

## SILVER LAKE RESOURCES

### High Grade Production with Substantial Growth Potential

Silver Lake Resources Limited ("Silver Lake", "SLR", "Company") is an emerging mid-tier gold producer generating good cash flows with substantial production upside. After acquiring the previously fragmented Mt Monger project near Kalgoorlie in late 2007, the Company produced 48koz in FY2009 to produce a maiden net profit after tax of \$10.7m. Currently the Company is generating over \$2m in cash flow per month and has forecast production for FY2010 of 60koz.

### Mt Monger - A High Grade Field

The Mt Monger project has had substantial historic production of over 400koz at an average grade of 23.7g/t gold. The majority of Silver Lakes ore is currently sourced from the high grade Daisy Milano underground mine. Daisy Milano has an average resource grade of 40.5g/t. However, the narrowness of the mineralisation means that the final mined grade is diluted to ~10g/t gold.

The Company has recently discovered three new mineralised lodes in close vicinity to the Daisy Milano workings, potentially allowing production to be increased beyond current underground capacity constraints.

### Potential for a Second Mining Centre

Silver lake currently has almost 1Moz of resources at its three Murchison projects. The Company is currently undertaking a definitive feasibility into the development of the projects, with a view to producing ~150koz pa. Silver Lake has a preference for low capital development options and is consequently investigating toll treatment agreements with a number of existing gold plants in the region rather than constructing a mill itself.

### Initiate Coverage with a Speculative Buy

We see Silver Lake as one of the better gold producers to have emerged in recent years. The previously disaggregated Mt Monger project has the potential to yield substantial high grade resources. Management has a low capital/high cash flow focus, and has significant narrow vein mining experience, which is critical to the successful exploitation of narrow nuggetty mineralisation.

We have a valuation for the Company of \$1.23/share based on our conservative modelling parameters. However, we believe that exploration success at Mt Monger will be key to the Company's growth prospects. We rate Silver Lake Resources Limited as a Speculative Buy.

26 Aug 2009

Share Price (last): \$0.69  
Valuation: \$1.23

**Brief Business Description:**  
Gold producer & developer

**Hartleys Brief Investment Conclusion**  
High grade Mt Monger gold field yielding good cashflows with potential for second operation at Murchison projects

#### Chairman & MD

Paul Chapman (Non-Exec. Chair)  
Les Davis (MD)

#### Top Shareholders

Eye Management Pty Ltd 9.9%  
Sprott Asset Management Inc. 7.8%  
HSBC Custody Nominees (Australia) 4.6%

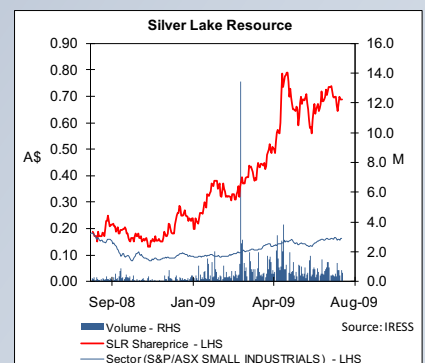
#### Company Address

31 Malcolm St,  
West Perth, WA, 6005

**Issued Capital** 153.8m  
- fully diluted 179.9m  
**Market Cap** \$106.1m  
- fully diluted \$124.1m  
**Cash (10 Jul '09)** \$16.6m  
**Debt (30 Dec '08)** \$0.7m  
**EV** \$90.3m  
**EV/Resource Oz** \$61/oz  
**EV/Reserve Oz** na

	FY2009A	FY2010F	FY2011F
Prod (koz Au)	47.6	65.1	98.4
Op Cash Flw	24.7	20.7	50.4
NPAT	10.7	15.0	26.6
CF/Share (cps)	8.9	13.7	26.0
EPS (cps)	13.9	9.7	17.3
P/E	5.0x	7.1x	4.0x
N.D. / equity	na	na	na
ROE	23.4%	24.7%	30.5%

**Resources (koz Au)** 1,488  
**Reserves (koz Au) (Estd)** na



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## SUMMARY MODEL

Silver Lake Resources Limited		Share Price			
SLR		\$0.69			
<b>Key Market Information</b>					
<b>Share Price</b>		<b>\$0.69</b>			
Market Capitalisation		\$106m			
52 Week High-Low		\$0.89-\$0.13			
Issued Capital		153.8m			
Issued Capital (fully diluted inc. ITM options)		179.9m			
Options		26.1m@\$A0.30			
Hedging		-			
Yearly Turnover/Volume		\$70.2m/148.6m shares			
Liquidity Measure (Yearly Turnover/Issued Capital)		97%			
<b>Valuation</b>		<b>\$1.23</b>			
<b>Financial Performance</b>					
	Unit	FY2009A	FY2010F	FY2011F	FY2012F
<b>Net Revenue</b>	<b>A\$m</b>	<b>58.1</b>	<b>76.6</b>	<b>114.4</b>	<b>163.0</b>
<b>Total Costs</b>	<b>A\$m</b>	<b>(41.5)</b>	<b>(49.3)</b>	<b>(62.5)</b>	<b>(72.5)</b>
EBITDA	A\$m	16.5	27.3	52.0	90.5
Depreciation/Amort	A\$m	(3.0)	(6.1)	(13.4)	(24.1)
<b>EBIT</b>	<b>A\$m</b>	<b>13.5</b>	<b>21.2</b>	<b>38.5</b>	<b>66.4</b>
Net Interest	A\$m	0.0	0.2	(0.5)	0.3
<b>Pre-Tax Profit</b>	<b>A\$m</b>	<b>13.6</b>	<b>21.4</b>	<b>38.0</b>	<b>66.7</b>
Tax Expense	A\$m	(2.9)	(6.4)	(11.4)	(20.0)
<b>NPAT</b>	<b>A\$m</b>	<b>10.7</b>	<b>15.0</b>	<b>26.6</b>	<b>46.7</b>
Abnormal Items	A\$m	-	-	-	-
<b>Reported Profit</b>	<b>A\$m</b>	<b>10.7</b>	<b>15.0</b>	<b>26.6</b>	<b>46.7</b>
<b>Financial Position</b>					
	Unit	FY2009A	FY2010F	FY2011F	FY2012F
<b>Cash</b>	<b>A\$m</b>	<b>16.6</b>	<b>19.1</b>	<b>50.7</b>	<b>114.0</b>
Other Current Assets	A\$m	3.1	6.9	8.7	12.0
<b>Total Current Assets</b>	<b>A\$m</b>	<b>19.6</b>	<b>26.0</b>	<b>59.4</b>	<b>126.0</b>
Property, Plant & Equip.	A\$m	9.5	21.2	26.9	23.0
Exploration	A\$m	28.7	29.4	27.0	20.2
Investments/other	A\$m	2.0	2.0	2.0	2.0
<b>Tot Non-Curr. Assets</b>	<b>A\$m</b>	<b>40.2</b>	<b>52.5</b>	<b>55.9</b>	<b>45.2</b>
<b>Total Assets</b>	<b>A\$m</b>	<b>59.9</b>	<b>78.5</b>	<b>115.4</b>	<b>171.2</b>
Short Term Borrowings	A\$m	(0.3)	(0.3)	(0.3)	(0.3)
Other	A\$m	(9.0)	(6.2)	(6.5)	(7.3)
<b>Total Curr. Liabilities</b>	<b>A\$m</b>	<b>(9.4)</b>	<b>(6.6)</b>	<b>(6.9)</b>	<b>(7.6)</b>
Long Term Borrowings	A\$m	(0.4)	(0.4)	(0.4)	(0.4)
Other	A\$m	(4.6)	(11.0)	(21.0)	(29.3)
<b>Total Non-Curr. Liabil.</b>	<b>A\$m</b>	<b>(4.9)</b>	<b>(11.4)</b>	<b>(21.4)</b>	<b>(29.7)</b>
<b>Total Liabilities</b>	<b>A\$m</b>	<b>(14.3)</b>	<b>(17.9)</b>	<b>(28.2)</b>	<b>(37.3)</b>
<b>Net Assets</b>	<b>A\$m</b>	<b>45.6</b>	<b>60.6</b>	<b>87.2</b>	<b>133.9</b>
<b>Cashflow</b>					
	Unit	FY2009A	FY2010F	FY2011F	FY2012F
<b>Operating Cashflow</b>	<b>A\$m</b>	<b>24.7</b>	<b>20.7</b>	<b>50.4</b>	<b>87.9</b>
Income Tax Paid	A\$m	-	-	(1.4)	(11.6)
Interest & Other	A\$m	0.2	0.2	(0.5)	0.3
<b>Operating Activities</b>	<b>A\$m</b>	<b>24.9</b>	<b>20.9</b>	<b>48.5</b>	<b>76.6</b>
Property, Plant & Equip.	A\$m	(40.2)	(13.4)	(11.9)	(8.4)
Exploration and Devel.	A\$m	(8.6)	(5.0)	(5.0)	(5.0)
Investments	A\$m	-	-	-	-
<b>Investment Activities</b>	<b>A\$m</b>	<b>(48.9)</b>	<b>(18.4)</b>	<b>(16.9)</b>	<b>(13.4)</b>
Repayment of Borrowings	A\$m	(0.3)	-	-	-
Equity	A\$m	0.2	-	-	-
Dividends Paid	A\$m	-	-	-	-
<b>Financing Activities</b>	<b>A\$m</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cashflow</b>	<b>A\$m</b>	<b>(24.0)</b>	<b>2.5</b>	<b>31.6</b>	<b>63.3</b>
<b>Ratio Analysis</b>					
	Unit	FY2009A	FY2010F	FY2011F	FY2012F
Cashflow Per Share	A¢	8.9	13.7	26.0	46.0
Cashflow Multiple	X	7.8	5.0	2.6	1.5
Earnings Per Share	A¢	13.9	9.7	17.3	30.4
Price to Earnings Ratio	X	5.0	7.1	4.0	2.3
Dividends Per Share	A¢	-	-	-	-
Dividend Yield	%	-	-	-	-
Net Debt / Equity	%	na	na	na	na
Interest Cover	X	na	78.2	na	-
Return on Equity	%	23%	25%	31%	35%
<b>August 2009</b>					
<b>Speculative Buy</b>					
<b>Directors</b>			<b>Company Information</b>		
Paul Chapman (Non-Exec. Chair)			31 Malcolm St,		
Les Davis (MD)			West Perth, WA, 6005		
Chris Banasik (Expl. Dir)			Tel: (08) 6313 3800		
Peter B Johnston (Non-Exec. Dir)			Fax: (08) 6313 3888		
Brian A Kennedy (Non-Exec. Dir)			Web: www.silverlakeresources.com.au		
David Griffiths (Non-Exec. Dir)					
<b>Top 10 Shareholders</b>			<b>m shares %</b>		
Eye Management Pty Ltd			15.18 9.9%		
Sprott Asset Management Inc.			11.95 7.8%		
HSBC Custody Nominees (Australia) Limited			7.09 4.6%		
BRGM Nominees Pty Ltd (BRGM Unit Account)			5.00 3.3%		
National Nominees Limited			3.10 2.0%		
Goldfields Hotel Pty Ltd (Exchange Hotel Unit Trust)			2.67 1.7%		
RJ Custodians Pty Ltd			2.65 1.7%		
Goldfields Hotel Pty Ltd			2.12 1.4%		
Mellett Super Pty Ltd			2.08 1.4%		
<b>Reserves &amp; Resources</b>					
		Mt	g/t Au	Koz	Attrib.
<b>Resources</b>					
<b>Mount Monger</b>					
Daisy Milano		0.20	40.50	257	257
Chrismas Flat		0.45	3.50	51	51
Costello		0.09	3.70	11	11
Lorna Doone		0.11	4.00	14	14
Magic		0.60	2.90	56	56
Sub Total		1.45	8.30	390	390
<b>Murchison</b>					
Cornet		2.28	4.00	291	291
Moyagee		0.82	8.50	224	224
Tuckabianna		4.72	3.00	450	450
Sub Total		7.82	3.80	965	965
<b>Other</b>					
Rothsay		0.59	7.00	133	133
<b>Total</b>		<b>9.87</b>	<b>4.70</b>	<b>1,488</b>	<b>1,488</b>
<b>Production Summary</b>					
	Unit	FY2009A	FY2010F	FY2011F	FY2012F
*Attributable					
Payable Gold Metal	000oz	47.6	65.1	98.4	140.2
Cash Cost	\$A/oz	-	-	-	-
<b>Price Assumptions</b>					
	Unit	FY2009A	FY2010F	FY2011F	FY2012F
Gold	US\$/oz	874	919	900	900
Exchange Rate	A\$/US\$	0.75	0.78	0.78	0.78
\$A Gold	A\$/oz	1170	1176	1161	1161
<b>Hedging</b>					
	Unit	FY2009A	FY2010F	FY2011F	FY2012F
Total Forward Sales - Gold	000oz	-	-	-	-
Forward Gold Price	\$A/oz	-	-	-	-
<b>Sensitivity Analysis</b>					
	Valuation (\$/s)	NPAT	EPS (¢)	CFPS (¢)	
<b>Base Case</b>	<b>1.23</b>	<b>15.0</b>	<b>9.7</b>	<b>13.7</b>	
Exchange Rate +10%	1.07	10.2	6.6	10.6	
Exchange Rate -10%	1.44	20.8	13.6	17.5	
Gold Price +10%	1.42	20.3	13.2	17.1	
Gold Price -10%	1.05	9.7	6.3	10.3	
Operating Costs +10%	1.15	11.7	7.6	11.6	
Operating Costs -10%	1.32	18.2	11.8	15.8	
*N.B. NPAT, EPS, CFPS forecasts are for FY2010					
<b>Share Price Valuation (NAV)</b>					
		Est. \$m	Est. \$/share		
Daisy Milano (NPV @ 8%)		165.5	0.92		
Murchison		19.3	0.11		
Exploration		20.0	0.11		
Cash		16.6	0.09		
Forwards		0.0	0.00		
Corporate Overheads		(7.7)	(0.04)		
Total Debt		(0.7)	(0.00)		
Tax Losses		2.0	0.01		
Options & Other Equity		7.2	0.04		
<b>Total</b>		<b>222.1</b>	<b>1.23</b>		
Analyst: Andrew Muir					
Phone: +61 8 9268 3045					
Sources: IRESS, Company Information, Hartleys Research					
Last Updated: 26/08/2009					

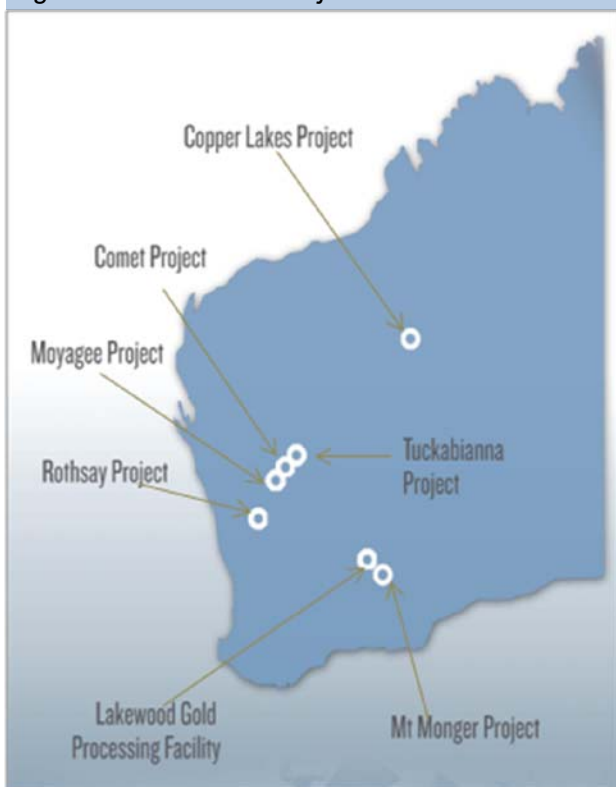
## INTRODUCTION

Silver Lake Resources is a WA based gold miner [ASX: SLR] with current production of ~60koz per annum. The Company is targeting 150koz per annum within three years and 200koz per annum within five years.

Current production is from the 100% owned Mt Monger project, located approximately 50km south east of Kalgoorlie. At Mt Monger, production is sourced from the high grade Daisy Milano underground mine and the Christmas Flat open pit mine. The ore from these mines is treated at the Company's nearby Lakewood Gold processing facility.

Silver Lake is also looking at the potential to have a second mining centre at its Murchison projects (Tuckabianna, Comet and Moyagee), located approximately 600km northeast of Perth.

Fig. 1: Silver Lake Project Locations



Source: Silver Lake Resources Limited

## KEY ASSETS

### MT MONGER (100%)

#### History

The Mt Monger gold field has a long history of gold mining and prospecting since 1896. Over 400koz of gold has been produced in the field prior to Silver Lake at an average grade of 23.7g/t gold.

Fig. 2: Mt Monger Prospects (view ~5km from north to south)



Source: Silver Lake Resources Limited

Most mines did not go deeper than 50m and were not on a large scale due to a lack of water, the high costs associated with transporting the ore to Kalgoorlie for treatment, as well as the labour intensive mining style required to extract ore from the narrow stopes.

During almost its entire history, the ownership of the Mt Monger field was very fragmented, constraining systematic mining and exploration. Consequently, the field saw over 25 separate mines. The mines were centred on numerous northwest-southeast lines of lode that hosted the mineralisation.

In 2003, Perilya Limited purchased the Daisy Milano mine, and consolidated the field by buying out the independent prospectors.

Silver Lake subsequently purchased the Mount Monger tenements from Perilya in late 2007 for \$11.5m.

## Daisy Milano

### Overview

Daisy Milano is currently the only underground operation within the Company's Mt Monger project. The Daisy Milano deposit is characterised by high grades (resource grade is 40.5g/t) though narrow widths (typically between 0.2m and 2m).

The deposit is located within a north-south trending shear zone and the mineralisation occurs as a swarm of thin quartz veins as two main lodes. The lodes are sub vertical, with a slight dip to the east, and plunge to the south east. The lodes also lengthen in strike with depth.

### Production

Silver Lake recommenced production at Daisy Milano in late 2007, following the purchase of the tenements from Perilya earlier that year.

Access to the mine is via a decline, which has advanced to 500m below surface.

At the time of the purchase, it was thought that the mineralisation terminated at a 30m thick east-west striking dolerite. This was due to a lack of drilling data beyond the dyke, partly due to the historic fragmentation of the tenements which resulted in a lack of systematic exploration.

However, on recommencement of mining, the Company drilled south of the dyke, intercepting extensions to the mineralisation. These extensions south of the dyke have now been accessed on a number of different development levels and Silver Lake intends to source a growing proportion of its ore from this area over the coming years. Significantly, the deposit is still open at depth and down plunge. In addition, the northern extent of the orebody has not been fully tested at depth.

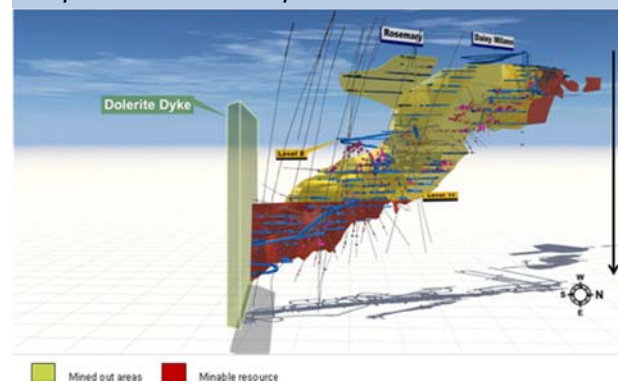
Due to the narrow nature of the ore body, Silver Lake uses more labour intensive narrow vein mining techniques to help minimise dilution. Primary mining methods include airleg mining and selective long hole stoping. Though

these methods are usually more costly on a per tonne basis, the high gold grade can support this style of mining.

The current resource for Daisy Milano is 198kt @ 40.5g/t Au for 257koz of gold. Though the Company uses narrow vein mining techniques, the narrow width of the orebody means that some dilution is inevitable. Consequently, the 40.5g/t resource grade is diluted down to an average mined grade of 10g/t.

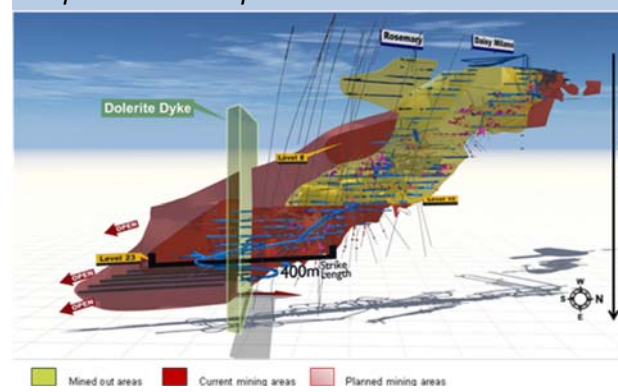
Mining at Daisy Milano is currently at the rate of ~180 - 200kt per annum at 10g/t Au, yielding ~60koz of gold in ore per annum.

*Fig. 3: Daisy Milano Deposit and Workings prior to SLR Exploration.*



Source: Silver Lake Resources Limited

*Fig. 4: Daisy Milano Deposit and Workings post SLR Exploration.*



Source: Silver Lake Resources Limited

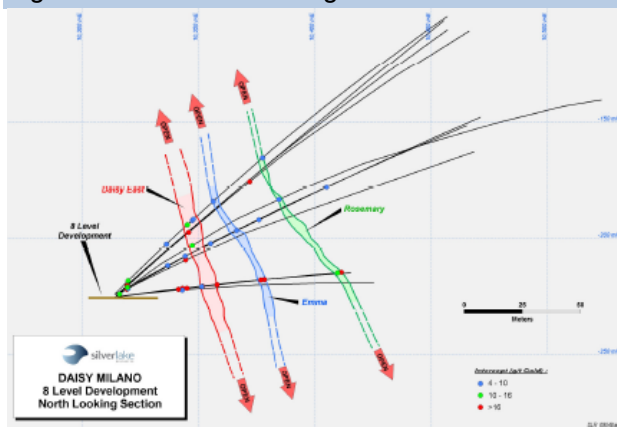
This production level is the natural production rate for the deposit, with any higher rates likely to negatively impact on the quality of the ore.

## Exploration

Recent drilling from the 8 level at Daisy Milano targeted interpreted extensions to the historically mined Rosemary deposit. Rosemary produced ~15koz of gold at an average grade of 274g/t Au down to a depth of 80m.

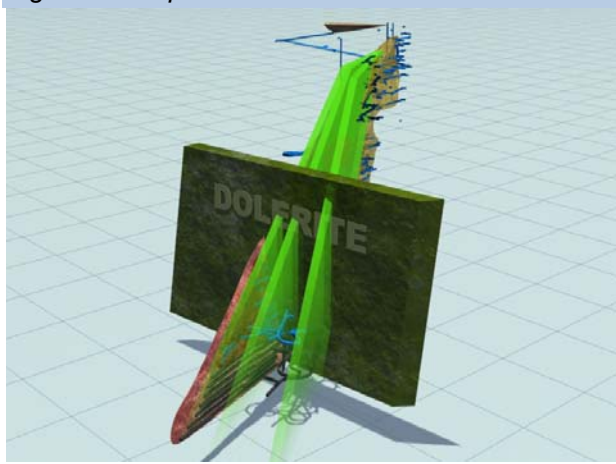
The drilling not only intersected the Rosemary extension, but two new lodes, Daisy East and Emma. All three lodes are approximately sub parallel to Daisy Milano. Daisy East is located ~40m to the east of Daisy Milano, Emma a further 30m east, and Rosemary extension ~50m beyond Emma. All three of the newly discovered lodes are open along strike as well as up and down dip.

Fig. 5: Section Showing the New Lodes.



Source: Silver Lake Resources Limited

Fig. 6: Oblique View of New Lodes



Source: Silver Lake Resources Limited

Silver Lake has planned a detailed infill and extensional drilling program to drill out these new lodes down to 500m depth. The program is expected to take approximately 6 months,

and is budgeted at \$1m. In addition, the Company plans to drive across the strike of each of the structures to gain a better understanding of the geology.

In addition to intersecting the Daisy East, Emma and Rosemary extension lodes, the completed drill program also intersected two other structures ~5m and ~25m east of the 8 level. The Company is unsure as to the strike and dip extent of these lodes, and they are not well understood at this point in time. The pending drill program and strike driving will give more information as to the size and orientation of these structures.

The close distance of Daisy East, Emma and Rosemary to the Daisy Milano workings means that if these new lodes contained sufficient resources, they could potentially be developed very cheaply, leveraging off the existing Daisy Milano infrastructure. The mining of these lodes would be done in conjunction with Daisy Milano, thereby allowing for much higher production than from just Daisy Milano alone.

## Other Prospects

### Christmas Flat

The Christmas Flat deposit is located several hundred metres west of Daisy Milano, and is a similar style of mineralisation. The current resource for Christmas Flat contains 51koz at an average grade of 3.5g/t.

The Christmas Flat area includes the historical Haoma, Maranoa and Dinnie Riggio mines. All of these deposits were mined from underground up to the early 1960s. Dinnie Riggio was also subject to open pit mining in the mid 1990's.

Silver lake has recently commenced an open pit operation at Christmas Flat, with Stage 1 of the mine scheduled to produce 10koz of gold at 4.5g/t over six months. This ore will be fed through the plant over a 12 month period.

Studies are currently underway as to whether to mine the remainder of the resource via a cut

back on the current open pit or from underground.

**Magic**

The Magic deposit is located 2km south of Daisy Milano, and contains a resource of 56.2koz of gold at an average grade of 2.9g/t.

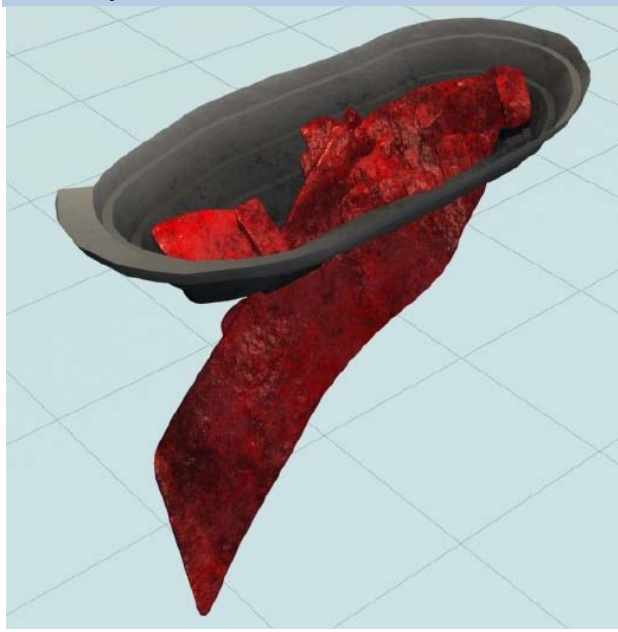
The Company recently undertook an infill drilling program at Magic, targeting near surface mineralisation. The program confirmed the presence of relatively thick near surface mineralisation, though the results indicate that the deposit is still open at depth.

Better results include:

- 17m @ 2.8 g/t Au from 19m
- 4m @ 9.3 g/t Au from 20m
- 8m @ 4.2 g/t Au from 26m
- 7m @ 6.8 g/t Au from 30m

Silver lake is currently finalising mining studies for the deposit, with a view to commence open pit mining in early 2010 following the completion of Christmas Flat. Like Christmas Flat, there is the potential to develop an underground operation at magic after the completion of the open pit.

**Fig. 7: Oblique View of Magic Pit and Ore Body**

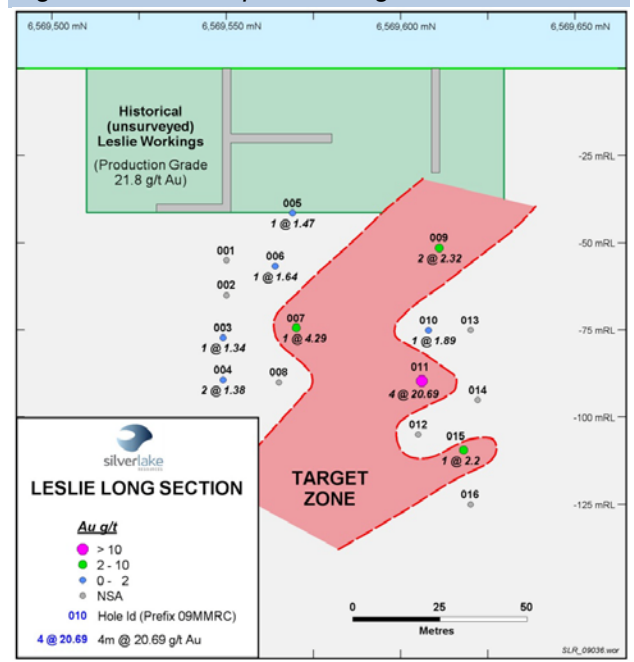


Source: Silver Lake Resources Limited

**Leslie**

The Leslie deposit is located ~2km north of Daisy Milano. The deposit has little historic information, though there has been some small scale underground mining. However, a small RC drill program by Silver Lake intersected a high grade zone underneath the historic workings. The best intersection from the program was 4m @ 20.7 g/t Au. The Company has planned a follow up drilling program during the current quarter with the aim of defining the depth and strike extent of the mineralisation.

**Fig. 8: Leslie Deposit Long Section**



Source: Silver Lake Resources Limited

**Other Prospects**

The Company also has resources calculated for both Costello and Lorna Doone of 11.2koz and 14.3koz respectively. It is understood that both of these deposits may be amenable to open pit mining. However, both resources are currently at the inferred status and will require further infill drilling to enable the calculation of an initial reserve estimate.

**Exploration**

A study undertaken by AngloGold in 2003 on the potential of the Mt Monger project indicated the possibility of between 2 and 4.5Moz of gold. This was based on the assumption that the field contained 9 separate zones, each plunging down to ~500m. To date, Daisy

Milano is the only deposit to have had any significant drilling at depth.

The project contains multiple lines of mineralisation over a strike length of approximately 10km. As highlighted before, the project has never seen systematic exploration due to the fragmented number of tenement owners.

Consequently, the project is highly underexplored, with less than 3% of the holes drilled to date deeper than 100m. Consequently, Silver Lake is planning to follow up known deposits and target depth and strike extensions, as well as to test for mineralisation amenable to open pit mining.

The Company plans to spend \$4m on exploration drilling over the next year. This drilling will include the drill out of Daisy East, Emma & Rosemary extension down to 500m, extending the drilling of Daisy Milano down to 800m, as well as significant step out drilling from the surface targeting depth and strike extensions.

### Lakewood Processing Facility

The Lakewood Gold Processing Facility is located 45km from Daisy Milano and 5km south east of Kalgoorlie. The facility was acquired in late 2007 for \$2.4m. Silver Lake refurbished the facility, which included installing a new gravity circuit, and now process all ore from the Mt Monger project at Lakewood.

The Mt Monger ore typically has a recovery of ~96%, with a very high gravity component of over 80% due to the high grade and nuggetty nature of the mineralisation.

Lakewood is a traditional carbon in leach (“CIL”) plant, with an annual maximum throughput rate of 300kt. However, this is dependent on a blended feed of 120kt of oxide material from open pits and 180kt of fresh material sourced from underground.

Fig. 9: Lakewood Plant Location



Source: Silver Lake Resources Limited

The fixed costs for Lakewood are relatively high. We understand that at a throughput rate of 300ktpa, the milling costs are between \$40 - \$45/t of ore. Consequently, the Company is examining upgrading the output of the plant, thereby reducing the fixed costs per tonne, as well as significantly boosting gold output. We understand that if Lakewood throughput was increased to 600ktpa, the milling costs would halve to ~\$20/t.

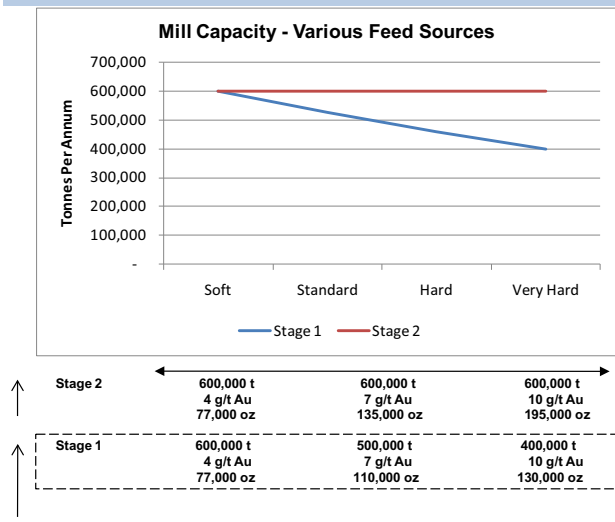
To this end, Silver Lake is investigating a low capital cost, staged upgrade of the Lakewood facility.

Stage 1 would involve spending \$4m to take the overall capacity to 600ktpa. This would require two additional CIL tanks, a new thickener, and an upgrade to the cyclones. This enlarged capacity would only be achieved with an oxide-fresh ore blend as is required to reach the current 300ktpa capacity. The study into the viability for the Stage 1 upgrade is currently underway, and is expected to be completed by the end of the September 2009 quarter. However, the Company has already awarded the construction contract to Como Engineers, with a view to having the upgrades online by early 2010. The Company estimates that the low cost nature of the upgrades should result in a payback period of less than six months.

Stage 2 of the upgrade would involve capital expenditure of an additional \$4.5m, and would allow the treatment of 600ktpa of fresh material. The key components of this upgrade include a regrind mill, an additional gravity circuit, as well as upgrading the electrics and tailings storage facility. This Stage 2 upgrade would reduce the Company's reliance on oxide feed to run at full capacity. In addition, the treatment of the much higher underground grades would result in higher gold production.

A decision on Stage 2 is dependent on exploration success leading to a significant increase in the underground mining inventory.

**Fig. 10: Lakewood Oxide vs Fresh Tradeoff for Stage One and Two Upgrades**



Source: Silver Lake Resources Limited

## MURCHISON PROJECTS (100%)

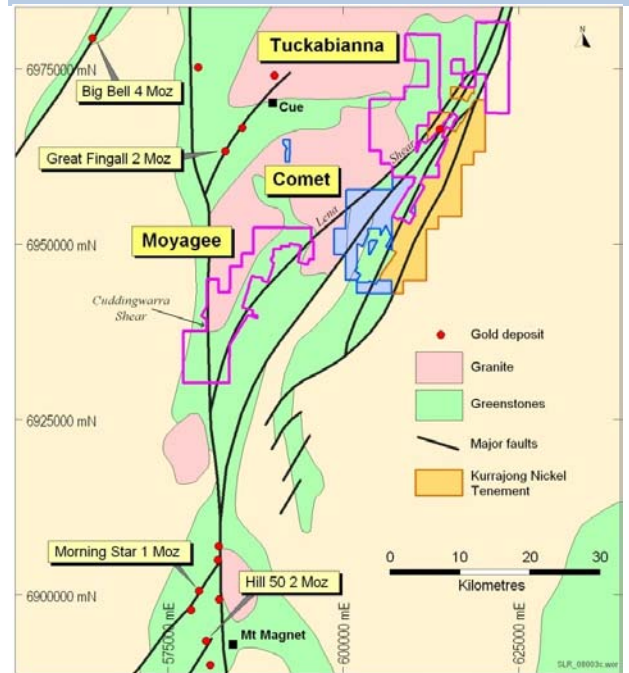
Silver Lake has three projects in the Murchison area which are Tuckabianna, Comet and Moyagee. The Murchison projects are more of a high tonne - lower grade style of deposits compared to Mt Monger. The deposits are more likely to be mined via open pit methods, where large scale earth movement will be key to the projects economics.

The current resource for the three projects combined is 965koz, at an average grade of 3.8g/t gold.

The projects are located approximately 1,000km north east of Perth, and between 40 and 80km north of Mt Magnet.

All three projects are located on major gold bearing regional structures and surrounded by a number of multi-million ounce deposits in the region.

**Fig. 11: Murchison Projects Location**



Source: Silver Lake Resources Limited

Significantly, most of the exploration on the projects has been shallower than 100m depth, indicating potential for mineralisation at depth that may be amenable to underground mining. The Company believe that the exploration upside on the projects is over 3Moz.

Silver Lake is currently undertaking a definitive feasibility study with a base case production plan of 150koz pa. The Company has a low capital preference, which is likely to involve toll treating the ore at one of the several mills in the area.

## Tuckabianna

Tuckabianna has had intermittent small scale gold production from 1915, primarily from banded iron formation ("BIF"). This small scale mining yielded total production of 53koz at an average grade of 18g/t.

Modern mining commenced in 1988, yielding over 500koz before mining stopped in 1997 from 17 separate open pits, most of which are located within Silver Lakes ground holding.

The project has had significant shallow drilling over the main mineralised trends, targeting open pittable ore. Silver Lake believes that there is potential to define deeper high grade gold mineralisation below and along strike from the previously defined mineralisation.

## Comet

Silver Lake considers Comet to be a pre-development project that also has advanced exploration targets.

The project was previously mined between 1913 until 1996. Prior to the 1980s most gold mining was via underground methods. However, in the 1980s, open pit mining was the primary mining method at both the Comet and Pinnacles deposits. Production from these two deposits yielded ~70koz at an average grade of 3.45g/t gold.

Like Tuckabianna, Silver Lake considers the area prospective, with significant potential in the extensions of current resources along strike and at depth.

## Moyagee

The Moyagee project has only minor historic production, yielding ~12koz of gold from small scale operations targeting small high grade quartz veins.

The most advanced exploration target at Moyagee is the Lena prospect, which contains gold mineralisation associated with gold-bearing quartz veins contained within the Lena Shear. The Company is targeting strike and depth extensions to the current resource of ~224koz.

## OTHER ASSETS

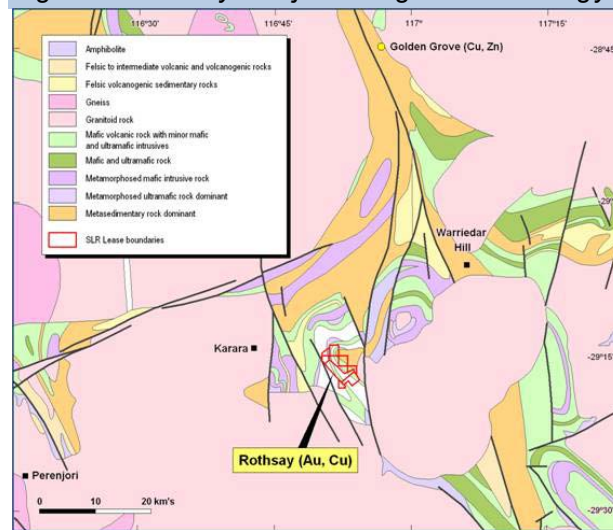
### Rothsay Project (100%)

Silver Lake also owns 100% of the Rothsay project, located 300km north-northeast of Perth and 70 km east of Perenjori. The project area

is relatively small, with eight tenements covering 25km<sup>2</sup>.

The project is named after the Rothsay gold deposit, which was discovered in 1894. Historic mining to 1994 yielded ~56koz of gold from small scale operations.

Fig. 12: Rothsay Project Regional Geology



Source: Silver Lake Resources Limited

The project has a resource of 133koz at an average grade of 7.0g/t gold. The mineralisation is primarily hosted within quartz veins contained within northwest trending shear zones in mafic and ultramafic rocks.

The Company believes that the project is also prospective for copper mineralisation as the previous operators produced a copper concentrate on site. The copper oxide mineral malachite is also evident in the vicinity of the historic mine workings.

### Copper Lakes Project (100%)

The Copper Lakes project is located 520km southeast of Port Hedland in WA. The project is an early stage greenfields project. Historic exploration consisted primarily of remote sensing, mapping and soil sampling. The project does not contain any resources.

Historic work generated surface samples of up to 10g/t Au, 26% Cu and over 0.1% Co. However, drill testing of a range of targets generated from electromagnetic conductors and magnetic anomalies were unsuccessful.

## RESOURCES

Silver Lake has a global resource base of ~1.5Moz, most of which are located in the Murchison project.

At Mt Monger, the high grade and nuggetty nature of the mineralisation means that the accurate estimation of reserves is very difficult and would require very close spaced drilling, which would be very expensive. It is actually cheaper to undertake underground development along the ore body, to then stope out the higher grade material. Consequently, the Company has not released a reserve statement. However, we understand that the Company expects ~80% of all resources to be economic. Assuming this 80% conversion implies a current pseudo mining inventory for Mt Monger of 312koz.

Fig. 13: Silver Lake Resource Statement as at 30 June 2009

Deposit	Measured			Indicated			Inferred			Total		
	kt	g/t Au	Koz	kt	g/t Au	Koz	kt	g/t Au	Koz	kt	g/t Au	Koz
Mount Monger												
Daisy Milano	117.1	41.3	155.7	36.7	32.7	38.5	44.0	44.7	63.2	197.8	40.5	257.4
Christmas Flat	-	-	-	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	-	-	-	348.4	3.2	35.4	249.2	2.6	20.8	597.6	2.9	56.2
<b>Sub Total</b>	<b>117.1</b>	<b>41.3</b>	<b>155.7</b>	<b>591.6</b>	<b>5.1</b>	<b>96.9</b>	<b>745.4</b>	<b>5.7</b>	<b>137.5</b>	<b>1,454.1</b>	<b>8.3</b>	<b>390.1</b>
Murchison												
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
<b>Murchison</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,036.2</b>	<b>3.2</b>	<b>410.4</b>	<b>3,785.6</b>	<b>4.6</b>	<b>554.9</b>	<b>7,821.8</b>	<b>3.8</b>	<b>965.4</b>
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
<b>Total</b>	<b>117.1</b>	<b>41.3</b>	<b>155.7</b>	<b>4,627.8</b>	<b>3.4</b>	<b>507.3</b>	<b>5,122.2</b>	<b>5.0</b>	<b>825.3</b>	<b>9,867.1</b>	<b>4.7</b>	<b>1,488.4</b>

Source: Silver Lake Resources Limited

## MANAGEMENT, DIRECTORS AND MAJOR SHAREHOLDERS

### BOARD AND KEY MANAGEMENT

#### Paul Chapman - Non-Executive Chairman

Mr Paul 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 uranium explorer Encounter Resources Ltd, and minerals explorer Rex Minerals Ltd.

#### Les Davis - Managing Director

Mr Davis has 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 GM Expansion Projects with organisations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd.

**Chris Banasik** - Director Exploration & Geology

Mr Banasik's 21 year resource career includes 10 years hands-on experience in mine geology resource and reserve calculation and a history of successful exploration in the Kambalda region of WA. Mr Banasik has extensive experience in leading geology and exploration teams and 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.

**Peter Johnston** - Non-Executive Director

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 of Minara Resources Ltd since 2001. Mr Johnston is an Executive Council member of the Chamber of Minerals and Energy, a Director of the Minerals Council of Australia and the Nickel Institute, and a member of the Australian Mines & Metals Association

**Brian Kennedy** - Non-Executive Director

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. Mr Kennedy was a founding shareholder and director of Reliance Mining Ltd. before its takeover by Consolidated Minerals Ltd.

**David Griffiths** - Non-Executive Director

Mr Griffiths has more than 30 years management and strategic communications experience. 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.

**David Crockford** - Resident Manager (Mount Monger Operations)

Mr Crockford is a Mining Engineer with extensive experience in narrow vein mining methods and contract mining. Mr Crockford's career incorporates roles at MPI Mines Black Swan Nickel Mine and held the position of Underground Manager with Leviathan Resources in Coolgardie.

**Peter Armstrong** - Chief Financial Officer & Company Secretary

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.

*Fig. 14: Board and Management Economic Exposure as at 30 June 2009*

Directors	Position	Options	Shares	Total Exposure
Paul Chapman	Non-Executive Chairman	4,000,000	4,606,908	8,606,908
Les Davis	Managing Director	4,000,000	4,200,000	8,200,000
Chris Banasik	Director Exploration & Geology	4,000,000	4,000,000	8,000,000
Brian Kennedy	Non-Executive Director	4,000,000	4,318,253	8,318,253
Peter Johnston	Non-Executive Director	4,000,000	4,075,377	8,075,377
David Griffiths	Non-Executive Director	4,000,000	4,158,377	8,158,377
<b>Key Management</b>				
David Crockford	Resident Manager (Mount Monger)	240,000		240,000
Peter Armstrong	CFO & Co. Sec.	200,000	460,000	660,000
<b>Total</b>			<b>25,818,915</b>	
<b>% of Total Shares on Issue</b>			<b>16.8%</b>	

Source: Silver Lake Resources Limited

## MAJOR SHAREHOLDERS

*Fig. 15: Substantial Shareholders as at 30 June 2009*

Registered Holder	Beneficial Owner	Shares	%
HSBC Custody Nominees (Australia ) Ltd	Eye Management Pty Ltd	15,175,000	9.89%
ANZ Nominees Ltd	Sprott Asset Management Inc.	11,948,702	7.79%

Source: Silver Lake Resources Limited

*Fig. 16: Top 10 Shareholders as at 30 June 2009*

Registered Holder	Number of Quoted Securities	%
HSBC Custody Nominees (Australia) Limited – GSCO ECA	15,175,000	9.89%
ANZ Nominees Limited	7,633,151	4.98%
HSBC Custody Nominees (Australia) Limited	7,092,800	4.62%
BRGM Nominees Pty Ltd (BRGM Unit Account	5,000,000	3.26%
National Nominees Limited	3,103,850	2.02%
Goldfields Hotel Pty Ltd (Exchange Hotel Unit Trust)	2,666,667	1.74%
RJ Custodians Pty Ltd	2,650,000	1.73%
Goldfields Hotel PTY Ltd	2,124,000	1.38%
Mellett Super Pty Ltd	2,076,185	1.35%
Forbar Custodians Limited	1,542,153	1.01%
	<b>49,063,806</b>	<b>31.98%</b>

Source: Silver Lake Resources Limited

## FINANCIALS

As at 30 June 2009, Silver Lake had \$16.6m in cash and no debt other than finance leases of \$0.7m.

As at the same date, the Company had 153.41m shares on issue, 23.9m of which are restricted until 14 November 2009. Silver Lake also had 26.5m options on issue, exercisable at various dates and prices.

For FY2009, the Company reported NPAT of \$10.65m.

Silver Lake is unhedged in relation to gold and foreign exchange.

# VALUATION

## COMMODITY & EXCHANGE RATE FORECASTS

Fig. 17: Hartleys Exchange Rate and Commodity Price Assumptions

		CY2009	CY2010	CY2011	CY2012	CY2013 on
AUDUSD	A\$/US\$	0.76	0.75	0.80	0.75	0.75
Gold	US\$/oz	926	900	900	900	900

Source: Hartleys Estimates

## ASSUMPTIONS

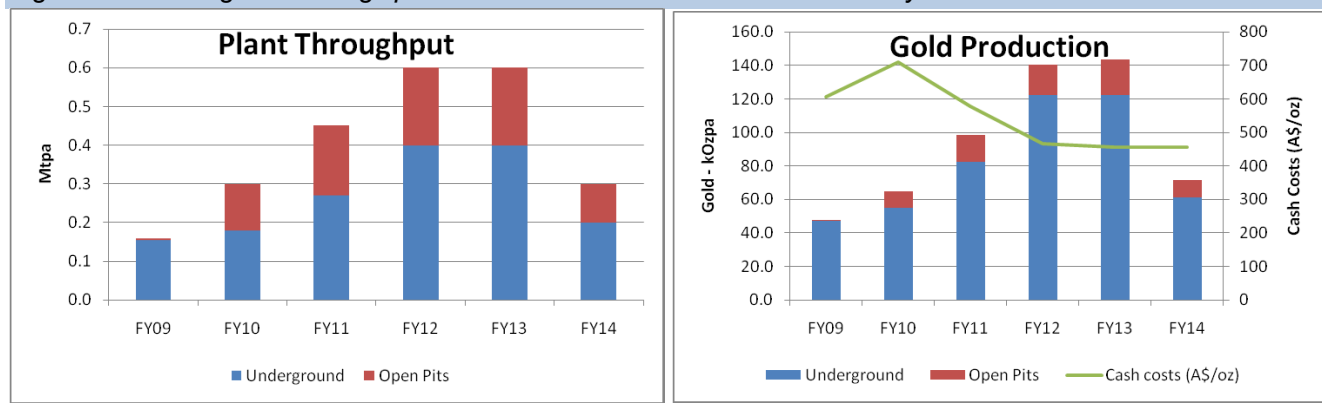
Key to our valuation of the Mt Monger project is the assumption that Silver Lake expands on its resource base of 390koz to have a mining inventory of 500koz (which is more conservative than Company expectations). Given the recent discovery of the Daisy East, Emma and Rosemary extensions, and the lack of drilling below 100m depth, we see good potential for the Company to achieve this. We believe that this inventory is conservative due to the lack of previous systematic exploration and the +2Moz potential identified by AngloGold in 2003.

However, we have assumed that exploration does not find enough underground ore to run the plant at 600ktpa on underground ore alone. Therefore our production scenario includes the Stage 1 plant upgrade, but not the stage 2.

Using this 500koz mining inventory, we have generated a discounted cash flow model for Mt Monger based on underground and open pit operations running in conjunction. Our production scenario has open pit mining at half the rate of underground mining. This scenario assumes that the Christmas Flat, Costello, Lorna Doone and Magic resources (totalling 133koz) are all mined via open pit. All underground ore is assumed to come from Daisy Milano (resource 257koz) as well as daisy East, Emma and Rosemary extension.

Consequently, we have throughput of 300kt in FY2010, increasing to 450kt in FY2011 as production and the plant ramps up, with 600kt in FY2012 onwards. This produces a production profile of 65koz in FY2010, 98koz in FY2011, and ~140koz in FY2012 and FY2013. Production falls off in FY2014 to 70koz as our assumed mining inventory is depleted.

Fig. 18: Mt Monger Throughput and Production Based on Hartleys Scenario



Source: Hartleys Estimates

The cash operating costs decrease during this time due the reduction in plant costs as well as the increasing production profile. Based on this scenario, we derive a value for the **Mt Monger** project of \$165m, or **92cps**.

Whilst the Murchison project contains a sizeable resource of almost 1Moz, we do not believe that the market attributes much value to this project as the potential development options are still being examined. We have not attempted a DCF valuation of the project for this reason. However, to capture some value, we have attributed A\$20 per resource ounce to the project, in line with that for junior explorers. This equates to a value for the **Murchison** project of \$19m, or **11cps**. Once a development path has been chosen, we will undertake a DCF valuation. We expect this to yield a large increase in the value attributed to the project.

We have not attributed any value to the Rothsay or Copper Lakes projects, though we have attributed general **exploration** value of \$20m, or **11cps**.

When combining the above values with the other aspects of the business, we derive a sum of parts valuation for **Silver Lake Resources Limited** of \$222m, or **\$1.23/share**.

*Fig. 19: Mt Monger Throughput and Production Based on Hartleys Scenario*

	A\$m	A\$/share
Daisy Milano (NPV @ 8%)	165.48	0.92
Murchison	19.3	0.11
Exploration	20.0	0.11
Cash	16.6	0.09
Forwards	0.0	0.00
Corporate Overheads	(7.7)	(0.04)
Total Debt	(0.7)	(0.00)
Tax Losses	2.0	0.01
Options & Other Equity	7.2	0.04
<b>Total</b>	<b>222.1</b>	<b>1.23</b>

Source: Hartleys Estimates

We see good potential for upgrades to our valuation via:

- exploration success at Mt Monger leading to a mining inventory greater than 500koz,
- the definition of substantially more high grade underground resources at Mt Monger allowing for the Stage 2 mill upgrade, yielding greater gold production due to the treatment of the higher underground grades, and
- a development path defined for the Murchison Project

## BASE CASE VALUATION COMPARATIVE

By way of comparison, we have undertaken a valuation for Mt Monger just using the current resource base, with no further additions or exploration success, and keeping all other aspects equal (i.e. cash, debt, Murchison value etc). This scenario has Daisy Milano mining out its 257koz of resources over just under five years, and the open pits providing ~26koz over two years. This gives a value for Mt Monger of 39cps, and a whole of Company value of 71cps.

Given that this value is close to the current share price, this would imply that the market is not ascribing any value to potential exploration success and resource additions. Therefore, we believe that the Company will be highly geared to future exploration success and resource conversion.

## SENSITIVITIES

As can be seen in Figure 20, Silver Lake is most sensitive to both exchange rates and commodity prices due to the Company's lack of hedging.

Fig. 20: Valuation Sensitivity to Key Inputs

	Valuation (A\$m)			Variation	
	-10%	0%	10%	-10%	10%
Exchange Rate	259	222.1	192	17%	-14%
Operating Costs	237	222.1	207	7%	-7%
Gold Price	189	222.1	255	-15%	15%

Source: Hartleys Estimates

## RISKS

One of the key risks for Silver Lake is the high grade and nuggetty nature of the ore body, which means accurate grade estimation can be problematic. This risk can be mitigated somewhat by detailed drilling far in advance of mining, good geological understanding of the ore bodies, and rigorous sampling of underground working faces.

The Company also has only a relatively limited resource base at Mt Monger and is dependent on exploration success to replenish these resources and extend mine life.

Other risks are similar to those facing most mining companies including adverse movements in the gold price and exchange rates, cost escalation, skills shortages and the risks to the Company cash flow from only having a single operation.

### Simple S.W.O.T. Table

Strengths	- <i>'Lean and mean' operations run by skilled staff</i>
	- <i>Cash flow focused management</i>
	- <i>Low capital focus</i>
Weaknesses	- <i>Limited resource base and perceived lack of mine life</i>
	- <i>Nuggetty orebody</i>
Opportunities	- <i>Mt Monger is significantly underexplored</i>
	- <i>Regional consolidation and associated synergies</i>
Threats	- <i>Commodity price and exchange rate movements</i>
	- <i>Corporate predators</i>

## SUMMARY & RECOMMENDATION

We see Silver Lake as one of the better mid tier gold producers to have emerged in recent years. The previously disaggregated Mt Monger project has the potential to yield substantial high grade resources, both along strike from existing deposits and at depth. Management has a low capital/high cash flow focus, and has significant narrow vein mining experience, which is critical to the successful exploitation of narrow nuggetty mineralisation.

Whilst the Company share price has had a very good run since the start of 2009, we see considerable further upside based on our conservative modelling assumptions, the potential for additional exploration success and positive news regarding the development of the Murchison projects.

Whilst the Company has performed very well to date, hitting all its targets on top of having exploration success adjacent to Daisy Milano, mine life extensions are conditional on further exploration success. Consequently we rate Silver Lake Resources Limited as a Speculative Buy.

# HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage					Hartleys Research	
Name	Ticker	Last Price*	M. CAP (A\$m)	EV (A\$m)	Recommendation	Industry
<b>Oil &amp; Gas</b>						
1.	Woodside Petroleum Ltd	WPL	48.67	33,999	36,896	Buy Major
2.	Eastern Star Gas Ltd	ESG	1.09	886	807	Buy Producer / Explorer
3.	Carnarvon Petroleum Ltd	CVN	0.610	416	382	Buy Producer / Explorer
4.	Nexus Energy Ltd	NXS	0.380	245	402	Speculative Buy Developer / Explorer
5.	Tap Oil Ltd	TAP	1.21	189	135	Buy Producer / Explorer
6.	Red Fork Energy Ltd	RFE	1.27	148	140	Buy Explorer / Producer
7.	Cooper Energy Ltd	COE	0.440	128	32	Buy Producer / Explorer
8.	Strike Oil Ltd	STX	0.255	84	77	Buy Explorer / Producer
9.	Amadeus Energy Ltd	AMU	0.255	50	102	Buy Producer / Explorer
10.	Oilex Ltd	OEX	0.230	40	30	Speculative Buy Explorer / Producer
11.	European Gas Ltd	EPG	0.200	40	104	Speculative Buy Producer / Explorer
12.	First Australian Resources Ltd	FAR	0.051	33	13	Neutral Explorer / Producer
13.	Sun Resources NL	SUR	0.094	32	22	Speculative Buy Explorer / Producer
14.	Adelphi Energy Ltd	ADI	0.065	10	2	Speculative Buy Junior
Sub-Total			36,301	39,146		
<b>Resources</b>						
1.	Riversdale Mining Limited	RV	6.15	1,159	833	Speculative Buy Coal
2.	Western Areas NL	WSA	5.460	919	1,155	Buy Nickel
3.	Atlas Iron Limited	AGO	1.78	687	637	Buy Iron Ore
4.	Medusa Mining Limited	MML	2.600	433	406	Buy Gold
5.	Dominion Mining Limited	DOM	3.870	398	447	Speculative Buy Gold
6.	Gold One International Limited	GDO	0.280	201	123	Buy Gold
7.	Jabiru Metals Limited	JML	0.335	183	164	Buy Zinc-Copper
8.	Intrepid Mines Limited	IAU	0.315	135	113	Speculative Buy Gold
9.	Magma Metals Limited	MMB	0.720	117	97	Speculative Buy PGM-Cu-Ni
10.	Silver Lake Resources	SLR	0.695	107	86	Speculative Buy Gold
11.	Peninsula Minerals Ltd	PEN	0.040	44	30	Speculative Buy Uranium Developer / Explorer
12.	Emmerson Resources Limited	ERM	0.200	41	29	Speculative Buy Junior Explorer
13.	Ausquest Limited	AQD	0.140	32	2	Speculative Buy Junior Explorer
14.	Shaw River Resources Limited	SRR	0.180	24	21	Speculative Buy Junior Explorer
15.	Hazelwood Resources Ltd	HAZ	0.205	21	20	Speculative Buy Junior Explorer
16.	YTC Resources Limited	YTC	0.295	13	10	No Rating Junior Explorer
17.	Southern Gold Limited	SAU	0.097	12	10	Speculative Buy Junior Explorer
Sub-Total			4,512	4,171		
<b>Industrials</b>						
1.	West Australia News Hdgs Ltd	WAN	6.16	1,277	1,580	Buy Media
2.	Monadelphous Group Limited	MND	13.850	1,159	1,029	Neutral Mining Services
3.	Clough Limited	CLO	0.920	615	660	No Rating Oil & Gas Services
4.	Austal Limited	ASB	2.790	525	431	Speculative Buy Capital Goods
5.	Mermaid Marine Australia Ltd	MRM	2.62	478	530	Buy Oil & Gas Services
6.	Macmahon Holdings Limited	MAH	0.530	389	391	Speculative Buy Mining & Civil Construction
7.	Fleetwood Corporation	FWD	6.67	336	347	Buy Consumer & Mining Services
8.	NRW Holdings Ltd	NWH	1.37	331	384	Buy Mining & Civil Construction
9.	Ausdrill Limited	ASL	1.500	262	430	Buy Onshore Drilling & Mining
10.	Neptune Marine Ltd	NMS	0.765	224	198	Speculative Buy Marine Services
11.	Southern Cross Electrical	SXE	1.450	174	150	Buy Mining & Civil Construction
12.	Index Ltd	IMD	0.835	158	180	Buy Oil & Gas / Mining Services
13.	Cash Converters Ltd	CCV	0.570	137	137	Buy Retail & Consumer Finance
14.	Decmil Group Limited	DCG	1.050	122	117	Buy Mining & Civil Construction
15.	Lycopodium Limited	LYL	2.900	110	106	Neutral Mining & Industrial Services
16.	GRD Limited	GRD	0.540	104	138	Buy Mining & Civil Services
17.	Swick Mining Services Ltd	SWK	0.675	103	157	Buy Mining Services
18.	Nomad Building Solutions Ltd	NOD	0.755	102	128	Speculative Buy Residential & Mining Services
19.	RCR Tomlinson Ltd	RCR	0.780	95	148	Speculative Buy Mining & Industrial Services
20.	VDM Group Limited	VMG	0.510	58	141	Speculative Buy Mining & Civil Construction
Sub-Total			6,758	7,385		
GRAND TOTAL			47,571	50,702		

Source: IRESS, Hartleys Research. \* 26 Aug 2009

# HARTLEYS CORPORATE DIRECTORY

## Research

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Nikki Ermongkonchai	Industrial Analyst	+61 8 9268 2837
Andrew Muir	Resources Analyst	+61 8 9268 3045
David Wall	Oil and Gas Analyst	+61 8 9268 2826

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Paul Fryer	Director-Corporate Finance	+61 8 9268 2819
Dale Bryan	Assoc Director-Corp Finance	+61 8 9268 2829
Ben Wale	Manager - Corporate Finance	+61 8 9268 3055

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## Hartleys Recommendation Categories

No Rating	No recommendation.
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but it is higher risk than a "Buy". For the share price to rise it may be contingent on the outcome of an uncertain or distant event.
Neutral	Take no action. Stock is already trading near the share price target and there are no foreseeable near term catalysts.
Reduce / Take profits	Stock is trading above the share price target and there is a near term negative catalyst that could cause temporary weakness.
Sell	Significant price depreciation anticipated

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