silverlake RESOURCES

ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2011

ABN: 38 108 779 782

HIGHLIGHTS

- Substantial progress towards expanding Mount Monger to >100,000 oz in FY12 and 150,000 oz in FY13:
  - Ventilation shaft completed on time and on budget
  - Underground operations now debottlenecked with four underground mines in production
  - Upgrade & debottlenecking of Lakewood Gold Processing Facility to 1 million tonnes per annum in progress
  - Open pit production to commence from Wombola Dam & Wombola Pit
  - Significant drill intercepts between Daisy Deeps & Haoma
- Work completed on the Murchison Definitive Feasibility Study to date supports a production plan of 100,000 oz per annum with an 8 to 10 year mine life.
- Significant copper targets identified immediately north of the planned 1.2 million tonne per annum Murchison gold mill.
- 1 million ounces of gold added to the resource base net of production.
- June 2011 JORC resource totals 3.3 million ounces.
- Awarded Gold Miner of the Year from Gold Mining Journal & Paydirt for the second consecutive year.
- 16% increase in gold in ore production from Mount Monger Operations to 77,281 ounces.
- 34% increase in net profit after tax to $15.8 million.
- 69% in operating cashflow to $33.4 million.

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

Peter Armstrong

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ABN 38 108 779 782

ASX CODE: SLR

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DEAR FELLOW SHAREHOLDER

Last year we set the following key objectives for the Company:

- Continue production of ~80,000 oz pa from Daisy Milano and Daisy East;
- Complete mining studies on our open pit inventory at Mount Monger to bring projects into production;
- Complete the ventilation upgrade at Daisy Milano on time and on budget;
- Further grow the resource base at Mount Monger with exploration targeting near mine production sources and the Magic deposit;
- Continue to explore the high grade Murchison projects and complete a Definitive Feasibility Study to advance these projects to production; and
- Maintain a strong balance sheet through prudent capital and cost management.

We are pleased to report our progress on these matters with a number of significant achievements:

- Gold in ore production from Mount Monger Operations increased 16% to 77,281 oz. This result was slightly behind target due mainly to temporary delays with commencing open pit mining which have been overcome. Underground mining operations performed strongly.
- A commitment to commence open pit production at Wombola Dam has been made. The Company also plans to commence production at the nearby Wombola pit in 2012. These areas north of our existing mining operations are also proving to have significant exploration potential.
- The 520 metre deep ventilation shaft was completed on time & on budget. Underground operations are now debottlenecked with production from four underground mines occurring from the same infrastructure. This is cost effective and reduces our reliance on Daisy Milano alone.
- For the second year in a row, resource ounces increased by approximately 1 million ounces, net of production. JORC resources at 30 June 2011 stood at 3.3 million oz. Exploration activities in the Murchison have also identified significant copper targets immediately north of the planned 1.2 million tonne per annum gold mill.
- While not a specific objective from last year, following underground mine debottlenecking and ongoing exploration success, a commitment was made to a low capital upgrade of the Lakewood Gold Processing Facility to 1.0 million tonnes per annum, and this is in progress. Ore stocks are being built in anticipation of this expanded capacity.
- The Murchison definitive feasibility study, which includes mining reserves and project financials is well advanced. Work completed includes: detailed mine designs and schedules for 14 open pit and 4 underground mines; operating and capital cost estimates; and infill and extensional drilling is in progress at depth. Work completed to date supports a production plan of 100,000 oz per annum with an 8 to 10 year mine life. A 1.2 million tonne per annum mill has been acquired for this project. A decision to mine in the Murchison is expected late in 2011.
- Our financial position remains strong notwithstanding our ongoing expenditure on growing the business:
  - Net profit after tax was A$15.8 million and operating cashflow was A$33.3 million; and
  - Cash and bullion at 30 June 2011 was A$23.4 million with no debt or hedging.
- Given our strong performance we were again nominated Gold Miner of the Year for the second year in a row.

Since our ASX listing the Company's strategy was to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre. This diversifies risk as well as adding scale to our business. Significant progress was made in implementing this strategy over the last year.

In addition, we remain strongly committed to exploration on our highly prospective ground. Building JORC resources adds directly to shareholder value. Our exploration programme is targeting over 10 million oz Au in resource over time with a short term target of 5 million oz Au in resource by June 2012. These objectives remain achievable and are on track.

We believe that we have surpassed our objectives for last year and remain focussed on growing the business into the future.

We remain committed to strong cost management and running a sustainable, profitable business. Over the last two years we have seen our business and the mining industry come under threat from the Federal Government's ill-considered mining tax proposals. Parliamentary debate has seen a call for the mining tax to be extended to gold. This has been followed by the equally ill-considered carbon tax and diesel fuel rebate reduction proposals. The ongoing uncertainty created continues to undermine investor confidence and to cause anxiety throughout our industry. Australia's largest export earning industry should be encouraged to explore and to grow so as to provide real flow-on benefits to Australians. For this reason, we remain strongly opposed to these additional business imposts in any form.

The coming year presents a number of opportunities to grow our business while maintaining a strong financial position. Accordingly, we have set ourselves the following key objectives over the next twelve months:

- Achieve milled production of 100,000 to 110,000 oz over the next 12 months;
- Commence open pit mining at Wombola Dam and Wombola Pit;
- Complete the expansion of the Lakewood Gold Processing Facilty on time and on budget;
- Achieve the exploration programme short term target of 5 million oz au in resource by June 2012, and establish the foundation for achieving our longer term target of over 10 million oz Au in resource;
- Drill test the recently identified, significant copper targets immediately north of the planned 1.2 million tonne per annum Murchison gold mill;
- Complete the Murchison Definitive Feasibility Study and allowing for a decision to mine by the end of 2011; and
- Maintain a strong balance sheet through prudent capital and cost management.

Silver Lake has strong cash flow, highly promising assets and a committed team with a proven track record to implement its strategy. We are committed to growing shareholder value.

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

Paul Chapman
Non-Executive Chairman
1 September 2011

Les Davis
Managing Director

OVERVIEW

The Company is an ASX 300 gold producing and exploration company with a resource base of 3.3 million oz in highly prospective regions including the Mount Monger goldfield and the Murchison goldfield. The Group's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre.

The Mount Monger Operation contains the Daisy Milano, Daisy East, Rosemary & Haoma underground mines and is located 50 km south east of Kalgoorlie. Mount Monger has additional multi mine potential underpinned by emerging open pit production from the Wombola Dam, Wombola Pit and Magic deposits.

Gold ore from Mount Monger is transported to the Group's 600,000 tonne per annum Lakewood Gold Processing Facility located 5 km south east of Kalgoorlie and 45 km from the Daisy Milano mine. This facility is currently being expanded to 700,000 tonnes per annum by December 2011 and up to 1 million tonnes per annum by September 2012 quarter.

In the Murchison, the strategy is to develop a second mining operation with multiple mines feeding a central processing facility. Accordingly, the focus is on extending resources, particularly below 100 metres depth, to sustain a 100,000 oz per annum operation. A 1.2 million tonne per annum mill has been acquired for this project. A decision to mine in the Murchison is expected late in 2011.

The Group's exploration programme is targeting over 10 million oz Au in resource over time with a short term target of 5 million oz au in resource by June 2012.

SAFETY

There were five (5) Lost Time Injuries during the period. All incidents were thoroughly investigated and preventative measures put in place to reduce the likelihood of similar occurrences. Silver Lake's Lost Time Injury Frequency Rate stands at 11.97.

UNDERGROUND MINE PRODUCTION

Underground production during the period totaled 300,369 tonnes at 7.2 g/t Au for 69,923 ounces (refer to Table 1).

OPEN PIT PRODUCTION

Open pit production during the period totaled 105,156 tonnes at 2.2 g/t Au for 7,358 ounces (refer to Table 1).

COMBINED MINE PRODUCTION

Combined mine production during the period totaled 405,525 tonnes at 5.9 g/t Au for 77,281 ounces (refer to Table 1).

MOUNT MONGER	UNITS	FULL YEAR FY11	JUN QTR 2011	MAR QTR 2011	DEC QTR 2010	SEP QTR 2010
Daisy Milano - Underground						
Ore hoisted	Tonnes	**185,180**	**29,139**	**49,384**	**65,592**	**41,065**
Mined grade	g/t Au	**7.2**	**7.3**	**6.5**	**7.1**	**8.2**
Gold in ore hoisted	Oz	**42,869**	**6,852**	**10,306**	**14,907**	**10,804**
Daisy East - Underground						
Ore hoisted	Tonnes	**112,728**	**48,200**	**25,327**	**17,892**	**21,309**
Mined grade	g/t Au	**7.2**	**6.9**	**9.8**	**4.3**	**7.5**
Gold in ore hoisted	Oz	**26,173**	**10,678**	**7,987**	**2,390**	**5,118**
Rosemary - Underground						
Ore hoisted	Tonnes	**491**	**491**	-	-	-
Mined grade	g/t Au	**8.4**	**8.4**	-	-	-
Gold in ore hoisted	Oz	**132**	**132**	-	-	-
Hamoa - Underground						
Ore hoisted	Tonnes	**1,970**	**1,970**	-	-	-
Mined grade	g/t Au	**11.8**	**11.8**	-	-	-
Gold in ore hoisted	Oz	**749**	**749**	-	-	-
Underground ore hoisted	Tonnes	**300,369**	**79,800**	**74,711**	**83,484**	**62,374**
Underground mined grade	g/t Au	**7.2**	**7.2**	**7.6**	**6.4**	**7.9**
Underground gold in ore hoisted	Oz	**69,923**	**18,411**	**18,293**	**17,297**	**15,922**
Open Pit						
Ore hoisted	Tonnes	**105,156**	**1,235**	**41,847**	**62,074**	-
Mined grade	g/t Au	**2.2**	**2.1**	**2.7**	**1.80**	-
Gold in ore hoisted	Oz	**7,358**	**84**	**3,683**	**3,591**	-
Total ore hoisted	Tonnes	**405,525**	**81,035**	**116,558**	**145,558**	**62,374**
Mined grade	g/t Au	**5.9**	**7.1**	**5.9**	**4.5**	**7.9**
Gold in ore hoisted	Oz	**77,281**	**18,495**	**21,976**	**20,888**	**15,922**

Table 1: Mine production statistics

PROCESSING

The Lakewood Gold Processing Facility is located 5 km southeast of Kalgoorlie and 45 km from the Daisy Milano mine.

356,684 tonnes were milled during the period at 5.8 g/t Au for 66,571 contained oz. Recovery was 95% resulting in 63,425 oz produced (refer to table 2).

LAKEWOOD GOLD PROCESSING FACILITY	UNITS	FULL YEAR FY11	JUN QTR 2011	MAR QTR 2011	DEC QTR 2010	SEP QTR 2010
Ore milled	Tonnes	**356,684**	**99,500**	**89,107**	**80,536**	**87,541**
Head grade	g/t Au	**5.8**	**5.7**	**6.4**	**5.8**	**5.3**
Contained gold	Oz	**66,571**	**18,350**	**18,404**	**14,975**	**14,841**
Recovery	%	**95**	**95**	**97**	**95**	**95**
Gold produced	Oz	**63,425**	**17,384**	**17,800**	**14,229**	**14,013**
Gold refined & sold	Oz	**64,703**	**16,688**	**18,219**	**14,820**	**14,976**

Table 2: Processing statistics

BUSINESS DEVELOPMENT

Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre. Strategic milestones reached during the period include:

Mount Monger Operations:

Substantial progress towards expanding Mount Monger Operations to >100,000 oz in FY12 and 150,000 oz in FY13:

» 520 metre deep ventilation shaft completed on time & on budget;
» underground operations debottlenecked with production from four underground mines;
» access established to 32 level Haoma & ore development commenced;
» low capital upgrade of Lakewood Gold Processing Facility to 1.0 million tonne per annum, in progress;
» commitment to commence open pit production at Wombola Dam; and
» significant drill intercepts between Daisy Deeps & Haoma.

Murchison Project:

The definitive feasibility study, which includes mining reserves and project financials, is continuing.
Work completed to the end of the period includes:

» detailed mine designs and schedules for 14 open pit and 4 underground mines;
» operating and capital cost estimates; and
» infill and extensional drilling in progress at depth.

Work completed to date supports a production plan of 100,000 oz per annum with an 8 to 10 year mine life. Exploration activities in the Murchison have also identified significant copper targets immediately north of the planned 1.2 million tonne per annum gold mill.

UNPROCESSED ORE STOCKS

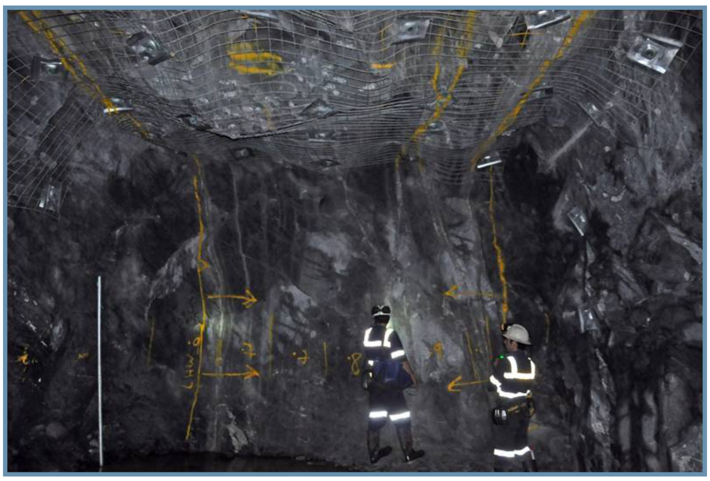
Unprocessed ore stocks at the end of the period totaled 108,600 tonnes containing 13,500 ounces.

GOLD IN CIRCUIT

Gold in circuit at the end of the period totaled 5,535 ounces.

GOLD SALES

Gold sales for the period totaled 64,703 oz at an average realised price of A$1,390oz.



EXPLORATION OVERVIEW

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 (refer to Figure 1). During the reporting period exploration activities have been undertaken at Mount Monger, in the Murchison and at Rothsay.

At Mount Monger exploration has been undertaken from underground as well as on the surface. Underground diamond drilling continued from the 528 stockpile to delineate and increase confidence in the Daisy Deeps resource outline down to 900 metres below the surface. The programme was successful and resulted in a refinement of the Daisy Deeps resource interpretation and the existence of the down plunge extension to the Haoma ore body. RC surface drilling activities were undertaken at the Wombola Dam and Wombola Pit deposits to increase confidence in the existing resource and to delineate extensions along strike of known mineralised structures. A combination of RC and diamond drilling continued in the southern portion of the Mount Monger leases testing for repetitions of the Magic resource. Surface drilling will continue in the coming year in the Wombola area and north of Daisy Milano. Underground drilling will test for multiple mineralised structures to the east and west of the main Daisy Milano orebody.

In the Murchison surface drilling continued at Tuckabianna, Comet and Moyagee.

At Tuckabianna RC and diamond drilling focused on increasing confidence in, and extending resources at, Tuckabianna West and Caustons with the drilling showing depth continuity at both deposits. Drilling will continue in the coming year to further extend the strike and depth extensions of these deposits.

In the Comet area RC and diamond drilling was undertaken targeting down dip and down plunge extensions to existing resources at Comet, Eclipse and Venus to increase confidence in the geological interpretation.

Exploration in the Moyagee area focused on the Lena resource. RC and diamond drilling was undertaken to increase confidence in the Lena resource and also extend the resource to the south. Exploration in this area will continue in the coming year to better define the mineralisation and potentially define new resources.

During the year leases that are highly prospective for gold and base metals were purchased in the Eelya Hill Complex located north of Tuckabianna. Surface geophysics located four large electromagnetic conductors that will be drill tested in the coming year.

At Rothsay sampling of the banded iron formation and geological mapping of the gold mineralised shear zones was undertaken. Further rock chip sampling was undertaken at Copper Lakes.

RESOURCES

A 36% increase to total JORC gold resource ounces at the Mount Monger Operation was achieved from the Company's underground and surface drilling programmes throughout the year. The June 2011 JORC resource for Mount Monger totals 5.1 million tonnes at 8.9 g/t Au for 1,467,000 oz (refer to Table 3).

In the Murchison a 25% increase to total JORC gold resources was achieved from the Company's surface drilling programmes throughout the year. The June 2011 JORC resources for the Murchison now totals 18.4 million tonnes at 2.8 g/t Au for 1,650,000 oz (refer to Table 3).

The companys' combined June 2011 JORC resource totals 24.1 million tonnes at 4.2 g/t for 3.3 million ounces of gold (refer to Table 3).

DEPOSIT	MEASURED RESOURCES			INDICATED RESOURCES			INFERRED RESOURCES			TOTAL RESOURCES		
	ORE T '000S	GRADE G/T AU	TOTAL OZ AU '000S	ORE T '000S	GRADE G/T AU	TOTAL OZ AU '000S	ORE T '000S	GRADE G/T AU	TOTAL OZ AU '000S	ORE T '000S	GRADE G/T AU	TOTAL OZ AU '000S
Daisy Milano	181.5	30.6	178.6	562.2	17.2	310.9	326.0	12.3	128.9	1,069.7	18.0	618.4
Daisy East	41.0	41.4	54.6	21.4	15.5	10.7	25.9	15.9	13.2	88.3	27.6	78.5
Christmas Flat	-	-	-	338.6	4.1	44.1	448.5	6.3	91.3	787.1	5.3	135.4
Haoma	-	-	-	-	-	-	238.9	30.6	235.0	238.9	30.6	235.0
Costello	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Lorna Doone	-	-	-	-	-	-	128.0	3.1	12.8	128.0	3.1	12.8
Magic	-	-	-	749.2	4.1	98.3	1,071	5.2	178.0	1,820.2	4.7	276.3
Wombola Pit	-	-	-	161.2	3.0	15.7	299.0	2.8	26.6	460.2	2.9	42.3
Wombola Dam	-	-	-	202.8	4.1	26.7	230.2	3.8	27.8	433.0	3.9	54.5
Total Mount Monger	222.5	32.6	233.1	2,035.4	7.7	506.4	2,878.5	7.9	727.9	5,136.4	8.9	1,467.4
Tuckabianna - OP	-	-	-	4,000.0	2.2	280.0	4,220.0	2.1	290.0	8,220.0	2.2	570.0
Tuckabianna - UG	-	-	-	1,070.0	4.4	150.0	1,360.0	3.7	160.0	2,430.0	4.0	310.0
Comet - OP	36.0	0.6	0.69	2,390.0	2.7	210.0	670.0	1.9	40.0	3,070.0	2.5	250.0
Comet - UG	-	-	-	850.0	5.1	140.0	250.0	3.7	30.0	1,100.0	5.1	180.0
Moyagee - OP	-	-	-	840.0	2.2	60.0	1,130.0	2.5	90.0	1,980.0	2.4	150.0
Moyagee - UG	-	-	-	70.0	4.4	10.0	1,500.0	3.9	190.0	1,570.0	4.0	200.0
Murchison - OP	36.0	0.6	0.69	7,230.0	2.4	550.0	6,030.0	2.1	410.0	13,270.0	2.3	970.0
Murchison - UG	-	-	-	1,980.0	4.7	300.0	3,120.0	3.8	380.0	5,100.0	4.1	680.0
Total Murchison	36.0	0.6	0.69	9,210.0	2.9	850.0	9,150.0	2.7	790.0	18,370.0	2.8	1,650.0
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	258.5	28.1	233.8	11,245.4	3.8	1,356.4	12,619.7	4.1	1,650.8	24,097.6	4.2	3,250.7

Table 3: Resource Inventory as at June 2011

Rounding may give rise to unit discrepancies in this table

Notes

1. 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").

2. For the Daisy Milano Measured and Indicated Resource calculation, the geology model was formed by the incorporation of geological mapping, face production sampling and drill hole 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 850 metres below the surface down to 900 metres below the surface, which is the bottom of the current mine plan.

3. The Magic, Costello, Wombola Pit and Wombola Dam resources incorporate oxide, transition and sulphide material. The models are based mainly on RC drilling with less than 10% diamond drill data.

4. Resources calculations for Lorna Doone and Rothsay were based on reviews of historical drilling data and a recalculation of resource models.

5. The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Christopher Banasik who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Banasik is a full time employee of Silver Lake Resources Ltd, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Mr Banasik has given his consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

6. Information that relates to exploration targets refers to targets that are conceptual in nature, where there has been has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

TENEMENT SCHEDULE

	TENEMENT						AREA	
PROJECT	TYPE	NUMBER	REGISTERED HOLDER AND INTERESTS	DATE GRANTED	DATE EXPIRY	APPLICATION DATE	HECTARES	BLOCKS
Copper Lakes	E	45/2903	Rudd AP (100%)			1/05/06		**78.0**
	E	45/3632	Silver Lake Resources Ltd (100%)			24/02/10		**78.0**
Comet	M	21/0008	Cue Minerals Pty Ltd (100%)	16/05/86	15/05/28	27/07/85	**47.68**	
	E	20/0531	Cue Minerals Pty Ltd (100%)	23/08/06	22/08/11	24/10/01		**6.0**
	L	21/0016	Silver Lake Resources Ltd (100%)			11/05/11	**20.00**	
	M	21/0072	Cue Minerals Pty Ltd (100%)	2/09/91	1/09/12	9/11/90	**745.30**	
	E	21/0125	Cue Minerals Pty Ltd (100%)	16/01/08	15/01/13	5/10/05		**19.0**
Eelya Hill	E	20/0616	Cue Minerals Pty Ltd (100%)	22/01/07	21/01/12	22/11/05		**16.0**
	E	20/0630	George Juris Petersons (100%)			8/03/06		**2.0**
	E	20/0659	"Silver Lake Resources Ltd (90%) & Montezuma Mining Coy Ltd (10%)"	21/11/07	20/11/12	22/02/07		**2.0**
	P	20/2018	"Silver Lake Resources Ltd (90%) & Montezuma Mining Coy Ltd (10%)"	28/12/07	27/12/11	22/02/07	**25.54**	
	E	21/0144	Cue Minerals Pty Ltd (100%)	19/04/11	18/04/16	3/02/10		**4.0**
	E	20/0629	Cue Minerals Pty Ltd (100%)	30/01/07	29/01/12	3/03/06		**6.0**
	E	20/0698	Cue Minerals Pty Ltd (100%)	17/12/09	16/12/14	15/01/09		**1.0**
	E	20/0699	Cue Minerals Pty Ltd (100%)	17/12/09	16/12/14	15/01/09		**1.0**
	E	20/0700	Cue Minerals Pty Ltd (100%)	17/12/09	16/12/14	2/02/09		**1.0**
	P	20/2094	Cue Minerals Pty Ltd (100%)	22/03/10	21/03/14	15/01/09	**21.00**	
Lakewood	L	26/0234	Silver Lake Resources Ltd (100%)	3/04/08	2/04/29	24/01/03	**33.00**	
	M	26/0242	Silver Lake Resources Ltd (100%)	18/10/88	17/10/30	11/03/88	**141.65**	
	M	26/0367	Silver Lake Resources Ltd (100%)	12/05/93	11/05/14	28/06/91	**2.08**	
Moyagee	M	21/0106	Silver Lake Resources Ltd (100%)	19/05/99	18/05/20	21/02/96	**935.00**	
	M	21/0107	Silver Lake Resources Ltd (100%)	19/05/99	18/05/20	21/02/96	**642.85**	
	M	58/0224	Silver Lake Resources Ltd (100%)	29/08/95	28/08/16	25/01/95	**320.00**	
	M	58/0225	Silver Lake Resources Ltd (100%)	29/08/95	28/08/16	25/01/95	**154.00**	
	E	21/0129	Silver Lake Resources Ltd (100%)	30/01/08	29/01/13	31/08/06		**19.0**
	E	58/0335	Silver Lake Resources Ltd (100%)	4/06/08	3/06/13	31/08/06		**9.0**
	M	58/0358	Silver Lake Resources Ltd (100%)			8/07/11	**390.00**	
	L	21/0017	Silver Lake Resources Ltd (100%)			11/05/11	**65.30**	
	L	21/0018	Silver Lake Resources Ltd (100%)			11/05/11	**18.70**	
	P	21/0651	Silver Lake Resources Ltd (100%)	8/10/08	7/10/12	31/08/06	**99.73**	
	P	21/0652	Silver Lake Resources Ltd (100%)	8/10/08	7/10/12	31/08/06	**100.23**	
	P	21/0654	Silver Lake Resources Ltd (100%)	12/09/08	11/09/12	31/08/06	**29.09**	
	P	21/0655	Silver Lake Resources Ltd (100%)	12/09/08	11/09/12	31/08/06	**3.36**	
	P	21/0656	Silver Lake Resources Ltd (100%)	12/09/08	11/09/12	31/08/06	**5.23**	
	P	21/0657	Silver Lake Resources Ltd (100%)	12/09/08	11/09/12	31/08/06	**174.43**	
	P	21/0658	Silver Lake Resources Ltd (100%)	12/09/08	11/09/12	31/08/06	**48.43**	
	P	21/0662	Silver Lake Resources Ltd (100%)	9/10/08	8/10/12	9/11/06	**69.19**	
	P	21/0665	Silver Lake Resources Ltd (100%)	9/10/08	8/10/12	9/11/06	**48.00**	
	P	58/1372	Silver Lake Resources Ltd (100%)	9/10/08	8/10/12	31/08/06	**7.24**	
	P	58/1373	Silver Lake Resources Ltd (100%)	9/10/08	8/10/12	31/08/06	**43.38**	
	P	58/1374	Silver Lake Resources Ltd (100%)	9/10/08	8/10/12	31/08/06	**52.24**	
	P	58/1375	Silver Lake Resources Ltd (100%)	9/10/08	8/10/12	31/08/06	**90.95**	
Mt Monger	E	26/0146	Silver Lake Resources Ltd (100%)	23/09/10	22/09/15	28/10/09		**4.0**
	L	26/0215	Silver Lake Resources Ltd (100%)	4/07/00	3/07/21		**4.00**	
	L	26/0246	Silver Lake Resources Ltd (100%)	12/05/09	11/05/30	10/11/08	**3.00**	
	L	26/0258	Silver Lake Resources Ltd (100%)			30/08/10	**1.00**	
	L	26/0262	Silver Lake Resources Ltd (100%)			4/07/11	**18.00**	
	L	26/0263	Silver Lake Resources Ltd (100%)			4/07/11	**1.00**	
	M	25/0136	Silver Lake Resources Ltd (100%)	1/02/95	31/01/16	25/02/94	**84.71**	
	M	26/0038	Silver Lake Resources Ltd (100%)	20/10/83	19/10/25	18/05/83	**12.36**	
	M	26/0094	Silver Lake Resources Ltd (100%)	8/10/95	7/10/27	26/04/85	**9.56**	

	TENEMENT						AREA	
PROJECT	TYPE	NUMBER	REGISTERED HOLDER AND INTERESTS	DATE GRANTED	DATE EXPIRY	APPLICATION DATE	HECTARES	BLOCKS
	M	26/0129	Silver Lake Resources Ltd (100%)	17/03/87	16/03/29	10/11/86	**24.10**	
	M	26/0250	Silver Lake Resources Ltd (100%)	12/01/89	11/01/31	31/03/88	**314.75**	
	M	26/0251	Silver Lake Resources Ltd (100%)	12/01/89	11/01/31	31/03/88	**331.85**	
	M	26/0271	Silver Lake Resources Ltd (100%)	31/03/89	30/03/31	29/07/88	**18.20**	
	M	26/0280	Silver Lake Resources Ltd (100%)	7/09/89	6/09/31	3/11/88	**13.52**	
	M	26/0282	Silver Lake Resources Ltd (100%)	22/05/89	21/05/31	14/11/88	**27.56**	
	M	26/0325	Silver Lake Resources Ltd (100%)	22/01/90	21/01/32	5/07/89	**15.83**	
	M	26/0389	Silver Lake Resources Ltd (100%)	20/03/92	19/03/13	3/01/92	**77.00**	
	M	26/0393	Silver Lake Resources Ltd (100%)	24/06/92	23/06/13	31/03/92	**67.82**	
	M	26/0402	Silver Lake Resources Ltd (100%)	29/10/92	28/10/13	29/05/92	**475.80**	
	M	26/0410	Silver Lake Resources Ltd (100%)	18/11/92	17/11/13	11/08/92	**11.20**	
	M	26/0411	Silver Lake Resources Ltd (100%)	25/01/93	24/01/14	11/08/92	**9.13**	
	M	26/0415	Silver Lake Resources Ltd (100%)	8/02/93	7/02/14	30/11/92	**2.05**	
	M	26/0500	Silver Lake Resources Ltd (100%)	20/01/10	19/01/31	23/08/95	**4.50**	
	M	26/0636	Silver Lake Resources Ltd (100%)	11/01/99	10/01/20	14/07/97	**5.90**	
	M	26/0665	Silver Lake Resources Ltd (100%)	25/10/00	24/10/21	22/12/97	**9.44**	
	M	26/0829	Silver Lake Resources Ltd (100%)			15/07/11	**121.30**	
	M	26/0830	Silver Lake Resources Ltd (100%)			15/07/11	**117.30**	
	M	26/0831	Silver Lake Resources Ltd (100%)			15/07/11	**106.10**	
	P	25/1872	Silver Lake Resources Ltd (100%)	22/11/07	21/11/11	30/08/06	**178.00**	
	P	25/1873	Silver Lake Resources Ltd (100%)	22/11/07	21/11/11	30/08/06	**186.00**	
	P	25/1962	Silver Lake Resources Ltd (100%)	22/11/07	21/11/11	1/02/07	**121.00**	
	P	25/1963	Silver Lake Resources Ltd (100%)	22/11/07	21/11/11	1/02/07	**121.00**	
	P	26/3172	Silver Lake Resources Ltd (100%)	18/07/07	17/07/11	24/02/03	**121.00**	
	P	26/3173	Silver Lake Resources Ltd (100%)	18/07/07	17/07/11	24/02/03	**117.00**	
	P	26/3174	Silver Lake Resources Ltd (100%)	18/07/07	17/07/11	24/02/03	**107.00**	
	P	26/3417	Silver Lake Resources Ltd (100%)	12/08/08	11/08/12	30/08/06	**8.00**	
	P	26/3502	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**24.00**	
	P	26/3503	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**9.71**	
	P	26/3504	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**4.15**	
	P	26/3505	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**134.00**	
	P	26/3506	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**102.00**	
	P	26/3507	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**70.00**	
	P	26/3508	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**157.00**	
	P	26/3509	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**157.00**	
	P	26/3510	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**183.00**	
	P	26/3511	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**158.00**	
	P	26/3512	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**198.00**	
	P	26/3513	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**177.00**	
	P	26/3514	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**150.00**	
	P	26/3515	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**179.00**	
	P	26/3516	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**129.00**	
	P	26/3517	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**122.00**	
	P	26/3518	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**199.00**	
	P	26/3519	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**121.00**	
	P	26/3520	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**195.00**	
	P	26/3521	Silver Lake Resources Ltd (100%)	17/01/08	16/01/12	1/02/07	**183.00**	
	P	26/3522	Silver Lake Resources Ltd (100%)	22/11/07	21/11/11	1/02/07	**80.00**	
	P	26/3790	Silver Lake Resources Ltd (100%)			5/07/10	**72.00**	
	P	26/3835	Silver Lake Resources Ltd (100%)			3/12/10	**200.00**	
	P	26/3874	Silver Lake Resources Ltd (100%)			18/05/11	**2.00**	
	M	26/0059	Silver Lake Resources Ltd (100%)	22/06/84	21/06/26	14/12/83	**4.85**	
	M	26/0278	Silver Lake Resources Ltd (100%)	22/05/89	21/05/31	21/09/88	**121.30**	
	M	26/0352	Silver Lake Resources Ltd (100%)	15/11/90	14/11/11	11/05/90	**33.70**	
	M	26/0437	Silver Lake Resources Ltd (100%)	2/06/94	1/06/15	7/01/94	**117.25**	
	M	26/0440	Silver Lake Resources Ltd (100%)	13/09/94	12/09/15	14/03/94	**110.65**	

	TENEMENT						AREA	
PROJECT	TYPE	NUMBER	REGISTERED HOLDER AND INTERESTS	DATE GRANTED	DATE EXPIRY	APPLICATION DATE	HECTARES	BLOCKS
	M	26/0642	Silver Lake Resources Ltd (100%)	28/05/07	27/05/28	19/08/97	**415.00**	
	M	26/0657	Silver Lake Resources Ltd (100%)	28/05/07	27/05/28	27/10/97	**5.00**	
	M	26/0683	Silver Lake Resources Ltd (100%)	28/05/07	27/05/28	26/02/98	**321.00**	
	M	26/0783	Silver Lake Resources Ltd (100%)	28/05/07	27/05/28	17/03/04	**28.00**	
	M	26/0791	Silver Lake Resources Ltd (100%)	28/05/07	27/05/28	22/04/04	**5.00**	
	M	26/0802	Silver Lake Resources Ltd (100%)	28/05/07	27/05/28	13/10/04	**3.79**	
	P	25/1868	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**174.00**	
	P	25/1869	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**141.00**	
	P	25/1870	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**118.00**	
	P	25/1871	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**200.00**	
	P	25/1924	Silver Lake Resources Ltd (100%)	22/11/07	21/11/11	15/01/07	**171.00**	
	P	25/1968	Silver Lake Resources Ltd (100%)	25/03/08	24/03/12	6/02/07	**188.00**	
	P	25/1969	Silver Lake Resources Ltd (100%)	25/03/08	24/03/12	6/02/07	**184.00**	
	P	25/2052	Silver Lake Resources Ltd (100%)	5/05/10	4/05/14	15/07/08	**114.00**	
	P	26/3404	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**123.00**	
	P	26/3405	Silver Lake Resources Ltd (100%)	9/08/07	8/08/11	21/08/06	**86.00**	
	P	26/3406	Silver Lake Resources Ltd (100%)	9/08/07	8/08/11	21/08/06	**116.00**	
	P	26/3407	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**185.00**	
	P	26/3408	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**189.00**	
	P	26/3409	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**198.00**	
	P	26/3410	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**99.00**	
	P	26/3411	Silver Lake Resources Ltd (100%)	19/06/07	18/06/11	21/08/06	**157.00**	
	P	26/3412	Silver Lake Resources Ltd (100%)	19/07/07	18/07/11	21/08/06	**167.00**	
	P	26/3413	Silver Lake Resources Ltd (100%)	19/07/07	18/07/11	21/08/06	**165.00**	
	P	26/3414	Silver Lake Resources Ltd (100%)	19/07/07	18/07/11	21/08/06	**123.00**	
	P	26/3415	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	21/08/06	**196.00**	
	P	26/3416	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	21/08/06	**183.00**	
	P	26/3444	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**86.00**	
	P	26/3445	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	15/01/07	**64.00**	
	P	26/3446	Silver Lake Resources Ltd (100%)	31/12/07	30/12/11	15/01/07	**112.00**	
	P	26/3447	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**200.00**	
	P	26/3448	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**200.00**	
	P	26/3449	"Wombola Gold Pty Ltd (90%) & Van Der Borgh, PJ (10%)"	10/12/07	9/12/11	15/01/07	**185.00**	
	P	26/3450	"Wombola Gold Pty Ltd (90%) & Van Der Borgh, PJ (10%)"	10/12/07	9/12/11	15/01/07	**200.00**	
	P	26/3451	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**128.00**	
	P	26/3452	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**80.00**	
	P	26/3453	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**170.00**	
	P	26/3454	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**130.00**	
	P	26/3455	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**196.00**	
	P	26/3456	Silver Lake Resources Ltd (100%)	10/12/07	9/12/11	15/01/07	**164.00**	
	P	26/3457	Silver Lake Resources Ltd (100%)	17/11/08	16/11/12	15/01/07	**138.00**	
	P	26/3458	Silver Lake Resources Ltd (100%)	17/11/08	16/11/12	15/01/07	**53.00**	
	P	26/3459	Silver Lake Resources Ltd (100%)	17/11/08	16/11/12	15/01/07	**72.00**	
	P	26/3460	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	15/01/07	**166.00**	
	P	26/3461	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	15/01/07	**106.00**	
	P	26/3462	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	15/01/07	**106.00**	
	P	26/3537	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	5/02/07	**153.00**	
	P	26/3538	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	5/02/07	**139.00**	
	P	26/3539	Silver Lake Resources Ltd (100%)	31/01/08	30/01/12	5/02/07	**4.03**	
	P	26/3546	Silver Lake Resources Ltd (100%)	25/03/08	24/03/12	5/02/07	**200.00**	
	P	26/3568	Silver Lake Resources Ltd (100%)	25/03/08	24/03/12	6/02/07	**197.00**	
	P	26/3569	Silver Lake Resources Ltd (100%)	25/03/08	24/03/12	6/02/07	**196.00**	
	P	26/3570	Silver Lake Resources Ltd (100%)	25/03/08	24/03/12	6/02/07	**198.00**	
	P	26/3590	Silver Lake Resources Ltd (100%)	25/03/08	24/03/12	9/02/07	**10.00**	

	TENEMENT						AREA	
PROJECT	TYPE	NUMBER	REGISTERED HOLDER AND INTERESTS	DATE GRANTED	DATE EXPIRY	APPLICATION DATE	HECTARES	BLOCKS
	P	26/3625	Silver Lake Resources Ltd (100%)	4/07/08	3/07/12	14/08/07	**195.00**	
	P	26/3626	Silver Lake Resources Ltd (100%)	4/07/08	3/07/12	14/08/07	**170.00**	
	P	26/3627	Silver Lake Resources Ltd (100%)	4/07/08	3/07/12	14/08/07	**200.00**	
	P	26/3682	Silver Lake Resources Ltd (100%)	29/05/09	28/05/13	14/07/08	**108.00**	
	P	26/3683	Silver Lake Resources Ltd (100%)	29/05/09	28/05/13	14/07/08	**141.00**	
	P	26/3855	Silver Lake Resources Ltd (100%)			28/01/11	**200.00**	
	P	26/3856	Silver Lake Resources Ltd (100%)			28/01/11	**199.00**	
	P	26/3857	Silver Lake Resources Ltd (100%)			28/01/11	**138.00**	
Rothsay	E	59/1234	Silver Lake Resources Ltd (100%)	29/01/07	28/01/12	1/12/05		**1.0**
	E	59/1262	Silver Lake Resources Ltd (100%)	10/08/07	9/08/12	19/05/06		**1.0**
	E	59/1263	Silver Lake Resources Ltd (100%)	10/08/07	9/08/12	19/05/06		**1.0**
	E	59/1455	Silver Lake Resources Ltd (100%)	16/12/08	15/12/13	21/12/07		**1.0**
	E	59/1574	Silver Lake Resources Ltd (100%)	5/01/10	4/01/15	11/03/09		**12.0**
	L	59/0024	Silver Lake Resources Ltd (100%)	22/08/89	21/08/14	12/05/89	**6.90**	
	M	59/0039	Silver Lake Resources Ltd (100%)	4/12/86	3/12/28	4/06/86	**710.30**	
	M	59/0040	Silver Lake Resources Ltd (100%)	4/12/86	3/12/28	4/06/86	**380.85**	
	P	59/1746	Silver Lake Resources Ltd (100%)	14/02/07	13/02/15	29/05/06	**152.70**	
Tuckabianna	E	20/0606	Silver Lake Resources Ltd (100%)	8/08/07	7/08/12	7/10/05		**20.0**
	E	20/0608	Silver Lake Resources Ltd (100%)	8/08/07	7/08/12	7/10/05		**4.0**
	E	20/0779	Silver Lake Resources Ltd (100%)			31/03/11		**34.0**
	L	20/0057	Silver Lake Resources Ltd (100%)			11/05/11	**17.60**	
	M	20/0055	Silver Lake Resources Ltd (100%)	19/05/87	18/05/29	22/10/86	**344.25**	
	M	20/0108	Silver Lake Resources Ltd (100%)	6/05/88	5/05/30	15/10/87	**932.70**	
	M	20/0111	Silver Lake Resources Ltd (100%)	6/05/88	5/05/30	15/10/87	**240.05**	
	M	20/0176	Silver Lake Resources Ltd (100%)	10/04/89	9/04/31	10/01/89	**322.55**	
	M	20/0183	Silver Lake Resources Ltd (100%)	5/09/89	4/09/31	16/06/89	**7.88**	
	M	20/0195	Silver Lake Resources Ltd (100%)	16/05/90	15/05/32	11/01/90	**784.35**	
	M	20/0208	Silver Lake Resources Ltd (100%)	4/12/90	3/12/11	11/06/90	**819.75**	
	M	20/0225	Silver Lake Resources Ltd (100%)	9/01/92	8/01/13	13/08/91	**10.03**	
	M	20/0245	Silver Lake Resources Ltd (100%)	15/09/92	14/09/13	17/07/92	**100.00**	
	M	20/0247	Silver Lake Resources Ltd (100%)	26/10/02	25/10/13	13/08/92	**9.99**	
	M	20/0277	Silver Lake Resources Ltd (100%)	29/08/95	28/08/16	21/04/94	**707.35**	
	P	20/2038	Silver Lake Resources Ltd (100%)	7/04/09	6/04/13	16/10/07	**195.00**	
	P	20/2039	Silver Lake Resources Ltd (100%)	7/04/09	6/04/13	16/10/07	**186.00**	
	P	20/2040	Silver Lake Resources Ltd (100%)	7/04/09	6/04/13	16/10/07	**145.00**	
	P	20/2041	Silver Lake Resources Ltd (100%)	7/04/09	6/04/13	16/10/07	**128.00**	
	P	20/2042	Silver Lake Resources Ltd (100%)	7/04/09	6/04/13	16/10/07	**124.00**	
	P	20/2043	Silver Lake Resources Ltd (100%)	7/04/09	6/04/13	16/10/07	**156.00**	

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

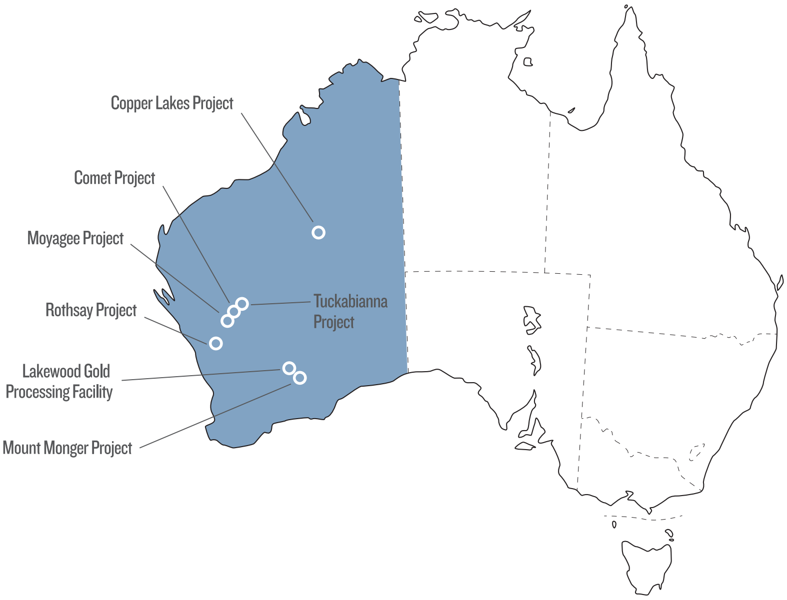


Figure 1: Map of Australia showing the location of Silver Lake's projects.

Mount Monger Goldfield – Western Australia (Silver Lake 100%)

The Mount Monger goldfield (refer to Figure 2) 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 prior to 2007. Since the company purchased the project in December 2007 over 200,000 oz of gold have been mined from the Mount Monger Operations. 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 115 granted tenements and 12 tenements under application covering 165 km2. All of the resources and historical workings lie within granted tenements. The Mount Monger lease package contains the Daisy Milano, Daisy East, Rosemary and Haoma underground mines as well as other historical workings.

Silver Lake is targeting to increase production from the Mount Monger Operations to 200,000 oz per annum by 2014 via mining from multiple underground and open pit ore sources.

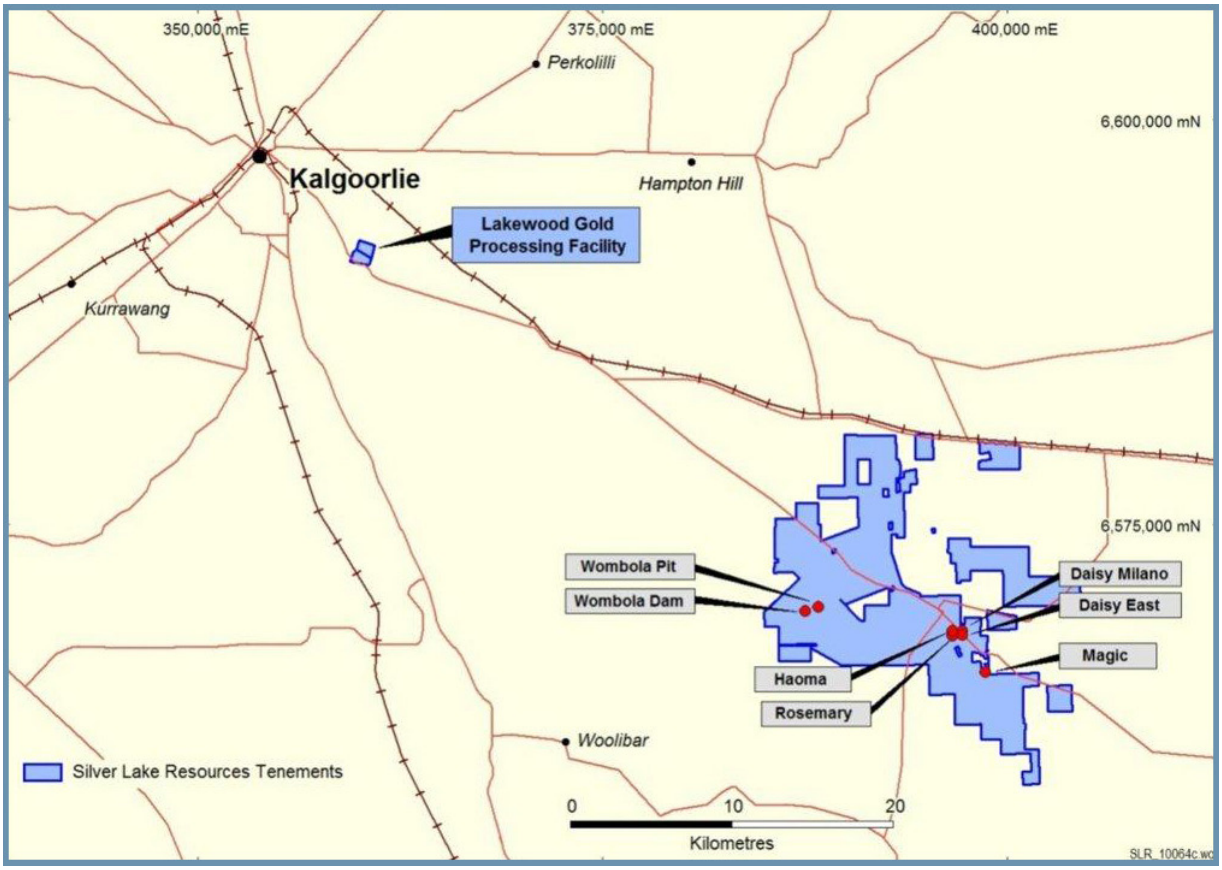


Figure 2: Location plan – Mount Monger goldfield

Daisy Milano

The Daisy Milano deposit is hosted by a dilational zone within a north-south trending shear zone and as at June 2011 has a JORC resource of 1.07 million tonnes at 18.0 g/t Au for 618,400 oz (refer to Table 3). 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 which is currently developed to 600 metres below the surface. The area of the mine above 500 metres depth is referred to as Daisy Upper and the area below 500 metres is referred to as Daisy Deeps.

The underground drilling programme during the period at Daisy Deeps showed that at depth there are multiple high grade structures west of the previously interpreted ore zone (refer to Figure 3). These new structures are continuous to 900 metres below the surface and current intersections suggest that the ore zone is thicker. The results of this drilling show that the average width of the ore zone below 700 metres depth has increased from 0.7 metres to 2.3 metres and that the mineralisation remains open below 900 metres depth.

A 520 metre deep ventilation shaft was successfully completed from the 27 level to the surface in June 2011. The ventilation shaft has substantially increased the primary ventilation flow which will allow production from independent mining fronts at Daisy Milano, Daisy East, Rosemary and Haoma (refer to Figure 4) . The ventilation shaft, ventilation fan and surface infrastructure was completed on time and on budget.

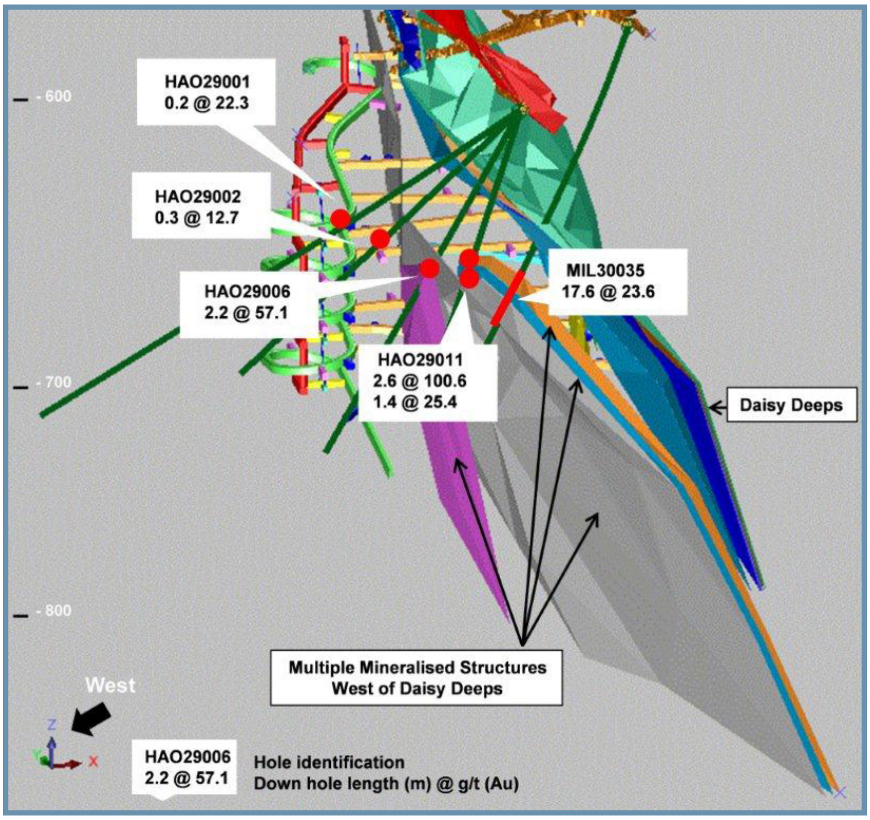


Figure 3: Schematic view of Daisy Deeps showing multiple ore structures (not to scale)

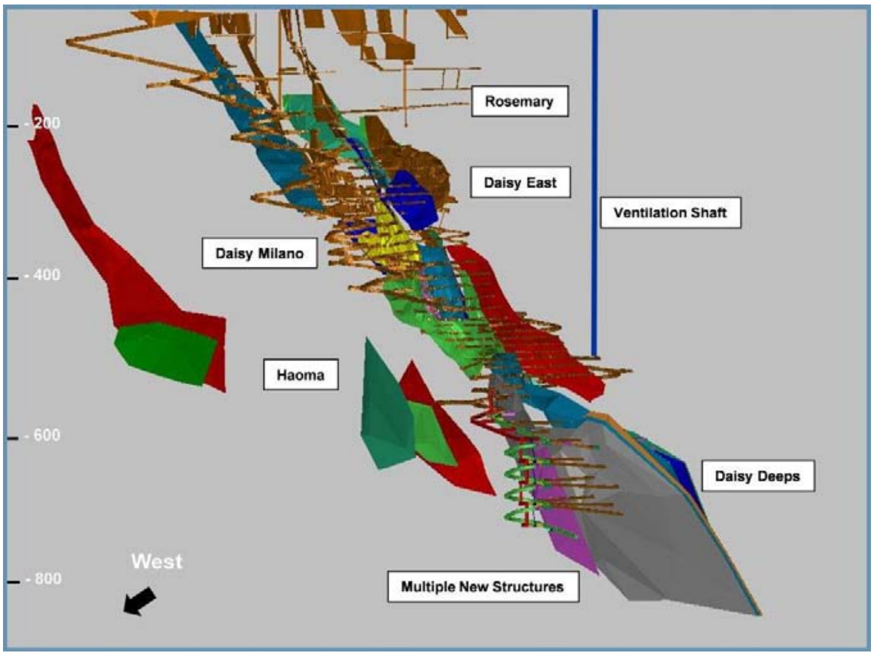


Figure 4: Schematic view showing location of Daisy Milano, Daisy East, Rosemary and Haoma deposits including multiple mineralised structures west of Daisy Deeps (not to scale)

Haoma

The Haoma deposit (refer to Figure 4) is a historic underground mine located west of the Daisy Milano deposit and was mined at a grade of 28.9 g/t Au. Mining ceased at approximately 180 metres below the surface due to the orebody plunging onto a neighbouring tenement. Silver Lake now controls the consolidated Mount Monger region and therefore can mine the down plunge extent of the previous workings.

Underground drilling during the year was undertaken from various levels within Daisy Milano. The results of the programme were highly successful leading to a maiden JORC resource of 238,900 tonnes at 30.6 g/t Au for 235,000 oz. (refer to Table 3). Drilling results to date are typical of the quartz vein hosted mineralisation at Daisy Milano and Daisy East containing galena, pyrite and visible gold on a porphyry contact. Drilling to date also indicates that the ore thickness is greater than Daisy Milano.

Due to the proximity of the new Haoma resource to the decline infrastructure at the Daisy Milano 32 level, an access drive was developed and the ore was intersected in June 2011. As at the end of August 2011 ~ 3,000 oz have been mined from the 32 level ore drive resulting in endowment of 1,000 oz per vertical metre. This has been achieved over 170 metres of strike whereas the Daisy Milano deposit has historically yielded endowment of 1,000 oz per vertical metre over 400 metres of strike.

Underground drilling will continue in 2012 to delineate the Haoma resource between the 4 level to the 32 level and below the current resource at depth (refer to Figure 5).

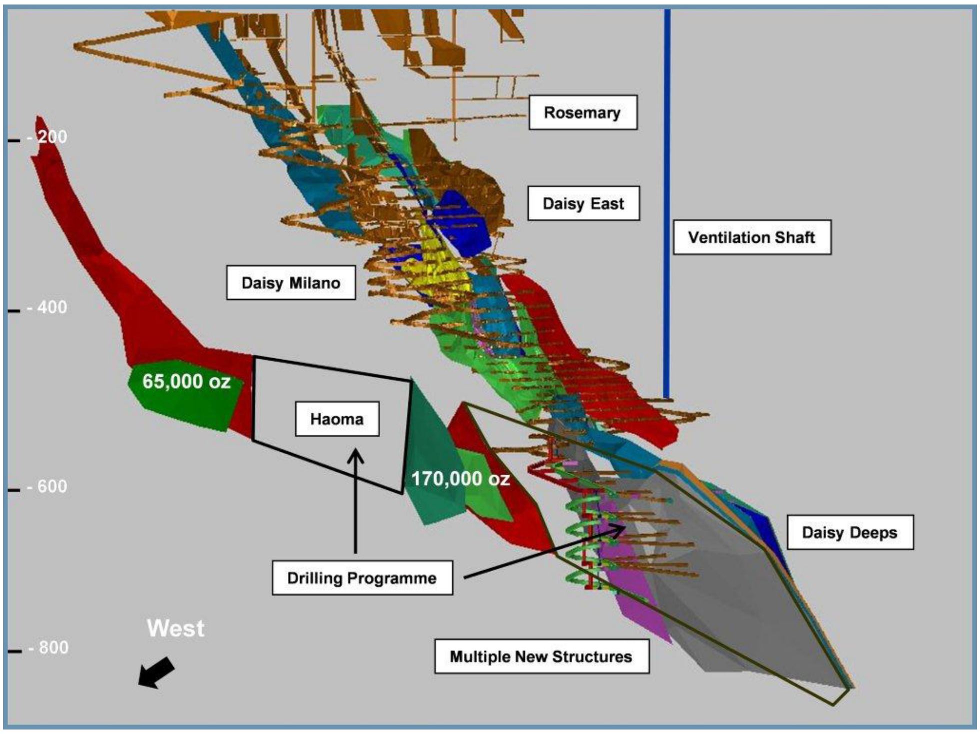


Figure 5: Schematic view of Haoma showing areas of ongoing drilling (not to scale)

Daisy East and Rosemary

The Daisy East and Rosemary deposits are located east of the Daisy Milano deposit (refer to Figure 4). During 2011 the Daisy East deposit was completely developed and stoping between the 7 and the 15 levels has commenced. Daisy East as at June 2011 has a JORC resource of 88,300 tonnes at 27.6 g/t Au for 78,500 oz.

An access drive from the 6 level at Daisy Milano across to the Rosemary deposit was completed in March 2011. Re-entry to the historic workings has been completed and plans are in place to commence stoping activities on the 5 level. Ore driving is continuing on the 6 level and further drilling is planned in 2012 below the 6 level for mine planning purposes. There is currently no resource classified at Rosemary.

Costello

The Costello deposit is located 2 km south of the Daisy Milano deposit (refer to Figures 2 & 6) and was mined during the year. A total of 103,921 tonnes at a claimed grade of 2.2 g/t Au for 7,275 oz. was mined from the open pit. (see Figure 6)

The remainder of the resource is below the current floor of the pit and is being assessed for further mining from underground.

Figure 6: Mining operations in the Costello deposit

Magic

The Magic deposit is located 3 km south of Daisy Milano (refer to Figure 2) and as at June 2011 has a JORC resource of 1.8 million tonnes at 4.7 g/t for 276,300 oz (refer to Table 3) and is currently subject to a mining study. Results of the study are expected to be completed in the December 2011 quarter. The strike extensions of the deposit have been drilled off and deeper drilling down to 400 metres has been completed.

Further deeper drilling will be planned from underground, subject to a decision to mine. Step out drilling is continuing to the south testing for repetitions of the Magic system along strike of the north-south striking shear that hosts the Magic mineralisation. The most recent drilling was 250 metres south of the Magic deposit. Encouragingly, a better intersection of 2.0 metres at 18.0 g/t Au from 53 metres was achieved.

Wombola Dam and Wombola Pit

The Wombola Pit and Wombola Dam deposits are located 5km north west of Daisy Milano (refer to Figure 2) and as at June 2011 have a JORC resource of 893,200 tonnes at 3.4 g/t Au for 96,800 oz. Gold mineralisation is contained within 50 metres of the surface in a series of steep north-west dipping quartz veins hosted within the Wombola dolerite which extends in several directions and remains open.

RC resource definition drilling programmes have been completed down to 30 metres depth at both deposits which intersected numerous high grade intercepts. The information from this drilling programme has been used to finalise mining studies and metallurgical test work has also been completed. The ore is free milling and ideally suited for processing through the Lakewood Gold Processing Facility.

Wombola Dam will commence production in September 2011 with the development of a starter pit (refer to Figure 7) and following further delineation drilling, the final pit will be developed.

At Wombola pit, extensional drilling is continuing with a decision to mine expected by December 2011.

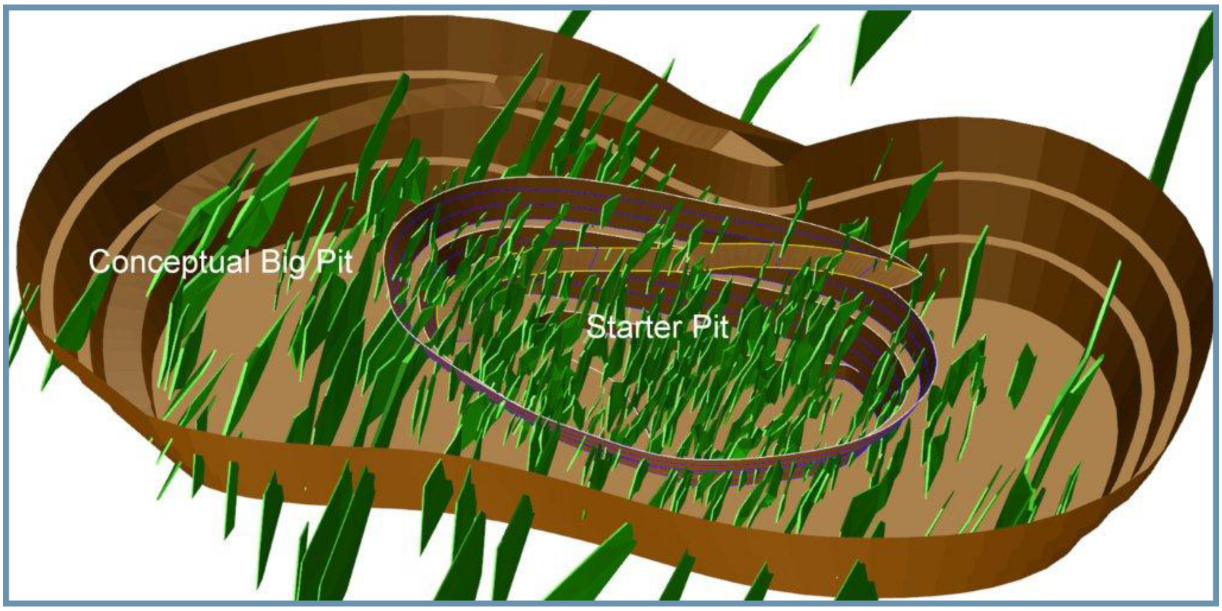


Figure 7: Schematic view of Wombola Dam starter pit and conceptual big pit showing multiple stacked lodes. Dimensions of the starter pit are 250 metres long and 150 metres wide. Dimensions of the conceptual big pit are 420 metres long by 250 metres wide

Regional Exploration

In the coming year surface drilling programmes at Mount Monger will be targeting the ultramafic belt for Daisy Milano style deposits and step out drilling around the Wombola area. Flat lying holes will be drilled from underground to a depth of 600 metres to test for the multiple stacked lodes that exist in the goldfield to the west and east of the Daisy Milano deposit.

Murchison Goldfield - Western Australia (Silver Lake 100%)

Silver Lake's projects situated in the Murchison goldfield of Western Australia are located south east of the town of Cue, 600 km northeast of Perth (refer to Figure 8) and consist of the Tuckabianna, Comet, and Moyagee projects which as at June 2011 have a combined JORC resource of 18.4 million tonnes at 2.8 g/t Au for 1,650,400 oz (refer to Table 3).

Silver Lake's strategy is to develop a second mining operation in the Murchison with multiple mines feeding a central processing facility. A 1.2 million tonne per annum mill has been acquired for this project and a decision to mine in the Murchison is expected late in 2011. Work completed to date supports a production plan of 100,000 oz per annum with an 8 to 10 year mine life.

The current planned fourteen open pit ore sources have been drilled out and the focus is now on extending resources, particularly below 100 metres depth, as only 23% of drill holes within the Murchison project have been drilled deeper than 100 metres.

Infill and extensional drilling programmes are currently in progress targeting strike and depth extensions to the four planned underground mines at Caustons, Tuckabianna West, Comet and Lena.

The company purchased several leases in the north of the existing Tuckabianna project during the period. These leases around the Eelya complex increased the overall land holding in the Murchison and are highly prospective for gold and historical drill holes show the existence of massive sulphides. The massive sulphides were anomalous for gold as well as metals such as copper, silver and zinc.

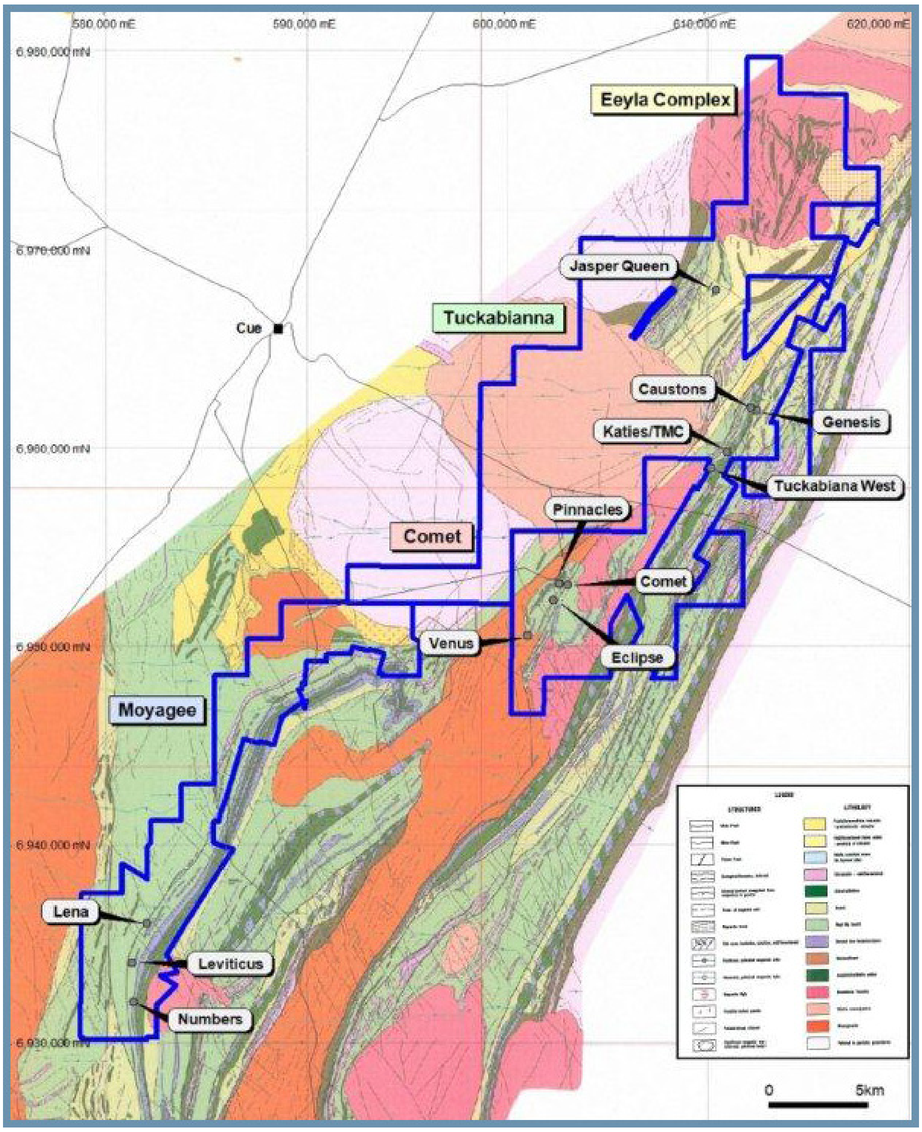


Figure 8: Location Plan - Tuckabianna, Comet, Moyagee and the Eelya complex

Tuckabianna Project

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

Exploration throughout the period was highly successful and resulted in resource extensions at the two largest deposits of Tuckabianna West (refer to Figure 9) and Caustons (refer to Figure 10). Feasibility work completed to date suggests that these two deposits have the potential to be long life highly productive underground mining operations.

As at June 2011 the open pit JORC resource for Tuckabianna totals 8.2 million tonnes at 2.2 g/t Au for 570,000 oz and the underground JORC resource as at June 2011 totals 2.4 million tonnes at 4.0 g/t Au for 310,000 oz (refer to Table 3).

Drilling results to date show that there is a possibility of continuity at both deposits along strike and down plunge. In the coming year exploration will continue to test the for extensions to these deposits.

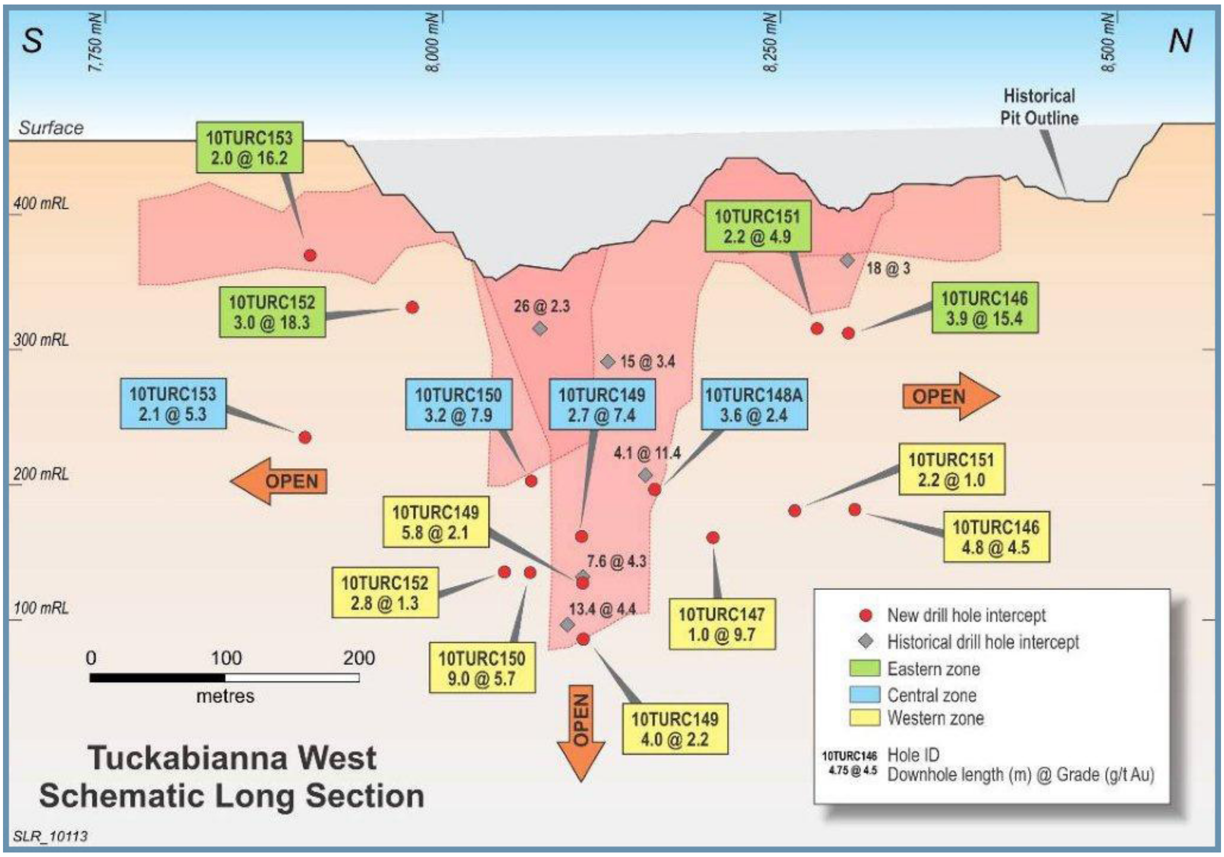


Figure 9: Tuckabianna main zone showing open pit outline, resource outline and latest drill intercepts

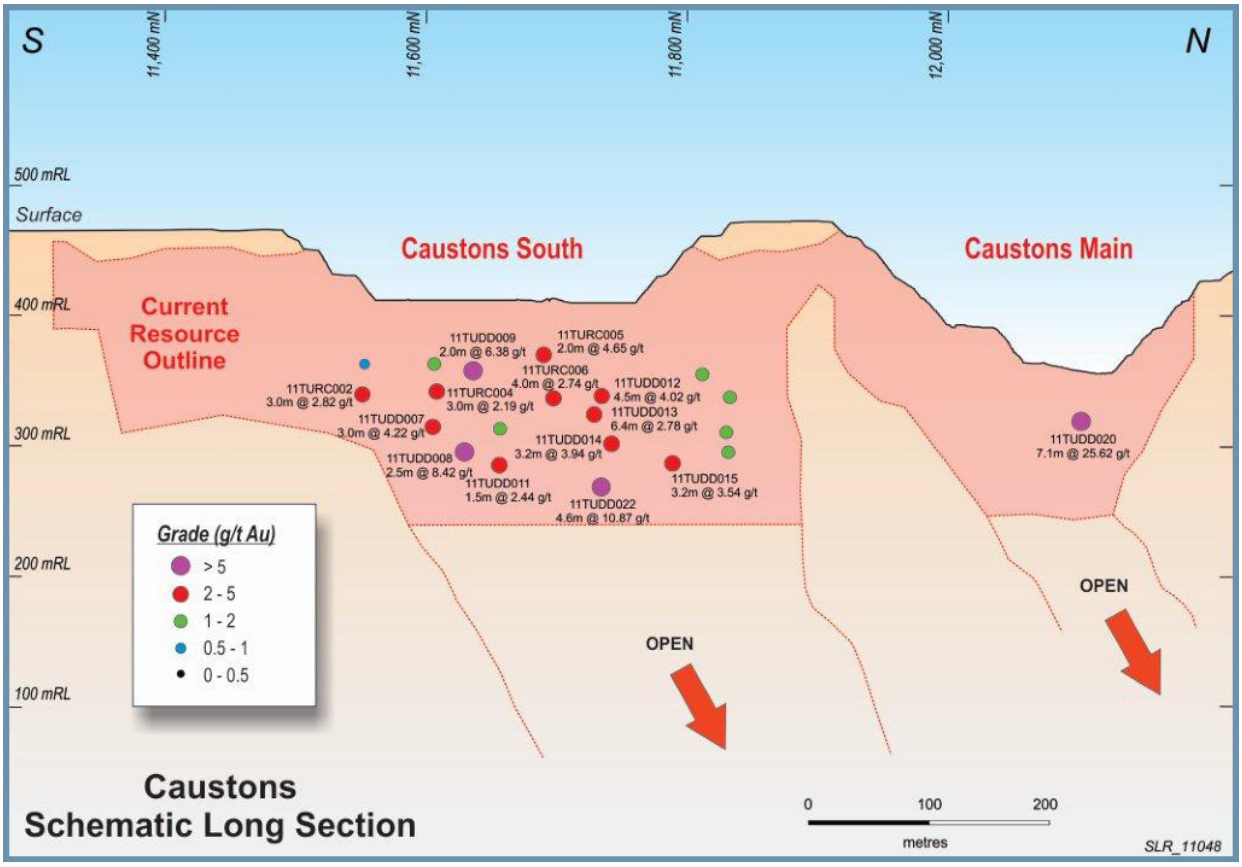


Figure 10: Caustons main zone showing open pit outline, resource outline and latest drill intercepts

Comet Project

Background

Mining activities commenced in the Comet 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. 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 for 71,000 oz. Up to 1996, the project area was subject to active mining operations.

Exploration

As at June 2011 the open pit JORC resource for Comet totals 3.1 million tonnes at 2.5 g/t Au for 250,000 oz and the June 2011 underground JORC resource totals 1.1 million tonnes at 5.1 g/t Au for 180,000 oz (refer to Table 3). The drilling programme during the period focused on increasing confidence in the existing resources and obtaining geotechnical data for mine planning purposes. Feasibility work completed to date indicates open pit resources at Pinnacles, Comet South, Comet North, Eclipse and Venus. The main Comet deposit is planned to be an underground mine and extensional drilling is planned in 2012 (refer to Figure 11).

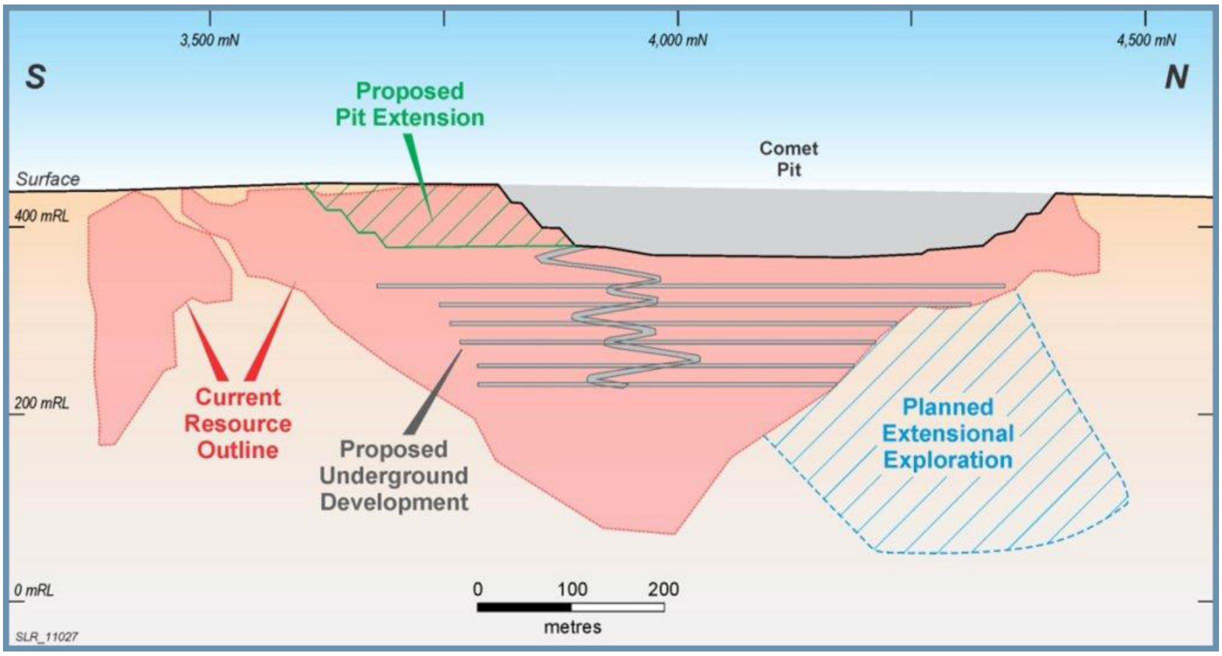


Figure 11: Schematic long section showing Comet mine layout & extensional drilling programme

Moyagee Project

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 totalled 11,780 oz Au from 9,400 tonnes of ore, mainly from small high grade quartz veins.

Exploration

The Moyagee project is based around the 35 km long Lena shear zone. In the southern portion of the Lena shear zone exploration has been focused on increasing the confidence in the Lena resource and identifying other resources in the area. As at June 2011 the open pit JORC resource for Moyagee totals 2.0 million tonnes at 2.4 g/t Au for 150,000 oz and the June 2011 underground JORC resource totals 1.6 million tonnes at 4.0 g/t Au for 200,000 oz (refer to Table 3).

Drilling during the period at the Lena deposit increased the JORC resource to 3.2 million tonnes at 3.0 g/t Au for 313,000 oz as at June 2011, an increase of 40% from the previous year. Maiden JORC resources were achieved at the Leviticus and Numbers deposits located 5 km south of the Lena deposit (refer to Figure 12).

Feasibility work completed to date at Lena indicates an open pit mine down to 60 vertical metres followed by an underground operation. Feasibility work is in progress for Leviticus and Numbers deposits. Exploration activities during 2012 will continue to explore the remaining areas of the Lena shear zone where the potential exists for significant zones of mineralisation particularly to the north underneath Lake Austin.

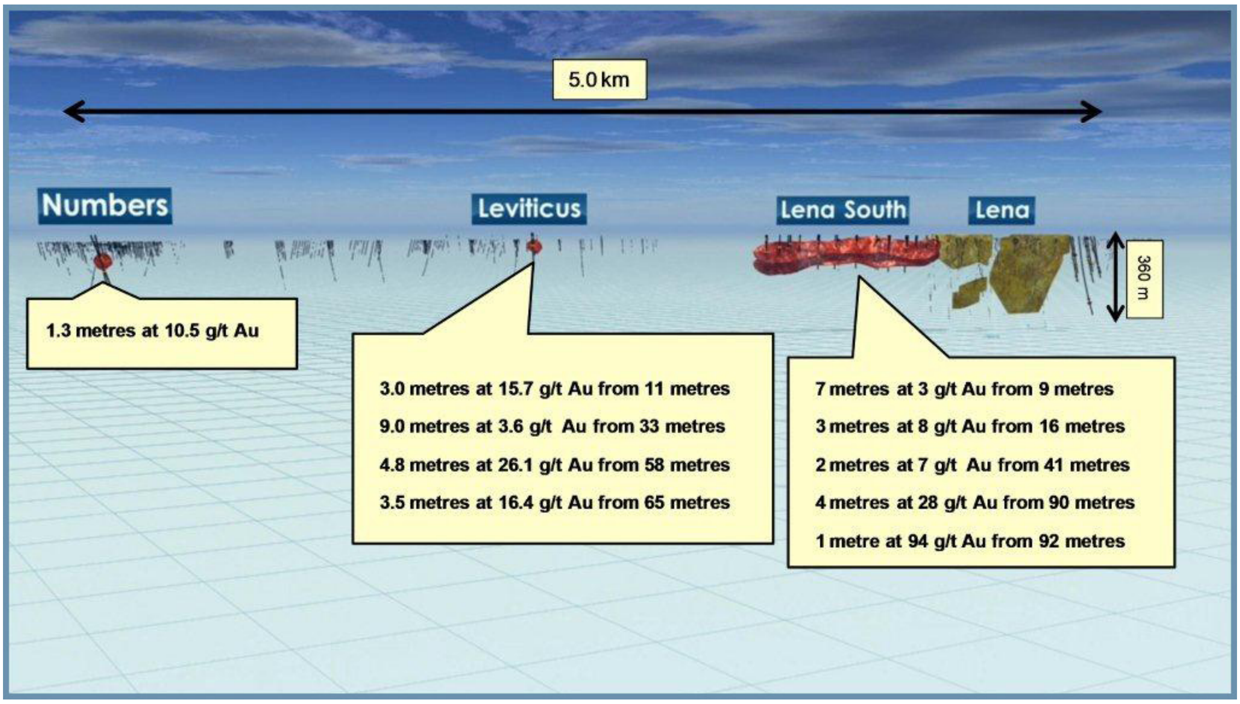


Figure 12: Schematic view of Lena, Lena South, Leviticus and Numbers which is subject to an ongoing drill programme

Eelya Complex

Background

The Eelya Hill project is at the northern end of the Company's Murchison project (refer to Figure 13). At its core is a granodiorite which is described as unusual by the Geological Survey of Western Australia because it has the field relationships of a post-tectonic granite yet is completely recrystallised. It is flanked by felsic schists composed of varying amounts of muscovite, sericite, quartz, chlorite and minor pyrite.

Exploration

Limited base metals exploration was conducted in the region by previous explorers during the 1970's. Soil sampling and surface geophysics have been conducted in the region as part of Silver Lake's ongoing exploration programme. Extensive research has also been done on the public open file data in the region.

During the exploration programme, surface geophysics has located four large electromagnetic conductors at Hollandaire, Colonel, Mount Eelya and Eelya South (refer to Figure 13). The Eelya Complex tenements are highly prospective for gold and base metals and surface drilling is commencing in the September 2011 quarter.

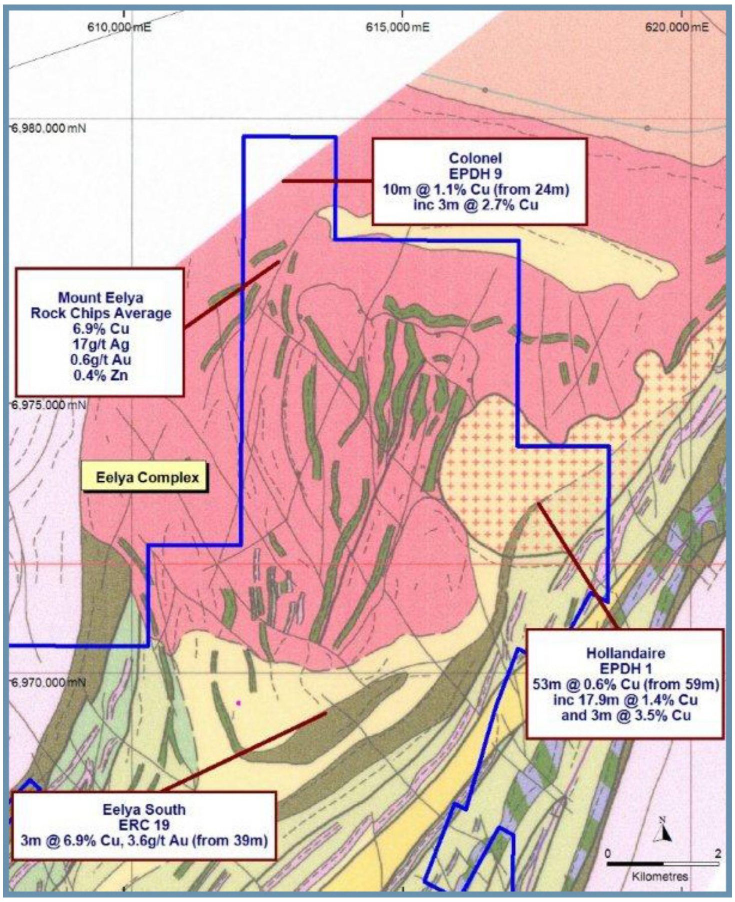


Figure 13: Map of Eelya Hill project showing the four priority location and the historical drill data

OTHER

Rothsay Project

The company announced on the 12 August 2011, the sale of the Rothsay mining and exploration tenements located 300km north of Perth, Western Australia, to Auricup Resources Limited an Australian unlisted public company.

Consideration for the Rothsay Project was A$1.2 million cash plus strategically located tenements in the Eelya Complex (refer to Figure 13) adjoining Silver Lake's Murchison project.

Copper Lakes Project

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 (refer to Figure 1). 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 licence.

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. The project is still awaiting grant of the exploration tenement.

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 2011 ("the Group").

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, MAusIMM
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 WA based copper explorer Encounter Resources Ltd (since 7 October 2005) and copper/gold explorer Rex Minerals Ltd (since 2007), and was a Director of Albidon Ltd (from 18 April 2007 to 23 April 2009).

Les Davis

MSc (Min Econs)
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 General Manager Expansion Projects with organisations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd.

Mr Davis has held no other Directorships in publicly listed companies in the last three years.

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 25 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 in the last three years.

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.

Mr Kennedy has held no other Directorships in publicly listed companies in the last three years.

Peter Johnston

BA, FAICD, 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/Director of Minara Resources Ltd since 20 November 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 and a past President of the Chamber of Minerals and Energy, a Director and past Chairman of the Nickel Institute, Chairman of the Minerals Council of Australia, a Director of Emeco Holdings Limited since 1 September 2006, and Vice President 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.

Mr Griffiths has held no Directorships in publicly listed companies in the last three years.

COMPANY SECRETARY

Peter Armstrong

ACIS, B Bus(Acct)
Appointed 16 January 2009

Mr Armstrong has over 30 years of accounting experience, including the last 25 years in the resources sector. He has extensive experience in senior commercial management roles with Normandy Mining, WMC and Newcrest. This experience involved working across a wide range of commodity businesses including gold, nickel, copper, coal and iron ore.

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' 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:

		MEETINGS OF COMMITTEES		
	DIRECTORS' MEETINGS	AUDIT	REMUNERATION	NOMINATION
Number of meetings held:	9	2	1	1
Number of meetings attended:				
Paul Chapman	9	2	*	*
Les Davis	9	*	*	*
Chris Banasik	9	*	*	*
Brian Kennedy	7	*	1	1
Peter Johnston	9	2	1	1
David Griffiths	9	2	1	1

*Not a member of this committee

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	4,200,000	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 Group during the course of the financial year were gold mining and processing from the Mount Monger Operations and exploration and evaluation of projects.

CORPORATE STRUCTURE

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

OPERATING OVERVIEW

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

REVIEW OF FINANCIAL CONDITION

The profit of the Group for the financial period, after providing for income tax amounted to $15,790,000. (2010: $11,782,000).

At the end of the financial year the Group had $16,085,000 in cash (2010: $29,503,000), $2,364,000 in cash deposits to cover environmental bonds (2010: $2,376,000) and $4,934,000 in gold bullion and dore (2010: $4,248,000). The positive cash flow generated through operating activities was reinvested in growth projects and used mainly to: accelerate exploration ($15.7m) to increase the resource inventory by ~1 million oz; construct a 520 metre ventilation shaft ($5.1m) to debottleneck the underground operations; increase development at Mount Monger operations ($13.3m) resulting in production being sourced from 4 underground mines: acquire the North Monger project ($3.0m); and purchase a treatment plant facility for the Murchison project ($3.1m).

Capitalised mineral exploration and evaluation expenditure and mining assets is $75,857,000 (2010: $42,092,000) including capital development $22,967,000 (2010: $8,453,000).

The $4,934,000 in gold bullion and dore mentioned above is the market value, its value based on cost of production is $3,331,000 ($1,263,000 in Bullion and $2,068,000 in dore).

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

CAPITAL STRUCTURE

As at the report date the Company had 178,882,838 fully paid ordinary shares and 24,240,000 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

The Directors have reviewed the dividend policy for the current fiscal year and have decided to defer a dividend and instead conserve cash generated to continue to grow the business through the following projects:

» continuation of the accelerated exploration programme to grow the current 3.3 million oz JORC resource base;
» expansion of the Lakewood Gold Processing Facility; and
» possible decision to develop a second mining operation in the Murchison with multiple mines feeding a central processing facility.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the period.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

» the Sale of the Rothsay tenements to Auricup Resources Pty Ltd for $1.25m was settled on 18 August 2011;
» the Company plans to open further open pit ore sources at its Mount Monger Operations, with the Wombola pit to commence production in September 2011; and
» the Company is continuing with a definitive feasibility study to determine strategies to open a second multi-source mining centre at its Murchison project.

Further information on likely developments in the operations of the Company and the expected results of those operations in 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, no unlisted options to acquire ordinary shares were issued to employees of the Company.

A total of 125,000 ordinary shares were issued on the exercise of options during the financial year.

As at the date of this report, the total unissued ordinary shares of the Company under option are:

NUMBER OF OPTIONS	EXERCISE PRICE ($)	VESTING DATE	EXPIRY DATE
24,000,000	**$0.30**	-	31 December 2012
240,000	**$0.30**	29 January 2009	29 January 2013

EMPLOYEES

The consolidated entity had 61 employees as at 30 June 2011. In addition, Silver Lake also engages contractors and consultants.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current Directors and Officers 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 Directors' & Officers' insurance premiums of $12,006 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 the auditor of the Company.

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 recognising the need for high 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 2011. 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 and APES 110.

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

	2011 $	2010 $
Taxation services	**51,050**	**24,700**

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 Officers are set by reference to payments made by other ASX listed companies of similar size, revenue base, employee numbers and profitability. In addition, reference is made to the mining and exploration sectors and to the skills and experience of the Directors and Officers. Details of the nature and amount of emoluments of each Director, Officer and Senior Manager 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 Officers; and
b. employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Non-Executive Director Remuneration

The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable ASX listed 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 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.

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.

The remuneration of Non-Executive Directors is detailed on page 40 of this report.

Executive Directors' and Officers' Remuneration

Executive Directors' and Officers' pay and reward consists of a base salary and performance incentives to ensure that:

a. 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 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 incentive payments to be paid by the remuneration committee.

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

REMUNERATION REPORT - AUDITED (CONT)

Senior Management

Senior Management's 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 ASX listed 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. Equity-based plans are provided to Executives who are involved in the day to day operations. 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 authorising grants, in accordance with the terms of those plans;
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.

Non-Executive Letters of Engagement

All Non-Executive Directors conduct their duties under the following terms:

a. a Non-Executive Director may resign from his position and thus terminate their contract on written notice to the Company;
b. 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 for serious misconduct; and
c. 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 $75,000 per annum plus statutory superannuation, from 1 January 2011, previously $40,000 per annum. In consideration of the Chairman services provided by Mr Chapman the Company will pay him $140,000 per annum plus statutory superannuation, from 1 January 2011, previously $70,000 per annum.

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. There were no such extra fees during the year. They may also be reimbursed for out of pocket expenses incurred as a result of their Directorships.

REMUNERATION REPORT - AUDITED (CONT)

Executive Directors' and Officer's Employment Agreements

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

Mr Davis was appointed to act as Managing Director of the Company for a minimum term of twenty four months commencing from 7 June 2007. This contract was renewed for a further twenty four month term on 1 January 2010. Mr Davis will receive a base salary of $450,000 per annum and the statutory superannuation plus 2.5% to be reviewed annually or as agreed in writing between the Executive and the Company. Previously Mr Davis' salary was $320,000 per annum up until 31 December 2010. 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 was appointed to act as Exploration and Geology Director of the Company for a minimum term of twenty four months commencing from 1 June 2007. This contract was renewed for a further twenty four month term on 1 January 2010. Mr Banasik will receive an annual base salary of $350,000 per annum and the statutory superannuation plus 2.5% to be reviewed annually or as agreed in writing between the Executive and the Company. Previously Mr Banasik's salary was $270,000 per annum up until 31 December 2010. 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.

Mr Armstrong was appointed to act as Company Secretary of the Company. Mr Armstrong will receive an annual base salary of $250,000 per annum plus the statutory superannuation to be reviewed annually or as agreed in writing between Mr Armstrong and the Company. Mr Armstrong may also receive an annual performance-based bonus of up to 20% of his current base salary, the performance, assessment and timing of which will be negotiated annually with the Managing Director.

The Executives and Officer 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 and Officers 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.

Senior Manager Employment Agreements

Mr Crockford was appointed to act as Mining Manager of the Mount Monger Operations from 1 January 2011. Mr Crockford will receive an annual base salary of $230,000 per annum plus the statutory superannuation to be reviewed annually or as agreed in writing between Mr Crockford and the Company. Mr Crockford may also receive an annual performance-based bonus of up to 20% of his current base salary, commencing in the 2012 financial year, the performance, assessment and timing of which will be negotiated annually with the Managing Director.

The Executive Directors', Officer's and Senior Manager's Service Agreements may be terminated by:

a. the Executive, Officer, Senior Manager or the Company providing three months notice or, in the case of notice given by the Executive, Officer or Senior Manager, any shorter period as the Company may agree in writing;
b. the death of the Executive, Officer or Senior Manager;
c. the Company giving a notice of dismissal to the Executive, Officer or Senior Manager as a result of the Executive's, Officer's or Senior Manager's misconduct, willful neglect in the discharge of his duties, serious or persistent breach of the provisions of the Service Agreement, the Executive, Officer or Senior Manager 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, Officer or Senior Manager giving one months notice if by reason of the Executive's, Officer's or Senior Manager's illness or incapacity his absence aggregates 26 weeks in any 52 consecutive weeks or the Executive, Officer or Senior Manager becomes permanently incapable of performing the responsibilities and duties of his office.

REMUNERATION REPORT - AUDITED (CONT)

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

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

Under the Service Agreement, the Executive, Officer and Senior Manager are employed as full-time employees of the Company and are entitled to 20 business days annual leave and at least the minimum level of long service leave prescribed by law.

Short-term Incentive Payment

Each year the remuneration committee sets the key performance indicators (KPIs) for the Executive Directors, who in turn set the KPIs for Senior Management personnel. The KPIs generally include measures relating to the Group, the operating segment, and the individual, and include financial, production, people, and risk measures. The measures are chosen as they directly align the individual's rewards to the KPIs of the Group and to its strategy and performance.

The financial performance objective is 'profit after tax' which is compared to budget and previous years performances. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, risk measures, growing the resource base and achieving production targets. All performance objectives are weighted when calculating the maximum STI.

At the end of the year the remuneration committee will assess the actual performance of the Executive Directors and the Managing Director will assess the performance of other Senior Management personnel. The assessment will include the performance of the Group and the individual against the KPIs set at the beginning of the financial year. A percentage of the incentive amount is awarded depending on the results, with no incentive being awarded where the performance falls below the minimum requirement.

The performance evaluation in respect of the year ended 30 June 2011 has taken place in accordance with this process.

Shareholding Qualifications

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

Consequences of Performance on Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the following indices in respect of the current financial year and previous financial years.

	2011	2010	2009	2008	IPO NOV 2007
Profit after tax attributable to shareholders	**$15,790,000**	**$11,782,000**	**$10,650,000**	**($3,664,000)**	**N/A**
Closing share price at 30 June	**$2.00**	**$1.75**	**$0.69**	**$0.31**	**$0.30**
Dividend paid	-	-	-	-	**N/A**

Profit after tax is considered as one of the financial performance targets in setting the short term incentives. Profit amounts for 2008 to 2011 have been calculated in accordance with Australian Accounting Standards (AASBs).

REMUNERATION REPORT - AUDITED (CONT)

Remuneration

Details of the remuneration of each Director, Officer and Senior Manager of Silver Lake who received the highest remuneration for the year ended 30 June 2011 are set out in the following table:

30 JUNE 2011	SHORT TERM			POST-EMPLOYMENT	OTHER LONG TERM			
	BASE EMOLUMENT $	(A) STI CASH PAYMENT $	TOTAL BENEFIT $	SUPERANNUATION $	OPTIONS $	TOTAL $	PROPORTION OF REMUNERATION PERFORMANCE RELATED %	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION %
Paul Chapman Non-Executive Chairman	102,308	-	102,308	9,208	-	111,516	-	-
Les Davis Managing Director	380,000	78,750	458,750	52,756	-	511,506	15.4%	-
Chris Banasik Executive Director –	306,923	61,250	368,173	42,340	-	410,513	14.9%	-
Brian Kennedy Non-Executive Director	56,154	-	56,154	5,054	-	61,208	-	-
Peter Johnston Non-Executive Director	56,154	-	56,154	5,054	-	61,208	-	-
David Griffiths Non-Executive Director	56,154	-	56,154	5,054	-	61,208	-	-
Peter Armstrong Company Secretary	239,231	37,500	276,731	24,906	-	301,637	12.4%	-
David Crockford Mining Manager Mount Monger	230,000	-	230,000	20,700	-	250,700	-	-
Total	1,426,924	177,500	1,604,424	165,072	-	1,769,496	-	-

A. The above short-term incentive payments were cash payments determined and granted in August 2011 after performance reviews were completed and approved by the remuneration committee. The short-term incentive payment is for performance during the respective financial year using the criteria defined on page 39.

REMUNERATION REPORT - AUDITED (CONT)

30 JUNE 2010	SHORT TERM			POST- EMPLOYMENT	OTHER LONG TERM			
	BASE EMOLUMENT $	OTHER BENEFIT $	TOTAL BENEFIT $	SUPERANNUATION $	BASE EMOLUMENT $	TOTAL $	PROPORTION OF REMUNERATION PERFORMANCE RELATED %	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION %
Paul Chapman Non-Executive Chairman	59,308	-	59,308	5,338	-	64,646	-	-
Les Davis Managing Director	271,885	-	271,885	31,267	-	303,152	-	-
Chris Banasik Executive Director –	240,596	-	240,596	27,669	-	268,265	-	-
Brian Kennedy Non-Executive Director	40,000	-	40,000	3,600	-	43,600	-	-
Peter Johnston Non-Executive Director	40,000	-	40,000	3,600	-	43,600	-	-
David Griffiths Non-Executive Director	40,000	-	40,000	3,600	-	43,600	-	-
Peter Armstrong Company Secretary	205,942	20,000	225,942	20,335	-	246,277	-	-
David Crockford Mining Manager Mount Monger	220,000	-	220,000	19,800	-	239,800	-	-
Total	1,117,731	-	1,137,731	115,209	-	1,252,940	-	-

Details of performance related remuneration

Details of the vesting profile of the short-term incentive payments awarded as remuneration to Executive Directors, Officers and Senior Management personnel are detailed below:

SHORT-TERM INCENTIVE PAYMENTS	INCLUDED IN REMUNERATION $	(A) % VESTED IN YEAR	(B) % FORFEITED IN YEAR
Les Davis	78,750	70%	30%
Chris Banasik	61,250	70%	30%
Peter Armstrong	37,500	75%	25%
David Crockford	N/A	N/A	N/A

A. Amounts included in remuneration for the financial year represent the amount that vested in the financial year based on achievement and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the incentive schemes for the 2011 financial year.

B. The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

REMUNERATION REPORT - AUDITED (CONT)

Options granted as compensation

No options over ordinary shares in the Company were granted as compensation to any key management person during the reporting period and no options vested during the reporting period.

Exercise of options granted as compensation

No ordinary shares were issued on the exercise of options previously granted as compensation to key management. A total of 125,000 ordinary shares were issued on the exercise of options previously granted to other employees.

Signed in accordance with a resolution of the Directors.

Les Davis
Managing Director
30 August 2011

KPMG

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

To: the directors of Silver Lake Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

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

KPMG

KPMG

R Gambitta
Partner

Perth
30 August 2011

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

STATEMENT

Silver Lake Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary Statement

	ASX P & R [1]	IF NOT, WHY NOT [2]		ASX P & R [1]	IF NOT, WHY NOT [2]
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1	✓		Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2	✓		Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4	✓		Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1	✓	
Recommendation 3.3[3]	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3[3]	n/a	n/a
Recommendation 4.2	✓				

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at **www.silverlakeresources.com.au**, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the recommendations to which they relate, are set out below.

CHARTERS	RECOMMENDATION(S)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
POLICIES AND PROCEDURES	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct	3.1, 3.3
Compliance Procedures for ASX Listing Rule Disclosure Requirements (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Strategy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

DISCLOSURE – PRINCIPLES & RECOMMENDATIONS

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2010/2011 financial year ("Reporting Period").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent Director, as appropriate.

Recommendation 1.2:
Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:
Each year the remuneration committee sets the key performance indicators (KPIs) for the Executives, who in turn set the KPIs for key management personnel. The KPIs generally include measures relating to the Group, the operating segment, and the individual, and include financial, production, people, and risk measures. The measures are chosen as they directly align the individual's rewards to the KPIs of the Group and to its strategy and performance.

The performance evaluations of Executives Directors are undertaken by the Chair on formal and informal basis, as required.

Recommendation 1.3:
Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:
During the Reporting Period, an evaluation of senior executives took place in accordance with the process disclosed at Recommendation 1.2.

Please refer to the section above marked Website Disclosures.

Principle 2 – Structure the board to add value

Recommendation 2.1:
A majority of the Board should be independent Directors.

Disclosure:
The Board has a majority of Directors who are independent.

The independent Directors of the Board are Paul Chapman, David Griffiths, Peter Johnston and Brian Kennedy and the non-independent Directors of the Board are Les Davis and Christopher Banasik.

Recommendation 2.2:
The Chair should be an independent Director.

Disclosure:
The independent Chair of the Board is Paul Chapman.

Recommendation 2.3:
The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:
The Managing Director is Les Davis who is not Chair of the Board.

Recommendation 2.4:
The Board should establish a Nomination Committee.

Disclosure:
The Board has established a Nomination Committee.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

Disclosure:

The Nomination Committee is responsible for evaluation of the Managing Director, the Board and, when deemed appropriate, Board committees and individual Directors.

The evaluations of the Managing Director, the Board and, when deemed appropriate, Board committees and individual Directors are conducted informally as required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2.*

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each Director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent Directors of the Company are Paul Chapman, David Griffiths, Peter Johnston and Brian Kennedy. These Directors are independent as they are Non-Executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. These Directors are also not substantial shareholders of the Company.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains written approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The Nomination Committee held one meeting during the Reporting Period, which all the members of the Nomination Committee (Peter Johnston, who is the Chair of the Nomination Committee, Brian Kennedy and David Griffiths) attended.

Performance Evaluation

During the Reporting Period a performance evaluation of the Board, individual Directors and any applicable committees occurred in accordance with the process disclosed at Recommendation 2.5.

Selection and (Re)Appointment of 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 Chair, who makes the invitation based on recommendations made by the Nomination Committee and approved by the Board. The Board's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website. Please refer to the section above marked Website Disclosure.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each Director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that Director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one Director or a third of the total number of Directors must resign. A Director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of Directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by Directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has an established Audit Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of Non-Executive Directors;
- consists of a majority of independent Directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

The Audit Committee comprises three independent Non-Executive Directors: David Griffiths; Peter Johnston; and Paul Chapman. David Griffiths chairs the Audit Committee and is not chair of the Board.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

The Audit Committee held two meetings during the Reporting Period, which all the members of the Audit Committee (David Griffiths, Peter Johnston, and Paul Chapman) attended.

Details of each of the Director's qualifications are set out in the Directors' Report.

All of the Directors consider themselves to be financially literate and have relevant industry experience. Paul Chapman has a Bachelor of Commerce, a Graduate Diploma in Taxation and is a chartered accountant with over 20 years experience in the resources sector gained in Australia and the United States.

The Company has established procedures for the selection, appointment and rotation of its external auditor (which is available on the Company's website). The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications strategy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6.*

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company has established a formal system to manage its material business risks. The Company holds risk review meetings at least annually at Board level and also at the operational and exploration levels. At these meetings the Company's material business risks are identified and risk management strategies established. In addition, the process of management of material business risks is allocated to members of senior management. The Managing Director is responsible for reporting to the Board as to the outcome of the meetings held at the operational and exploration levels.

The categories of risk identified by the Company and reported on include financial, operational, human capital, political, technological, economic cycle, legal and compliance.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from the Managing Director as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

Disclosure:

The Board has received the report from the Managing Director under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

The Company has established a Remuneration Committee.

Recommendation 8.2:

Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

Disclosure:

Non-Executive Directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual performance.

Pay and rewards for Executive Directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

The Remuneration Committee held one meeting during the Reporting Period, which all the members of the Remuneration Committee (Brian Kennedy who is the Chair of the Remuneration Committee, Peter Johnston, and David Griffiths) attended.

There are no termination or retirement benefits for Non-Executive Directors (other than for superannuation).

The Company's Policy on Trading in Company Securities includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

1. In the opinion of the Directors:

   a. The financial statements and notes of the Company are in accordance with the Corporations Act 2001 including:

      i. Giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year then ended; and
      ii. Complying with Australian Accounting Standards (including Australian Accounting Interpretations) and Corporations Regulations 2001.

   b. The financial report also complies with International Financial Reporting Standards as disclosed 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 2001and 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 2011.

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

Les Davis
Managing Director
30 August 2011

KPMG

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 consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards 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 the directors' report for the year ended 30 June 2011. 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 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

R Gambitta
Partner

Perth
30 August 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

		GROUP	
	NOTES	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Revenue	7	89,982	69,073
Cost of sales		(64,918)	(50,769)
Gross Profit		25,064	18,304
Other income		-	10
Administrative expenses	8	(3,082)	(2,235)
Results from operating activities		21,982	16,079
finance income		958	803
finance expenses		(166)	(200)
Net Finance Income	11	792	603
Profit Before Income Tax		22,774	16,682
Income tax expense	12	(6,984)	(4,900)
Profit For the Period		15,790	11,782
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		15,790	11,782
Total Comprehensive Income Attributable to:			
Owners of the Company		15,790	11,782
		CENTS PER SHARE	CENTS PER SHARE
Earnings Per Share			
Basic earnings per share (cents per share)	13	8.83c	6.88c
Diluted earnings per share (cents per share)	13	7.91c	6.22c

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	NOTES	GROUP 30 JUNE 2011 $,000	GROUP 30 JUNE 2010 $,000
ASSETS			
Current Assets			
Cash and cash equivalents	14	16,085	29,503
Trade and other receivables	16	1,342	1,904
Inventories	17	14,798	7,802
Assets held for sale	31	1,250	-
Prepayments		122	22
Total Current Assets		33,597	39,231
Non-Current Assets			
Trade and other receivables	16	2,364	2,376
Property, plant and equipment	19	16,165	13,499
Exploration evaluation and mining assets	18	75,857	42,092
Total Non-Current Assets		94,386	57,967
TOTAL ASSETS		127,983	97,198
LIABILITIES			
Current Liabilities			
Trade and other payables	20	17,213	11,441
Interest bearing liabilities	21	352	345
Employee benefits	22	573	339
Total Current Liabilities		18,138	12,125
Non-Current Liabilities			
Rehabilitation and restoration provision	24	4,584	2,340
Interest bearing liabilities	21	54	338
Deferred tax liability	12	13,834	6,850
Total Non-Current Liabilities		18,472	9,528
TOTAL LIABILITIES		36,610	21,653
NET ASSETS		91,373	75,545
EQUITY			
Share capital	26	56,261	56,224
Reserves	27	150	182
Retained profits		34,962	19,139
TOTAL EQUITY		91,373	75,545

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

		GROUP			
	NOTES	SHARE CAPITAL $,000	OPTION RESERVE $,000	RETAINED EARNINGS $,000	TOTAL EQUITY $,000
Balance at 1 July 2009		**38,033**	**629**	**6,908**	**45,570**
Total comprehensive income for the period					
Profit		-	-	**11,782**	**11,782**
Other Comprehensive income		-	-	-	-
Transactions with owners, recorded directly in equity					
Issue of ordinary shares net of transaction costs	**26**	**17,507**	-	-	**17,507**
Issue of employee options		-	**2**		**2**
Exercise of employee options	**26**	**684**	**(449)**	**449**	**684**
Balance at 30 June 2010		**56,224**	**182**	**19,139**	**75,545**
Total comprehensive income for the period					
Profit		-	-	**15,790**	**15,790**
Other Comprehensive income		-	-	-	-
Transactions with owners, recorded directly in equity					
Issue of ordinary shares net of transaction costs	**26**	-	-	-	-
Issue of employee options		-	-		-
Exercise of employee options	**26**	**37**	**(32)**	**33**	**38**
Balance at 30 June 2011		**56,261**	**150**	**34,962**	**91,373**

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

		GROUP	
	NOTES	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Cash Flows From Operating Activities			
Cash receipts from customers		**91,178**	**67,877**
Cash paid to suppliers and employees		**(57,832)**	**(48,050)**
Net Cash From Operating Activities	**15**	**33,346**	**19,827**
Cash Flow From Investing Activities			
Interest received		**958**	**804**
Acquisition of plant and equipment		**(7,752)**	**(7,701)**
Proceeds from sale of plant and equipment		**357**	**403**
Exploration, evaluation and mining assets		**(40,058)**	**(17,795)**
Deposit for environmental bonds		**12**	**(400)**
Net Cash Used In Investing Activities		**(46,483)**	**(24,689)**
Cash Flows From Financing Activities			
Proceeds from borrowing		**82**	**815**
Repayment of borrowing		**(359)**	**(840)**
Interest paid		**(42)**	**(42)**
Proceeds from the issue of share capital		**38**	**19,018**
Payments of transaction costs		**-**	**(1,150)**
Net Cash (Used In)/ From Financing Activities		**(281)**	**17,801**
Net increase in cash and cash equivalents		**(13,418)**	**12,939**
Cash and cash equivalents at 1 July		**29,503**	**16,564**
Cash and Cash Equivalents at 30 June	**14**	**16,085**	**29,503**

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

1. REPORTING ENTITY

Silver Lake Resources Limited ("Silver Lake" or "the Company") 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 2011 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 financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements of the Group 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 30 August 2011.

3. BASIS OF PREPARATION

a. Functional and presentation currency

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

b. Basis of measurement

The financial statements are presented on the historical cost basis.

c. Use of estimates and judgements

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

In particular information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 12 (c) – Utilisation of tax losses.
- Note 4 (e)(i) – Exploration and evaluation expenditure carry forward
- Note 4 (e)(ii) – Amortisation of development expenditure
- Note 4 (e)(iii) – Reserves and resources
- Note 4 (n) – Closure and rehabilitation
- Note 4 (s) – Impairment of assets

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2010.

a. Production Stripping Costs

As a result of commencement of production at Christmas Flat, the Group has adopted a policy of deferring stripping costs incurred during the production stage of its operations. This is the case where there are fluctuations in stripping costs over the life of the mine and the effect is material. The amount of stripping costs deferred is based on the ratio obtained by dividing the amount of waste tonnes mined by the quantity of ore tonnes mined. Stripping costs incurred in a period are deferred to the extent that the period's waste to ore ratio exceeds the life of mine waste to ore ratio, by capitalising these costs to mine properties. Deferred stripping costs are then charged against reported profits to the extent that, in subsequent periods, the period's ratio falls below the life of mine waste to ore ratio. The life of mine waste to ore ratio is based on economically recoverable resources of the operation. Changes to the estimated life of mine ratio are accounted for prospectively, from the date of the change.

b. Basis for 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 future economic benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

c. Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in 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 at amortised costs.

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. 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.

d. 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 for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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.

i. Tax Consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from 11 November 2007. The head entity within the tax-consolidation group is Silver Lake Resources Limited.

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

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

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

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

e. Exploration and Evaluation and Mining Assets

i. Exploration and Evaluation Expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

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

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.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploration drilling, trenching and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are classified as intangible. As the assets are not yet ready for use, they are not depreciated. Assets that are classified as tangible assets include:

- Piping and pumps;
- Tanks; and
- Exploration vehicles and drilling equipment.

Assets that are classified as intangible assets include:

- Drilling rights;
- Acquired rights to explore;
- Exploration drilling costs; and
- Trenching and sampling costs.

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

Impairment testing of exploration and evaluation assets

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

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

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

When a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(r)(ii).

ii. Mine Properties and Mining Assets

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

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

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

Development expenditure is capitalised as either a tangible or intangible asset depending on the nature of the costs incurred.

Development expenditure includes the following:

» Reclassified exploration and evaluation assets;
» Direct costs of construction;
» Pre-production stripping costs; and
» An appropriate allocation of overheads and borrowing costs incurred during the construction phase.

Open pit waste removal costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs, which are subsequently amortised over the life of the open pit resource, once transferred to mine properties.

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

The Group applies the units of production method for amortisation of its mine properties, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements. These estimates and assumptions are reviewed annually, changes to these estimates and assumptions may impact the amortisation charge in the income statement and asset carrying values which would be adjusted if appropriate on a prospective basis.

The Group uses ounces mined over JORC compliant resources as its basis for depletion of mine properties. In the absence of reserves the Group believes resources is the best measure as evidenced by historical conversion of resources to reserves. The Group applies a discount of 20% to ounces within the inferred resource category and 10% to ounces in the indicated resource category when adopting the units of production method to reflect the risk of conversion from the inferred and indicated categories to reserves.

iii. Reserves and Resources

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

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

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

- Asset carrying values may be impacted due to changes in estimates of future cash flows;
- Amortisation charged in the income statement may change where such charges are calculated using the units of production basis;
- Decommissioning, site restoration and environmental provisions may change due to changes in estimated resources after expectations about the timing or costs of these activities change; and
- Recognition of deferred tax assets, including tax losses.

f. Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, corporate expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill, but including exploration evaluation and mining assets.

g. 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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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 equipment	3-15 Years
Motor vehicles	3-5 Years

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

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

h. 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 incurred.

ii. Other Long-Term Employee Benefits

The Group’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; 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 or government bonds that have maturity dates approximating the terms of the Group’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 Group 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 Group as the benefits are taken by the employees.

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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. Closure and rehabilitation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation. The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies. Provisions for the cost of each closure and rehabilitation program are recognised when the Group has a present obligation and it is probable that rehabilitation/restoration costs will be incurred at a future date, which generally arises at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure, in connection with disturbances, as at the reporting date. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and rehabilitation requirements. Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows.

When provisions for closure and rehabilitation are initially recognised, to the extent that it is probable that future economic benefits associated with the rehabilitation, decommissioning and restoration expenditure will flow in the entity, the corresponding cost is capitalised as an asset. The capitalised cost of closure and rehabilitation activities is recognised in exploration evaluation and mine properties and property, plant and equipment as appropriate and depreciated/amortised accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance expenses. Closure and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the undepreciated capitalised cost of the related assets, where it is probable that future economic benefits will flow to the entity, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the income statement. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include:

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

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

o. Earnings Per Share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated as profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares. Diluted EPS is determined by adjusting the profit 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.

p. Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured in accordance with the Group’s accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

q. 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.

r. 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 and 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.

s. 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 asset's original effective interest rate.

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. 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 the reversal is recognised in profit and loss.

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.

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 that cannot be tested individually, are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

t. 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 2011, but have not been applied in preparing these financial statements:

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

5. FINANCIAL RISK MANAGEMENT

a. Overview

This note presents information about the 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 Group does not generally use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. The Board does however regularly review the use of derivatives and opportunities for their use within the Group. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board 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.

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

i. Cash and Cash Equivalents

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

ii. Trade and Other Receivables

The Group's trade and other receivables relate mainly to gold sales, environmental bonds on deposit and GST refunds. The Group has determined that its exposure to trade receivable credit risk is low, as customers perceived to be reliable and have short contractual payment terms. Management does not expect any counterparty to fail to meet its obligations. Environmental bonds is cash held on deposit with financial institutions with acceptable credit ratings.

The Group has not established an allowance for impairment.

c. Exposure to Credit Risk

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

	GROUP CARRYING AMOUNT	
	2011 $,000	2010 $,000
Trade and other receivables	**3,706**	**4,280**
Cash and cash equivalents	**16,085**	**29,503**
Total	**19,791**	**33,783**

None of the Group's receivables are past due (2010: 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 generated from operations 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:

	GROUP 30 JUNE 2011					
	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	**406**	**455**	**208**	**186**	**45**	**16**
Trade and other payables	**17,213**	**17,213**	**17,213**	-	-	-
Total	**17,619**	**17,668**	**17,421**	**186**	**45**	**16**

	GROUP 30 JUNE 2010					
	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	**683**	**763**	**193**	**193**	**363**	**14**
Trade and other payables	**11,441**	**11,441**	**11,441**	-	-	-
Total	**12,124**	**12,204**	**11,635**	**193**	**363**	**14**

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 term deposits at interest rates maturing over 90 day rolling periods.

i. Profile

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

	GROUP CARRYING AMOUNT	
	2011 $,000	2010 $,000
Fixed Rate Instruments		
Financial liabilities		
Equipment loans	**(406)**	**(683)**
Total	**(406)**	**(683)**
Variable Rate Instruments		
Financial assets		
Cash and cash equivalents	**16,085**	**29,503**
Environmental bonds	**2,364**	**2,376**
Total	**18,449**	**31,879**

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, remain constant.

	GROUP PROFIT OR LOSS/EQUITY	
30 June 2011	100BP INCREASE $,000	100BP DECREASE $,000
Variable rate instruments	**129**	**(129)**

	GROUP PROFIT OR LOSS/EQUITY	
30 June 2010	100BP INCREASE $,000	100BP DECREASE $,000
Variable rate instruments	**223**	**(223)**

g. Fair Values

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

h. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business through future exploration and development of its projects.

Borrowings have been kept to a minimum with $406,000 outstanding in equipment loans as at 30 June 2011 (2010: $683,000).

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.

The Group is not subject to externally imposed capital requirements.

6. SEGMENT REPORTING

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately as they require different processes. The Managing Director reviews internal management reports on a monthly basis. The Group operates in one geographical segment being Western Australia. The following summary describes the operations in each of the Group's reportable segments:

- *Production*. Includes mining and treatment of gold.
- *Exploration*. Includes the exploration for mineral resources

The Group has no reliance on any one major customer as gold is sold through an agent at the best spot price.

Information about reportable segments
For the year ended 30 June

	PRODUCTION		EXPLORATION		TOTAL	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	**89,982**	**69,073**	-	-	**89,982**	**69,073**
Interest Income	-	-	-	-	-	-
Interest Expense	**(166)**	**(200)**	-	-	**(166)**	**(200)**
Depreciation and Amortisation	**(11,136)**	**(7,556)**	-	-	**(11,136)**	**(7,556)**
Reportable segment profit before income tax	**25,728**	**18,248**	**(830)**	**(134)**	**24,898**	**18,114**
Reportable segment assets	**72,011**	**41,993**	**37,274**	**23,141**	**109,285**	**65,134**
Capital Expenditure	**31,573**	**13,941**	**16,237**	**11,476**	**47,810**	**25,417**

RECONCILIATION OF REPORTABLE SEGMENT REVENUE	GROUP 30 JUNE 2011 $,000	GROUP 30 JUNE 2010 $,000
Total revenue for reportable segments	**89,982**	**69,073**
Consolidated profit before income tax	**89,982**	**69,073**

RECONCILIATION OF REPORTABLE SEGMENT PROFIT/(LOSS)	GROUP 30 JUNE 2011 $,000	GROUP 30 JUNE 2010 $,000
Total profit or loss for reportable segments	**24,898**	**18,114**
Unallocated amounts:		
Finance income	**958**	**803**
Other corporate expenses	**(3,082)**	**(2,235)**
Consolidated profit before income tax	**22,774**	**16,682**

RECONCILIATION OF REPORTABLE SEGMENT ASSETS	GROUP 30 JUNE 2011 $,000	GROUP 30 JUNE 2010 $,000
Total assets for reportable segments	**109,285**	**65,134**
Unallocated amounts:		
Cash and cash equivalents	**16,085**	**29,503**
Environmental bonds on deposit	**2,364**	**2,376**
Corporate assets	**249**	**185**
Consolidated total assets	**127,983**	**97,198**

The Group has no material reconciliation items between management reports and financial statement figures.

7. REVENUE

	GROUP 30 JUNE 2011 $,000	GROUP 30 JUNE 2010 $,000
Gold sales	**89,680**	**68,919**
Silver sales	**270**	**154**
Other sales	**32**	**-**
Total Sales	**89,982**	**69,073**

8. ADMINISTRATIVE EXPENSES

The following expenses were incurred during the period:

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Salaries and on costs	1,697	1,043
Consultants	47	104
Professional fees	99	107
Travel and accommodation	146	145
Contractors	544	447
Rental expense	138	113
Other	411	276
Total	3,082	2,235

9. PERSONNEL EXPENSES

		GROUP	
	NOTE	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Wages and salaries		7,690	5,559
Other associated personnel expenses		558	520
Superannuation contributions		713	610
Increase in liability for annual leave		234	110
Employee option expenses	27	-	2
Total		9,195	6,801

Personnel expenses included in cost of goods sold is $6,289,000 (2010: $5,784,000).

10. DEPRECIATION AND AMORTISATION

Included within cost of sales is an amount of $4,723,000 (2010: $3,325,000) for depreciation and $6,413,000 (2010: $4,231,000) for amortisation.

11. FINANCE INCOME AND EXPENSES

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Interest income	958	803
Finance Income	958	803
Interest expense on financial liabilities	(42)	(41)
Unwind of discount on site rehabilitation provision	(124)	(159)
Finance expense	(166)	(200)
Net Finance Income and Expense	792	603

12. INCOME TAX EXPENSE

a. Recognised in the Income Statement

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Current Tax Expense		
Current income tax	-	79
Current year tax losses not recognised	-	-
	-	79
Deferred Income Tax Expense		
Origination and reversal of temporary differences	6,984	4,821
Changes in previously unrecognised temporary differences	-	-
	6,984	4,821
Income tax expense reported in income statement	6,984	4,900
Income Tax Recognised Directly in Equity		
Share capital transaction costs	-	323
Numerical Reconciliation Between Tax Expenses and Pre-Tax Profit		
Profit before tax	22,774	16,682
Income tax using the domestic corporation tax rate of 30% (2010: 30%)	6,832	5,005
Increase in income tax expense due to non-deductible expenses	78	49
Decrease in income tax due to:		
Tax incentives	-	(154)
Recognition of previously unrecognised tax losses	-	-
Changes in unrecognised temporary differences	74	-
Income Tax Expense on Pre-Tax Net Profit	6,984	4,900

b. Deferred Tax Assets and Liabilities

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Deferred tax assets and liabilities are attributable to the following:		
Deferred Tax Assets/(Liabilities)		
Receivables	(448)	(41)
Inventories	(739)	(142)
Exploration and evaluation assets	(10,146)	(6,996)
Mine properties	(8,307)	(4,374)
Property, plant and equipment	(558)	(801)
Accrued expenses	(1)	19
Provisions	927	804
Share issue costs	412	573
Tax losses recognised	5,026	4,108
Net Tax Liabilities	(13,834)	(6,850)

c. Tax Losses

At 30 June 2011 the Company has $16,754,004 (2010: $13,693,566) of tax losses that are available for offset against future taxable profits of the Company. The unrecognised deferred tax asset arising on tax losses at 30 June 2011 is nil (2010: nil).

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

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

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

13. EARNINGS PER SHARE

Basic earnings per share

The earnings per share at 30 June 2011 was based on the profit attributable to ordinary shareholders of $15,790,000 (2010: $11,782,000) and the weighted average number of ordinary shares outstanding as at 30 June 2011 of 178,838,660 (2010: 171,362,789).

	GROUP 30 JUNE 2011 '000	GROUP 30 JUNE 2010 '000
Weighted Average Number of Ordinary Shares		
Issued ordinary shares at 1 July	**178,758**	**153,409**
Issue of shares pursuant to fund raising	**-**	**16,404**
Issue of shares on exercise of options	**81**	**1,550**
Total	**178,839**	**171,363**

Diluted earnings per share

The diluted earnings per share at 30 June 2011 was based on the profit attributable to ordinary shareholders of $15,790,000 (2010: $11,782,000) and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 199,636,522 (2010: 189,279,000).

	GROUP 30 JUNE 2011 '000	GROUP 30 JUNE 2010 '000
Weighted Average Number of Ordinary Shares		
Basic weighted average number of ordinary shares	**178,839**	**171,363**
Effect of share options on issue	**20,798**	**17,916**
Total	**199,637**	**189,279**

14. CASH AND CASH EQUIVALENTS

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Cash at bank and on hand – unrestricted	16,085	29,503
Total	**16,085**	**29,503**

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

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Cash Flow From Operating Activities		
Profit after tax	15,790	11,782
Adjustments for:		
Depreciation	4,723	3,325
Amortisation	6,413	4,231
Net finance expenses	(792)	(603)
Exploration impairment	829	134
Loss on sale of asset	3	-
Equity-settled share-based payments	38	2
Income tax expense	6,984	4,900
Operating profit before changes in working capital and provisions	33,988	23,771
Change in trade and other receivables	562	(1,341)
Change in inventories	(6,995)	(5,344)
Change in trade and other payables	5,772	2,631
Change in prepayments	(100)	42
Change in provisions	234	110
Interest paid	(115)	(42)
Total	**33,346**	**19,827**

16. TRADE AND OTHER RECEIVABLES

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Current		
Bullion sale receivable	-	1,196
Other receivables	1,342	708
	1,342	1,904
Non-Current		
Environmental bonds on deposit*	2,364	2,376
	2,364	2,376
Total	3,706	4,280

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

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

17. INVENTORIES

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Materials and supplies – at cost	821	473
Ore stocks – at cost	8,579	2,286
Gold in circuit – at cost	4,135	2,771
Gold bullion – at cost	1,263	2,272
Total	14,798	7,802

18. EXPLORATION, EVALUATION AND MINING ASSETS

During the twelve months ended 30 June 2011 the Group incurred and capitalised the following on exploration, evaluation and mining assets:

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Exploration and Evaluation Assets		
Cost brought forward	**23,141**	**11,889**
Capitalised during the year	**16,237**	**11,476**
Expenditure impairment	**(829)**	**(134)**
Transferred to mine development	**(25)**	**(90)**
Transferred to Assets held for sale	**(1,250)**	**-**
Balance at 30 June	**37,274**	**23,141**

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.

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Mine Development		
Cost brought forward	**90**	**-**
Transfer from exploration and evaluation assets	**25**	**90**
Expenditure during the year	**-**	**-**
Transferred to mine properties	**(115)**	**-**
Balance at 30 June	**-**	**90**

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Mine Properties		
Cost brought forward	**18,861**	**16,852**
Transfer from development phase	**115**	**-**
Expenditure during the year	**23,822**	**6,240**
Increase in rehabilitation provision	**2,198**	**-**
Amortisation expense	**(6,413)**	**(4,231)**
Balance at 30 June	**38,583**	**18,861**
Total	**75,857**	**42,092**

19. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	LAND & BUILDING	PLANT & EQUIPMENT	MOTOR VEHICLES	OFFICE FURNITURE & EQUIPMENT	CAPITAL WORK IN PROGRESS	TOTAL
Cost						
Balance 1 July 2009	178	9,382	399	222	1,781	11,962
Additions	304	7,028	125	107	137	7,701
Transfers	28	1,748		5	(1,781)	-
Disposals	-	(519)	-	-	-	(519)
Balance 30 June 2010	510	17,639	524	334	137	19,144
Balance 1 July 2010	510	17,639	524	334	137	19,144
Additions	15	4,880	84	158	2,615	7,752
Transfers	-	133	-	4	(137)	-
Disposals	-	(363)	-	-	-	(363)
Balance 30 June 2011	525	22,289	608	496	2,615	26,533
Depreciation						
Balance at 1 July 2009	25	2,247	87	76	-	2,435
Depreciation expense	37	3,087	129	72	-	3,325
Disposal	-	(115)	-	-	-	(115)
Balance 30 June 2010	62	5,219	216	148	-	5,645
Balance at 1 July 2010	62	5,219	216	148	-	5,645
Depreciation expense	50	4,437	137	99	-	4,723
Disposal	-	-	-	-	-	-
Balance 30 June 2011	112	9,656	353	247	-	10,368
Carrying Amount						
At 1 July 2009	153	7,135	312	146	1,781	9,527
At 30 June 2010	448	12,420	308	186	137	13,499
At 1 July 2010	448	12,420	308	186	137	13,499
At 30 June 2011	413	12,633	255	249	2,615	16,165

20. TRADE AND OTHER PAYABLES

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Trade payables	15,491	10,186
Other payables	1,722	1,255
Total	17,213	11,441

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

21. INTEREST BEARING LIABILITIES

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Current Liability		
Equipment loan – Crushing Plant*	**233**	**233**
Equipment loan – Motor Vehicles	**119**	**112**
	352	**345**
Non-Current Liability		
Equipment loan – Crushing Plant*	**-**	**233**
Equipment loan – Motor Vehicles	**54**	**105**
	54	**338**
Total	**406**	**683**

* The Equipment loan – crushing plant was a fixed interest loan over three years.

22. EMPLOYEE BENEFITS

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Current		
Liability for annual leave	**573**	**339**
Total	**573**	**339**

23. SHARE BASED PAYMENTS

During the 30 June 2008 financial 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:

	NUMBER	VESTING CONDITIONS	CONTRACTUAL LIFE
Grant Date/Entitlement			
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
Options granted – 20 August 2008	**361,500**	1 year service	5 years
Total Share Options	**2,933,060**		

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

	WEIGHTED AVERAGE EXERCISE PRICE 2011	NUMBER OF OPTIONS 2011	WEIGHTED AVERAGE EXERCISE PRICE 2010	NUMBER OF OPTIONS 2010
Outstanding at 1 July	$0.30	24,365,000	$0.30	26,506,250
Forfeited during period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	$0.30	(125,000)	$0.32	(2,141,250)
Outstanding at 30 June	$0.30	24,240,000	$0.30	24,365,000
Exercisable at 30 June	$0.30	24,240,000	$0.30	24,365,000

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	ISSUED 20 AUGUST 2008
Fair Value of Share Options and Assumptions			
Fair value at grant date	25.293c	22.752c	14.763c
Share price	35.0c	31.5c	21.5c
Exercise price	30.0c	33.0c	39.0c
Volatility	86.49%	89.47%	98.87%
Risk free rate	6.37%	6.7%	5.66%
Expiry date	24 January 2013	14 March 2013	20 August 2013

24. PROVISIONS

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Closure and Rehabilitation		
Opening balance at 1 July	2,340	2,303
Additional provisions during the year	2,198	-
Unwind of discount	125	159
Rehabilitation expense	(79)	(122)
Closing Balance at 30 June	4,584	2,340

25. OPERATING LEASES

The Group leases its office space in West Perth under a non-cancellable operating lease. The lease is for four years from 17 December 2007 at a cost of $118,000 per annum.

The Group rents its communications network which connects Perth Office to operational sites under a non-cancellable rent agreement. The agreement is for three years from 01 May 2009 at a cost of $62,400 per annum.

26. SHARE CAPITAL

	COMPANY	
	NUMBER	$,000
Movements in Issued Capital		
Balance as at 01 July 2009	153,409,424	38,033
Shares issued on exercise of employee options	2,141,250	684
Shares Issued for capital raising	23,207,164	18,334
Capital transaction costs (net of tax)	-	(827)
Balance as at 30 June 2010	178,757,838	56,224
Shares issued on exercise of employee options	125,000	37
Shares Issued for capital raising	-	-
Capital transaction costs (net of tax)	-	-
Balance as at 30 June 2011	178,882,838	56,261

No shares were issued for capital raising (2010: 23,207,164 shares at a price of $0.79 per share). All issued shares are fully paid.

Additionally 125,000 shares were issued as a result of the exercise of vested options granted to employees under the share option programme (2010: 2,141,250). All issued shares are fully paid and the holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

27. OPTION RESERVES

	COMPANY	
	NUMBER	$,000
Movement in Options Reserve		
Balance as at 1 July 2009	26,506,250	629
Expensed – 20/08/2009 – Employee option	-	2
Options Exercised	(2,141,250)	(449)
Balance as at 30 June 2010	24,365,000	182
Balance at 1 July 2010	24,365,000	182
Expensed – 20/08/2009 – Employee option	-	-
Options Exercised	(125,000)	(32)
Balance as at 30 June 2011	24,240,000	150

The fair value of options vesting during the period and recognised in the income statement was nil.

The option reserve is established to show the total value of share options vested.

28. PARENT ENTITY

As at, and throughout the financial year ended 30 June 2011 the parent company of the Group was Silver Lake Resources Limited.

	NOTES	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Results of the parent entity			
Profit for the period		15,790	11,811
Other comprehensive income		-	-
Total comprehensive income for the period		15,790	11,811
Financial position of parent entity at year end			
Current assets		33,597	39,231
Total assets		126,865	97,083
Current liabilities		18,138	12,125
Total liabilities		35,463	21,509
Total equity of the parent entity comprising of:			
Share capital		56,261	56,224
Option reserve		150	182
Retained earnings		34,991	19,168
Total equity		91,402	75,574

The parent entity has commitments of $3,094,865 (2010: $1,430,200) and no other commitments or guarantees.

29. COMMITMENTS

Commitments for the next financial year total $3,368,465 and are made up of:

- The Group holds various mineral titles which require a total minimum exploration expenditure of $2,206,780 (2010: $1,609,800) in the next financial year.
- Contracts signed or orders raised for plant and equipment associated with the expansion of the Lakewood Gold Processing Facility $1,161,685 (2010: nil).

30. RELATED PARTIES

a. Key Management Personnel Compensation

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

	GROUP	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Short-term employee benefits	1,604	1,138
Post employment benefits	165	115
Share based payments	-	-
Total	1,769	1,253

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 Group in the reporting period. The terms and conditions of the transactions with key management persons were no more favorable than those available, or which might be reasonably expected to be available, on similar transactions to non-key management personnel 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 YEAR ENDED		BALANCE OUTSTANDING AS AT	
	30 JUNE 2011 $,000	30 JUNE 2010 $,000	30 JUNE 2011 $,000	30 JUNE 2010 $,000
Expenses				
Gryphon Management – Administrative Services*	1	-	1	-
Total	1	-	1	-

* A company controlled by David Griffiths – Non-Executive Director for consulting services.

d. Movement in Options

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

KEY MANAGEMENT PERSON	HELD AT 1 JULY 2010	GRANTED AS COMPENSATION	OPTIONS EXERCISED	OPTIONS ACQUIRED	HELD AT 30 JUNE 2011	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2011
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
Peter Armstrong	200,000	-	-	-	200,000	-	200,000
David Crockford	-	-	-	-	-	-	-
Total	24,200,000	-	-	-	24,200,000	-	24,200,000

KEY MANAGEMENT PERSON	HELD AT 1 JULY 2009	GRANTED AS COMPENSATION	OPTIONS EXERCISED	OPTIONS ACQUIRED	HELD AT 30 JUNE 2010	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2010
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
Peter Armstrong	200,000	-	-	-	200,000	-	200,000
David Crockford	240,000	-	(240,000)	-	-	-	-
Total	24,440,000	-	(240,000)	-	24,200,000	-	24,200,000

e. Movement in Shares

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

KEY MANAGEMENT PERSON	HELD AT 1 JULY 2010	SHARES PURCHASED	SHARES EXERCISED	SHARES SOLD	HELD AT 30 JUNE 2011
Paul Chapman	4,606,908	-	-	-	4,606,908
Les Davis	4,200,000	-	-	-	4,200,000
Chris Banasik	4,000,000	-	-	-	4,000,000
Brian Kennedy	4,075,377	-	-	-	4,075,377
Peter Johnston	4,318,253	-	-	-	4,318,253
David Griffiths	4,158,377	-	-	-	4,158,377
Peter Armstrong	449,959	-	-	-	449,959
David Crockford	177,222	-	-	-	177,222
Total	25,986,096	-	-	-	25,986,096

KEY MANAGEMENT PERSON	HELD AT 1 JULY 2009	SHARES PURCHASED	SHARES EXERCISED	SHARES SOLD	HELD AT 30 JUNE 2010
Paul Chapman	4,606,908	-	-	-	4,606,908
Les Davis	4,200,000	-	-	-	4,200,000
Chris Banasik	4,000,000	-	-	-	4,000,000
Brian Kennedy	4,075,377	-	-	-	4,075,377
Peter Johnston	4,318,253	-	-	-	4,318,253
David Griffiths	4,158,377	-	-	-	4,158,377
Peter Armstrong	460,000	75,959	-	(86,000)	449,959
David Crockford	-	-	240,000	(62,778)	177,222
Total	25,818,915	75,959	240,000	(148,778)	25,986,096

f. Subsidiaries

Loans are made by the Company to wholly owned subsidiaries for capital purchases and continued exploration activities. Loans outstanding between the Company and its subsidiaries have no fixed date of repayment and are non-interest bearing. During the financial year ended 30 June 2011, such loans to subsidiaries totaled $3,635,000 (2010: $2,633,000).

31. SUBSEQUENT EVENTS

On 7th June 2011 the Company signed an option agreement with Auricup Resources Pty Limited which gives Auricup the right to purchase the Rothsay leases from the Company for $1.25m. This option was taken up by Auricup and the sale transaction occurred on 18 August 2011. All leases relating to the Rothsay project were transferred to Assets held for sale during the year, pending finalisation of this agreement.

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 Group, the results of these operations, or the state of affairs of the Group in future financial periods.

32. AUDITOR'S REMUNERATION

	2011 $	2010 $
Audit and review of the Company's financial statements	107,000	106,931
Taxation services	51,050	24,700
Total	**158,050**	**131,631**

33. GROUP ENTITIES

The Company controlled the following subsidiaries:

SUBSIDIARIES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2011	2010
Cue Minerals Pty Ltd	Australia	100%	100%

At 30 June 2011 the Company had issued the following equity securities:

	FULLY PAID ORDINARY SHARES	OPTIONS	OPTION EXERCISE	OPTION EXPIRY
Quoted Securities:	178,882,838	Nil		
Unquoted Securities:				
Restricted until 14 November 2009		20,999,998	$0.30	31/12/2012
Other unquoted securities:		3,000,002	$0.30	31/12/2012
		240,000	$0.30	29/01/2013
Total all Securities	**178,882,838**	**24,240,000**		

DISTRIBUTION OF HOLDERS

			FULLY PAID ORDINARY SHARES	OPTIONS
1	-	1,000	610	-
1,001	-	5,000	1,488	-
5,001	-	10,000	611	-
10,001	-	100,000	876	1
100,001	-	and over	120	7
Total Holders			**3,705**	**8**

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:

a. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
b. 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
c. 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011 the substantial holders disclosed to the Company were:

REGISTERED HOLDER	BENEFICIAL OWNER	NUMBER OF SHARES	PERCENTAGE OF ISSUED SHARES
RBC Dexia Investor Service Cormark Securities Inc Scotia Capital	Sprott Asset Management LP.	16,559,283	9.3%
HSBC Custody Nominee (Australia) Ltd	Eye Investment Fund Ltd	10,000,000	5.6%
Macquarie Group Limited	Macquarie Group Limited	7,003,589	3.9%

TOP 20 HOLDERS OF QUOTED SECURITIES

REGISTERED HOLDER	NUMBER OF QUOTED SECURITIES	PERCENTAGE OF ISSUED SHARES
HSBC Custody Nominees (Australia) Limited	27,583,029	15.4%
National Nominees Limited	14,131,250	7.9%
JP Morgan Nominees Australia Ltd	11,494,058	6.4%
HSBC Custody Nominees (Australia) Limited	10,492,775	5.9%
JP Morgan Nominees Australia Ltd	7,556,699	4.2%
BRGM Nominees Pty Ltd (BRGM Unit Account	4,000,000	2.2%
Goldfields Hotel Pty Ltd (Exchange Hotel Unit Trust)	3,000,000	1.7%
Citicorp Nominees Pty Limited	2,695,320	1.5%
Bond Street Custodians Ltd	2,483,250	1.4%
UBS Nominees Pty Ltd	2,355,708	1.3%
Goldfields Hotel Pty Ltd (Exchange Hotel Unit Trust)	2,000,000	1.1%
Mellett Super Pty Ltd	1,876,185	1.1%
Forsyth Barr Custodians Ltd	1,825,631	1.0%
Bramor Superannuation Pty Ltd	1,150,000	0.6%
Bond Street Custodians Ltd	896,114	0.5%
Aust Executor Trustees NSW Ltd	832,548	0.5%
Kiki Super Fund A/C	800,000	0.5%
HSBC Custody Nominees (Australia) Limited	750,000	0.4%
Dr Bhasin Neelesh	582,502	0.3%
Brispot Nominees Pty Ltd	578,946	0.3%
	97,084,015	**54.3%**

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 operations and gold processing at Lakewood Gold Processing Facility.

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