



Les Davis
Managing Director

QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2008

Silver Lake Builds Strength on Strength

- Gold sales total \$12 million from 10,500 oz at an average realised price of \$1,138/oz.
- Cash & bullion position grows to \$6.7 million.
- Significant high-grade shoot encountered at depth beyond the dolerite dyke at Daisy Milano.
- Resource base increased to 1.5 million oz Au.

Safety

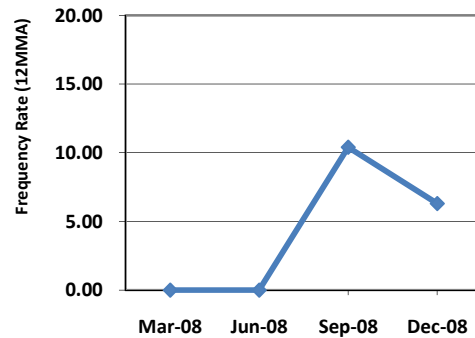


Figure 1 - LTIFR - 12 month moving average

Operations - Processing

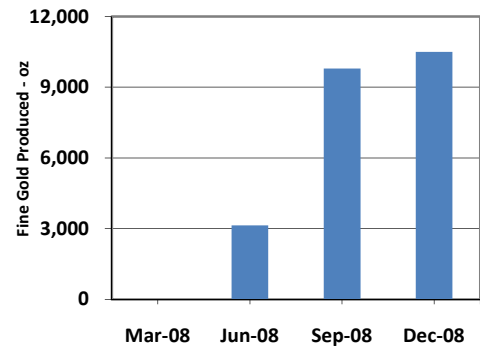


Figure 3 - LGPF Fine Gold Produced

Operations - Mining

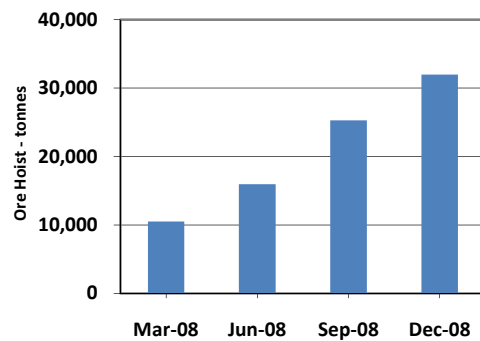


Figure 2 - Daisy Milano Ore Hoist

Gold Sales

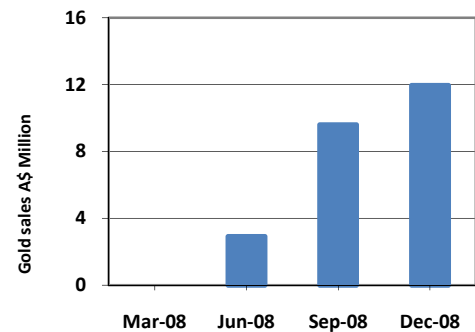


Figure 4 - Gold Sales

Operations

This quarter saw Silver Lake exceed forecast ore and bullion production and continue to build on its understanding of the Daisy Milano resource:

- Lakewood Gold Processing Facility (“LGPF”) achieved twelve months without a Lost Time Injury (“LTI”). Company-wide the 12-month moving average LTIFR fell to 6.3 per million hours.
- Production challenges presented by the variable nature of the Daisy Milano deposit have largely been overcome through increasing productivity on the mineralised structures whilst maintaining a selective mining method to minimise dilution. Figure 5 illustrates grade profile of the deposit mined by the Company to 31 December 2008.
- This quarter’s mine production averaged 9.7 g/t Au with monthly ore grades ranging between 7.7 g/t Au and 11.5 g/t Au. Approximately 48% of the ounces produced came from stoping activities with the balance from level development.

- Results to date indicate that gold production can be sustained within the expected 35,000 oz to 40,000 oz p.a. range.
- This production target has been enhanced by new development along levels 21 through 23 to the south of the dolerite dyke which has revealed a new high-grade shoot of considerable strike extent.



Visible gold in ore from Daisy Milano 23 level, January 2009

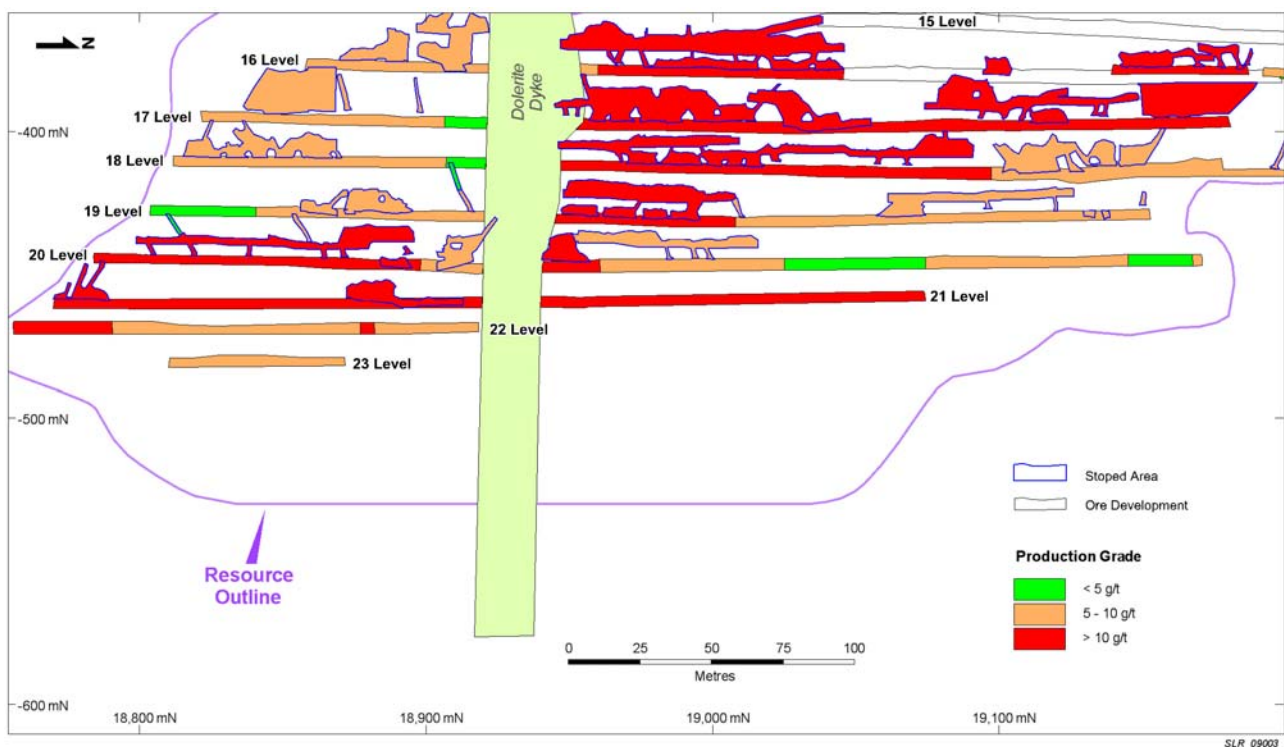


Figure 5 - Daisy Milano - Silver Lake Mined Grade, December 2008

Mount Monger	Units	Dec Qtr 2008
Ore hoisted	Tonnes	31,986
Mined grade*	g/t Au	9.7
Gold in ore hoisted	Oz	10,007
Ore Milled (incl low grade)	Tonnes	37,948
Head grade	g/t Au	8.8
Contained gold	Oz	10,708
Recovery	%	93%
Gold produced	Oz	9,965
Gold sold	Oz	10,497
Average realised price	A\$/oz	1,138

Table 1 - Mount Monger quarterly production statistics

- Silver Lake took advantage of spare mill capacity and the high gold price during the quarter to treat 4,500 tonnes of stockpiled low-grade ore at 2.0 g/t for 289 oz.
- LGPF performed as expected during the quarter with minimal unplanned downtime.

Cost Centre	\$/tonne	\$/oz
Site Operating Cost	197	684
Waste development	36	126
Royalties	10	34
Total Cost	243	844

Table 2 - Unit cost breakdown

The Company has implemented measures to improve operating costs through:

- ▶ continuous improvement of productivity management and selectivity; and
- ▶ increasing utilisation of LGPF including the expected commencement of open pit mining at Christmas Flats in the forthcoming quarter. Open pit mining studies are also scheduled for commencement at Costello, Lorna Doone and Magic (see below for further details).



1 metre wide narrow vein stope, Daisy Milano 15 level

Outlook

- During the March 2009 quarter work will commence on extending the Daisy Milano decline to provide a drilling platform to test the extent of the significant high grade shoot south of the dolerite dyke below the 23 level.
- A 2 metre tailings dam lift to provide for the next 12 to 18 months' production will be conducted at LGPF during the quarter.

Exploration and Development

The Company built on previous exploration and development activities to further increase its resource base (see Figure 6):

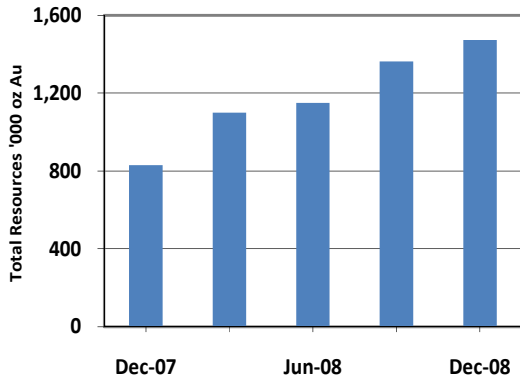


Figure 6 - Total gold resource growth

Mount Monger Goldfield

- Calculation of a new resource for the Magic deposit which has increased the total Mount Monger resource base by 16% to 1,198,000 t at 9.7 g/t Au for 374,900 oz (refer to Table 3).

- The Company has submitted all of the required regulatory documentation to enable commencement of open pit mining at Christmas Flats. Project approvals are expected in the March 2009 quarter.
- Mining studies for open pit production at Costello, Lorna Doone and Magic will commence in the coming quarter. These deposits have a combined total resource of 493,200 tonnes at 4.72 g/t Au for 74,800 oz (refer to Table 3).

Murchison Goldfield

- An update of the Comet resource estimate has resulted in an increase in the overall resource base for the Murchison project to 7,821,800 t at 3.8 g/t Au for 965,400 oz (refer to Table 3).
- The Company is currently reviewing the results of a pre-feasibility study into low capital start-up options for the Murchison project and expects to make an announcement regarding the outcome of this study during the forthcoming quarter.

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	93.6	37.9	114.1	65.4	20.8	43.7	92.0	30.8	91.2	251.0	30.8	249.0
Christmas Flats	-	-	-	206.5	3.5	23.0	247.2	3.5	28.0	453.7	3.5	51.0
Costello	-	-	-	-	-	-	94.0	3.7	11.2	94.0	3.7	11.2
Lorna Doone	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Magic	-	-	-	-	-	-	288.2	5.3	49.4	288.2	5.3	49.4
Total Mount Monger	93.6	37.9	114.1	272.0	7.6	66.7	832.4	7.3	194.1	1,198.0	9.7	374.9
Comet	-	-	-	1,709.1	3.6	198.3	572.2	5.1	92.9	2,281.2	4.0	291.2
Moyagee	-	-	-	-	-	-	820.2	8.5	224.2	820.2	8.5	224.2
Tuckabianna	-	-	-	2,327.1	2.8	212.1	2,393.2	3.1	237.9	4,720.3	3.0	450.0
Total Murchison	-	-	-	4,036.2	3.2	410.4	3,785.6	4.6	554.9	7,821.8	3.8	965.4
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	93.6	37.9	114.1	4,308.2	3.4	477.2	5,209.2	5.3	881.9	9,610.9	4.8	1,473.1

Table 3 - Resource summary

Rounding may give rise to unit discrepancies in this table

Business Development

Silver Lake's strategy is to acquire high grade projects near existing operations with near term production capability:

- Silver Lake continues to monitor developments in the junior end of the Australian gold industry with a view to an active role in any consolidation.
- The Company is also actively reviewing opportunities to optimise the utilisation of LGPF through project acquisitions, joint ventures or toll treatment arrangements.

Corporate

This quarter Silver Lake bolstered its financial position with a view to investing in the future growth of the Company:

Cash & cash equivalents of \$6.67 million comprising:

- ▶ \$5.83 million in cash; and
- ▶ \$0.84 million in bullion on hand as at 31 December 2008.

- Surplus cash generated from operations during the quarter was applied as follows:
 - ▶ \$2.80 million increase in cash on hand;
 - ▶ \$0.54 million invested in exploration;
 - ▶ \$0.24 million to capital works and business development; and
 - ▶ \$0.47 million in corporate overheads.

Shareholder Relations

The Company continues to focus its attention on investor relations during this turbulent period for the financial markets:

- The Company's first Annual General Meeting as an ASX-listed company was held on Monday 24 November 2008. All resolutions were passed on a show of hands. For details of the results of the meeting please refer to the ASX announcement dated 24 November 2008.

Issued Share Capital

Class of Securities	Issued as at 30 Sep 2008
Fully Paid Ordinary Shares	153,409,424
Unlisted Options	27,133,060

About Silver Lake Resources Ltd

Silver Lake is a gold producer and explorer with a resource base of 1.5 million oz in highly prospective regions including the Mount Monger goldfield and the Murchison (Tuckabianna, Comet, and Moyagee). Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre.

Resource Category	Ore t	Grade g/t Au	Total oz
Measured	93,600	37.9	114,100
Indicated	4,308,200	3.4	477,200
Inferred	5,209,200	5.3	881,900
Total	9,610,900	4.8	1,473,100

Silver Lake's Mount Monger Operation contains the Daisy Milano mine located 50 km south east of Kalgoorlie.

Mount Monger has multi mine potential underpinned by emerging open pit production from Christmas Flats. In addition Lorna Doone, Costello and Magic open pit deposits are presently being assessed for mining. The Haoma lode and Caledonian trend also show potential as near term production sources.

Gold ore from Mount Monger is transported to Silver Lake's 300,000 tpa Lakewood Gold Processing Facility located 5 km south east of Kalgoorlie and 45 km from the Daisy Milano mine.

A pre-feasibility study has been completed to develop a low-capital multi-mine production centre at the Murchison. The Company is reviewing the results of the pre-feasibility study and expects to make an announcement during the March 2009 quarter.

Silver Lake's exploration programme is targeting 2.5 million to 5 million oz Au in resource.

Competent Person's Statement

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.

Information that relates to exploration 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.