WORDS BY **LORNA SEATTER**

SILVER LAKE RESOURCES

SOWING THE SEEDS FOR A FUTURE HARVEST

After successfully achieving a revenue stream within six months of listing on the ASX, Perth-based gold junior Silver Lake Resources has settled into its second strategy phase of "scaling up".

IN MID-NOVEMBER LAST year, the junior gold play acquired Perliya's Western Australian gold tenement portfolio in the Mount Monger and Murchison goldfields for $14.5 million and debuted on the Australian Securities Exchange after raising $30 million in its initial public offering.

In less than four weeks after its ASX debut, Silver Lake became a gold producer, with its first ore truck rumbling out of Daisy Milano gold mine situated within the company's 10km Mount Monger tenement package near Kalgoorlie in WA.

As well as the Mount Monger package, Silver Lake gained several historical deposits within the Murchison Goldfield, including Tuckabianna, Moyagee and Rothsay.

Four months after beginning mining, Silver Lake achieved a revenue stream with its maiden gold pour in late April at the company's refurbished 300,000 tonnes per annum Lakewood gold processing facility, about 45km from Daisy Milano.

Between listing and achieving cashflow, the company has barely paused for breath. But now Silver Lake is settling in to its second phase of "scaling up".

"I think people are aware of who Silver Lake is now. I think one thing we pride ourselves on is what we have achieved to date," Silver Lake managing director Les Davis told *RESOURCESTOCKS*.

"We are still only a company that is six months old and we have a long way to go, but I think we have certainly planted the seeds on the path to success."

The second phase involves bedding down by assessing the potential of the company's existing assets so it can begin the process of "scaling up" its operations, eventually achieving its target of becoming a high-margin gold producer of about 300,000 gold ounces per year from multiple mines at multiple mining centres.

Silver Lake believes the root to its future success and what sets the company apart, is its strategy for acquiring advanced, high-grade gold deposits with pre-existing resources.

When the gold play acquired Daisy Milano, the mine had been placed under care and maintenance by its previous owners.

"The main thing that Silver Lake has changed since bringing Daisy Milano back into production has been the mining method," Davis said.

"Due to the narrow high-grade nature of the mineralisation, Silver Lake is utilising a selective mining method that maximises mined grade and minimises dilution.

"Our driver is ounces and margin.

"The key is to select the appropriate mining method for the style of deposit and that was the approach we adopted."

Davis added that mine production from Daisy Milano was on target to produce its initial 10,000-15,000 gold ounces for fiscal 2008 and is ramping up to its expected 35,000-40,000 gold ounces per annum for the next financial year.

In its six-month sprint, Silver Lake achieved several other milestones including a 14% increase to resources at Daisy to 251,000 tonnes grading 30.8 grams per tonne gold for 249,000oz, effectively giving the mine a further two years of life – "scaling up" from three years to five.

In late March, the gold play acquired Comet gold and Kurrajong nickel projects from Alloy Resources for $1.575 million, boosting the company's global resources to more than 1 million ounces of gold.

Comet lies between Silver Lake's existing Tuckabianna and Moyagee deposits, within the Murchison Goldfields, while Kurrajong adjoins the Murchison tenements.

"The Comet acquisition has provided the scale for the company to assess processing options at its Murchison tenements, with the Tuckabianna deposit hosting existing partial infrastructure," Davis added.

A pre-feasibility study began on the Murchison tenements in late April, with completion anticipated by December 2008.

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LES DAVIS
MANAGING DIRECTOR
SILVER LAKE RESOURCES

The Murchison pre-feasibility study will centre on Tuckabianna, Comet and Moyagee, which have a combined inferred and indicated resource of 4.88 million tonnes at 4.42gpt gold for 693,000 gold ounces.

"Meanwhile, at Mount Monger, Silver Lake is evaluating the opencut potential of Lorna Doone, Costello and Christmas Flats deposits," Davis said.

"The shallow gold deposits only comprise about 1 percent of the total Mount Monger ground, with Lorna Doone and Costello hosting a pre-existing inferred JORC-compliant resource of 205,000 tonnes at 3.86 grams per tonne gold for 25,000 ounces of gold.

"There are more than 25 historic mining centres from north to south along our mineralised field. At the moment, we have been drilling and targeting and evaluating only six of those 25.

"Given that they have been drilled to a reasonable degree of confidence, all we really need to do now is the metallurgical and geotechnical testwork and finalise pit shells and economics to see if they are profitable.

"We have already done most of the drilling; it is now really about resource, technical and financial evaluation.

"We are targeting 2 million ounces in resource from the Mount Monger field with the exploration program over three years."

Davis said he believed Lorna Doone and Costello could be online by the end of fiscal 2009.

In addition to the three shallow deposits, Silver Lake is assessing the economic potential of Caledonian, Haomo and Rosemary for underground mining, also within Mount Monger.

"We have established a fully integrated production centre at Mount Monger – we now expect to quickly expand it by producing from multiple openpit and underground deposits adjacent to Daisy Milano," he said.

Silver Lake has targeted gold production at 150,000oz per annum within the first three years and 300,000ozpa within five years across its entire portfolio.

"What we are doing at the moment is scaling up.

"We have an ample resource – we have just got to run the slide rule over \$800 per ounce Aussie gold prices and see what is economic and how much capital is required to begin producing from the deposits.

"Mine supply is decreasing and global demand is increasing, which should be a recipe for sustained high gold prices."

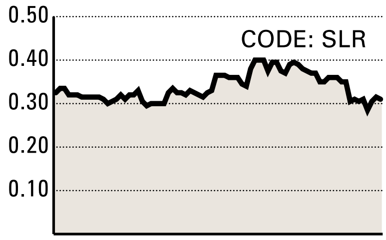
According to Davis, Silver Lake's unique story is about where the company has been in such a short time period.

Silver Lake's next phase involves cementing in and moving forward to achieve its future goal of becoming a high-margin, low-cost gold producer.

Silver Lake has a total resource base, including Mount Monger and Murchison tenement portfolios, of 5.93 million tonnes at 5.8gpt gold for 1.1 million ounces of contained gold. RS

Underground diamond rig at Haoma Crosscut, Daisy Milano

SILVER LAKE RESOURCES AT A GLANCE



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MARKET CAPITALISATION
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MAJOR SHAREHOLDERS
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Eye Investment Fund 9.87%
Perilya 6.78%