shares		
Issued ordinary shares at 1 July	24,276	24,276
Issue of seed capital	1,170	1,170
Issue of shares pursuant to fund raising	64,384	64,384
Issued to acquire tenements	17,984	17,984
Total	107,814	107,814

14. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 30 June 2008 \$,000	COMPANY 30 June 2008 \$,000	30 June 2007 \$,000
Cash at bank and on hand – unrestricted	1,637	1,637	841
Total	1,637	1,637	841

The Groups exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Cash Flow From Operating Activities			
Loss for the period	(3,664)	(3,587)	(76)
Adjustments for:			
Depreciation	354	277	-
Amortisation	230	230	-
Net finance expenses	(394)	(394)	(8)
Profit on sale of asset	(335)	(335)	-
Equity-settled share-based payments	251	251	-
Income tax expense	-	-	-
Operating profit before changes in working capital and provisions	(3,558)	(3,558)	(84)
Change in trade and other receivables	(1,612)	(1,612)	(3)
Change in inventories	(4,256)	(4,256)	-
Change in trade and other payables	5,605	5,605	35
Change in prepayments	(69)	(69)	-
Change in provisions	121	121	-
Interest paid	(3)	(3)	-
Total	(3,772)	(3,772)	(52)

16. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Current			
Bullion sale receivable	514	514	-
Other receivables	1,101	1,101	3
	1,615	1,615	3
Non-Current			
Intercompany loans	-	5,380	-
	-	5,380	-
Total	1,615	6,995	3

The Groups exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 5.

17. INVENTORIES

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Materials and supplies	352	352	-
Ore stocks – at net realised value	1,631	1,631	-
Gold in circuit – at net realised value	2,273	2,273	-
Total	4,256	4,256	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

18. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

During the twelve months ended 30 June 2008 the Company acquired the following exploration, evaluation and development assets:

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Exploration and Evaluation Phase			
Cost brought forward	20	20	-
Capitalised during the year	21,530	21,530	20
Amortisation expense	-	-	-
Transferred to production phase	(14,222)	(14,222)	-
Balance at 30 June 2008	7,328	7,328	-

The ultimate recoupment of deferred exploration and evaluation expenditure carried forward is dependent upon the successful development and exploitation, or alternatively sale, of the respective areas of interest at an amount greater than or equal to the carrying value.

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Production Phase Cost Brought Forward	-	-	-
Transfer from exploration phase	14,222	14,222	-
Expenditure during the year	1,474	1,474	-
Amortisation expense	(230)	(230)	-
Balance at 30 June 2008	15,466	15,466	-
Total	22,794	22,794	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

19. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED					
	Land & Building	Plant & Equipment	Motor Vehicle	Office Furniture & Equipment	Capital In Progress	Total
Cost						
Balance 1 July 2006	-	-	-	-	-	-
Additions	-	-	-	7	-	7
Disposal	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	7	-	7
Balance 1 July 2007	-	-	-	7	-	7
Additions	168	9,049	183	208	294	9,902
Disposals	-	(118)	-	-	-	(118)
Balance 30 June 2008	168	8,931	183	215	294	9,791
Depreciation						
Balance 1 July 2006	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
Balance at 1 July 2007	-	-	-	-	-	-
Depreciation expense	10	293	24	25	-	352
Disposal	-	(44)	-	-	-	(44)
Balance 30 June 2008	10	249	24	25	-	308
Carrying Amount						
At 1 July 2006	-	-	-	-	-	-
At 30 June 2007	-	-	-	7	-	7
At 1 July 2007	-	-	-	7	-	7
At 30 June 2008	158	8,682	159	190	294	9,483

	COMPANY					
	Land & Building	Plant & Equipment	Motor Vehicle	Office Furniture & Equipment	Capital In Progress	Total
Cost						
Balance 1 July 2006	-	-	-	-	-	-
Additions	-	-	-	7	-	7
Disposal	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	7	-	7
Balance 1 July 2007	-	-	-	7	-	7
Additions	168	1,318	183	208	294	2,171
Disposals	-	(118)	-	-	-	(118)
Balance 30 June 2008	168	1,200	183	215	294	2,060
Depreciation						
Balance 1 July 2006	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Balance at 30 June 2007	-	-	-	-	-	-
Balance at 1 July 2007	-	-	-	-	-	-
Depreciation expense	10	215	24	25	-	274
Disposal	-	(44)	-	-	-	(44)
Balance 30 June 2008	10	171	24	25	-	230
Carrying Amount						
At 1 July 2006	-	-	-	-	-	-
At 30 June 2007	-	-	-	7	-	7
At 1 July 2007	-	-	-	7	-	7
At 30 June 2008	158	1,029	159	190	294	1,830

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

20. OTHER ASSETS

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Environmental bonds on deposit*	1,799	1,799	-
Total	1,799	1,799	-

* Relates to security deposits to cover bank guarantees for mining lease bonds.

21. TRADE AND OTHER PAYABLES

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Trade payables	5,434	5,434	-
Other payables	251	251	35
Total	5,685	5,685	35

The Groups exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 5.

22. INTEREST BEARING LIABILITIES

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Current Liability			
Equipment loan*	265	265	-
Non-Current Liability			
Equipment loan*	508	508	-
Total	773	773	-

* An equipment loan was arranged for \$795,000 to purchase the mobile crushing plant for Lakewood Gold Processing Facility. The loan is a fixed interest loan over three years and is secured by a charge over the asset.

23. EMPLOYEE BENEFITS

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Current			
Liability for annual leave	121	121	-
Total	121	121	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

24. SHARE BASED PAYMENTS

During the year the Group established a share option programme that entitles employees to purchase shares in the Company.

The terms and conditions of the grants are as follows:

Grant Date/Entitlement	Number	Vesting Conditions	Contractual Life
Options granted – 24 January 2008	1,935,000	1 year service	5 years
Options granted – 14 March 2008	636,560	1 year service	5 years
Total Share Options	2,571,560		

The number of weighted average exercise prices of share options is as follows:

	Weighted Average Exercise Price 2008	Number of Options 2008	Weighted Average Exercise Price 2007	Number of Options 2007
Outstanding at 1 July	\$0.30	24,200,000	-	-
Granted during the period	\$0.31	2,571,560	\$0.30	24,200,000
Outstanding at 30 June	\$0.30	26,771,560	\$0.30	24,200,000

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes option pricing model, incorporating the probability of the relative total shareholder return vesting condition being met, with the following inputs:

	Issued 29 January 2008	Issued 14 March 2008
Fair Value of Share Options and Assumptions		
Fair value at grant date	25.293c	22.752c
Share price	35.0c	31.5c
Exercise price	30.0c	33.0c
Volatility	86.49%	89.47%
Risk free rate	6.37%	6.7%
Expiry date	24 January 2013	14 March 2013

25. PROVISIONS

	CONSOLIDATED 30 June 2008 \$,000	COMPANY 30 June 2008 \$,000	30 June 2007 \$,000
Site Rehabilitation			
Opening balance at 1 July	-	-	-
Provisions acquired during the year	1,013	1,013	-
Unwind of discount	91	91	-
Closing Balance at 30 June	1,104	1,104	-

A provision of \$1 million was acquired during the year ended 30 June 2008 in respect of the Group's obligation to rehabilitate disturbed ground on its tenements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

26. OPERATING LEASES

The Group leases its office space in West Perth under a non-cancellable operating lease. The lease is for three years from 17 December 2007 at a cost of \$100,000 per annum.

27. SHARE CAPITAL

	Number	\$,000
Movements in Issued Capital		
Balance as at 30 June 2007	24,276,090	826
Issue of seed capital for cash at \$0.10 (1,000,000) and \$0.05 (200,000)	1,200,000	110
Issue of shares pursuant to fund raising for cash at \$0.30	100,000,000	30,000
Acquisition costs of Mount Monger tenements at \$0.30	20,000,000	6,000
Acquisition costs of Rothsay tenements at \$0.30	1,000,000	300
Acquisition costs of Tuckabianna tenements at \$0.30	3,333,334	1,000
Issued under Parekh Deed at \$0.30	2,000,000	600
Issued under Rudd Agreement at \$0.30	1,600,000	480
Costs in connection with fund raising	-	(1,943)
Balance as at 30 June 2008	153,409,424	37,373

28. RESERVES

	Number	\$,000
Movement in Options Reserve		
Balance as at 30 June 2007	24,200,000	88
29/01/2008 – Employee option issue	1,935,000	209
14/03/2008 – Employee option issue	636,560	42
Balance as at 30 June 2008	26,771,560	339

The fair value of options at grant date is determined using a Black-Scholes option pricing model. The fair value of the options issued during the period were \$0.259 and \$0.227 respectively. The portion of fair value expensed for during the period was \$251,000.

29. COMMITMENTS

The Company committed to purchase the Comet leases from Alloy Resources Limited on 1 July 2008. See Note 31 - Subsequent Events for full details.

The Group holds various mineral titles which require a total minimum exploration expenditure of \$1,574,000 in the 2008/2009 financial year.

30. RELATED PARTIES

a. Key Management Personnel Compensation

The key management personnel compensation included in "personnel expenses" is as follows:

	CONSOLIDATED	COMPANY	
	30 June 2008 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Short-term employee benefits	587	587	37
Post employment benefits	64	64	4
Total	651	651	41

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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.

c. Transactions With Key Management Personnel

A number of key management persons hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company, or its subsidiaries, in the reporting period. The terms and conditions of the transactions with management persons were no more favorable than those available, or might be reasonably expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

	Transaction Value Twelve Months Ended		Balance Outstanding	
	30 June 2008 \$,000	30 June 2007 \$,000	30 June 2008 \$,000	30 June 2007 \$,000
Expenses				
Gryphon Management – Administrative Services*	81	-	-	-
Donberth Pty Ltd – Project Management Services**	224	-	148	-
Total	305	-	148	-

All outstanding balances with these related parties are to be settled in cash within normal trading terms. None of the balances are secured.

* A company controlled by David Griffiths – non-executive director for consulting services.

** A company controlled by Brian Kennedy – non-executive director for project management services.

d. Movement in Options

The movement during the reporting period in the number of options over ordinary shares in Silver Lake held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

Director	Held at 1 July 2007	Granted as Compensation	Options Exercised	Options Acquired	Held at 30 June 2008	Vested During The Year	Vested and Exercisable at 30 June 2008
Paul Chapman	4,000,000	-	-	-	4,000,000	-	4,000,000
Les Davis	4,000,000	-	-	-	4,000,000	-	4,000,000
Chris Banasik	4,000,000	-	-	-	4,000,000	-	4,000,000
Brian Kennedy	4,000,000	-	-	-	4,000,000	-	4,000,000
Peter Johnston	4,000,000	-	-	-	4,000,000	-	4,000,000
David Griffiths	4,000,000	-	-	-	4,000,000	-	4,000,000
Total	24,000,000	-	-	-	24,000,000	-	24,000,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Director	Held at 1 July 2006	Granted as Compensation	Options Exercised	Options Acquired	Held at 30 June 2007	Vested During The Year	Vested and Exercisable at 30 June 2007
Paul Chapman	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000
Les Davis	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000
Chris Banasik	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000
Brian Kennedy	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000
Peter Johnston	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000
David Griffiths	-	-	-	4,000,000	4,000,000	4,000,000	4,000,000
Total	-	-	-	24,000,000	24,000,000	24,000,000	24,000,000

e. Movement in Shares

The movement during the reporting period in the number of ordinary shares in Silver Lake held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Director	Held at 1 July 2007	Granted as Compensation	Shares Exercised	Shares Acquired	Held at 30 June 2008
Paul Chapman	4,276,015	-	-	330,893	4,606,908
Les Davis	4,000,000	-	-	-	4,000,000
Chris Banasik	4,000,000	-	-	-	4,000,000
Brian Kennedy	4,000,075	-	-	75,302	4,075,377
Peter Johnston	4,000,000	-	-	318,253	4,318,253
David Griffiths	4,000,000	-	-	158,377	4,158,377
Total	24,276,090	-	-	882,825	25,158,915

Director	Held at 1 July 2006	Granted as Compensation	Shares Exercised	Shares Acquired	Held at 30 June 2007
Paul Chapman	75	-	-	4,275,940	4,276,015
Les Davis	-	-	-	4,000,000	4,000,000
Chris Banasik	-	-	-	4,000,000	4,000,000
Brian Kennedy	75	-	-	4,000,000	4,000,075
Peter Johnston	-	-	-	4,000,000	4,000,000
David Griffiths	-	-	-	4,000,000	4,000,000
Total	150	-	-	24,275,940	24,276,090

f. Subsidiaries

Loans are made by the Company to wholly owned subsidiaries for capital purchases. Loans outstanding between the Company and its subsidiaries have no fixed date of repayment and is non-interest bearing. During the financial year ended 30 June 2008, such loans to subsidiaries totaled \$5,380,000 (2007: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

31. SUBSEQUENT EVENTS

On 1 July 2008, the Company paid \$1,425,000 to Alloy Resources Limited to complete the purchase of the Comet gold and Kurrajong nickel prospects.

There has not been any other matter or circumstance that has arisen since the end of the interim financial period that has significantly affected the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial periods.

32. AUDITORS REMUNERATION

	2008	2007
Audit and review of the Company's financial statements	90,000	10,000
Taxation services	20,450	-
Independent accountant's report	33,000	-
Total	143,450	10,000

33. GROUP ENTITIES

During the year ended 30 June 2008 the Company acquired Pericles Resources Pty Ltd and controls the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Interest	
		2008	2007
Pericles Resources Pty Ltd	Australia	100%	-
Cue Minerals Pty Ltd	Australia	100%	-

ASX ADDITIONAL INFORMATION

At 30 June 2008 the Company had issued the following equity securities:

	Fully Paid Ordinary Shares	Options	Option Exercise	Option Expiry
Quoted Securities:	103,412,658	Nil		
Unquoted Securities:				
Restricted until 14 November 2009	23,896,765	20,999,998	\$0.30	31/12/2012
Restricted until 8 November 2008	25,933,334	Nil		
Restricted until 23 July 2008	166,667	166,667	\$0.30	31/12/2012
Other Unquoted Securities:		3,033,335	\$0.30	31/12/2012
		1,935,000	\$0.30	29/01/2013
		636,560	\$0.33	14/03/2013
Total all Securities	153,409,424	26,771,560		

DISTRIBUTION OF HOLDERS

			Fully Paid Ordinary Shares	Options
1	-	1,000	3	-
1,001	-	5,000	226	-
5,001	-	10,000	255	-
10,001	-	100,000	945	8
100,001	-	And over	145	19
Total Holders			1,574	27

There are no holders of less than a marketable parcel of shares.

VOTING RIGHTS OF SECURITIES

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there is only one class of Shares), at meetings of Shareholders of Silver Lake:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

Options do not carry any voting rights.

ASX ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008 the substantial holders disclosed to the Company were:

Registered Holder	Beneficial Owner	Number of Shares	Percentage of Issued Shares
HSBC Custody Nominees (Australia) Ltd	Eye Investment Fund Ltd	15,141,142	9.87%
Kolmar Pty Ltd	Perilya Ltd	15,000,000	9.78%

TOP 20 HOLDERS OF QUOTED SECURITIES

Registered Holder	Number of Quoted Securities	Percentage of Issued Shares
HSBC Custody Nominees (Australia) Ltd	15,141,142	9.87%
National Nominees Ltd	3,963,149	2.58%
Invia Custodians Pty Ltd <Black A/C>	2,808,033	1.83%
Goldfields Hotels Pty Ltd <Exchange Hotel Unit A/C>	2,666,667	1.74%
RJ Custodians Pty Ltd	2,650,000	1.73%
Goldfields Hotels Pty Ltd	1,737,974	1.13%
ANZ Nominees Ltd <Cash Income A/C>	1,603,097	1.04%
UBS Wealth Management Australia Nominees	1,432,043	0.93%
HSBC Custody Nominees (Australia) Ltd	1,400,000	0.91%
Merrill Lynch (Australia) Nominees Pty Ltd	1,264,016	0.82%
Garry & Devryn Connell <Connell Contractor Super A/C>	1,206,540	0.79%
Nortrust Nominees <GNP01 A/C>	1,000,000	0.65%
Chemco Pty Ltd	833,334	0.54%
Mrs Tanya Swick	753,760	0.49%
Mr Jorge Bernhard	753,760	0.49%
Domain Investment Holdings Pty Ltd <Peter Los Family A/C>	750,000	0.49%
Wabelo Pty Ltd <Ellison Family A/C>	628,135	0.41%
Timidon Pty Ltd <Ashok Parekh Family A/C>	500,000	0.33%
Bramor Superannuation Pty Ltd <Bramor Super Fund A/C>	500,000	0.33%
Nicola Valerie Armstrong	460,000	0.30%
	42,051,650	27.40%

ASX LISTING RULE 4.10.19

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives, which are exploration and evaluation of projects, gold mining from the Daisy Milano mine and gold processing at Lakewood Gold Processing Facility.

NOTES



NOTES



NOTES





31 Malcolm Street
West Perth WA 6005
Ph: +61 8 6313 3800
Fax: +61 8 6313 3888
www.silverlakeresources.com.au