



ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2012

ABN: 38 108 779 782

HIGHLIGHTS

- » Upgraded and debottlenecked Lakewood Gold Processing Facility to 900,000 tonnes per annum
- » Commenced production from Wombola Dam and Wombola Pit
- » Construction of Murchison project 60% complete
- » Copper discovery made at Hollandaire
- » June 2012 JORC resource totals 4.6 million ounces gold, 139,100 tonnes copper and 10.5 million ounces silver
- » Maiden June 2012 JORC reserve totals 1.3 million ounces gold, 60,000 tonnes copper and 9.3 million ounces silver
- » Revenue up 50.4% from \$89,982,000 to \$135,338,000
- » Profit from ordinary activities after tax up 97.4% from \$15,790,000 to \$31,175,000
- » Basic earnings per share up 73.2% from 8.83c per share to 15.29c per share
- » Net cash from operating activities up 88.5% from \$33,346,000 to \$62,869,000
- » Cash and cash equivalents up 324% from \$16,085,000 to \$68,249,000
- » Gold sold up 28.8% from 64,703 ounces to 83,347 ounces
- » Ore tonnes mined up 76.9% from 405,525 tonnes to 717,076 tonnes



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Non-Executive Chairman

Les Davis

Managing Director

Chris Banasik

Executive Director – Exploration and Geology

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CHAIRMAN & MANAGING DIRECTOR'S REPORT

DEAR FELLOW SHAREHOLDER

As outlined in our initial Public Offering in 2007, Silver Lake's strategy has been to build a significant resource base and to become a high margin gold producer.

In order to pursue this growth strategy and to optimise operations, we must be financially strong and maintain our balance sheet.

Specific objectives were set last year to grow our business in line with our strategy as follows:

- » Achieve milled production of 100,000 to 110,000 oz;
- » Commence open pit mining at Wombola Dam and Wombola Pit;
- » Complete the expansion of the Lakewood Gold Processing Facility on time and on budget;
- » Achieve the exploration programme 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 at Eelya in the Murchison;
- » Complete the Murchison Definitive Feasibility Study and allowing for a decision to mine by the end of December 2011; 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:

- » Milled production from Mount Monger Operations increased 30% to 82,531 oz. This result was behind target due mainly to lower grades from Daisy Milano and an extended shutdown during the year. Mined production exceeded expectations at 102,598 oz Au and during the year a major milestone occurred with the pouring of the 250,000th ounce of gold since Silver Lake commenced production.
- » Open pit production commenced at both Wombola Dam and Wombola Pit with 280,919 tonnes at 1.8 g/t for 16,161 ounces of gold mined during the year.
- » The Lakewood Gold Processing Facility expansion was completed on time and on budget. The mill is now achieving 900,000tpa (blended rock) rates. The facility will be operated at 1.0 million tpa rates upon completion of the crusher upgrade, construction of a ROM bin and installation of a new tailings storage facility later in 2012.
- » For the third year in a row, resource ounces increased by approximately 1 million ounces, net of production. JORC resources at 30 June 2012 stood at 4.5 million oz Au. The Company also announced its maiden June 2012 JORC Ore Reserve totalling 15.3 million tonnes at 2.6 g/t Au for 1.3 million ounces.
- » The significant copper targets at Eelya in the Murchison were drill tested and resulted in the discovery of a copper/gold/silver deposit. A maiden JORC inferred resource was announced in June 2012 and updated in September 2012 to 2.8 million tonnes at 1.6% Cu, 0.4 g/t Au and 5 g/t Ag for 45,100 tonnes of copper and 34,100 ounces of gold.
- » The Murchison definitive feasibility study was completed, a decision to mine was approved and construction of the mill commenced. At year end the construction was approximately 60% completed and on track for gold production to commence in the March 2013 quarter.
- » Our financial position continues to remain strong notwithstanding our ongoing expenditure on growing the business:
 - » Net profit after tax was up 97.4% to A\$31.2 million and operating cashflow was up 88.5% to A\$62.9 million; and
 - » Cash and cash equivalents at 30 June 2012 were up 324% to A\$68.2 million.
 - » Bullion on hand totalled A\$3.9 million.
- » During the year the Company successfully acquired the Great Southern exploration assets from Phillips River Mining Limited ("Phillips River") and we have also announced a merger with Integra Mining Limited ("Integra"), which should be completed by December 2012.

We believe that we have met our objectives for last year and we remain focussed on growing the business through both internal growth and external acquisitions. The acquisition of the Great Southern and Integra assets were beyond these objectives but represent a strategic step change for the business.

The commencement of production in the Murchison, the purchase of the Phillips River assets and the acquisition of Integra will diversify risk with multiple mines feeding multiple production centres. Our exploration to date has been successful in building our JORC resources and adding to shareholder wealth. We therefore remain strongly committed to exploration.

The continued growth in the Company will add new challenges in the coming year and will be an exciting transition phase for employees and shareholders alike. Our production profile will increase substantially and recent acquisitions will provide new opportunities to grow the business through optimising existing assets. It is therefore important that our current assets continue to make strong returns, while we pursue these new opportunities for growth. Accordingly, we have set ourselves the following key objectives over the next twelve months:

- » Complete the Integra acquisition and seamlessly transition the two businesses into one;
- » Optimise production from the merged Mount Monger assets to generate maximum cashflow;
- » Achieve milled production of 155,000 to 200,000 oz over the next 12 months (Mt Monger and Murchison operations);
- » Complete construction on the Murchison project, commence production in the March 2013 quarter and achieve a 1.2 million tonne mill throughput rate per annum;
- » Drill test all significant targets in the Eelya complex, immediately north of the 1.2 million tpa Murchison gold mill.
- » Prioritise exploration targets across the merged business and drill test compelling targets;
- » Complete a Pre-Feasibility Study on the Hollandaire copper deposit; and
- » Maintain a strong balance sheet through prudent capital and cost management.

We have a strong cash flow, consistent producing assets, opportunities with significant growth potential and a committed team with a proven track record to implement our strategy. We remain 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, contractors and our shareholders for their confidence in the Company.



Paul Chapman

Non-Executive Chairman
20 September 2011



Les Davis

Managing Director

OPERATIONS REPORT

OVERVIEW

Silver Lake is an ASX 200 gold producing and exploration company with a resource base of 4.5 million oz in highly prospective regions including the Mount Monger and Murchison goldfields and the Great Southern district of Western Australia. Silver Lake's strategy is to develop large production centres at Mount Monger, in the Murchison and the Great Southern with multiple mines at each centre.

Silver Lake's Mount Monger Operation contains the Daisy Milano, Daisy East, Rosemary & Haoma underground mines and the Wombola open pit mines located 50km southeast of Kalgoorlie.

Gold ore from Mount Monger is transported to Silver Lake's Lakewood Gold Processing Facility located 5km southeast of Kalgoorlie and 45km from the Daisy Milano mine. This facility has been expanded to 900,000 tonnes per annum and is currently being expanded to 1 million tonnes per annum.

In the Murchison, Silver Lake is developing a second mining operation with multiple mines feeding a central processing facility. The project is under construction and production is expected to commence in the March 2013 quarter.

At the Eelya Complex, part of the Murchison project, a high grade copper discovery has been made at Hollandaire. The Hollandaire deposit contains copper, gold and silver with grades up to 45% Cu, 5.5g/t Au and 256g/t Ag.

In the Great Southern, Silver Lake owns the large Kundip and Munglinup exploration projects covering over 2,500km². Post ramp up of Mount Monger and development of the Murchison in 2013, Silver Lake will increase regional gold exploration at Kundip with the view of establishing a third gold mining centre (with potential copper and silver credits).

Silver Lake's exploration programme is targeting 10 million oz Au over time.

SAFETY

There were two (2) 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 3.1 down from 11.9 in the previous period.

UNDERGROUND MINE PRODUCTION

Underground production during the period totalled 436,157 tonnes at 6.2g/t Au for 86,437 contained ounces (2011: 300,369 tonnes at 7.2g/t Au for 69,923 oz) (refer to table 1).

OPEN PIT PRODUCTION

Open pit production during the period totalled 280,919 tonnes at 1.8g/t Au for 16,161 contained ounces (2011: 105,156 tonnes at 2.2g/t Au for 7,358 oz) (refer to table 1).

COMBINED MINE PRODUCTION

Combined mine production during the period totalled 717,076 tonnes at 4.5g/t Au for 102,598 contained ounces, 33% higher than the previous period (2011: 405,525 tonnes at 5.9g/t Au for 77,281 oz) (refer to table 1).

MOUNT MONGER	UNITS	FULL YEAR FY12	JUN QTR 2012	MAR QTR 2012	DEC QTR 2011	SEP QTR 2011
<i>Underground</i>						
Ore tonnes mined	Tonnes	436,157	140,633	110,048	84,195	101,281
Mined grade	g/t Au	6.2	5.6	5.2	9.1	5.5
Contained gold in ore	Oz	86,437	25,313	18,556	24,652	17,916
<i>Open Pit</i>						
Ore tonnes mined	Tonnes	280,919	90,191	102,537	81,608	6,583
Mined grade	g/t Au	1.8	1.6	1.6	2.2	2.2
Contained gold in ore	Oz	16,161	4,553	5,278	5,856	474
Total ore tonnes mined	Tonnes	717,076	230,824	212,585	165,803	107,864
Mined grade	g/t Au	4.5	4.0	3.5	5.7	5.3
Contained gold in ore	Oz	102,598	29,866	23,834	30,508	18,390

Table 1: Mine production statistics

PROCESSING

The Lakewood Gold Processing Facility (LGPF) is located 5km southeast of Kalgoorlie and 45km from the Daisy Milano mine. 517,105 tonnes were milled during the period at 5.3g/t Au for 88,264 contained ounces. Recovery was 94% resulting in 82,531 ounces produced, 30% higher than the previous period (2011: 356,684 tonnes at 5.8g/t Au at 95% recovery for 63,425 oz produced) (refer to table 2).

MOUNT MONGER	UNITS	FULL YEAR FY12	JUN QTR 2012	MAR QTR 2012	DEC QTR 2011	SEP QTR 2011
Ore milled	Tonnes	517,105	181,337	134,507	97,575	103,686
Head grade	g/t Au	5.3	4.9	4.3	7.3	5.5
Contained gold in ore	Oz	88,264	28,485	18,552	22,929	18,298
Recovery	%	94	94	93	93	95
Gold produced	Oz	82,531	26,673	17,284	21,292	17,282
Gold refined & sold	Oz	83,347	27,969	14,258	21,840	19,280

Table 2: Processing statistics

UNPROCESSED ORE STOCKS

Unprocessed ore stocks at the end of the period totalled 325,000 tonnes containing 27,700 ounces.

GOLD IN CIRCUIT

Gold in circuit at the end of the period totalled 4,596 ounces.

GOLD SALES

Gold sales for the period totalled 83,347 ounces, 29% higher than the previous period at an average realised price of A\$1,624 per ounce (2011: 64,703 oz at \$1,390)

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. Further strategic milestones were reached during the period including:

Mount Monger Operations:

Substantial progress towards expanding Mount Monger Operations to approximately 150,000 oz in FY13:

- » production from four underground mines and one open pit mine;
- » underground ore tonnes mined increased to 500,000 to 600,000 tonne per annum rates;
- » multiple access levels developed into Haoma with ore driving on multiple levels in progress;
- » underground and open pit mine production increased to an annualised mined rate or >900,000 tpa;
- » expansion of Lakewood Gold Processing Facility to 700,000tpa (hard rock) and 900,000tpa (blended rock) for a low capital outlay;
- » significant drill intercepts outside resource at Haoma and Haoma West; and
- » exploration ongoing with multiple drill rigs targeting resource extensions.

Murchison Project:

In the Murchison, Silver Lake is developing a second gold mining operation for a low capital outlay of A\$65 to A\$70 million with multiple mines feeding a central processing facility. The project is progressing to plan with first gold production on track to commence in the March 2013 quarter ramping up to 100,000 ounces per annum in 2014. Progress during the period included:

- » board approval in November 2011 to construct the Murchison Gold Project;
- » completion of the 250 person camp in the town of Cue;
- » deconstruction, relocation, refurbishment and reconstruction of milling infrastructure 45% complete;
- » commitment to gas fired engines for power generation resulting in project savings of ~A\$3 million per annum;
- » detailed mine designs and schedules for 14 open pit and 4 underground mines;
- » award of open pit mining contract to Alliance Mining with open pit mining commencing in October 2012; and
- » exploration ongoing with multiple drill rigs targeting resource extensions.

Eelya Complex:

During the period surface geophysics located nine large electromagnetic conductors at Hollandaire, Colonel, Mount Eelya, and Eelya South within the Eelya Complex, part of the Murchison Project.

Surface diamond drilling commenced at Hollandaire in September 2011. In November 2011, the Company announced a high grade copper discovery from the initial 9 holes drilled at Hollandaire. A maiden JORC inferred resource was announced in June 2012 from the initial 9 hole programme which totals 1.1 million tonnes at 2.4% Cu, 0.5g/t Au and 13g/t Ag. Approximately 78% of the copper resource is located in the supergene and transitional zones averaging 4% grade.

Surface drilling recommenced in March 2012, with a further 29 RC & 21 diamond holes completed with 44 extensional holes drilled outside of the current resource. This extensional drilling programme has significantly increased the mineralised area to approximately 500 metres by 300 metres with varying thickness from 4 to 50 metres. An upgrade JORC resource will be calculated once all assays from the 50 hole programme are received.

Great Southern:

In July 2012 the Company announced the completion of the Asset Sale Agreement ("Asset Sale Agreement") with Philips River Mining Ltd (ASX: PRH) ("Phillips River"). The Philips River assets are now collectively known as the Great Southern Gold Project ("Great Southern") and provide an exciting advanced gold exploration project for Silver Lake.

Great Southern has two discreet exploration projects, Kundip and Munglinup covering over 2,500km² of tenements located in the southeast of Western Australia. The Kundip Mining Centre has a current JORC resource of 1 million ounces of gold, 10 million ounces of silver and 95,000 tonnes of copper that contain two main ore bodies within 10km of each other.

Kundip constitutes a number of high-grade gold ore bodies. These deposits have been mined in the past on a small scale producing 121,000t @ 18.0g/t Au for 68,000 ounces Au from both underground and open pit sources that are underexplored at depth. There is significant regional potential at Kundip for further high-grade gold deposits to be identified through a systematic and ramped up exploration campaign.

Post ramp up of Mount Monger and development of the Murchison in 2013, Silver Lake will increase regional gold exploration at Kundip with the view of establishing a third gold mining centre (with potential copper and silver credits). This will be funded from internal cash flows. This work will also assess a low capital operating scenario with a simple and straight forward processing circuit.

In addition, exploration will focus on infill drilling to convert current resources to reserves; extensional drilling to expand current resources and step out drilling to delineate new resource



Diamond Drilling at Hollandaire - Murchison

EXPLORATION OVERVIEW

Silver Lake's lease holding encompasses highly prospective tenement holdings in the Mount Monger and Murchison goldfields, along with the Copper Lakes projects (refer to Figure 1). During the reporting period exploration activities have been undertaken at Mount Monger, in the Murchison and at Copper Lakes. In March 2012, Silver Lake Resources entered into an asset sale agreement with Phillips River Mining the asset purchase included a large parcel of mining, prospecting and exploration leases in the Ravensthorpe area of Western Australia. This area will be known within Silver Lake as the Great Southern Project.

At Mount Monger exploration has been undertaken from underground as well as on the surface. Underground diamond drilling continued from a variety of locations with three main goals, firstly to delineate and increase confidence in the Haoma resource, secondly to continue through the Haoma system to test the existence of mineralisation west of Haoma and thirdly to do more infill of the Daisy Deep's ore surfaces. Daisy RC surface drilling activities were undertaken at the Wombola Dam and Wombola Pit deposits to increase 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 and also to the north at Hammer and Tap and Volterra. Surface drilling will continue in the coming year in the Lorna Doone/Spinifex area and north of Daisy Milano. Underground drilling will focus on delineating the Haoma West area as well as depth extensions to Dinnie-Riggio.

In the Murchison surface drilling continued at Tuckabianna, the Eelya Complex, 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. In the coming year exploration will be directed away from planned mining areas and follow up geochemical targets to the west and north of the historical mining areas.

In the Comet area RC and diamond drilling was undertaken targeting down dip and down plunge extensions to existing resources at Comet, Pinnacles, 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 east of Lena in an area known as Break of Day. In the coming year exploration will be directed away from planned mining areas and will follow up geochemical targets and geophysical targets to the north of the historical mining areas and onto the surface of Lake Austin.

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 diamond and RC drilling was undertaken at Hollandaire, Mount Eelya and Colonel. Drill testing and geophysics will be carried out on existing targets.

RESOURCES AND RESERVES

A 16% 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 2012 JORC resource for Mount Monger totals 7.1 million tonnes at 7.4g/t Au for 1,701,000 oz (refer to Table 3).

In the Murchison a 15% increase to total JORC gold resources was achieved from the Company's surface drilling programmes throughout the year. The June 2012 JORC resources for the Murchison now totals 21.8 million tonnes at 2.8g/t Au for 1,905,000 oz (refer to Table 3).

As part of the purchase of the Phillips River assets additional gold resources have been added to the companies resource inventory and they are listed in Table 3 under Great Southern. Also the Hollandaire discovery has added gold resource to the total gold resource inventory.

EXPLORATION, RESOURCES & RESERVES REPORT

With the Great Southern and Hollandaire the company now has a resource inventory of copper and silver. This is listed in Table 4.

As of June 2012 the company released maiden ore reserves for both the Murchison and Mt Monger. (refer to Table 5). Table 6 contains base metal reserves from the Great Southern project.

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	139.2	18.6	83.1	705.5	14.6	331.1	763.7	8.3	203.8	1,608.4	12.0	618.0
Haoma	701.7	11.1	250.4	396.3	13.5	172.0	78.8	11.3	28.6	1,176.8	11.9	451.0
Haoma West	-	-	-	45.0	8.7	12.6	145.7	10.1	47.3	190.7	9.8	59.9
Christmas Flat	-	-	-	338.6	4.1	44.1	448.5	6.3	91.3	787.1	5.4	135.4
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	1,071.0	5.2	178.0	1,820.2	4.7	276.3
Wombola Pit	-	-	-	197.0	3.6	22.9	72.7	3.2	7.5	269.7	3.5	30.4
Wombola Dam	288.6	3.8	35.1	271.7	3.2	28.3	143.7	2.8	12.9	704.0	3.4	76.3
Hammer & Tap	-	-	-	-	-	-	350.2	2.4	27.4	350.2	2.4	27.4
Total Mount Monger	1,129.5	10.2	368.6	2,703.3	8.2	709.3	3,313.3	5.9	623.9	7,146.1	7.4	1,701.8
Tuckabianna - OP	-	-	-	4,050.0	2.1	270.0	4,430.0	1.9	270.0	8,480.0	2.0	540.0
Tuckabianna - UG	-	-	-	1,350.0	4.2	180.0	2,410.0	4.2	330.0	3,760.0	4.2	510.0
Comet - OP	36.0	0.6	0.7	2,324.0	2.5	186.8	250.0	1.4	10.0	2,610.0	2.4	197.5
Comet - UG	-	-	-	1,060.0	4.6	160.0	730.0	3.7	90.0	1,790.0	4.2	250.0
Moyagee - OP	-	-	-	960.0	2.1	70.0	1,410.0	2.2	100.0	2,370.0	2.2	170.0
Moyagee - UG	-	-	-	80.0	3.3	10.0	1,630.0	4.0	210.0	1,710.0	4.0	220.0
Murchison - OP	36.0	0.6	0.7	7,334.0	2.2	526.8	6,090.0	2.0	380.0	13,460.0	2.1	907.5
Murchison - UG	-	-	-	2,490.0	4.3	350.0	4,770.0	4.0	630.0	7,260.0	4.1	980.0
Hollandaire	-	-	-	-	-	-	2,800.0	0.4	34.1	2,800.0	0.4	34.1
Total Murchison	36.0	0.6	0.7	9,824.0	2.8	876.8	13,660.0	2.4	1,044.1	23,520.0	2.8	1,921.6
Kundip	-	-	-	4,390.0	3.4	481.3	4,550.0	2.1	307.2	8,940.0	2.7	788.5
Trilogy	310.0	2.4	23.9	5,750.0	0.7	136.4	180.0	0.6	4.5	6,240.0	0.8	163.8
Total Great Southern	310.0	2.4	23.9	10,140.0	1.9	617.7	4,730.0	2.0	311.7	15,180.0	2.0	952.3
Total Silver Lake	1,475.5	8.3	393.2	22,667.3	3.0	2,203.8	21,703.3	2.8	1,979.7	45,846.1	3.1	4,575.7

Table 3: Resource Inventory as at June 2011. Rounding may give rise to unit discrepancies in this table

DEPOSIT	MEASURED RESOURCES				INDICATED RESOURCES				INFERRED RESOURCES				TOTAL RESOURCES			
	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	UNIT	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	UNIT	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	UNIT	TOTAL '000S
<i>Kundip Project</i>																
Silver	-	-	g/t Ag	-	oz	4,390.0	2.5	g/t Ag	353.9	oz	4,550.0	2.1	g/t Ag	314.2	oz	8,940.0
Copper	-	-	% Cu	-	t	4,390.0	0.4	% Cu	15.6	t	4,550.0	0.3	% Cu	14.7	t	8,940.0
<i>Trilogy Project</i>																
Silver	310.0	41.2	g/t Ag	406.6	oz	5,750.0	48.0	g/t Ag	8,859.6	oz	180.0	12.0	g/t Ag	73.4	oz	6,240.0
Copper	310.0	0.3	% Cu	0.9	t	5,750.0	1.1	% Cu	62.3	t	180.0	0.8	% Cu	1.4	t	6,240.0
<i>Hollandaire</i>																
Silver	-	-	-	-	oz	-	-	-	-	oz	2,800.0	5.0	g/t Ag	457.8	oz	2,800.0
Copper	-	-	-	-	t	-	-	-	-	t	2,800.0	1.6	% Cu	45.1	t	2,800.0
Total Resource	310.0	40.8	g/t Ag	406.6	oz	10,140.0	28.3	g/t Ag	9,213.5	oz	4,730.0	2.5	g/t Ag	386.6	oz	17,980.0
Copper	310.0	0.3	% Cu	0.9	t	10,140.0	0.8	% Cu	77.8	t	7,530.0	0.8	% Cu	61.2	t	17,980.0

Table 4: Base Metal Resource Inventory as at June 2012. Rounding may give rise to unit discrepancies in this table

DEPOSIT	PROVED RESERVES				PROBABLE RESERVES				TOTAL RESERVES			
	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S
Daisy Milano	-	-	-	-	1,231.7	5.6	g/t Au	219.7	1231.7	5.6	g/t Au	219.7
Haoma	-	-	-	-	792.1	5.1	g/t Au	130.7	792.1	5.1	g/t Au	130.7
Wombola	222.8	1.6	g/t Au	11.3	344.6	1.8	g/t Au	19.7	567.4	1.7	g/t Au	31.0
Mt Monger Stockpile	324.9	2.6	g/t Au	27.7					324.9	2.6	g/t Au	27.7
Murchison Project					4,871.3	2.7	g/t Au	424.8	4,871.3	2.7	g/t Au	424.8
Murchison Stockpile	77.0	1.0	g/t Au	2.5					77.0	1.0	g/t Au	2.5
Kundip Project		-	g/t Au	-	2,810.0	3.4	g/t Au	307.2	2,810.0	3.4	g/t Au	307.2
Trilogy Project	310.0	2.2	g/t Au	22.0	4,320.0	0.8	g/t Au	112.9	4,630.0	0.9	g/t Au	134.9
Total Reserve	934.7	2.2	g/t Au	63.5	14,369.7	2.6	g/t Au	1,215.0	15,304.4	2.6	g/t Au	1,278.5

Table 5: Gold Reserve Inventory as at June 2012. Rounding may give rise to unit discrepancies in this table

DEPOSIT	PROVED RESERVES					PROBABLE RESERVES					TOTAL RESERVES				
	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	UNIT	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	UNIT	ORE TONNES '000S	GRADE	INCREMENT	TOTAL '000S	UNIT
Kundlip Project															
Silver	-	-	g/t Ag	-	oz	2,810.0	2.7	g/t Ag	243.9	oz	2,810.0	2.7	g/t Ag	243.9	oz
Copper	-	-	% Cu	-	t	2,810.0	0.4	% Cu	10.7	t	2,810.0	0.4	% Cu	10.7	t
Trilogy Project															
Silver	310.0	45.0	g/t Ag	448.5	oz	4,320.0	55.0	g/t Ag	7,637.7	oz	4,630.0	54.3	g/t Ag	8,086.2	oz
Copper	310.0	0.4	% Cu	1.2	t	4,320.0	1.1	% Cu	48.1	t	4,630.0	1.1	% Cu	49.3	t
Total Resource															
Silver	310.0	45.0	g/t Ag	448.5	oz	7,130.0	34.4	g/t Ag	7,881.7	oz	7,440.0	34.8	g/t Ag	8,330.2	oz
Copper	310.0	0.4	% Cu	1.2	t	7,130.0	0.8	% Cu	58.8	t	7,440.0	0.8	% Cu	60.0	t

Table 6: Base Metal Reserve Inventory as at June 2012. Rounding may give rise to unit discrepancies in this table

Notes

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.

1: Information that relates to exploration and production targets refers to targets that are conceptual in nature, where there 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.

The information in this report that relates to Ore Reserves is based on information under the direction of 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.

Members of the Company's team preparing Ore Reserve Estimates under Mr Banasik's supervision all qualify as competent persons.

TENEMENT SCHEDULE

PROJECT	TENEMENT TYPE	TENEMENT NUMBER	REGISTERED HOLDER AND INTERESTS	DATE GRANTED	DATE EXPIRY	APPLICATION DATE	AREA	
							HECTARES	BLOCKS
<i>Copper Lakes</i>	E	45/3632	Silver Lake Resources Ltd (100%)	22/05/12	21/05/17	24/02/10		78.0
<i>Comet</i>	E	21/0125	Silver Lake Resources Ltd (100%)	16/01/08	15/01/13	5/10/05		19.0
	L	21/0016	Silver Lake Resources Ltd (100%)	23/01/12	22/01/33	11/05/11	20.00	
	M	21/0008	Silver Lake Resources Ltd (100%)	16/05/86	15/05/28	27/07/85	47.68	
	M	21/0072	Silver Lake Resources Ltd (100%)	2/09/91	1/09/12	9/11/90	745.30	
	E	20/0531	Silver Lake Resources Ltd (100%)	23/08/06	22/08/13	24/10/01		6.0
<i>Eelya</i>	E	20/0616	Cue Minerals Pty Ltd (100%)	22/01/07	21/01/14	22/11/05		16.0
	E	20/0630	Silver Lake Resources Ltd (90%) & George Juris Petersons (10%)	11/10/11	10/10/16	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	27/12/15	22/02/07	25.54	
	E	21/0144	Silver Lake Resources Ltd (100%)	19/04/11	18/04/16	3/02/10		4.0
	E	20/0629	Cue Minerals Pty Ltd (100%)	30/01/07	29/01/17	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	
	M	74/0136	Maxwell Stanley Chaytor (20%) Janos Locsei (20%) Robert Dennis Walker (20%) Robert James Wanless (20%) James Michael & David Glenn Dowling (20%)	26/11/10	25/11/31	29/02/00	23.37	
<i>Great Southern</i>	M	74/0165	Galaxy Resources Limited	26/11/10	25/11/31	12/08/02	158.00	
	M	74/0184	Galaxy Resources Limited	26/11/10	25/11/31	23/09/04	116.00	
	P	74/0334	Galaxy Resources Limited	11/11/10	10/11/14	11/09/08	11.74	
	E	74/0311	Phillips River Mining Ltd (100%)	4/10/06	3/10/13	23/10/03		2.0
	E	74/0385	Phillips River Mining Ltd (100%)	11/03/08	10/03/13	15/09/06		15.0
	E	74/0392	Phillips River Mining Ltd (100%)	20/03/08	19/03/13	29/01/07		14.0
	L	74/0034	Phillips River Mining Ltd (100%)	3/07/09	2/07/30	18/04/05	1.70	
	M	74/0041	Phillips River Mining Ltd (100%)	29/12/87	28/12/29	11/11/87	3.44	
	M	74/0051	Phillips River Mining Ltd (100%)	25/01/90	24/01/32	23/09/88	519.65	
	M	74/0053	Phillips River Mining Ltd (100%)	26/01/90	25/01/32	23/09/88	82.84	
	M	74/0135	Phillips River Mining Ltd (100%)	19/12/00	18/12/21	22/10/99	9.16	
	M	74/0180	Phillips River Mining Ltd (100%)	8/04/09	7/04/30	13/08/04	1.62	
	P	74/0286	Phillips River Mining Ltd (100%)	20/03/08	19/03/16	29/01/07	20.00	
	P	74/0287	Phillips River Mining Ltd (100%)	20/03/08	19/03/12	29/01/07	90.00	
	P	74/0288	Phillips River Mining Ltd (100%)	20/03/08	19/03/12	29/01/07	89.00	
	P	74/0289	Phillips River Mining Ltd (100%)	20/03/08	19/03/16	29/01/07	142.00	
	P	74/0290	Phillips River Mining Ltd (100%)	20/03/08	19/03/16	29/01/07	129.00	
	P	74/0291	Phillips River Mining Ltd (100%)	20/03/08	19/03/16	29/01/07	75.00	
	P	74/0292	Phillips River Mining Ltd (100%)	20/03/08	19/03/16	29/01/07	117.00	
	P	74/0228	Phillips River Mining Ltd (100%)	13/07/10	12/07/14	16/10/97	48.00	

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							HECTARES	BLOCKS
<i>Great Southern (Cont.)</i>	P	74/0229	Phillips River Mining Ltd (100%)	13/07/10	12/07/14	16/10/97	75.00	
	E	74/0399	Western Copper Pty Ltd (100%)	29/04/09	28/04/14	7/02/07		38.0
	E	74/0406	Western Copper Pty Ltd (100%)	12/08/09	11/08/14	28/03/07		18.0
	M	74/0162	Galaxy Resources Limited (100%)			22/11/01	981.00	
	M	74/0163	Pioneer Resources Limited (100%)	28/08/06	27/08/27	22/11/01	440.71	
	P	74/0259	Western Copper Pty Ltd (100%)	4/08/09	3/08/13	16/09/05	51.00	
	P	74/0260	Western Copper Pty Ltd (100%)	4/08/09	3/08/13	8/09/05	4.20	
	P	74/0304	Pioneer Resources Limited (100%)	19/02/08	18/02/16	8/02/07	200.00	
	P	74/0305	Pioneer Resources Limited (100%)	19/02/08	18/02/16	8/02/07	167.00	
	P	74/0306	Pioneer Resources Limited (100%)	19/02/08	18/02/16	8/02/07	120.00	
	L	74/0042	Phillips River Mining Ltd (100%)	20/01/06	19/01/27	30/09/05	9.42	
	M	74/0013	Tectonic Systems Pty Ltd (25%) Phillips River Mining Limited (75%)	6/03/85	5/03/27	6/12/83	427.60	
	E	74/0408	Traka Resourced Ltd (100%)	25/02/09	24/02/14	3/04/07		19.0
	E	74/0448	Traka Resourced Ltd (100%)	30/06/10	29/06/15	15/07/09		49.0
	P	74/0265	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	188.90	
	P	74/0266	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	173.54	
	P	74/0267	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	136.68	
	P	74/0268	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	148.83	
	P	74/0271	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	73.53	
	P	74/0273	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	167.85	
	E	74/0379	Traka Resourced Ltd (100%)	11/03/07	10/03/17	27/03/06		54.0
	M	74/0083	Traka Resourced Ltd (100%)	19/08/93	18/08/14	9/04/92	247.13	
	P	74/0262	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	103.03	
	P	74/0263	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	177.56	
	P	74/0264	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	199.96	
	P	74/0269	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	151.09	
	P	74/0270	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	166.90	
	P	74/0272	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	185.98	
	P	74/0274	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	198.07	
	P	74/0275	Traka Resourced Ltd (100%)	11/03/07	10/03/15	18/05/06	197.85	
	P	74/0280	Traka Resourced Ltd (100%)	18/03/08	17/03/16	16/01/07	17.50	
	P	74/0281	Traka Resourced Ltd (90%) & KH Piper (10%)	24/01/08	23/01/16	22/01/07	18.48	
	P	74/0295	Traka Resourced Ltd (90%) & KH Piper (10%)	24/01/08	23/01/16	22/01/07	128.12	
	P	74/0296	Traka Resourced Ltd (90%) & JH Kelly (10%)	24/01/08	23/01/16	5/02/07	200.00	
	P	74/0297	Traka Resourced Ltd (90%) & JH Kelly (10%)	24/01/08	23/01/16	5/02/07	200.00	
	P	74/0295	Traka Resourced Ltd (90%) & KH Piper (10%)	24/01/08	23/01/16	5/02/07	200.00	
	M	74/0063	B D McCall (50%) & D J McCall (50%)	10/02/92	9/02/34	17/05/89	69.36	
	M	74/0137	D J & B D McCall (50%) & B D McCall (50%)			8/06/00	114.00	

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							HECTARES	BLOCKS
<i>Great Southern (Cont.)</i>	M	74/0164	B D McCall (50%) & D J McCall (50%)			23/05/02	89.95	
	L	74/0024	B D McCall (33.3%), D J McCall (33.3%), & R A McCall (33.3%)	12/06/12	11/06/33	31/01/00	1.30	
	E	74/0444	Phillips River Mining Ltd (100%)	29/04/10	28/04/15	5/05/09		15.0
	P	74/0337	Phillips River Mining Ltd (100%)	31/08/11	30/08/15	17/12/09	120.00	
	P	74/0338	Phillips River Mining Ltd (100%)	31/08/11	30/08/15	17/12/09	43.00	
	P	74/0341	Phillips River Mining Ltd (100%)	6/07/12	5/07/16	21/06/11	23.00	
	E	74/0462	Phillips River Mining Ltd (100%)	15/08/11	14/08/16	17/12/09		16.0
	E	74/0498	Phillips River Mining Ltd (100%)	12/03/12	11/03/17	31/03/11		14.0
	E	74/0245	Phillips River Mining Ltd (100%)	13/07/10	12/07/15	12/08/97		3.0
	E	74/0391	Phillips River Mining Ltd (100%)	20/03/08	19/03/13	29/01/07		7.0
	E	74/0413	Phillips River Mining Ltd (100%)	16/03/09	15/03/14	24/07/07		30.0
	L	74/0035	Phillips River Mining Ltd (100%)	23/11/05	22/11/26	27/04/05	2.87	
	L	74/0045	Phillips River Mining Ltd (100%)	16/04/09	15/04/30	8/04/08	15.62	
	M	74/0176	Phillips River Mining Ltd (100%)	3/08/05	2/08/26	19/11/03	936.15	
	P	74/0317	Phillips River Mining Ltd (100%)	29/06/11	28/06/15	26/07/07	97.00	
	P	74/0318	Phillips River Mining Ltd (100%)	29/06/11	28/06/15	26/07/07	172.00	
	E	74/0486	Ironcap Resources Pty Ltd (100%)	26/07/11	25/07/16	1/10/10		1.0
	E	74/0471	Phillips River Mining Ltd (100%)	15/06/11	14/06/16			197.0
	E	74/0472	Phillips River Mining Ltd (100%)	15/06/11	14/06/16			167.0
	E	74/0473	Phillips River Mining Ltd (100%)	15/06/11	14/06/16			193.0
	E	74/0474	Phillips River Mining Ltd (100%)	16/08/11	15/08/16			4.0
	E	74/0485	Phillips River Mining Ltd (100%)	4/07/11	3/07/16			27.0
<i>Lakewood</i>	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	
<i>Moyagee</i>	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	21/0163	Vestiga Pty Ltd (100%)	28/05/12	27/05/17	19/05/11		2.0
	E	21/0167	Silver Lake Resources Ltd (100%)			12/06/12		1.0
	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%)	23/01/12	22/01/33	11/05/11	65.30	
	L	21/0018	Silver Lake Resources Ltd (100%)	23/01/12	22/01/33	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	21.87	

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PROJECT	TENEMENT TYPE	TENEMENT NUMBER	REGISTERED HOLDER AND INTERESTS	DATE GRANTED	DATE EXPIRY	APPLICATION DATE	AREA	
							HECTARES	BLOCKS
<i>Moyagee</i> (Cont.)	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	
<i>Mt Monger</i>	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%)	3/11/11	2/11/32	4/07/11	18.00	
	L	26/0263	Silver Lake Resources Ltd (100%)	25/10/11	24/10/32	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	
	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	26/0825	Potts, Christopher Peter			21/09/07	27.00	
	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	25/1962	Silver Lake Resources Ltd (100%)	22/11/07	21/11/15	1/02/07	121.00	
	P	25/1963	Silver Lake Resources Ltd (100%)	22/11/07	21/11/15	1/02/07	121.00	
	P	26/3054	Potts, Christopher Peter	22/09/03	21/09/07	25/10/00	30.00	
	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	16/01/16	1/02/07	24.00	
	P	26/3503	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	9.71	

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							HECTARES	BLOCKS
<i>Mt Monger (Cont.)</i>	P	26/3504	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	4.15	
	P	26/3505	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	134.00	
	P	26/3506	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	102.00	
	P	26/3507	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	70.00	
	P	26/3508	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	157.00	
	P	26/3509	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	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	16/01/16	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	16/01/16	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	16/01/16	1/02/07	121.00	
	P	26/3520	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	195.00	
	P	26/3521	Silver Lake Resources Ltd (100%)	17/01/08	16/01/16	1/02/07	183.00	
	P	26/3522	Silver Lake Resources Ltd (100%)	22/11/07	21/11/15	1/02/07	80.00	
	P	26/3835	Silver Lake Resources Ltd (100%)	25/08/11	24/08/15	3/12/10	200.00	
	P	26/3732	Potts, Christopher Peter	24/11/10	23/11/14	2/07/09	0.50	
	P	26/3874	Silver Lake Resources Ltd (100%)	11/04/12	10/04/16	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	14/11/32	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	
	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	18/06/15	21/08/06	174.00	
	P	25/1869	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	141.00	
	P	25/1870	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	118.00	
	P	25/1871	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	200.00	
	P	25/1924	Silver Lake Resources Ltd (100%)	22/11/07	21/11/15	15/01/07	171.00	
	P	25/1968	Silver Lake Resources Ltd (100%)	25/03/08	24/03/16	6/02/07	188.00	
	P	25/1969	Silver Lake Resources Ltd (100%)	25/03/08	24/03/16	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	18/06/15	21/08/06	123.00	
	P	26/3405	Silver Lake Resources Ltd (100%)	9/08/07	8/08/15	21/08/06	86.00	
	P	26/3406	Silver Lake Resources Ltd (100%)	9/08/07	8/08/15	21/08/06	116.00	

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<i>Mt Monger</i> (Cont.)	P	26/3407	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	185.00	
	P	26/3408	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	189.00	
	P	26/3409	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	198.00	
	P	26/3410	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	99.00	
	P	26/3411	Silver Lake Resources Ltd (100%)	19/06/07	18/06/15	21/08/06	157.00	
	P	26/3412	Silver Lake Resources Ltd (100%)	19/07/07	18/07/15	21/08/06	167.00	
	P	26/3413	Silver Lake Resources Ltd (100%)	19/07/07	18/07/15	21/08/06	165.00	
	P	26/3414	Silver Lake Resources Ltd (100%)	19/07/07	18/07/15	21/08/06	123.00	
	P	26/3415	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	21/08/06	196.00	
	P	26/3416	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	21/08/06	183.00	
	P	26/3444	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	86.00	
	P	26/3445	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	15/01/07	64.00	
	P	26/3446	Silver Lake Resources Ltd (100%)	31/12/07	30/12/15	15/01/07	112.00	
	P	26/3447	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	200.00	
	P	26/3448	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	200.00	
	P	26/3449	Wombola Gold Pty Ltd (90%) & Van Der Borgh, PJ (10%)	10/12/07	9/12/15	15/01/07	185.00	
	P	26/3450	Wombola Gold Pty Ltd (90%) & Van Der Borgh, PJ (10%)	10/12/07	9/12/15	15/01/07	200.00	
	P	26/3451	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	128.00	
	P	26/3452	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	80.00	
	P	26/3453	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	170.00	
	P	26/3454	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	130.00	
	P	26/3455	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	15/01/07	196.00	
	P	26/3456	Silver Lake Resources Ltd (100%)	10/12/07	9/12/15	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	30/01/16	15/01/07	166.00	
	P	26/3461	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	15/01/07	106.00	
	P	26/3462	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	15/01/07	106.00	
	P	26/3537	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	5/02/07	153.00	
	P	26/3538	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	5/02/07	139.00	
	P	26/3539	Silver Lake Resources Ltd (100%)	31/01/08	30/01/16	5/02/07	4.03	
	P	26/3546	Silver Lake Resources Ltd (100%)	25/03/08	24/03/16	5/02/07	200.00	
	P	26/3568	Silver Lake Resources Ltd (100%)	25/03/08	24/03/16	6/02/07	197.00	
	P	26/3569	Silver Lake Resources Ltd (100%)	25/03/08	24/03/16	6/02/07	196.00	
	P	26/3570	Silver Lake Resources Ltd (100%)	25/03/08	24/03/16	6/02/07	198.00	
	P	26/3590	Silver Lake Resources Ltd (100%)	25/03/08	24/03/16	9/02/07	10.00	
	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	

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<i>Mt Monger</i> (Cont.)	P	26/3855	Silver Lake Resources Ltd (100%)	25/10/11	24/10/15	28/01/11	200.00	
	P	26/3856	Silver Lake Resources Ltd (100%)	25/10/11	24/10/15	28/01/11	199.00	
	P	26/3857	Silver Lake Resources Ltd (100%)	25/10/11	24/10/15	28/01/11	138.00	
<i>Tuckabianna</i>	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%)	1/12/11	30/11/16	31/03/11		34.0
	E	20/0807	Silver Lake Resources Ltd (100%)			4/04/12		1.0
	L	20/0057	Silver Lake Resources Ltd (100%)	23/01/12	22/01/33	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	3/12/32	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	

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Figure 1: Map of Western 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 50km 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 250,000 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 15km then an all weather road for the remaining 35km. The project consists of 115 granted tenements and 12 tenements under application covering 165km². 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 Au per annum by 2014 via mining from multiple underground and open pit ore sources.

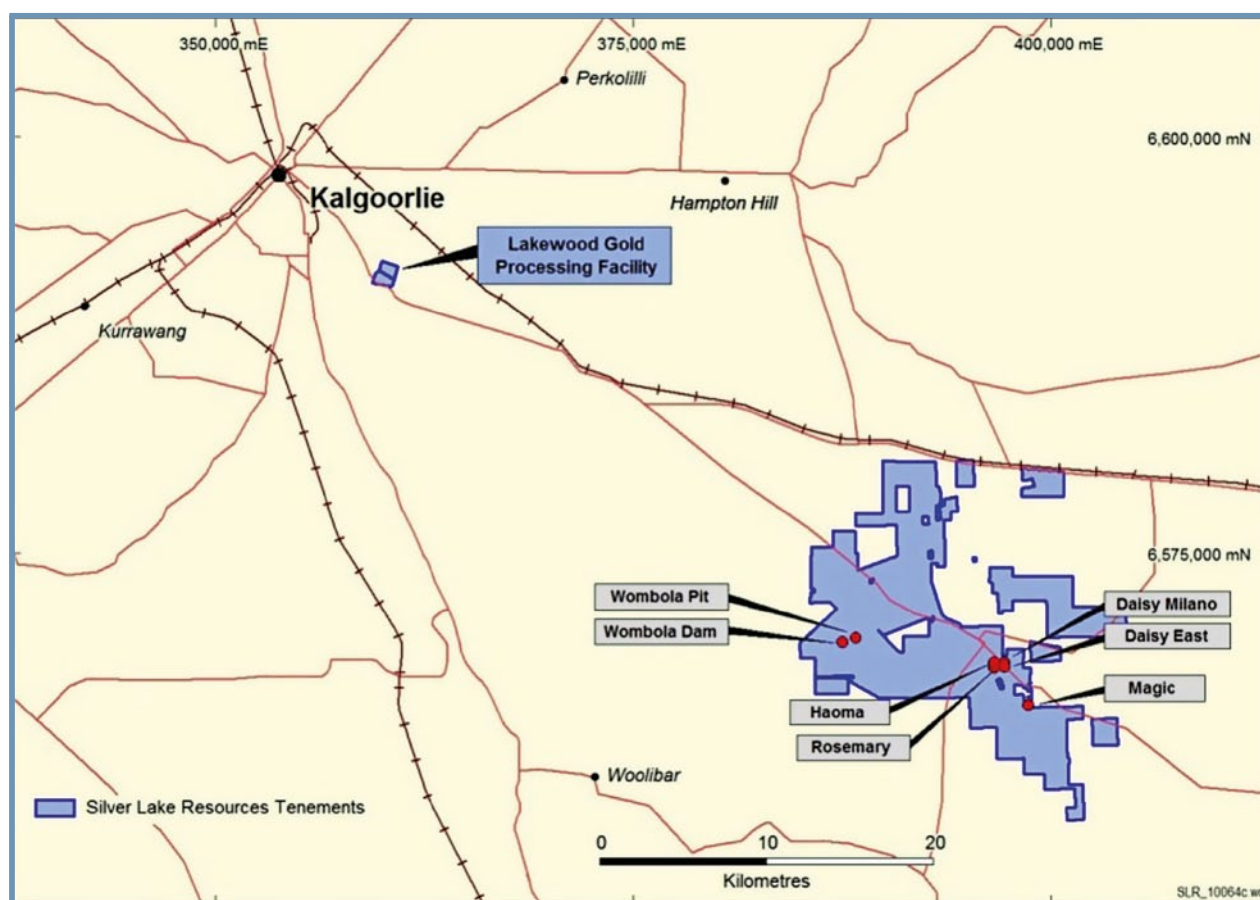


Figure 2: Location plan – Mount Monger goldfield.

DAISY MILANO

The Daisy Milano deposit is hosted by a dilational zone within a north-south trending shear zone and as at June 2012 has a JORC resource of 1.61 million tonnes at 12.0g/t Au for 618,000 oz (refer to Table 3) and a probable reserve of 1.23 million tonnes at 5.6g/t Au for 219,700 ounces (refer to Table 5). 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 630 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 was focused on infilling the existing resource outline to increase the confidence in the resource (refer to Figure 3).

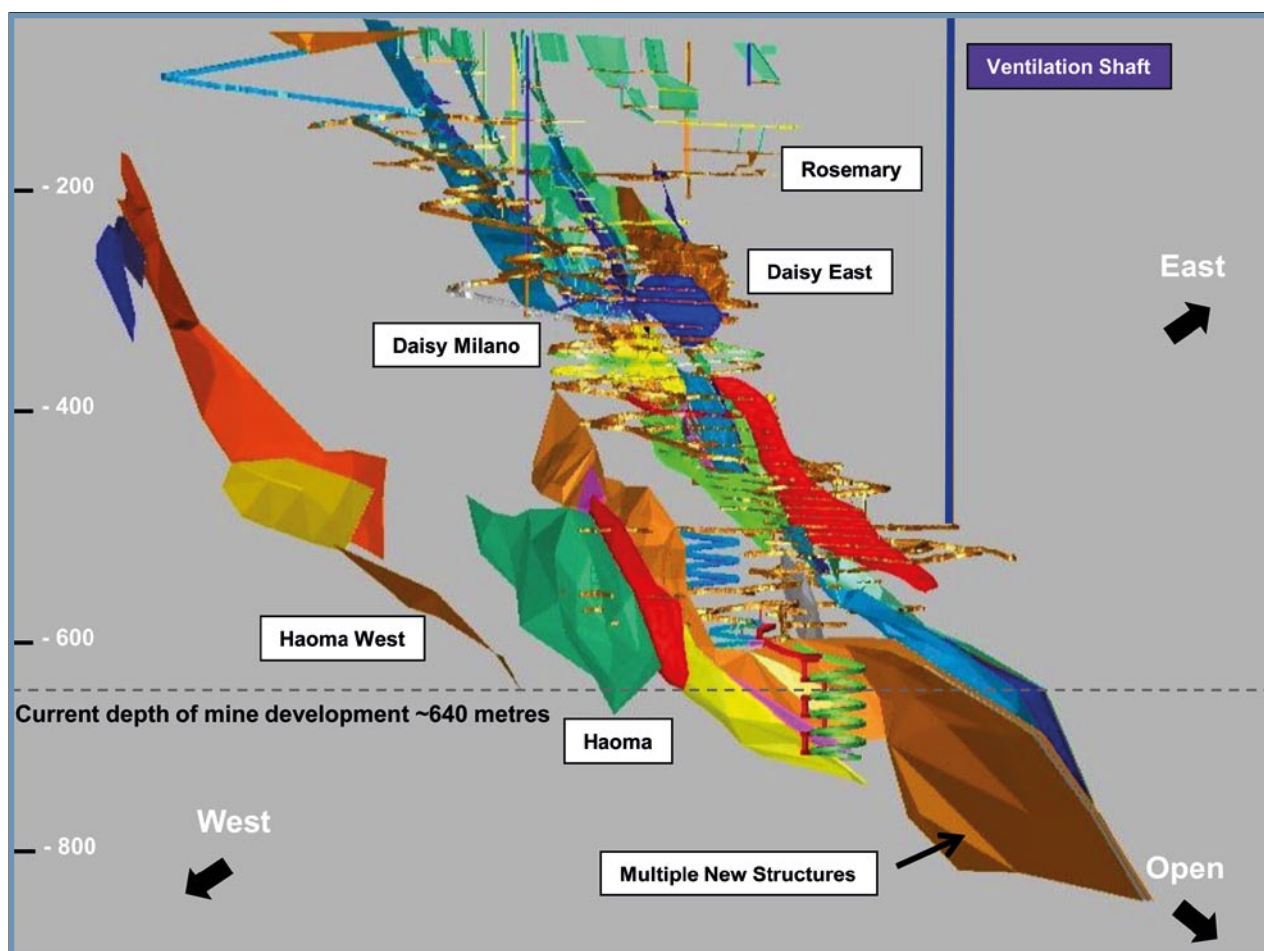


Figure 3: Schematic view showing location of Daisy Milano, Daisy East, Rosemary and Haoma deposits including multiple mineralised structures west of Daisy Deep (not to scale).

HAOMA

The Haoma deposit (refer to Figure 3) is a historic underground mine located west of the Daisy Milano deposit and was mined at a grade of 28.9g/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 and some Haoma decline stockpiles. The results of the programme were highly successful leading to JORC resource of 1.37 million tonnes at 11.6g/t Au for 510,900 oz. (refer to Table 3) and a probable reserve of 792,100 tonnes at 5.1g/t Au for 130,700 oz (refer to Table 5). Drilling results to date have shown Haoma to be composed of up to three mineralised veins that at times are close enough together that they can all be mined in the one drive. This has allowed the mining of Haoma to be exclusively mechanised. The impact of this has been that the productivity of mining at Haoma is higher than that obtained at Daisy Milano.

Underground drilling will continue in 2013 to test the strike and dip extent of ore zones to the west of the Haoma ore surfaces. (refer to Figure 5).

DAISY EAST AND ROSEMARY

The Daisy East and Rosemary deposits are located east of the Daisy Milano deposit (refer to Figure 3). By June 2012 Daisy East was completely mined out leaving only remnant pillars in various stoping areas between the 8 and 16 levels.

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 this level for mine planning purposes. There is currently no resource classified at Rosemary.

WOMBOLA DAM AND WOMBOLA PIT

The Wombola Pit and Wombola Dam deposits are located 5km northwest of Daisy Milano (refer to Figure 4) and as at June 2012 have a JORC resource of 973,700 tonnes at 3.4g/t Au for 106,700 oz (refer to Table 3) and a probable reserve of 567,000 tonnes at 1.7g/t Au for 31,000 oz. (refer to Table 5) 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.

Production from Wombola Dam commenced in September 2011 with the development of a starter pit, which was completed in February 2012. In March 2012, Wombola Pit commenced (refer to Figure 7). RC and diamond drilling during the year has confirmed the location of the ore for the Wombola Dam big pit which will be available to mine post the completion of Wombola pit. A decision to commence this mining will be made in the 2013 financial year.

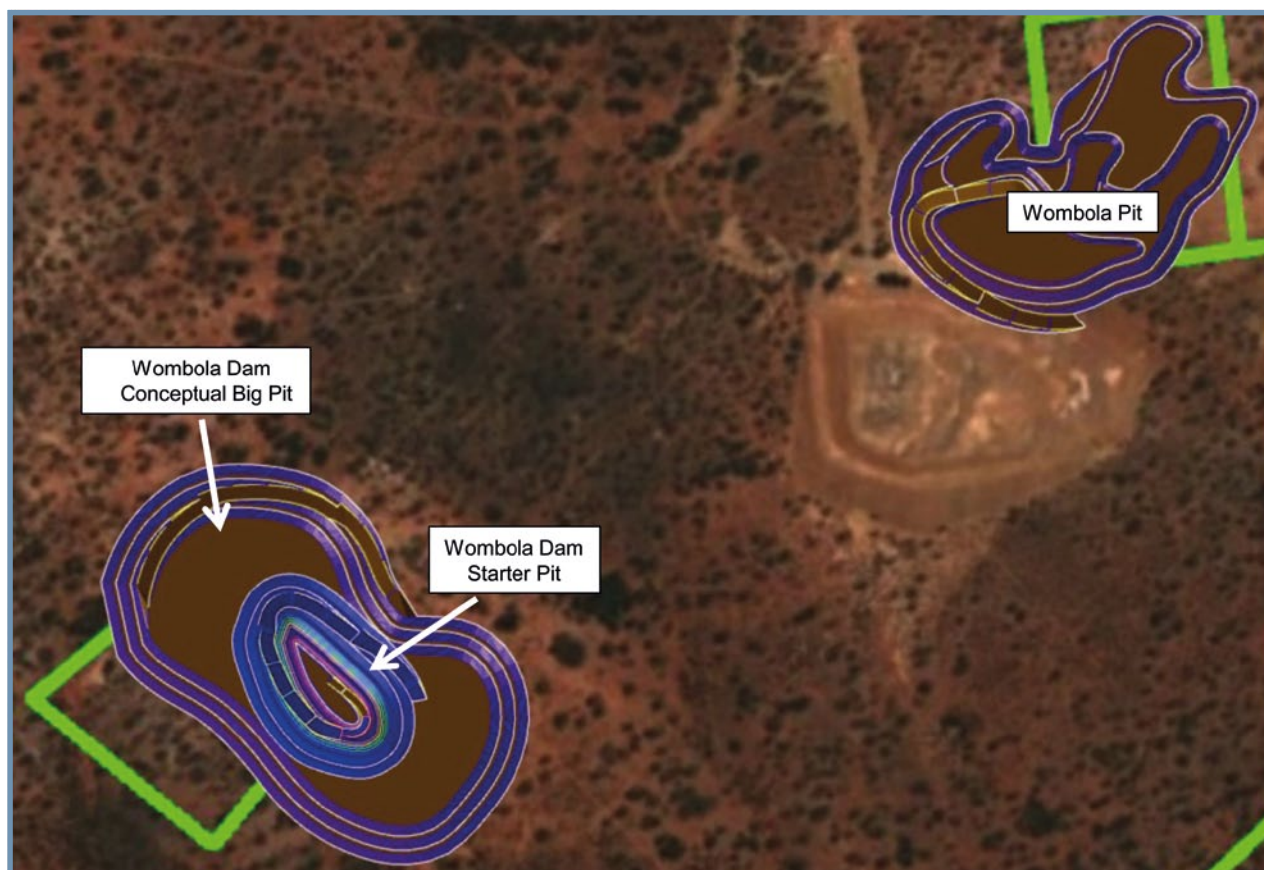


Figure 4: Schematic view of Wombola Dam starter pit and conceptual big pit showing multiple stacked lodes. Dimensions of the starter pit are 250 metres long and 150 metres wide. Dimensions of the conceptual big pit are 420 metres long by 250 metres wide.

REGIONAL EXPLORATION

In the coming year surface drilling programmes at Mount Monger will be targeting the northern portion of the lease package in an area known as Volterra and Scotch Star which has the potential to host high grade mineralisation that may be amenable to underground mining. Flat lying holes will be drilled from underground to a depth of 600 metres to test for the existence of steeply dipping lodes west of Haoma that may be related to depth and plunge extensions of the historical Dinnie Riggio mine.

MURCHISON GOLDFIELD - WESTERN AUSTRALIA (SILVER LAKE 100%)

Silver Lake's projects situated in the Murchison goldfield of Western Australia are located southeast of the town of Cue, 600km northeast of Perth (refer to Figure 8) and consist of the Tuckabianna, Comet, and Moyagee projects which as at June 2012 have a combined JORC resource of 23.5 million tonnes at 2.8g/t Au for 1,921,600 oz (refer to Table 3). As of June 2012 the JORC compliant ore reserve for the Murchison Project is 4,871,300 tonnes at 2.7g/t Au for 424,800 oz (refer to Table 5).

Silver Lake commenced construction of the Tuckabianna Gold Processing Facility in March 2012 and construction is expected to be completed by December 2012. Open pit mining will commence in October 2012 and underground capital development is expected in March 2013. The operation is budgeted to produce its first gold in the March 2013 quarter. Work completed to date supports a production plan of 100,000 oz per annum with an 8 to 10 year mine life.

Following an extensive programme of infill and extensional drilling into the Tuckabianna, Comet and Moyagee resources, the plan going forward is to explore recently identified targets at Tuckabianna and Comet. These targets were defined by an extensive and successful soil geochemistry survey conducted throughout late 2011 until June 2012.

Following the discovery of the Hollandaire copper-gold deposit the Eelya complex has been the centre of much drilling activity and further geochemical and geophysical survey work. In the coming year the drilling activity at the Hollandaire deposit will continue as well as follow up programmes at Mount Eelya, Colonel and Rapier North.

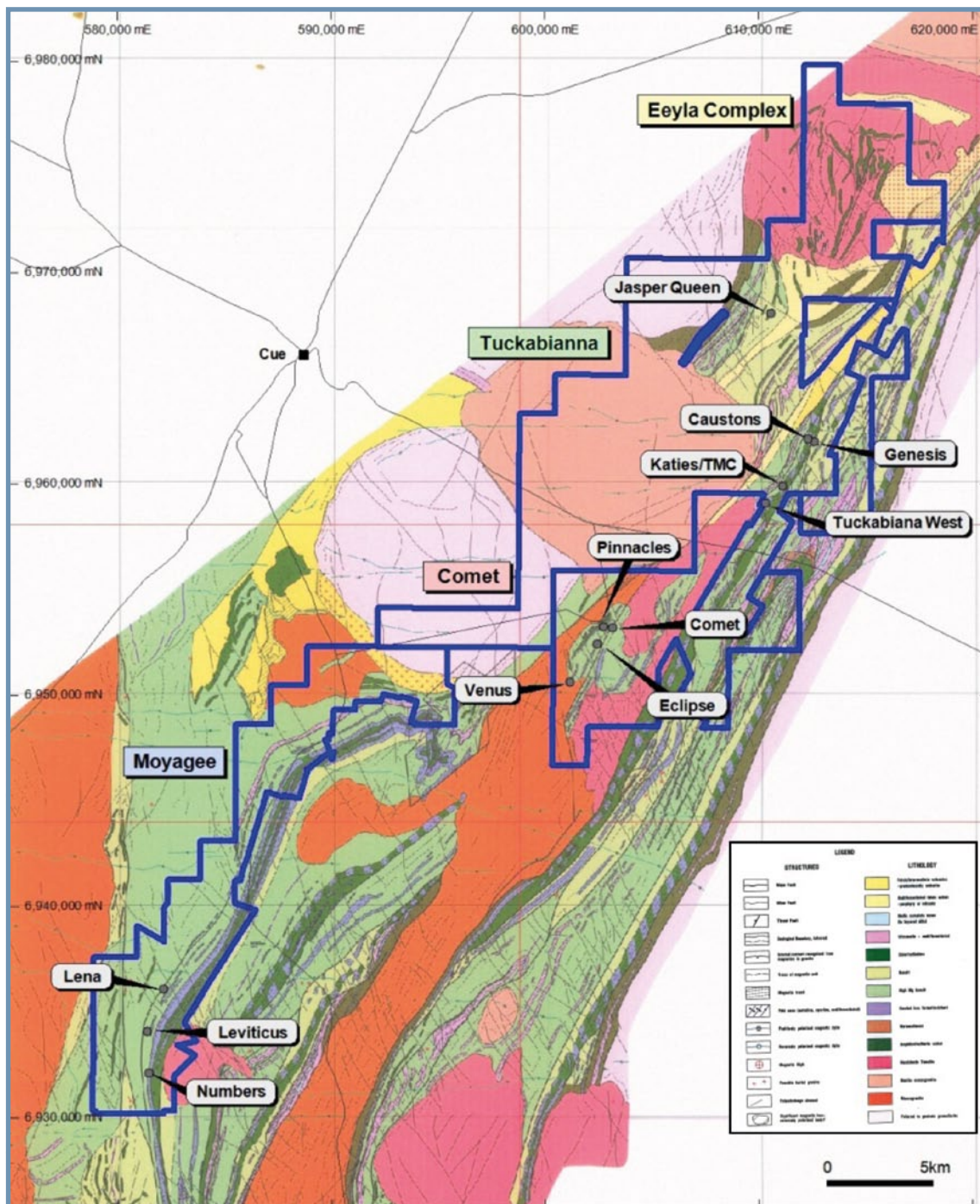


Figure 5: Location Plan - Tuckabianna, Comet, Moyagee and the Eelya complex

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 18g/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 Tuckabianna West (refer to Figure 9) and at Caustons, drilling was focussed on infill of the current resource to raise the resource category so that some portion of the resource could be converted to reserve.

As at June 2012 the JORC resource for Tuckabianna totals 12.2 million tonnes at 2.7g/t Au for 1,050,000 oz (refer to Table 3) and the JORC reserve totalled 2.4 million tonnes at 2.7g/t Au for 211,000 oz (refer to Table 5).

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 for extensions to these deposits.

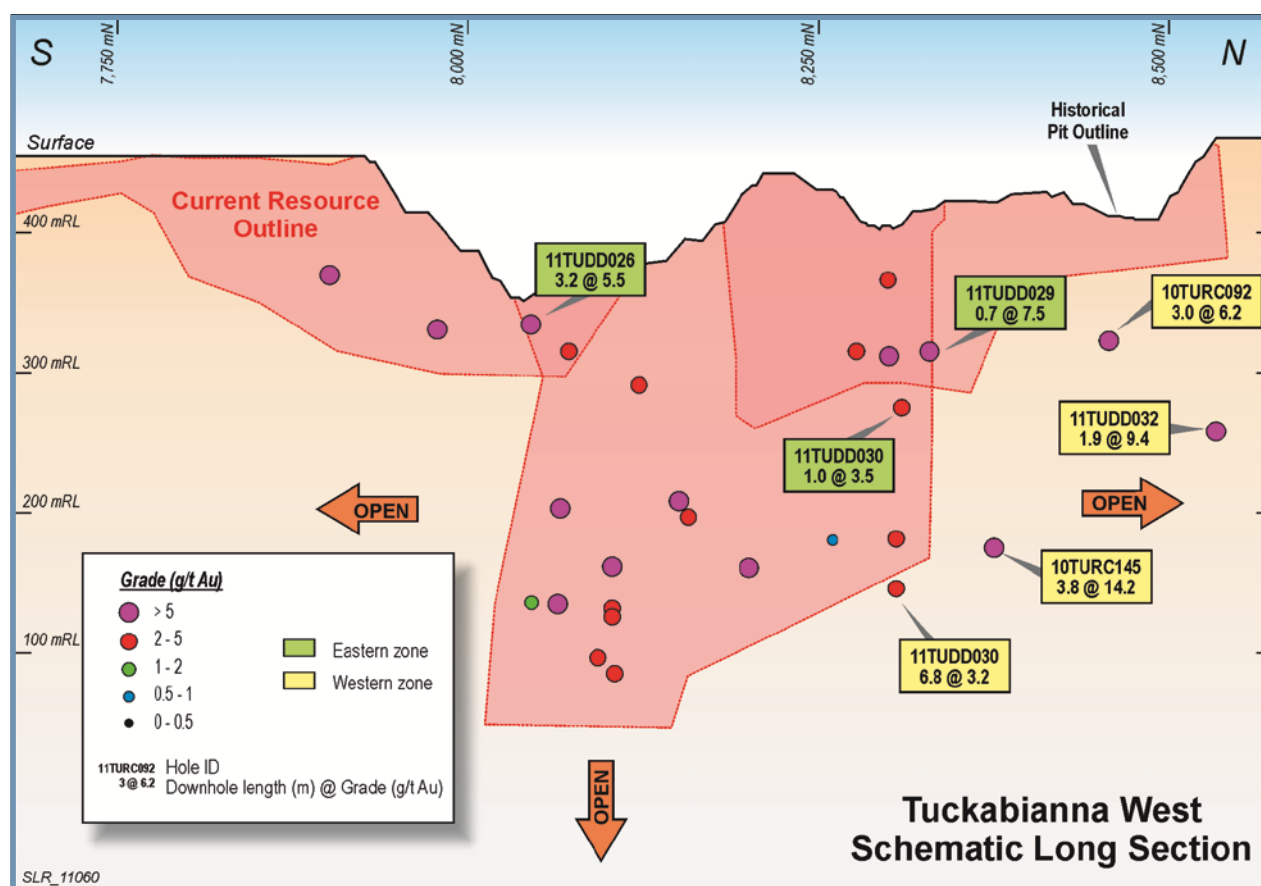


Figure 6: Tuckabianna main zone showing open pit outline, resource outline and latest drill intercepts.

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 3.45g/t Au for 71,000 oz. Up to 1996, the project area was subject to active mining operations.

Exploration

As at June 2012 the JORC resource for Comet totalled 4.4 million tonnes at 3.2g/t Au for 447,500 oz (refer to Table 3). and the JORC reserve totalled 1.9 million tonnes at 2.9g/t Au for 182,500 oz (refer to Table 5). In addition to the drilling programme during the period being focused on increasing confidence in the existing resources, a high grade shoot at the Pinnacles deposit was delineated (refer to Figure 7). Although this new high grade shoot is not yet included in the mine feasibility study it is expected that this area will be mined from the planned decline which will extend from the Pinnacles open pit to the Comet orebody.

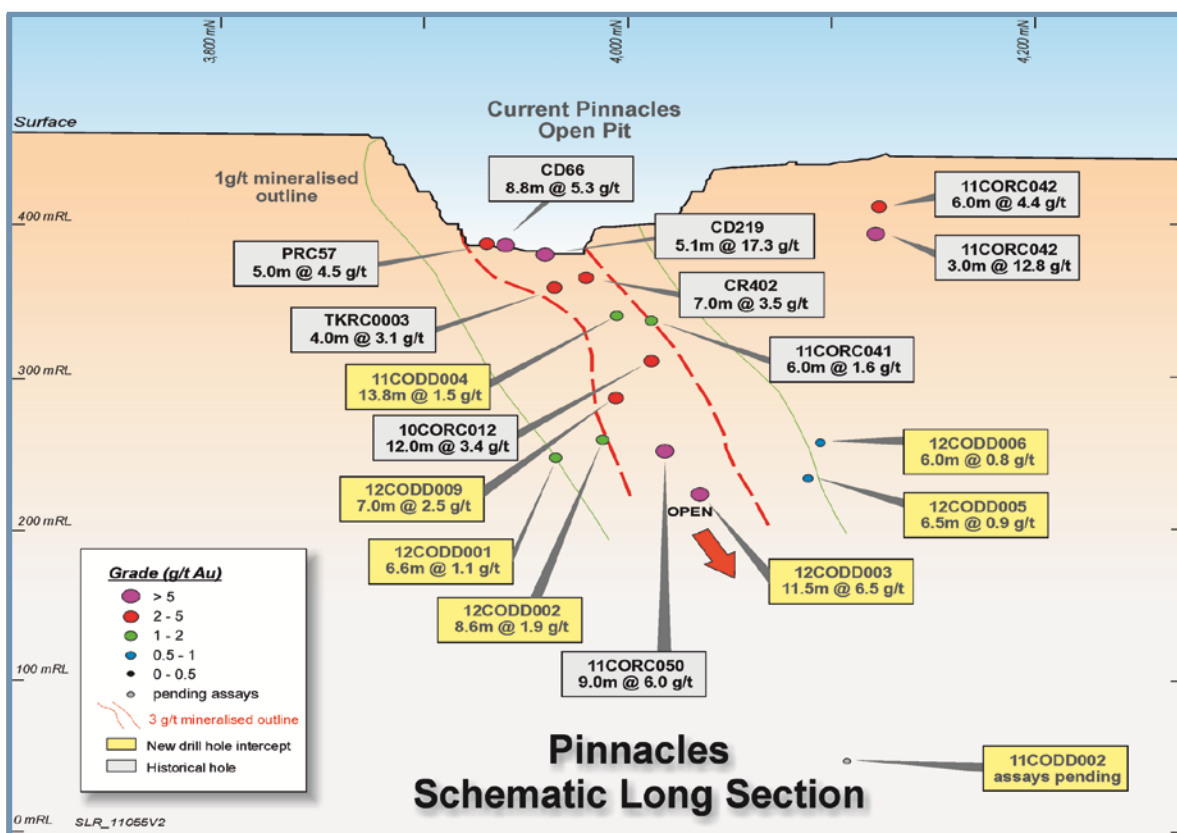


Figure 7: Schematic long section showing high grade depth extension to Pinnacles

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 35km 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 2012 the open pit JORC resource for Moyagee totals 4.1 million tonnes at 3.0g/t Au for 390,000 oz (refer to Table 3).

Drilling at the Moyagee project discovered mineralisation 200 metres to the east of Lena resource in an area known as Break of Day. A maiden inferred resource of 336,000 tonnes at 1.9g/t Au for 20,500 oz was announced in December 2011 (refer to Figure 8).

Exploration activities during 2013 will focus on Lake Austin following successful aeromagnetic and gravity surveys carried out during April and May 2012. These geophysical surveys identified strong anomalies under the lake surface which will be drill tested in 2013.

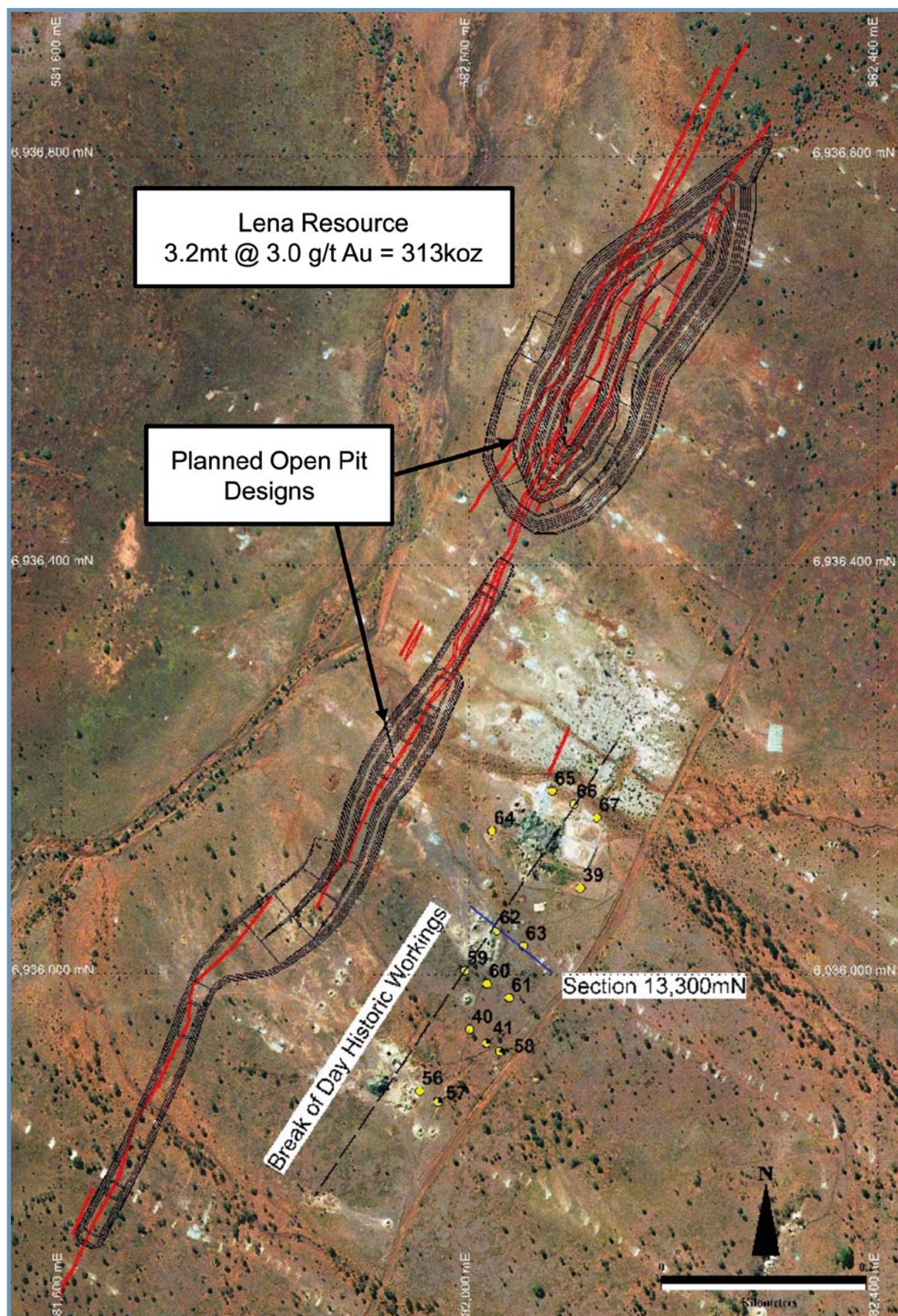


Figure 8: Showing location of Break of Day relative to the planned Lena open pit.

EELYA COMPLEX

Background

The Eelya Hill project is at the northern end of the Company's Murchison project (refer to Figure 5). 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.

In September 2011 a drilling programme commenced at the Hollandaire prospect. The first nine holes drilled into the prospect intersected high grade copper mineralisation. As a result of these initial nine holes a maiden resource was announced for the Hollandaire deposit. In June 2012 the JORC compliant inferred resource was 1.1 million tonnes at 2.4 % Cu, 0.5g/t Au and 13g/t Ag for 26,400t Cu metal, 18,000 Au oz and 460,000 Ag oz. Drilling was also carried out at Mount Eelya, Colonel, EM267 and EM298 (see Figure 9). At these areas no significant thicknesses of massive sulphides were intersected, however the reason for the presence of the initial anomalies has not been resolved, therefore the targets still remain live and will be reinterpreted and re-drilled at a later date.

From March 2012 an additional 29 RC and 21 diamond holes were drilled into Hollandaire to further test and delineate the Hollandaire deposit. The results of this drill programme will be used in a resource update later in 2012.

The exploration programme for 2013 in the Mount Eelya is full of promise. The Hollandaire deposit is still not closed off and drilling will continue. At Mount Eelya, Colonel electro-magnetic geophysical conductors are still to be tested together with other targets at the Eelya complex.



Murchison Ball Mill Installation

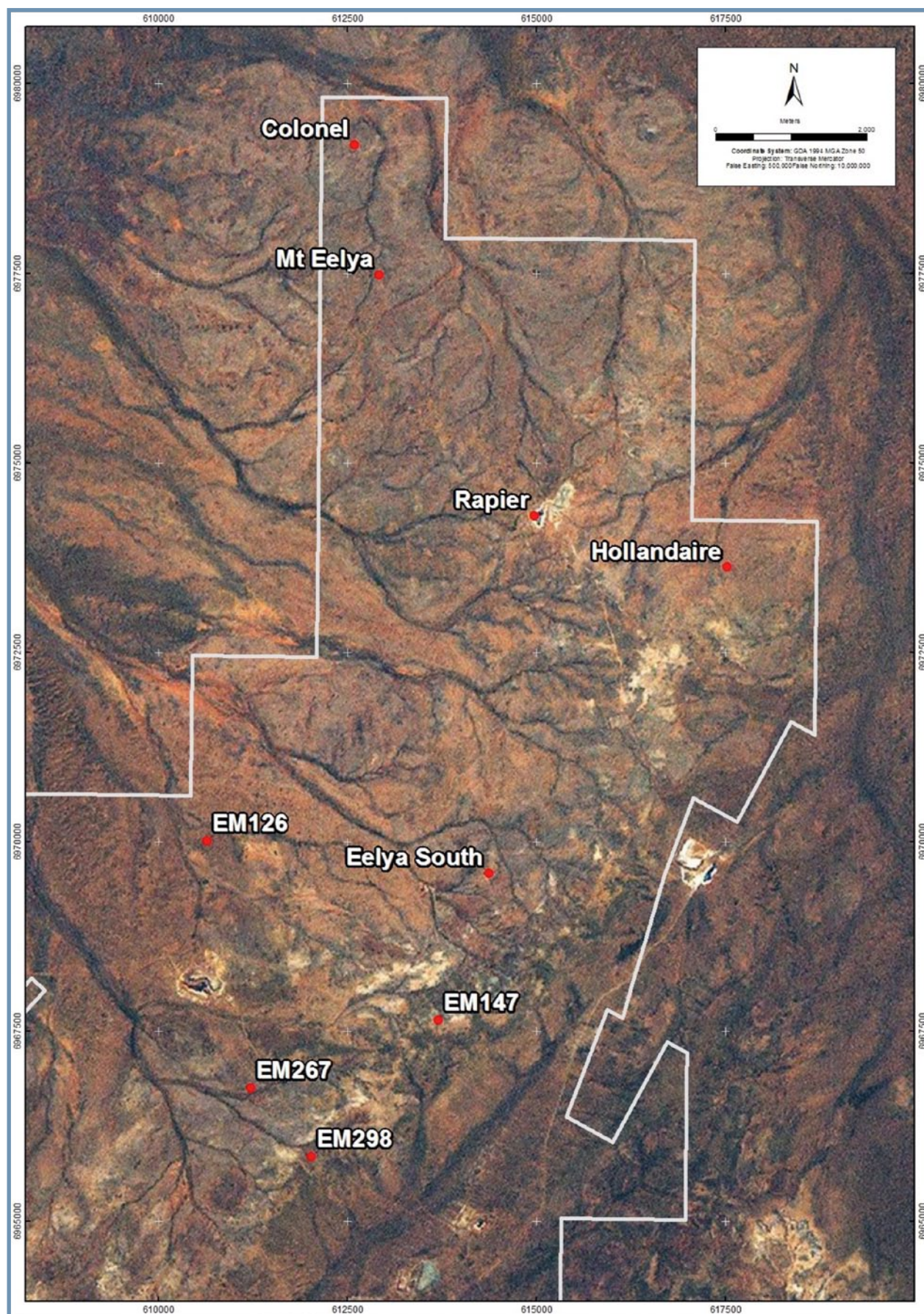


Figure 9: Map of Eelya Hill project showing the nine targets.

OTHER

Great Southern Project

Background

As announced to ASX on 26 March 2012, Silver Lake agreed to purchase Phillips River's Kundip gold project and other mining tenements and assets unrelated to the Trilogy project ("Kundip and Other Assets Sale"). Silver Lake also agreed to purchase Phillips River's Trilogy polymetallic project (including surrounding tenements, the Myamba farm and infrastructure on the Myamba farm) ("Trilogy Sale").

The Philips River assets are now collectively known as the Great Southern Gold Project ("Great Southern") and provide an exciting advanced gold exploration project for Silver Lake. Great Southern has two discreet exploration projects, Kundip and Munglinup covering over 2,500km² of tenements located in southeast of Western Australia (refer to figure 5). Munglinup was acquired from Phillips River in March 2012.

Kundip Mining Centre – Next Steps

The Kundip Mining Centre ("Kundip") (refer to figure 5) has a current JORC resource of 1 million ounces of gold, 10 million ounces of silver and 95,000 tonnes of copper that contain two main ore bodies within 10km of each other that have been subject to a Definitive Feasibility Study ("DFS").

The Trilogy orebody is a polymetallic deposit located on cleared freehold farmland. At this stage, Silver Lake does not view Trilogy as a priority and will not be pursuing the DFS to develop Trilogy. As such, no further work will be undertaken on the DFS.

Kundip constitutes a number of high-grade gold ore bodies. These deposits have been mined in the past on a small scale producing 121,000t @ 18.0g/t Au for 68,000 ounces Au from both underground and open pit sources that are underexplored at depth.

There is significant regional potential at Kundip for further high-grade gold deposits to be identified through a systematic and ramped up exploration campaign.

Kundip has a current JORC resource of 8.9 million tonnes at 2.7g/t Au for 0.8 million ounces (refer to table 3 & 4). The DFS for Kundip delivered a probable mining reserve of 2.8 million tonnes at 3.4g/t Au for 307,000 ounces with an average copper grade of 0.4% (refer to tables 5 & 6).

Post ramp up of Mount Monger and development of the Murchison in 2013, Silver Lake will increase regional gold exploration at Kundip with the view of establishing a third gold mining centre (with potential copper and silver credits). This will be funded from internal cash flows. This work will also assess a low capital operating scenario with a simple and straight forward processing circuit.

In addition, exploration will focus on infill drilling to convert current resources to reserves; extensional drilling to expand current resources and step out drilling to delineate new resources.

Munglinup Project

Munglinup (refer to figure 5) is a large greenfield exploration project covering over 1,600km² located in the Albany Fraser belt. This is one of Australia's most significant gold belts and hosts the 5Moz Tropicana deposit located approximately 500km to the northeast. The tenement package is on cleared agriculture ground with shallow cover and is essentially unexplored.

Copper Lakes Project

The Copper Lakes project is located on the edge of the Great Sandy Desert approximately 520km southeast of Port Hedland and approximately 200km 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 10g/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. An exploration licence (E45/3632) was granted in 2011. In August of that year a reconnaissance trip was undertaken by four members of the Murchison exploration team. A heritage agreement has been signed by the local claimants (WDLAC) and negotiations have commenced to determine timing for a heritage survey to be carried out by people representing the claimant group.

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 2012 ("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), copper/gold explorer Rex Minerals Ltd (since 2007) and Phillips River Mining Ltd (since 4 July 2012).

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 is a Director of Phillips River Mining Ltd (since 4 July 2012).

Mr Davis has held no other Directorships in public 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, 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 is a Director of Phillips River Mining Ltd (since 4 July 2012).

Mr Banasik has held no other Directorships in public 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 fertiliser 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 is a Director of Phillips River Mining Ltd (since 4 July 2012).

Mr Kennedys has held no other Directorships in public 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, a Director of Phillips River Mining Ltd (since 4 July 2012) 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 is also a Director of Phillips River Mining Ltd (since 4 July 2012).

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

DIRECTOR'S REPORT

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)	Peter Johnston (c)	Brian Kennedy (c)
Peter Johnston	Brian Kennedy	Peter Johnston
Paul Chapman	David Griffiths	David Griffiths

c) Designates the chairman of the committee

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:

	DIRECTORS' MEETINGS	MEETINGS OF COMMITTEES		
		AUDIT	REMUNERATION	NOMINATION
Number of meetings held:	22	2	2	1
Number of meetings attended:				
Paul Chapman	21	2	*	*
Les Davis	21	*	*	*
Chris Banasik	21	*	*	*
Brian Kennedy	15	*	2	1
Peter Johnston	16	2	2	1
David Griffiths	20	2	2	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	4,746,908	-
Les Davis	4,200,000	-
Chris Banasik	4,000,000	-
Brian Kennedy	4,075,452	-
Peter Johnston	4,318,253	-
David Griffiths	4,158,377	-

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, exploration for copper and gold 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 \$31,175,000 (2011: \$15,790,000).

At the end of the financial year the Group had \$68,249,000 in cash (2011: \$16,085,000), \$7,486,000 in cash deposits to cover environmental bonds (2011: \$2,364,000) and \$3,900,000 in gold bullion (2011: \$4,934,000).

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

CAPITAL STRUCTURE

As at the report date the Company had 220,264,064 fully paid ordinary shares and 3,447,010 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 exploration programme to grow the current JORC resource base;
- » continuation of the exploration programme to grow the copper resource at the Eelya complex; and
- » completion of the construction of the Murchison Project.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the period:

- » the Sale of the Rothsay tenements to Auricup Resources Pty Ltd for \$1.25m was settled on 18 August 2011;
- » the Company commenced mining the Wombola Dam and Wombola Pit open pit ore mines at its Mount Monger Operations in September 2011 and April 2012 respectfully; and
- » the Company gave approval to open a second multi-source mining centre at its Murchison Project, with first gold scheduled to be poured in the March 2013 quarter.

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 approvals outside of the Company's control and are inherently uncertain:

- » an agreement to purchase the assets of Phillips River Mining Limited was signed during the period but only completed in July 2012. The Company issued 5,229,412 shares for the assets and paid \$1.8m for a 19.9% interest in Phillips River. (See subsequent events at Note 31 to the Financial Statements);
- » the Company has signed an implementation agreement to acquire Integra Mining Limited through a scheme of arrangement. If all approvals are met the scheme should be completed in December 2012. (See subsequent events at Note 31 to the Financial Statements);
- » the Company acquired Paringa Resources Pty Limited which will focus on mineral exploration in Brazil; and
- » the Company is considering investing funds in Auricup Pty Limited after it purchased the Rothsay tenements from the Company.

DIRECTOR'S REPORT

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 20,792,990 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
3,447,010	\$0.30	-	31 December 2012

EMPLOYEES

The consolidated entity had 94 employees as at 30 June 2012. 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 \$22,412 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 2012. 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:

	2012 \$	2011 \$
Taxation services	70,975	51,050
Other assurance related services	108,067	-

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.

The Remuneration committee has employed an external remuneration consultant who reports directly to the Chairman of the committee and provides review and advice on all remuneration matters.

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 Company's 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.

An external remuneration consultant has been employed to advise the remuneration committee on all Executive Directors and Officers remuneration.

The Chairman of the Remuneration Committee engaged AusRem as a remuneration consultant to the Board to review the amount of fixed remuneration for executive and non-executive directors and other key management personnel. AusRem also provided advice on designing the Executive STI and LTI incentive schemes. AusRem was paid \$50,000 for all the services relating to remuneration of key management personnel.

AusRem were also engaged to design a remuneration framework and pay scale for all Group employees. They were paid \$40,200 in total for all other services. The engagement of AusRem was based on a documented set of protocols to be followed by AusRem, members of the Remuneration Committee and Key Management Personnel ("KMPs") for the way in which remuneration recommendations would be developed by AusRem and delivered to the Board.

These arrangements were implemented to ensure AusRem would be able to carry out its work, including information capture and the formation of recommendations, free from undue influence by KMPs about whom the recommendation may relate.

The board undertook its own enquiries and review of the processes and procedures followed by AusRem during the course of its assignment and is satisfied that its remuneration recommendations were made free from undue influence. These inquiries included arrangements under which AusRem was required to provide the Board with a summary of the way in which it carried out its work, details of its interaction with KMPs in relation to the assignment and other services.

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.

An external remuneration consultant has been employed to advise on senior management and all staff remuneration matters.

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 Directors Letters of Engagement

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

- » a Non-Executive Director may resign from his position and thus terminate their contract on written notice to the Company;
- » the Company may by resolution remove any Director before the expiration of their period of office, and may by resolution appoint another person in their place. Payment is made 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
- » 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 \$85,000 per annum plus statutory superannuation, from 1 January 2012, previously \$75,000 per annum. In consideration of the Chairman services provided by Mr Chapman the Company will pay him \$180,000 per annum plus statutory superannuation, from 1 January 2012, previously \$140,000 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.

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 2012. Mr Davis will receive base salary of \$500,000 per annum and the statutory superannuation plus 3.0% of base salary to be reviewed annually or as agreed in writing between the Executive and the Company. Previously Mr Davis' salary was \$450,000 per annum up until 31 December 2011. Mr Davis may also receive an annual performance-based bonus of 30% of his current base salary, the performance criteria, assessment and timing of which will be negotiated annually with the Board. From 1 July 2012 Mr Davis will be entitled to participate in the Long Term Incentive Plan.

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 2012. Mr Banasik will receive an annual base salary of \$370,000 per annum and the statutory superannuation plus 3.0% of base salary to be reviewed annually or as agreed in writing between the Executive and the Company. Previously Mr Banasik's salary was \$350,000 per annum up until 31 December 2011. 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. From 1 July 2012 Mr Banasik will be entitled to participate in the Long Term Incentive Plan.

DIRECTOR'S REPORT

Mr Armstrong was appointed to act as Company Secretary of the Company. Mr Armstrong will receive an annual base salary of \$310,000 per annum and the statutory superannuation plus 3.0% to be reviewed annually or as agreed in writing between Mr Armstrong and the Company. Previously Mr Armstrong's salary was \$250,000 per annum up until 31 December 2011. 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. From 1 July 2012 Mr Armstrong will be entitled to participate in the Long Term Incentive Plan.

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 Humphryson was appointed to act as the Chief Operating Officer of the Company from 19 March 2012. Mr Humphryson will receive an annual base salary of \$350,000 per annum plus the statutory superannuation to be reviewed annually or as agreed in writing between Mr Humphryson and the Company. Mr Humphryson may also participate in the Short Term and Long Term Incentive Plans, commencing in the 2013 financial year, the performance, assessment and timing of which will be negotiated annually with the Managing Director. Mr Humphryson received a sign on bonus of \$75,000 during the period.

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

- a) the Executive or the Company providing six months notice or, in the case of notice given by the Executive, any shorter period as the Company may agree in writing. The Officer, Senior Manager or the Company providing three months notice or, in the case of notice given by the Executive, any shorter period as the Company may agree in writing;
- b) the death of the Executive, 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,
- d) 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
- e) 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.

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 is entitled to a severance payment of a lump sum of twelve months fixed salary for any service period up to 12 years in length. Officers and Senior Managers are entitled to a severance payment of a lump sum of six 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 and other staff. The KPIs generally include measures relating to the Group 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 Short Term Incentive ("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 incentive is a cash payment.

The performance evaluation in respect of the year ended 30 June 2012 has taken place in accordance with this process.

Long-term Incentive Payment

Commencing from 1 July 2012 the Company has implemented an Long Term Incentive ("LTI") scheme to assist in the attraction and retention of experienced, qualified staff. The scheme will make payment in share rights vesting after 12 months and receivable over three years if employment with the Company is maintained.

Each year the remuneration committee sets the KPIs for the Executive Directors, who in turn set the KPIs for Senior Management personnel and other staff. The KPIs generally include measures relating to shareholder returns and the performance of the Group. 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 Shareholder return objective is compared to peer group companies and previous years performances. The Group performance objectives 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 LTI.

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 and staff. 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.

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.

	2012	2011	2010	2009	2008
Profit after tax attributable to shareholders	\$31,175,000	\$15,790,000	\$11,782,000	\$10,650,000	(\$3,664,000)
Closing share price at 30 June	\$2.81	\$2.00	\$1.75	\$0.69	\$0.31
Dividend paid	-	-	-	-	-

Profit after tax is considered as one of the financial performance targets in setting the short term incentives. Profit amounts for 2008 to 2012 have been calculated in accordance with Australian Accounting Standards (AASBs).

DIRECTOR'S REPORT

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 2012 are set out in the following table:

30 JUNE 2012	SHORT TERM			POST- EMPLOYMENT	OTHER LONG TERM	TOTAL \$	PROPORTION OF REMUNERATION PERFORMANCE RELATED %	VALUE OR OPTIONS AS PROPORTION OF REMUNERATION %
	BASE EMOLUMENT \$	(a) STI CASH PAYMENT \$	TOTAL BENEFIT \$	SUPERANNUATION \$	OPTIONS \$			
<i>Paul Chapman</i> Non-Executive Chairman –	165,385	-	165,385	14,885	-	180,270	-	-
<i>Les Davis</i> Managing Director	492,308	150,000	642,308	77,077	-	719,385	20.9%	-
<i>Chris Banasik</i> Executive Director	373,462	92,500	465,962	55,915	-	521,877	17.7%	-
<i>Brian Kennedy</i> Non-Executive Director –	82,885	-	82,885	7,460	-	90,345	-	-
<i>Peter Johnston</i> Non-Executive Director –	82,885	-	82,885	7,460	-	90,345	-	-
<i>David Griffiths</i> Non-Executive Director	82,885	-	82,885	7,460	-	90,345	-	-
<i>Peter Armstrong</i> Company Secretary	289,615	62,000	351,615	38,155	-	389,770	15.9%	-
<i>Robert Humphryson</i> Chief Operating Officer *	175,962	-	175,962	15,837	-	191,799	-	-
<i>David Crockford</i> Mining Manager Mount Monger **	192,846	34,212	227,058	20,435	-	247,493	13.8%	-
Total	1,938,233	338,712	2,276,945	244,684	-	2,521,629	-	-

¹ As Silver Lake makes payment fortnightly, these figures reflect 27 fortnights in the 2012 financial year.

- a) The above short-term incentive payments were cash payments determined and granted in August 2012 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 17.

* Mr Humphryson commenced on 19 March 2012. Base Emolument includes a \$75,000 sign on bonus.

** Mr Crockford ceased to be a Key Management person on 19 March 2012.

30 JUNE 2011	SHORT TERM			POST-EMPLOYMENT	OTHER LONG TERM	TOTAL	PROPORTION OF REMUNERATION PERFORMANCE RELATED %	VALUE OR OPTIONS AS PROPORTION OF REMUNERATION %
	BASE EMOLUMENT \$	(a) STI CASH PAYMENT \$	TOTAL BENEFIT \$	SUPERANNUATION \$	BASE EMOLUMENT \$			
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 17.

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	150,000	100%	-
Chris Banasik	92,500	100%	-
Peter Armstrong	62,000	100%	-
Robert Humphryson	N/A	N/A	N/A
David Crockford	34,212	100%	-

- 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 2012 financial year.
- b) The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

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

200,000 ordinary shares were issued on the exercise of options previously granted as compensation to key management. A total of 40,000 ordinary shares were issued on the exercise of options previously granted to other employees.

Subsequent events

On 3 July 2012 the Company completed the Asset sale Agreement with Phillips River Mining Limited (ASX:PRH "Phillips River") where the Company purchased the Kundip gold project, Trilogy polymetallic project, other mining tenements, the Myamba farm and other associated assets. On 3 July 2012 the Company issued Phillips River 5,229,412 fully paid ordinary shares as consideration for the purchase of these assets.

Early in July the Company funded Phillips River \$1,153,000 through the convertible note facility. On 23 July 2012 the Company was issued 15,945,024 fully paid ordinary shares in Phillips River on conversion of 15,945,024 convertible notes at \$0.11 per note. This provides the Company with a 19.9% holding in Phillips River.

On 6 August 2012 the Company and Integra Mining Limited (ASX: IGR, "Integra") announced that they had reached an agreement to combine the two companies and create a substantial gold company with multiple Australian operating mines and mills. The transaction is to be implemented via an Integra Scheme of Arrangement and has been unanimously recommended by the boards of both companies.

Under the Scheme, Integra shareholders will be offered one new Silver Lake share for every 6.28 Integra shares they hold. On current issued capital, this will result in the Company issuing approximately 148,796,321 shares to Integra shareholders.

Signed in accordance with a resolution of the Directors.



Les Davis

Managing Director
31 August 2012



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 2012 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

A handwritten signature in blue ink, appearing to read 'R Gambitta'.

R Gambitta
Partner

Perth

31 August 2012

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CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

Silver Lake Resources Limited (**Company**) has adopted 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 2nd edition (**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. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

The following governance-related documents can be found on the Company's website at www.silverlakeresources.com.au, under the section marked "Corporate", "Corporate Governance":

Charters

Board
Audit Committee
Nomination Committee
Remuneration Committee

Policies and Procedures

Policy and Procedure for Selection and Appointment of Directors
Process for Performance Evaluation
Code of Conduct
Compliance Procedures for ASX Listing Rule Disclosure Requirements (summary)
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication Strategy
Risk Management Policy (summary)
Policy for Trading in Company Securities
Diversity Policy

The Company reports below on how it has followed (or otherwise departed from) each of the recommendations during the 2011/2012 financial year (Reporting Period). The information in this statement is current at 31 August 2012.

Board

Roles and responsibilities of the Board and Senior Executives

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives 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.

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, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is disclosed on the Company's website.

Skills, experience, expertise and period of office of each Director

(Recommendation: 2.6)

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

The Board considers that the mix of skills and diversity for which it is looking to achieve in membership of the Board is represented by the Board's current composition, as the directors possess the skills and expertise necessary to look at taking on new Company projects, improving the Company's projects and growing the Company. The mix of skills and expertise of the current Board includes expertise in the following areas: mining, geological, commercial, engineering, human resources, native title and public relations.

Director independence**(Recommendations: 2.1, 2.2, 2.3, 2.6)**

The Board has a majority of directors who are independent.

The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

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

- » 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, could affect the Company's rights to its assets, if accumulated 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 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 which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The independent directors of the Company are Paul Chapman (Chair of the Board), Peter Johnston, Brian Kennedy and David Griffiths. 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.

The non-independent directors of the Company are Les Davis, the Company's Managing Director, and Chris Banasik, the Company's Director - Exploration & Geology.

Independent professional advice**(Recommendation: 2.6)**

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 approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors**(Recommendation: 2.6)**

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 chairperson, who makes the invitation based on recommendations made by the Nomination Committee and approved by the Board.

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 one 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.

The Company's Policy and Procedure for the Selection and Appointment of Directors is disclosed on the Company's website.

Board committees**Nomination Committee****(Recommendations: 2.4, 2.6)**

The Board has established a Nomination Committee comprising three independent non-executive directors – Mr Brian Kennedy (Chair of the committee since 28 August 2011), Mr Peter Johnston and Mr David Griffiths. Mr Peter Johnson was Chair of the Nomination Committee until 28 August 2011.

The Nomination Committee held one meeting during the Reporting Period, which all committee members attended.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. The Company's Nomination Committee Charter is disclosed on the Company's website.

Audit Committee

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee comprising three independent non-executive directors – David Griffiths (Chair), Peter Johnston and Paul Chapman. The Audit Committee is structured in compliance with Recommendation 4.2.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

The Audit Committee held two meetings during the Reporting Period, which all committee members attended.

Details of each of the director's qualifications are set out in the Directors' Report. All of the members of the Audit Committee 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. 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. 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 and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for the Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee comprising three independent non-executive directors, Peter Johnston (Chair of the Remuneration Committee since 28 August 2011), Brian Kennedy and David Griffiths. Brian Kennedy was Chair of the Remuneration Committee until 28 August 2011. The Remuneration Committee is structured in accordance with Recommendation 8.2, and at all times during the Reporting Period comprised solely non-executive directors in compliance with ASX Listing Rule 12.8.

The Remuneration Committee held two meetings during the Reporting Period, which all committee members attended.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. 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. Executive directors and senior executive 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 senior executives are offered a competitive level of base pay at market rates (for comparable ASX listed companies) and are reviewed annually to ensure market competitiveness.

The Company undertook a review of its executive director and senior management remuneration policy during the Reporting Period and with effect from 1 July 2012 has introduced the following remuneration practices:

- » short term incentives in the form of cash bonuses based on objectives linked to individual performance; and
- » long term incentives in the form of share rights based on objectives linked to both individual performance and Company performance.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Policy for 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.

The Company's Remuneration Committee Charter and Policy for Trading in Company Securities are disclosed on the Company's website.

Performance evaluation

Senior executives

(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. An appraisal form is completed by each senior executive and the Managing Director, and a meeting is then held between the Managing Director and the senior executive to review performance and set personal objectives for the following year.

During the Reporting Period an evaluation of senior executives did not take place, but the evaluations did take place during July 2012 in accordance with the process disclosed.

Board, its committees and individual directors

(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Remuneration Committee and Chair are responsible for evaluating the Managing Director.

The Board, its committees and individual directors are subject to ongoing evaluation by the Chair.

The Managing Director's performance is evaluated as part of his annual remuneration review, at which his performance is reviewed against established objectives.

During the Reporting Period an evaluation of the Board, its committees, individual directors and the Managing Director took place in accordance with the process disclosed.

The Company's Process for Performance Evaluation was not disclosed on the Company's website during the Reporting Period as the process was updated. The process is now disclosed on the Company's website.

Ethical and responsible decision making

Code of Conduct

(Recommendations: 3.1, 3.5)

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

The Company's Code of Conduct is disclosed on the Company's website.

Diversity

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company established a Diversity Policy in April 2012, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board has not set measurable objectives for achieving gender diversity. As noted above, the Board did not adopt its Diversity Policy until April 2012, as it was focussing on the Company's growth during the Reporting Period, and decided that it would be appropriate to wait for the establishment of the Murchison Project before it considers establishing measurable objectives for achieving gender diversity.

The Company will however continue to provide equal opportunity in respect to employment and ensure appropriate selection criteria based on diverse skills, experience and perspectives is used when hiring new staff.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	PROPORTION OF WOMEN
<i>Whole organisation</i>	21 out of 94 (22%)
Managers/other professional positions	9 out of 43 (20.9%)
Other positions	12 out of 51 (23.5%)
<i>Management positions</i>	1 out of 14 (7%)
<i>Board</i>	0 out of 6 (0%)

The Company's Diversity Policy is disclosed on the Company's website.

Continuous Disclosure

(Recommendations: 5.1, 5.2)

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

A summary of the Company's Compliance Procedures for ASX Listing Rule Disclosure Requirements is disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2)

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

The Company's Shareholder Communication strategy is disclosed on the Company's website.

Risk Management

(Recommendations: 7.1, 7.2, 7.3, 7.4)

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 with the assistance of senior management. 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 proposed to be exceeded, requires 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 and documented system to manage its material business risks. The Company holds risk review meetings at least annually at Board level, the operational level and exploration level. At these meetings the Company's material business risks are identified and risk management strategies established. These are recorded in a risk register. 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 at the operational and exploration levels. Risk is a standing agenda item at Board meetings.

During the Reporting Period, the Company engaged an outside consultant to assist the Company with the review and update of its risk register.

The categories of risk identified by the Company and reported on as part of its systems and processes for managing material business risk include financial, operational, human capital, political, technological, economic cycle, legal and compliance.

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. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

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 reporting risks.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

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:
 - ii) Giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year then ended; and
 - iii) Complying with Australian Accounting Standards (including Australian Accounting Interpretations) and Corporations Regulations 2001
- d) The financial report also complies with International Financial Reporting Standards as disclosed in Note 2;
- e) The remuneration disclosures that are contained in the remuneration report in the Directors report comply with Australian Accounting Standards AASB 124 related party disclosures, the Corporations Act 2001 and the Corporations Regulations 2001;
- f) 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 2012

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



Les Davis

Managing Director
31 August 2012



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 2012, 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, accompanying notes 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.

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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 2012 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 2012. 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 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

31 August 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

		GROUP	
		30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Notes			
	7	135,338	89,982
Revenue			
		(86,407)	(64,918)
Cost of sales			
Gross Profit		48,931	25,064
	8	(6,372)	(3,082)
Administrative expenses			
Results from operating activities		42,559	21,982
- finance income		2,204	958
- finance expenses		(166)	(166)
Net Finance Income	11	2,038	792
		44,597	22,774
Profit Before Income Tax			
Income tax expense	12	(13,422)	(6,984)
Profit For the Period		31,175	15,790
		-	-
Other Comprehensive Income			
Total Comprehensive Income for the period		31,175	15,790
		31,175	15,790
Total Comprehensive Income Attributable to: Owners of the Company			
		<i>Cents Per Share</i>	<i>Cents Per Share</i>
Earnings Per Share			
Basic earnings per share (cents per share)	13	15.29c	8.83c
Diluted earnings per share (cents per share)	13	14.54c	7.91c

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		GROUP	
	Notes	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
ASSETS			
Current Assets			
Cash and cash equivalents	14	68,249	16,085
Trade and other receivables	16	2,945	1,342
Inventories	17	24,075	14,798
Assets held for sale		-	1,250
Prepayments		78	122
Total Current Assets		95,347	33,597
Non-Current Assets			
Trade and other receivables	16	7,486	2,364
Property, plant and equipment	19	55,322	16,165
Exploration evaluation and mining assets	18	120,691	75,857
Total Non-Current Assets		183,499	94,386
TOTAL ASSETS		278,846	127,983
LIABILITIES			
Current Liabilities			
Trade and other payables	20	36,925	17,213
Current tax liability		3,098	-
Interest bearing liabilities	21	938	352
Employee benefits	22	708	573
Total Current Liabilities		41,669	18,138
Non-Current Liabilities			
Rehabilitation and restoration provision	24	7,799	4,584
Interest bearing liabilities	21	10,821	54
Deferred tax liability	12	24,594	13,834
Total Non-Current Liabilities		43,214	18,472
TOTAL LIABILITIES		84,883	36,610
NET ASSETS		193,963	91,373
EQUITY			
Share capital	26	127,676	56,261
Reserves	27	13	150
Retained profits		66,274	34,962
TOTAL EQUITY		193,963	91,373

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

STATEMENT OF CHANGES IN EQUITY

		GROUP			
	Notes	SHARE CAPITAL \$,000	OPTION RESERVE \$,000	RETAINED EARNINGS \$,000	TOTAL EQUITY \$,000
Balance at 1 July 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
Total comprehensive income for the period					
Profit		-	-	31,175	31,175
Other Comprehensive income		-	-	-	-
Transactions with owners, recorded directly in equity					
Issue of ordinary shares net of transaction costs and tax	26	65,177	-	-	65,177
Issue of employee options		-	-	-	-
Exercise of options	26	6,238	(137)	137	6,238
Balance at 30 June 2012		127,676	13	66,274	193,963

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

For the year ended 30 June 2012

		GROUP	
		30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Notes			
	Cash Flows From Operating Activities		
	Cash receipts from customers	135,338	91,178
	Cash paid to suppliers and employees	(72,469)	(57,832)
	Net Cash From Operating Activities	15 62,869	33,346
	Cash Flow From Investing Activities		
	Interest received	2,204	958
	Acquisition of plant and equipment	(33,772)	(7,752)
	Proceeds from sale of plant and equipment	588	357
	Payments for exploration, evaluation and mining assets	(46,394)	(40,058)
	Deposit for environmental bonds	(5,123)	12
	Proceeds from sale of assets held for sale	1,250	-
	Net Cash Used In Investing Activities	(81,247)	(46,483)
	Cash Flows From Financing Activities		
	Proceeds from borrowing	23	82
	Repayment of borrowing	(367)	(359)
	Payment for convertible notes	(925)	-
	Interest paid	(41)	(42)
	Proceeds from the issue of share capital	70,000	38
	Proceeds from exercise of options	6,238	-
	Payments of transaction costs	(4,386)	-
	Net Cash (Used In)/ From Financing Activities	70,542	(281)
	Net increase in cash and cash equivalents	52,164	(13,418)
	Cash and cash equivalents at 1 July	16,085	29,503
	Cash and Cash Equivalents at 30 June	14 68,249	16,085

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 Suite 4, Level 3, South Shore Centre, 85 South Perth Esplanade, South Perth WA 6151. The Consolidated Financial statements of the Company as at and for the year ended 30 June 2012 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 and is a for profit entity.

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 31 August 2012.

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 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 2011.

a) Production Stripping Costs

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 Cash Generating Unit (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 in 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	3-10 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

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position

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 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 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 2012, 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. 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, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not generally use any form of derivatives. 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	
	2012 \$,000	2011 \$,000
Trade and other receivables	10,431	3,706
Cash and cash equivalents	68,249	16,085
Total	78,680	19,791

None of the Group's receivables are past due (2011: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 2012

	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*	11,759	17,732	2,184	2,234	8,884	4,430
Trade and other payables	40,023	40,023	40,023	-	-	-
Total	51,782	57,755	42,207	2,234	8,884	4,430

* \$11,697,000 relates to the finance lease on the Cue camp

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

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 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	
	2012 \$,000	2011 \$,000
Fixed Rate Instruments		
Financial liabilities		
Finance lease	(11,697)	-
Equipment loans	(62)	(406)
Total	(11,759)	(406)
Variable Rate Instruments		
Financial assets		
Cash and cash equivalents	68,249	16,085
Environmental bonds	7,486	2,364
Total	75,735	18,449

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 after tax by the amounts shown below. This analysis assumes that all other variables, remain constant.

		<i>GROUP Profit or Loss/Equity</i>	
		100BP INCREASE \$,000	100BP DECREASE \$,000
30 June 2012			
Variable rate instruments		530	(530)
		<i>GROUP Profit or Loss/Equity</i>	
		100BP INCREASE \$,000	100BP DECREASE \$,000
30 June 2011			
Variable rate instruments		129	(129)

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 outstanding as at 30 June 2012 included \$62,000 in equipment loans (2011: \$406,000) and \$11,697,000 in finance leases for the Murchison camp (2011: Nil).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Information about reportable segments For the year ended 30 June

	<i>Production</i>		<i>Exploration</i>		<i>Total</i>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
External revenues	135,338	89,982	-	-	135,338	89,982
Interest Income	-	-	-	-	-	-
Interest Expense	(166)	(166)	-	-	(166)	(166)
Depreciation and Amortisation	(14,427)	(11,136)	-	-	(14,427)	(11,136)
Reportable segment profit before income tax	48,765	25,728	-	(830)	48,765	24,898
Reportable segment assets	174,522	72,011	28,150	37,274	202,672	109,285
Reportable Segment Liabilities	49,665	17,440	7,526	5,336	57,191	22,776
Capital Expenditure	63,101	31,573	32,763	16,237	95,864	47,810

Reconciliation of reportable segment revenue

	<i>GROUP</i>	
	30 JUNE 2012 \$'000	30 JUNE 2011 \$'000
Total revenue for reportable segments	135,338	89,982
Consolidated profit before income tax	135,338	89,982

Reconciliation of reportable segment profit/(loss)

	<i>GROUP</i>	
	30 JUNE 2012 \$'000	30 JUNE 2011 \$'000
Total profit or loss for reportable segments	48,765	24,898
Unallocated amounts:		
Finance income	2,204	958
Other corporate expenses	(6,372)	(3,082)
Consolidated profit before income tax	44,597	22,774

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Reconciliation of reportable segment assets

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Total assets for reportable segments	202,672	109,285
Unallocated amounts:		
Cash and cash equivalents	68,249	16,085
Environmental bonds on deposit	7,486	2,364
Corporate assets	439	249
Consolidated total assets	278,846	127,983

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

Reconciliation of reportable segment Liabilities

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Total liabilities for reportable segments	57,191	22,776
Unallocated amounts:		
Current tax liabilities	3,098	-
Deferred tax liability	24,594	13,834
Consolidated total Liabilities	84,883	36,610

7. REVENUE

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Gold sales	134,929	89,680
Silver sales	360	270
Other sales	49	32
Total Sales	135,338	89,982

8. ADMINISTRATIVE EXPENSES

The following expenses were incurred during the period:

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Salaries and on costs	2,739	1,697
Consultants	1,117	47
Professional fees	127	99
Travel and accommodation	332	146
Contractors	1,006	544
Rental expense	430	138
Other	621	411
Total	6,372	3,082

9. PERSONNEL EXPENSES

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Wages and salaries	9,727	7,690
Other associated personnel expenses	2,315	558
Superannuation contributions	944	713
Increase in liability for annual leave	135	234
Total	13,121	9,195

Personnel expenses included in cost of goods sold is \$8,825,000 (2011: \$6,289,000).

10. DEPRECIATION AND AMORTISATION

Included within cost of sales is an amount of \$5,413,000 (2011: \$4,723,000) for depreciation and \$9,014,000 (2011: \$6,413,000) for amortisation.

11. FINANCE INCOME AND EXPENSES

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Interest income	2,204	958
Finance Income	2,204	958
Interest expense on financial liabilities	(41)	(42)
Unwind of discount on site rehabilitation provision	(125)	(124)
Finance expense	(166)	(166)
Net Finance Income and Expense	2,038	792

12. INCOME TAX EXPENSE

a) Recognised in the Income Statement

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Current Tax Expense		
Current income tax	3,098	-
	3,098	-
Deferred Income Tax Expense		
Origination and reversal of temporary differences	10,324	6,984
	13,422	6,984
Income tax expense reported in income statement	13,422	6,984
Income Tax Recognised Directly in Equity		
Share capital transaction costs	437	-
Numerical Reconciliation Between Tax Expenses and Pre-Tax Profit		
Profit before tax	44,597	22,774
Income tax using the domestic corporation tax rate of 30% (2011: 30%)	13,379	6,832
Increase in income tax expense due to non-deductible expenses	43	78
Changes in unrecognised temporary differences	-	74
Income Tax Expense on Pre-Tax Net Profit	13,422	6,984

b) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Deferred Tax Assets/(Liabilities)		
Receivables	(122)	(448)
Inventories	(465)	(739)
Exploration, evaluation and mining assets	(23,648)	(18,453)
Property, plant and equipment	(3,740)	(558)
Accrued expenses	115	(1)
Provisions	2,552	927
Share issue costs	714	412
Tax losses recognised	-	5,026
Net Tax Liabilities	(24,594)	(13,834)

c) Tax Losses

At 30 June 2012 the Company has nil (2011: \$16,754,004) 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 2012 is nil (2011: 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 2012 was based on the profit attributable to ordinary shareholders of \$31,175,000 (2011: \$15,790,000) and the weighted average number of ordinary shares outstanding as at 30 June 2012 of 203,907,792 (2011: 178,838,660).

	GROUP 30 JUNE 2012 '000	GROUP 30 JUNE 2011 '000
Weighted Average Number of Ordinary Shares		
Issued ordinary shares at 1 July	178,883	178,758
Issue of shares pursuant to fund raising	12,409	-
Issue of shares on exercise of options	12,616	81
Total	203,908	178,839

Diluted earnings per share

The diluted earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of \$31,175,000 (2011: \$15,790,000) and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 214,358,237 (2011: 199,636,522).

	GROUP 30 JUNE 2012 '000	GROUP 30 JUNE 2011 '000
Weighted Average Number of Ordinary Shares		
Basic weighted average number of ordinary shares	203,908	178,839
Effect of share options on issue	10,450	20,798
Total	214,358	199,637

14. CASH AND CASH EQUIVALENTS

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Cash at bank and on hand – unrestricted	68,249	16,085
Total	68,249	16,085

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 2012 \$,000	30 JUNE 2011 \$,000
Cash Flow From Operating Activities		
Profit after tax	31,175	15,790
Adjustments for:		
Depreciation	5,413	4,723
Amortisation	9,014	6,413
Net finance expenses	(2,038)	(792)
Exploration impairment	-	829
Profit/Loss on sale of asset	(44)	3
Equity-settled share-based payments	137	38
Income tax expense	13,422	6,984
Operating profit before changes in working capital and provisions	57,079	33,988
Change in trade and other receivables	(678)	562
Change in inventories	(9,277)	(6,995)
Change in trade and other payables	15,711	5,772
Change in prepayments	45	(100)
Change in provisions	135	234
Interest paid	(146)	(115)
Total	62,869	33,346

16. TRADE AND OTHER RECEIVABLES

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Current		
Convertible note receivable	925	-
GST receivable	1,604	1,076
Other receivables	416	266
	2,945	1,342
Non-Current		
Environmental bonds on deposit *	7,486	2,364
	7,486	2,364
Total	10,431	3,706

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 2012 \$,000	30 JUNE 2011 \$,000
Materials and supplies – at cost	1,551	821
Ore stocks – at cost	17,966	8,579
Gold in circuit – at cost	2,086	4,135
Gold bullion – at cost	2,472	1,263
Total	24,075	14,798

18. EXPLORATION, EVALUATION AND MINING ASSETS

During the twelve months ended 30 June 2012 the Group incurred and capitalised the following on exploration, evaluation and mining assets:

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Exploration and Evaluation Assets		
Cost brought forward	37,274	23,141
Capitalised during the year	32,763	16,237
Expenditure impairment	-	(829)
Transferred to mine development	(41,887)	(25)
Transferred to Assets held for sale	-	(1,250)
Balance at 30 June	28,150	37,274

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 2012 \$,000	30 JUNE 2011 \$,000
Mine Development		
Cost brought forward	-	90
Transfer from exploration and evaluation assets	41,887	25
Expenditure during the year	-	-
Transferred to mine properties	(9,195)	(115)
Balance at 30 June	32,692	-

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Mine Properties		
Cost brought forward	38,583	18,861
Transfer from development phase	9,195	115
Expenditure during the year	17,987	23,822
Increase in rehabilitation provision	3,098	2,198
Amortisation expense	(9,014)	(6,413)
Balance at 30 June	59,849	38,583
Total	120,691	75,857

19. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	LAND & BUILDING	PLANT & EQUIPMENT	MOTOR VEHICLES	OFFICE FURNITURE & EQUIPMENT	CAPITAL WORK IN PROGRESS	TOTAL
Cost						
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
Balance 1 July 2011	525	22,289	608	496	2,615	26,533
Additions	11,707	-	109	317	32,981	45,114
Transfers	1,595	17,600	-	9	(19,204)	-
Disposals	-	(540)	(74)	-	-	(614)
Balance 30 June 2012	13,827	39,349	643	822	16,392	71,033
Depreciation						
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
Balance at 1 July 2011	112	9,656	353	247	-	10,368
Depreciation expense	54	5,061	162	136	-	5,413
Disposal	-	-	(70)	-	-	(70)
Balance 30 June 2012	166	14,717	445	383	-	15,711
Carrying Amount						
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
At 1 July 2011	413	12,633	255	249	2,615	16,165
At 30 June 2012	13,661	24,632	198	439	16,392	55,322

20. TRADE AND OTHER PAYABLES

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Trade payables	36,389	15,491
Other payables	536	1,722
Total	36,925	17,213

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 2012 \$,000	30 JUNE 2011 \$,000
Current Liability		
Finance lease – Cue mining camp*	898	-
Equipment loan – Crushing Plant	-	233
Equipment loan – Motor Vehicles	40	119
	938	352
Non-Current Liability		
Finance lease – Cue mining camp*	10,799	-
Equipment loan – Motor Vehicles	22	54
	10,821	54
Total	11,759	406

* The Group has entered into arrangements for the construction and hire of a mining camp facility which is considered a finance lease. The recognition of the Cue Camp finance lease liability is a requirement under accounting standards. The camp is not legally owned or operated by the Company. The recognition of the liability is required due to the transfer of the majority of risks and rewards associated with the asset.

22. EMPLOYEE BENEFITS

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Current		
Liability for annual leave	708	573
Total	708	573

23. SHARE BASED PAYMENTS

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

	WEIGHTED AVERAGE EXERCISE PRICE 2012	NUMBER OF OPTIONS 2012	WEIGHTED AVERAGE EXERCISE PRICE 2011	NUMBER OF OPTIONS 2011
Outstanding at 1 July	\$0.30	24,240,000	\$0.30	24,365,000
Forfeited during period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	\$0.30	(20,792,990)	\$0.30	(125,000)
Outstanding at 30 June	\$0.30	3,447,010	\$0.30	24,240,000
Exercisable at 30 June	\$0.30	3,447,010	\$0.30	24,240,000

24. PROVISIONS

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Closure and Rehabilitation		
Opening balance at 1 July	4,584	2,340
Additional provisions during the year	3,098	2,198
Unwind of discount	124	125
Rehabilitation expense	(7)	(79)
Closing Balance at 30 June	7,799	4,584

25. OPERATING LEASES

The Group leases its office space in South Perth under a non-cancellable operating lease. The lease is for four years from 17 December 2011 at a cost of \$427,385 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 1 May 2012 at a cost of \$62,400 per annum.

26. SHARE CAPITAL

	Company	
	NUMBER	\$,000
Movements in Issued Capital		
Balance as at 01 July 2011	178,757,838	56,224
Shares issued on exercise of 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
Shares issued on exercise of options	20,792,990	6,238
Shares Issued for capital raising	20,588,236	70,000
Capital transaction costs (net of tax)	-	(4,823)
Balance as at 30 June 2012	220,264,064	127,676

20,588,236 shares were issued for capital raising (2011: nil shares), to develop the Murchison Project and accelerate copper exploration activities. All issued shares are fully paid.

Additionally 240,000 shares were issued as a result of the exercise of vested options granted to employees under the share option programme (2011: 2,141,250). 20,552,990 shares were issued as a result of the exercise of seed capital options (2011: Nil). 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

	NUMBER	\$,000
Movement in Options Reserve		
Balance as at 1 July 2010	24,365,000	182
Options Exercised	(125,000)	(32)
Balance as at 30 June 2011	24,240,000	150
Balance at 1 July 2011	24,240,000	150
Options Exercised	(20,792,990)	(137)
Balance as at 30 June 2012	3,447,010	13

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 2012 the parent company of the Group was Silver Lake Resources Limited.

	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
<i>Notes</i>		
Results of the parent entity		
Profit for the period	31,436	15,790
Other comprehensive income	-	-
Total comprehensive income for the period	31,436	15,790
Financial position of parent entity at year end		
Current assets	95,347	33,597
Total assets	278,585	126,865
Current liabilities	40,770	18,138
Total liabilities	84,883	35,463
Total equity of the parent entity comprising of:		
Share capital	127,676	56,261
Option reserve	13	150
Retained earnings	66,013	34,991
Total equity	193,702	91,402

The parent entity has commitments of \$26,752,000 (2011: \$3,094,865) and no other commitments or guarantees.

29. COMMITMENTS

Commitments for the next financial year total \$26,752,000 and are made up of:

- » The Group holds various mineral titles which require a total minimum exploration expenditure of \$3,900,000 (2011: \$2,206,780) in the next financial year.
- » During the period the Group committed to the construction of the new Murchison Treatment plant, associated infrastructure and pre-production of the new mines. A total of \$21,699,000 is contracted in the next financial year (2011: \$1,161,685).
- » \$1,153,000 of outstanding commitments to Phillips River under the Convertible Note facility.

30. RELATED PARTIES

a) Key Management Personnel Compensation

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

	GROUP	
	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Short-term employee benefits	2,277	1,604
Post employment benefits	245	165
Total	2,522	1,769

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 2012 \$,000	30 JUNE 2011 \$,000	30 JUNE 2012 \$,000	30 JUNE 2011 \$,000
Expenses				
Gryphon Management – Administrative Services *	1	1	-	1
Total	1	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 2011	GRANTED AS COMPENSATION	OPTIONS EXERCISED	OPTIONS SOLD	HELD AT 30 JUNE 2012	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2012
Paul Chapman	4,000,000	-	-	(4,000,000)	-	-	-
Les Davis	4,000,000	-	-	(4,000,000)	-	-	-
Chris Banasik	4,000,000	-	-	(4,000,000)	-	-	-
Brian Kennedy	4,000,000	-	-	(4,000,000)	-	-	-
Peter Johnston	4,000,000	-	-	(4,000,000)	-	-	-
David Griffiths	4,000,000	-	-	(4,000,000)	-	-	-
Peter Armstrong	200,000	-	(200,000)	-	-	-	-
Robert Humphryson *	-	-	-	-	-	-	-
David Crockford **	-	-	-	-	-	-	-
Total	24,200,000	-	(200,000)	(24,000,000)	-	-	-

* Mr Humphryson commenced on 19 March 2012.

** Mr Crockford ceased to be a Key Management person on 19 March 2012.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 2011	SHARES ACQUIRED	SHARES EXERCISED	SHARES SOLD	HELD AT 30 JUNE 2012
Paul Chapman	4,606,908	140,000	-	-	4,746,908
Les Davis	4,200,000	-	-	-	4,200,000
Chris Banasik	4,000,000	-	-	-	4,000,000
Brian Kennedy	4,075,452	-	-	-	4,075,452
Peter Johnston	4,318,253	-	-	-	4,318,253
David Griffiths	4,158,377	-	-	-	4,158,377
Peter Armstrong	449,959	-	200,000	(150,000)	499,959
Robert Humphryson*	-	-	-	-	-
David Crockford**	177,222	-	-	(12,222)	165,000
Total	25,986,171	140,000	200,000	(162,222)	26,163,949

* Mr Humphryson commenced on 19 March 2012.

** Mr Crockford ceased to be a Key Management person on 19 March 2012.

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	4,075,452	-	-	-	4,075,452
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	25,986,171	-	-	-	25,986,171

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 2012, such loans to subsidiaries totalled \$261,000 (2011: \$3,635,000).

31. SUBSEQUENT EVENTS

On 3 July 2012 the Company completed the Asset sale Agreement with Phillips River Mining Limited (ASX:PRH "Phillips River") where the Company purchased the Kundip gold project, Trilogy polymetallic project, other mining tenements, the Myamba farm and other associated assets. On 3 July 2012 the Company issued Phillips River 5,229,412 fully paid ordinary shares as consideration for the purchase of these assets.

Early in July the Company funded Phillips River \$1,153,000 through the convertible note facility. On 23 July 2012 the Company was issued 15,945,024 fully paid ordinary shares in Phillips River on conversion of 15,945,024 convertible notes at \$0.11 per note. This provides the Company with a 19.9% holding in Phillips River.

On 6 August 2012 the Company and Integra Mining Limited (ASX: IGR, "Integra") announced that they had reached an agreement to combine the two companies and create a substantial gold company with multiple Australian operating mines and mills. The transaction is to be implemented via an Integra Scheme of Arrangement and has been unanimously recommended by the boards of both companies.

Under the Scheme, Integra shareholders will be offered one new Silver Lake share for every 6.28 Integra shares they hold. On current issued capital, this will result in the Company issuing approximately 148,796,321 shares to Integra shareholders.

32. AUDITOR'S REMUNERATION

	2012 \$	2011 \$
Audit and review of the Company's financial statements	107,000	107,000
Taxation services	70,975	51,050
Other assurance related services	108,067	-
Total	286,042	158,050

33. GROUP ENTITIES

The Company controlled the following subsidiaries:

SUBSIDIARIES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2012	2011
Cue Minerals Pty Ltd	Australia	100%	100%
Paringa Resources Pty Ltd	Australia	100%	-

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2012

At 30 June 2012 the Company had issued the following equity securities:

	FULLY PAID ORDINARY SHARES	OPTIONS	OPTION EXERCISE	OPTION EXPIRY
Quoted Securities:	220,264,064	Nil		
Unquoted Securities:				
Expires 31 December 2012		3,447,010	\$0.30	31/12/2012
Total all Securities	220,264,064	3,447,010		

DISTRIBUTION OF HOLDERS

			FULLY PAID ORDINARY SHARES	OPTIONS
1	-	1,000	1,262	-
1,001	-	5,000	2,043	-
5,001	-	10,000	695	-
10,001	-	100,000	804	-
100,001	-	and over	110	1
Total Holders			4,914	1

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

VOTING RIGHTS OF SECURITIES

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

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

Options do not carry any voting rights.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012 the substantial holders disclosed to the Company were:

REGISTERED HOLDER	BENEFICIAL OWNER	NUMBER OR SHARES	PERCENTAGE OR ISSUED SHARES
RBC Dexia Investor Service Cormark Securities Inc Scotia Capital	Sprott Asset Management LP.	15,573,431	7.1%
HSBC Custody Nominee (Australia) Ltd	GCIC Ltd	14,495,037	6.6%
Macquarie Group Limited	Macquarie Group Limited	9,868,246	4.5%

TOP 20 HOLDERS OF QUOTED SECURITIES (EXCLUDING DIRECTORS)

REGISTERED HOLDER	NUMBER OR QUOTED SECURITIES	PERCENTAGE OF ISSUED SHARES
Sprott Asset Management LP	15,573,431	7.07%
GCIC Ltd.	14,495,037	6.58%
Macquarie Group Limited	9,868,246	4.48%
Solaris Investment Management Limited	8,647,332	3.93%
Franklin Resources, Inc.	6,417,200	2.91%
State Street Corporation	4,812,502	2.18%
Northcape Capital Pty Limited	4,394,611	2.00%
BlackRock, Inc.	4,247,696	1.93%
AMP Group Holdings Limited	4,087,345	1.86%
Paradice Investment Management Pty. Ltd.	3,860,104	1.75%
Vanguard Group Inc	3,748,439	1.70%
UBS AG	3,543,445	1.61%
Colonial First State Global Asset Management (Core)	3,020,132	1.37%
Goldfields Hotel Pty Ltd (Exchange Hotel Unit Trust)	3,000,000	1.36%
Tribeca Investment Partners Pty Ltd.	2,846,252	1.29%
Gabelli Funds, LLC	2,792,000	1.27%
Dimensional Fund Advisors LP	2,520,520	1.14%
Karara Capital Limited	1,964,165	0.89%
Power Financial Corporation	1,815,628	0.82%
Norges Bank Investment Management (NBIM)	1,670,403	0.76%
	103,324,488	46.91%

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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