

SILVER LAKE RESOURCES

SILVER LAKE TAKING ON A GOLDEN LOOK

Like the great mineral fields of Kambalda, Silver Lake Resources is emerging as something great from small beginnings just 18 months ago.

IN SUCH A SHORT TIME THIS up-and-coming gold producer has managed to double its total resources, triple its market cap and witness all-time highs in its share price.

The ambitious, yet realistic, gold producer listed on the Australian Securities Exchange in November 2007 with a starting share price of 30c.

Post float, Silver Lake had a market cap of \$40 million and total resources of 830,000 ounces.

Today the company's market cap is \$120 million, and in December last year Silver Lake upgraded its total resource base to 1.5 million ounces.

On June 2 this year shares reached an all-time high of 89c and at the time of writing shares were trading at 78c.

Managing director Les Davis modestly attributes the confidence in Silver Lake to the Australian dollar gold price, which is still in excess of \$1200 per ounce.

However, another contributing factor, he explains, could be the impending exploration results from the company's 40 square kilometre tenement package located in the Mount Monger goldfields.

Recent drilling targeting the Rosemary deposit, 130m east of the

Daisy Milano mine, has intersected two parallel structures as well.

"We do have some very solid exploration results we're expecting ... most intersections that we've found east of Daisy Milano contain visual gold," he said.

"We're very excited and highly encouraged with what we're seeing."

Silver Lake's Mount Monger project is made up of 44 granted tenements – including Daisy Milano – covering 45 square kilometres, and a further 67sq.km under application.

Resources at Mount Monger total 374,900oz with Daisy Milano accounting for 249,000oz.

The mine has proven fruitful for Silver Lake which initially expected to produce 35,000-40,000oz per annum from the tenement, but is currently producing at a rate of 50,000-60,000ozpa.

Production at the mine began in July 2005 under Perilya's ownership. However, in March 2007 the company announced a suspension of operations as a result of a divestment in the company's gold assets.

Silver Lake acquired Daisy Milano, along with all of the other tenements in the Mount Monger field, in November 2007.

A change in mining method at Daisy Milano proved successful for Silver Lake with the company

beginning production two months ahead of schedule in December 2007.

"The fundamental change was the change in mining method at the appropriate mining width to ensure that you give the orebody the best chance of success and that's exactly what we've done," Davis said.

Silver Lake is working towards becoming a mid-tier producer, and is already soaring to great heights. After only 18 months the company definitely has the goal set firmly in its sights.

"At the moment we're probably placed at the higher end of the junior scale and we're targeting to get our Mount Monger tenement package to 120,000-150,000 ounces of gold per annum within the next two to three years," Davis said.

Silver Lake is also working towards a production plant at its Murchison tenements (600km north of Perth), which it hopes will produce 50,000ozpa ramping up to 100,000ozpa for a 10-year period post exploration.

"If we can get the business to 200,000-250,000 ounces of gold per annum then that would clearly put us in the top 10 gold producers within Australia," Davis said.

Silver Lake's Murchison tenements have a combined potential of 965,400oz.

The company's assets in the Murchison field are Comet (291,200oz), Moyagee (224,200oz) and Tuckabianna (450,000oz).

Ultimately Silver Lake is targeting 5Moz in resource, and Davis is quietly confident the company can achieve that.

"When we listed we had 830,000 JORC-compliant ounces and we've doubled that in the first 18 months of

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An Airleg miner drilling a face at Daisy Milano

being a publicly-listed company,” he said.

“That is commendable, so if that success rate should continue in the next three to five years of our life I’d say that the five million ounce target is achievable.”

To achieve this ambitious target, Silver Lake implemented a \$15 million exploration program in January last year.

As part of the program the company is aiming to produce 150,000ozpa within three years and 300,000ozpa within five years.

Davis said if Silver Lake’s exploration program proved successful there was no reason why the company could not achieve that.

“It’s all based on exploration success, but at the moment we’re certainly heading in the right direction,” he said.

Silver Lake – named after the first nickel orebody at Kambalda, which was created by sinking the Silver Lake shaft – has witnessed some significant milestones in its short life, one of them being the pouring of its first gold bar from the Daisy Milano mine in April last year.

In February this year the company poured its first pure tonne of gold, and in March the company

reported record mine and mill production.

Davis said Silver Lake poured its first 50,000oz of gold.

The future looks bright for this talented junior, which has only just begun exploration at many of its projects.

According to Davis, the next year will see Silver Lake knuckle down and focus on ramping up production from 35,000-40,000ozpa to 60,000-70,000ozpa.

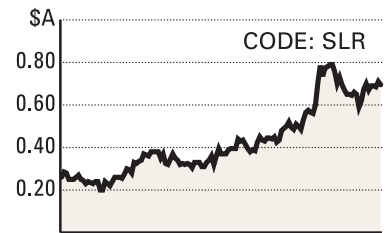
“We will be undertaking an intense exploration campaign, particularly at Mount Monger, in the next 12 months to unlock what this highly prospective, under-explored, not very well understood mineral field has to offer,” he said.

While Silver Lake currently has no plans to expand into other areas, it is always a possibility, according to Davis.

“We do look at other companies and we may elect to do something if the right opportunity comes along, but when I say that our board’s decision-making process is very disciplined and we must ensure that whatever we do, whether it be at our current organic growth stage of our life or through acquisition, we add value and we don’t destroy it,” he said.

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SILVER LAKE RESOURCES AT A GLANCE



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MARKET CAPITALISATION

\$A95 million (at press time)

MAJOR SHAREHOLDERS

Directors 16.5%
Eye Investment Fund 9.91%
Sprott Asset Management 7.79%