



Silver Lake Resources Ltd
(ABN 38 108 779 782)

Interim Financial Report
For the Six Months Ended 31 December 2008

Corporate Directory

Directors

Paul Chapman	(Non-Executive Chairman)
Les Davis	(Managing Director)
Chris Banasik	(Executive Director - Exploration & Geology)
Brian Kennedy	(Non-Executive Director)
Peter Johnson	(Non-Executive Director)
David Griffiths	(Non-Executive Director)

Chief Financial Officer and Company Secretary

Peter Armstrong

Registered and Principal Office

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West Perth WA 6005

Contact Details

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ABN: 38 108 779 782

Solicitors to the Company

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

Share Registry

Security Transfer
Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Auditor

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

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The directors of Silver Lake Resources Limited (“Silver Lake” or “the Company”) present their report together with the consolidated interim financial report for the six months ended 31 December 2008 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of Directorship
Non-Executive	
Paul Chapman - Chairperson	20 April 2004
Brian Kennedy - Non-Executive Director	20 April 2004
Peter Johnston - Non-Executive Director	25 May 2007
David Griffiths - Non-Executive Director	25 May 2007
Executive	
Les Davis - Managing Director	25 May 2007
Chris Banasik - Director Exploration & Geology	25 May 2007

Overview

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

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

As at December 2008, the Company’s overall resource base was 9.61 million tonnes at 4.8 g/t Au for 1.5Moz Au (refer to Table 2) across its portfolio of assets including the Mount Monger goldfields and its Murchison projects; Tuckabianna, Comet and Moyagee, and Rothsay.

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

Safety

There was one (1) Lost Time Injury during the period at Daisy Milano when a sharp rock penetrated an airleg miner’s safety boot. Silver Lake’s Lost Time Injury Frequency Rate stands at 6.2.

Mine Production

Production at Daisy Milano ramped up to the expected 35,000 to 40,000 ounce per annum rates during the period (refer to Table 1). Production challenges presented by the variable nature of the Daisy Milano deposit have been overcome through increasing productivity on the mineralised structures whilst maintaining a selective mining method to minimise dilution.

Processing

Silver Lake owns the 300,000 tonne per annum Lakewood Gold Processing Facility located 5 km southeast of Kalgoorlie and 45 km from the Daisy Milano mine.

Minor commissioning issues encountered in the half year to June 2008 have been overcome and the facility is operating as expected with minimal downtime.

Table 1: Production statistics to 31 December 2008

Mount Monger	Units	Half Year to 31 Dec 2008
Ore hoisted	Tonnes	57,293
Mined grade	g/t Au	10.1
Gold in ore hoisted	Oz	18,576
Ore hoisted (low grade)	Tonnes	4,404
Mined grade (low grade)	g/t Au	2.0
Gold in ore hoisted (low grade)	Oz	283
Ore milled (incl low grade)	Tonnes	65,208
Head grade	g/t Au	9.43
Contained gold	Oz	19,784
Recovery	%	94.3
Gold produced	Oz	18,660

Review of Operations Continued

Gold Sales

Gold sales for the half year to December 2008 were 20,294 oz sold at an average realised price of A\$1062/oz.

Financial Result

The loss of the Group for the financial period, after providing for income tax amounted to \$91,000 (2007: \$632,000 loss), while the net cash flow generated from (used in) operations was \$5,554,000 (2007: (\$261,000)) during the period. Non cash transactions affecting profit during the period included depreciation/amortisation of \$2,338,000; and employee option expenses of \$320,000.

Business Development

Mount Monger Goldfield

The Company has submitted all of the required regulatory documentation to enable the expected commencement of open pit mining at Christmas Flats. Project approvals are expected in the second half of this financial year.

Mining studies for open pit production at Costello, Lorna Doone and Magic will commence in the coming period. Total open pit resources at Mount Monger have a combined total of 949,900 tonnes at 4.1 g/t Au for 125,900 oz (refer to Table 2).

Murchison Goldfield

Silver Lake acquired the Comet gold and Kurrajong nickel projects adjacent to existing Murchison projects during the period for \$1.575 million from Alloy Resources Limited. At the time of acquisition the Comet project contained a total resource of 1.8 million tonnes at 4.0 g/t Au for 232,400 oz.

The additional resource provided the scale to assess a number of processing options built around existing infrastructure at the Tuckabianna project and the Company commenced a pre-feasibility study in April 2008. As part of this pre-feasibility study additional resources at Comet were identified taking the total resource for the Comet project to 2.3 million tonnes at 4.0 g/t Au for 291,200 oz (refer to Table 2).

The Company is currently reviewing the results of the pre-feasibility study into low capital start up options for the Murchison projects and expects to make an announcement regarding the outcome of this study during the forthcoming period.

Exploration

Activities during the period included recalculation and re-interpretation of existing data within the resource base.

At Mount Monger the Company has identified a new resource at the Magic deposit of 288,200 tonnes at 5.3 g/t Au for 49,000 ounces (refer to Table 2). The Magic deposit represents another near surface open pit mining opportunity adjacent to Silver Lake's existing infrastructure.

Exploration activities during the period yielded an 8% increase to the global resource inventory which now totals 9,610,000 tonnes at 4.8 g/t Au for 1,473,100 oz (refer to Table 2).

Resources

As at 31 December 2008, the Measured, Indicated and Inferred Mineral Resource were as follows:

Table 2: Silver Lake Resource Inventory

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

The lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the six months ended 31 December 2008.

Dated at Perth this eleventh day of March 2009.

Signed in accordance with a resolution of the directors:



Les Davis
Director



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 review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

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

KPMG

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

B C Fullarton
Partner

Perth

11 March 2009

Consolidated Interim Income Statement



For the six months ended 31 December 2008
In thousands of AUD

	Notes	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Revenue		21,593	-
Cost of sales		(20,791)	-
Gross profit		802	-
Other income		2	-
Administration expenses		(883)	(803)
Results from operating activities		(79)	(803)
Net finance (costs)/income	7	(12)	171
Profit/(Loss) before income tax		(91)	(632)
Income tax expense		-	-
Profit/(Loss) for the period		(91)	(632)
Earnings per share			
Basic earnings per share (cents per share)	8	(0.06)	(0.004)
Diluted earnings per share (cents per share)	8	(0.06)	(0.004)

The notes on pages 13 to 17 are an integral part of these consolidated interim financial statements.

Consolidated Interim Balance Sheet

As at 31 December 2008
In thousands of AUD

	Notes	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Current Assets			
Cash and cash equivalents		3,930	1,637
Trade and other receivables		1,224	1,615
Inventories	9	1,963	4,256
Prepayments		171	69
Total Current Assets		7,288	7,577
Non-Current Assets			
Exploration evaluation and development expenditure	10	24,501	22,794
Property, plant and equipment	11	8,555	9,483
Other Assets		1,899	1,799
Total Non-Current Assets		34,955	34,076
Total Assets		42,243	41,653
Current Liabilities			
Trade and other payables		6,054	5,685
Interest bearing liabilities		265	265
Employee benefits		173	121
Total Current Liabilities		6,492	6,071
Non-Current Liabilities			
Rehabilitation and restoration provision		1,177	1,104
Interest bearing Liabilities		375	508
Total Non-Current Liabilities		1,552	1,612
Total Liabilities		8,044	7,683
Net Assets		34,199	33,970
Equity			
Share capital	12	37,373	37,373
Reserves		659	339
Retained earnings		(3,833)	(3,742)
Total equity		34,199	33,970

The notes on pages 13 to 17 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

In thousands of AUD

	Share Capital \$'000	Option Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2007	826	88	(78)	836
Loss for the period	-	-	(632)	(632)
Total recognised income and expense	-	-	(632)	(632)
Issue of ordinary shares	36,547	-	-	36,547
Balance at 31 December 2007	37,373	88	(710)	36,751
Balance at 1 July 2008	37,373	339	(3,742)	33,970
Loss for the period	-	-	(91)	(91)
Total recognised income and expense	-	-	(91)	(91)
Vesting of employee options	-	320	-	320
Balance at 31 December 2008	37,373	659	(3,833)	34,199

The notes on pages 13 to 17 are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

In thousands of AUD

For the six months ended 31 December 2008

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Cash flows from operating activities		
Cash receipts from customers	21,986	-
Cash paid to suppliers and employees	(16,432)	(261)
Net cash from/(used in) operating activities	<u>5,554</u>	<u>(261)</u>
Cash flows from investing activities		
Interest received	84	189
Acquisition of plant and equipment	(114)	(3,459)
Exploration, evaluation and development expenditure	(2,998)	(9,493)
Deposit for environmental bonds	(100)	-
Net cash from/(used in) investing activities	<u>(3,128)</u>	<u>(12,763)</u>
Cash flows from financing activities		
Proceeds from the issue of share capital	-	30,110
Repayment of borrowing	(133)	-
Payment of transaction costs	-	(1,943)
Net cash from/(used in) financing activities	<u>(133)</u>	<u>28,167</u>
Net increase/(decrease) in cash and cash equivalents	2,293	15,143
Cash and cash equivalents at 1 July	1,637	841
Cash and cash equivalents at 31 December	<u>3,930</u>	<u>15,984</u>

The notes on pages 13 to 17 are an integral part of these consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements



1. Reporting Entity

Silver Lake Resources Limited (“Silver Lake” or “the Company”) and its subsidiaries is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the “Group”).

2. Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Silver Lake for the year ended 30 June 2008 and any public announcements made by Silver Lake and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This consolidated interim financial report was approved by the Board of Directors on 11th March 2009.

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.

3. Basis of Preparation

The financial report is prepared in Australian dollars.

The financial report is presented on the historical cost basis except for share based payments measured at fair value.

Certain comparative amounts have been reclassified to conform with the current year’s presentation.

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

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

4. Significant Accounting Policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008.

5. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

6. Segment Reporting

The Group's business segment is the mining and exploration of gold mineralisation and operating in one geographical segment being Western Australia. The business segments are based on the Group's management and internal reporting structure.

7. Finance Income and Expenses

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Interest Income	84	171
Unwind of discount on provision	(73)	-
Interest expense	(23)	-
Total	<u>(12)</u>	<u>171</u>

8. Earnings per share

The earnings per share at 31 December 2008 was based on the loss attributable to ordinary shareholders of \$91,000 and the weighted average number of ordinary shares outstanding during the six months ended 31 December 2008 of 153,409,424.

9. Inventories

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
At Cost		
Materials and Supplies	449	352
Ore stocks	601	1,631
Gold in circuit	913	2,273
Total	<u>1,963</u>	<u>4,256</u>

10. Exploration, evaluation and development expenditure

Acquisition Costs

During the six months ended 31 December 2008 the Company acquired the following exploration, evaluation and development assets:

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Exploration and Evaluation Phase		
Cost brought forward	7,328	20
Capitalised during the period	2,998	21,530
Amortisation expense	-	-
Transfer to production phase	-	(14,222)
Balance at end of period	<u>10,326</u>	<u>7,328</u>

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.

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Production Phase		
Costs brought forward	15,466	-
Transfer from Exploration phase	-	14,222
Expenditure during the period	-	1,474
Amortisation expense	(1,291)	(230)
Balance at end of period	<u>14,175</u>	<u>15,466</u>
Total	<u>24,501</u>	<u>22,794</u>

11. Property, plant and equipment

Acquisition Costs

During the six months ended 31 December 2008 the Company acquired assets with a total cost of \$114,000 which related to:

- Minor mill capital equipment (\$72,000)
- Minor mining capital equipment(\$42,000)

All assets were purchased with cash.

Notes to the Consolidated Interim Financial Statements (Continued)



12. Share capital

	Number	\$'000
Movement in Issued Capital		
Balance as at 30 June 2008	153,409,424	37,373
Issue of shares pursuant to fund raising for cash	-	-
Balance as at 31 December 2008	<u>153,409,424</u>	<u>37,373</u>

13. Share-based payments

In 2008 the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the entity. The terms and conditions of the share option programme are disclosed in the consolidated financial report as at and for the year ended 30 June 2008. In July 2008 a further grant on similar terms was made to key management personnel.

The terms and conditions of the grants made during the six months ended 31 December 2008 are as follows:

Grant Date/Entitlement	<u>Number</u>	<u>Vesting Conditions</u>	<u>Contractual Life</u>
Options granted - 26 September 2008	361,500	1 year service	5 years

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

	<u>Issued 20 August 2008</u>
Fair Value of Share Options and Assumptions	
Fair value at grant date	14.76c
Share price	21.5c
Exercise price	39.0c
Volatility	98.87%
Risk free rate	5.66%
Expiry date	20 August 2013

from

14. Commitments

There were no significant changes to the Group's commitments since 30 June 2008.

Notes to the Consolidated Interim Financial Statements Continued



15. Related parties

Transactions with key management personnel

Key management personnel who received compensation for services provided other than normal salaries and fees included:

	Transaction Value Six Months Ended	Balance Outstanding
	31 Dec 2008 \$'000	31 Dec 2008 \$'000
Expenses		
Donberth Pty Ltd - Project Management Services ⁽ⁱ⁾	148	-

(i) A company owned by Brian Kennedy provided project management services.

All transactions with key management personnel are at arm's length and are on terms no more favourable than would normally be incurred for these services.

16. Subsequent event

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

In the opinion of the directors of Silver Lake:

1. the financial statements and notes set out on pages 9 to 17, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this eleventh day of March 2009.

Signed in accordance with a resolution of the directors:



Les Davis
Director



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

Report on the financial report

We have reviewed the accompanying half-year financial report of Silver Lake Resources Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Silver Lake Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Silver Lake Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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KPMG

A handwritten signature of B C Fullarton, written in black ink.

B C Fullarton
Partner

Perth

11 March 2009