

APPENDIX 4D (Rule 4.2A.3.) HALF YEAR REPORT for the period ending 31 December 2010

Results for Announcement to the Market

Current reporting period: 6 months ended 31 December 2010
Previous corresponding reporting period: 6 months ended 31 December 2009

	31 December 2010 (AU\$'000)				
Revenues from ordinary activities	up	62.5%	from	25,062	to 40,736
Profit from ordinary activities after tax attributable to members	up	283.1%	from	1,571	to 6,018
Net profit for the period attributable to members	up	283.1%	from	1,571	to 6,018

Revenues from ordinary activities increased by 62.5% due to increased gold sales of 29,796 oz (2009: 21,274 oz) at an increased average realised price of \$1,363/oz (2009: \$1,176/oz). The increased revenue was the main reason for the Group achieving a 283.1% increase in Profit for the period.

Dividend Information

The Company has not proposed to pay any dividend.

	31 Dec 2010	31 Dec 2009
Net tangible assets per security*	\$0.30	\$0.28

*Exploration and evaluation phase assets have been treated as intangible assets.

Control gained or lost over entities during the period

There have been no acquisitions or losses of control over entities of the group in the 6 month period ending 31 December 2010.

Associate and joint venture entities

There are no associate or joint venture entities.

Financial Results

This report is based on the attached Interim Financial Report which has been reviewed by the Group's auditors.

Silver Lake Resources Ltd
(ABN 38 108 779 782)

Interim Financial Report
For the Six Months Ended 31 December 2010

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

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Share Registry

Security Transfer
Registrars Pty Ltd
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Applecross WA 6153

Auditor

KPMG
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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 2010 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 with a resource base of 3.0 million oz Au (refer to table 3) in highly prospective regions including the Mount Monger goldfield and the Murchison goldfield.

Silver Lake’s strategy is to develop production centres at Mount Monger and the Murchison with multiple mines at each centre.

Silver Lake’s Mount Monger Operation contains the Daisy Milano and Daisy East underground mines and the Costello open pit located 50 km southeast of Kalgoorlie.

Mount Monger has additional multi mine potential underpinned by emerging open pit production from the Magic, Wombola Dam and Wombola Pit deposits. Furthermore the extensions of the Rosemary and Haoma lodes show potential as near term production sources.

Gold ore from Mount Monger is transported to Silver Lake’s 600,000 tpa Lakewood Gold Processing Facility (“LGPF”) located 5 km southeast of Kalgoorlie and 45 km from the Daisy Milano mine.

The Company continues to review low capital milling options for the Murchison project. Ongoing exploration will focus on extending current resources that are constrained by limited drilling particularly below 100 metres depth with the strategy of delineating sufficient resources to sustain a 100,000 oz per annum operation.

Silver Lake’s exploration programme is targeting 5 million oz Au in resource.

Safety

Unfortunately there were two Lost Time Injuries (LTI) during the period. After 720 days LTI free at the mining operations, a miner at Daisy Milano slipped off a ladder, fell and received a lower back injury. The miner received medical treatment and will make a full recovery. At our Lakewood Gold Processing Facility, after three years LTI free, an electrician caught two fingers in a V belt pulley, lacerating both fingers which required surgery. The 12 month moving average Lost Time Injury Frequency Rate (LTIFR), now stands at 5.46.

Mine Production

Underground Production - Daisy Milano

Mine production was 25,711 oz (refer to table 1) at an average grade of 7.5 g/t Au. Lower grade stoping panels were completed during the period (levels north of the dolerite dyke) and extraction of the higher grade zones to the south has commenced.

Access development to the 30 level and ventilation shaft holing point was completed. Decline development at the end of the period was 40 metres from the 31 level crosscut. The ventilation shaft is progressing to plan, with the 520 metre deep pilot hole being completed. Back reaming to 4.0 metres diameter has commenced and the project is on plan to be completed in the June 2011 quarter.

During the period a total of 601 metres of capital development were completed.

Review of Operations Continued

Underground Production - Daisy East

Mine production was 7,508 oz (refer to table 1) at an average grade of 6.0 g/t Au. Ore driving during the period yielded lower grades as expected from the diluted resources model. Ore development will be the primary source of Daisy East production for the coming period as the ventilation shaft is being constructed. Post completion of the ventilation shaft, waste development will have exposed 120,000 ounces of gold in stoping blocks. Extraction from the stoping blocks will allow high grade production to ramp up in the first quarter of FY12.

Access development was completed during the period and the internal decline down to the 14 level is progressing to plan.

During the period a total of 300 metres of capital development were completed.

Open Pit Production - Costello

The Costello open pit commenced in October 2010 and produced 62,074 tonnes of ore at 1.8 g/t Au for 3,591 oz. The pit is performing to expectations and will be completed in the March 2011 quarter.

Mount Monger	Units	Half Year to 31 Dec 2010	Half Year to 31 Dec 2009
<u>Daisy Milano</u>			
Ore hoisted	Tonnes	106,657	115,854
Mined grade	g/t Au	7.5	6.8
Gold in ore hoisted	Oz	25,711	25,494
<u>Daisy East</u>			
Ore hoisted	Tonnes	39,201	0
Mined grade	g/t Au	6.0	0.0
Gold in ore hoisted	Oz	7,508	0
<u>Open Pit</u>			
Ore hoisted	Tonnes	62,074	38,192
Mined grade	g/t Au	1.8	1.9
Gold in ore hoisted	Oz	3,591	2,280
Total Ore hoisted	Tonnes	207,932	154,046
Mined Grade	g/t Au	5.5	5.6
Gold in ore hoisted	Oz	36,810	27,774

Table 1: Mine production statistics

Processing

168,077 tonnes were milled during the period at 5.5 g/t Au for 28,242 ounces recovered. Milled production for the period has been constrained due to no ore stockpiled in front of the mill from August 2010 through to December 2010. This issue has been rectified with the commencement of production from Costello open pit and record underground production in December 2010 totalling 32,000 tonnes containing 6,600 ounces of gold. Unprocessed ore stocks available for mill feed at the end of the quarter totalled 81,000 tonnes containing 8,000 ounces of gold.

Lakewood Gold Processing Facility	Units	Half Year to 31 Dec 2010	Half Year to 31 Dec 2009
Ore Milled	Tonnes	168,077	116,901
Head grade	g/t Au	5.5	6.3
Contained gold	Oz	29,816	23,567
Recovery	%	95	96
Gold produced	Oz	28,242	22,590
Gold sold	Oz	29,796	21,274

Table 2: Processing statistics

Gold In Circuit & Bullion On Hand

Gold in circuit at the end of the period totalled 2,537 oz and bullion on hand totalled 2,735 oz. Both of these items are reflected in the accounts as gold in circuit at cost.

Gold Sales

Gold sales for the half year to December 2010 were 29,796 oz sold at an average realised price of A\$1,363/oz.

Financial Result

The profit of the Group for the financial period, after providing for income tax amounted to \$6,018,000 (2009: \$1,571,000), while the net cash flow generated from operations was \$14,420,000 (2009: \$3,718,000) during the period. Non cash transactions affecting profit during the period included depreciation/amortisation of \$4,540,000 (2009: \$2,986,000).

Business Development

Mount Monger Goldfield

During the period Silver Lake purchased the North Monger leases from Cortona Resources Ltd (90% interest) and Mr Peter van der Borgh (10% interest). These leases contain the Wombola Dam and Wombola Pit projects which have a resource of 860,000 tonnes at 2.9 g/t Au for 80,300 ounces of gold.

Review of Operations Continued

Silver Lake is reviewing its options for open pit ore feed to blend with underground ore sources once the Costello open pit ore is depleted. Mining studies are in progress for Wombola Dam, Wombola Pit and the Magic deposit.

Murchison Goldfield

Silver lake acquired 2.5Mtpa milling infrastructure for \$3,000,000. The infrastructure is located in Western Australia, is in good condition and readily relocatable.

Silver Lake continues to review its mining options within the Murchison Goldfield with the intention of developing a low capital start up project.

Exploration

During the period Silver lake increased its resource inventory to 20.8 million tonnes at 4.4 g/t Au for 3.0 million ounces (refer to table 3) an increase of 17% from the June 2010 inventory. The December 2010 resource inventory is calculated after allowing for the previous six months mining depletion of 36,810 ounces.

Silver Lake's discovery cost continues to be less than A\$10 per ounce.

Not all of the recent drilling success has been included in the latest inventory. It is anticipated that a further resource upgrade will be announced in July 2011 to include:

- expanded resources at Magic, Haoma and Tuckabianna West; and
- other resources as defined by our ongoing drilling campaigns over the next six months.

Over the next six months surface exploration in the Mount Monger region will be targeting the thick high grade zones at the Magic deposit and extensions to the Wombola Dam deposit, while underground exploration will mainly target the Haoma deposit which remains open along strike, to the south and at depth.

The surface drilling programme in the Murchison will mainly be targeting depth and strike extensions at the Tuckabianna West and Caustons Main deposits, to validate the underground mining potential of these deposits. Infill drilling is currently in progress at the Lena deposit to validate the underground mining potential, while extensional drilling is planned for the Lena South and Leviticus prospects to allow calculations for a maiden resource for each area.

Silver Lake is targeting to increase its gold resource base from 3.0 million ounces to 5 million ounces within two years.

Review of Operations Continued

Resources

As at 31 December 2010, the Measured, Indicated and Inferred Mineral JORC Resource were as follows:

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	38.0	24.7	30.1	457.1	23.1	339.5	227.0	31.3	228.4	722.0	25.8	598.0
Daisy East	28.2	48.1	43.5	53.6	44.9	77.4	27.9	15.7	14.1	109.7	38.3	135.1
Christmas Flat	-	-	-	338.6	4.1	44.1	448.5	6.3	91.3	787.1	5.4	135.4
Haoma	-	-	-	-	-	-	109.3	18.7	65.6	109.3	18.7	65.6
Costello	-	-	-	81.2	3.3	8.6	128.2	3.1	12.8	209.4	3.2	21.4
Lorna Doone	-	-	-	-	-	-	111.0	4.0	14.3	111.0	4.0	14.3
Magic	-	-	-	749.2	4.1	98.3	1,070.9	5.2	178.0	1,820.1	4.7	276.3
Wombola Pit	-	-	-	132.2	2.6	11.1	171.0	2.9	15.7	303.0	2.8	26.8
Wombola Dam	-	-	-	125.1	2.6	10.3	432.0	3.1	43.2	557.2	3.0	53.5
Total Mount Monger	66.1	34.7	73.7	1937.1	9.5	589.2	2,725.6	7.6	663.3	4,728.7	8.7	1,326.2
Caustons	-	-	-	625.6	3.9	78.2	462.2	3.3	48.9	1,087.8	3.6	127.1
Caustons South	-	-	-	424.8	2.0	27.6	296.5	4.2	39.6	721.3	2.9	67.2
Tuckabianna West	-	-	-	1,658.0	2.2	117.3	1,822.0	2.9	169.9	3,480.0	2.6	287.2
Friars	-	-	-	-	-	-	402.0	1.9	24.6	402.0	1.9	24.6
Jasper Queen	-	-	-	-	-	-	175.0	2.6	14.6	175.0	2.6	14.6
Gilt Edge	-	-	-	63.0	3.0	6.0	33.0	5.2	5.5	96.0	3.8	11.6
Genesis	-	-	-	353.7	1.8	20.2	11.8	2.4	0.9	365.5	1.8	21.2
Exodus	-	-	-	457.4	1.6	23.7	101.3	2.8	9.0	558.7	1.8	32.6
Julies Reward	-	-	-	461.3	3.2	46.7	254.7	3.4	27.8	716.0	3.2	74.6
Sherwood	-	-	-	-	-	-	349.0	2.2	24.9	349.0	2.2	24.9
Jaffas Folly	-	-	-	6.0	4.3	0.8	202.0	1.4	9.1	208.0	1.5	9.9
Little John	-	-	-	-	-	-	1,201.0	1.8	69.5	1201.0	1.8	69.5
TMC/Katies	-	-	-	476.0	2.1	32.1	626.0	2.4	47.9	1,102.0	2.3	80.0
Total Tuckabianna	-	-	-	4,425.8	2.4	352.8	5,936.4	2.6	492.2	10,462.2	2.5	845.0
Comet	36.0	0.6	0.7	2,776.2	3.7	325.5	1,150.3	2.5	91.5	3,962.5	3.3	417.8
Moyagee	-	-	-	-	-	-	1,088.4	7.0	245.8	1,088.4	7.0	245.8
Total Murchison	36.0	0.6	0.7	7,302.0	2.9	678.3	8,175.2	3.2	829.6	15,513.2	3.0	1,508.6
Rothsay	-	-	-	-	-	-	591.2	7.0	132.9	591.2	7.0	132.9
Total Silver Lake	102.1	22.7	74.4	9,239.1	4.3	1,267.5	11,491.9	4.4	1,625.7	20,833.1	4.4	2,967.6

Table 3: Silver Lake Resource Inventory

Notes to table 3

1. The figures quoted represent the geological resource. No "Modifying Factors" have been applied as per the 2004 edition of the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* ("JORC Code").
2. 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.
3. 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.

Review of Operations Continued

The lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the six months ended 31 December 2010.

The Company is 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 and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Perth this twenty eighth day of February 2011.

Signed in accordance with a resolution of the directors:



Les Davis
Director

Lead Auditor's Independence Declaration



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 2010 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.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read "R Gambitta", followed by a period.

R Gambitta
Partner

Perth

28 February 2011

Interim Statement of Comprehensive Income



For the six months ended 31 December 2010
In thousands of AUD

	Notes	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Revenue		40,736	25,062
Cost of sales		(31,306)	(22,059)
Gross profit		<u>9,430</u>	<u>3,003</u>
Administration expenses		(1,329)	(984)
Results from operating activities		<u>8,101</u>	<u>2,019</u>
Net finance income	7	514	219
Profit before income tax		<u>8,615</u>	<u>2,238</u>
Income tax expense		(2,597)	(667)
Profit for the period		<u>6,018</u>	<u>1,571</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>6,018</u>	<u>1,571</u>
Total comprehensive income attributable to: Owners of the Company		<u>6,018</u>	<u>1,571</u>
Earnings per share			
Basic earnings per share (cents per share)	8	3.33	0.96
Diluted earnings per share (cents per share)	8	<u>3.01</u>	<u>0.87</u>

The notes on pages 16 to 20 are an integral part of these consolidated interim financial statements.



Interim Statement of Financial Position

As at 31 December 2010
In thousands of AUD

	Notes	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Current Assets			
Cash and cash equivalents		21,478	29,503
Trade and other receivables		1,038	1,904
Inventories	9	10,875	7,802
Prepayments		116	22
Total Current Assets		33,507	39,231
Non-Current Assets			
Exploration evaluation and development expenditure	10	59,342	42,092
Property, plant and equipment	11	15,332	13,499
Trade and other receivables		2,464	2,376
Total Non-Current Assets		77,138	57,967
Total Assets		110,645	97,198
Current Liabilities			
Trade and other payables		16,171	11,441
Interest bearing liabilities		353	345
Employee benefits		526	339
Total Current Liabilities		17,050	12,125
Non-Current Liabilities			
Deferred tax liability		9,447	6,850
Rehabilitation and restoration provision		2,370	2,340
Interest bearing liabilities		177	338
Total Non-Current Liabilities		11,994	9,528
Total Liabilities		29,044	21,653
Net Assets		81,601	75,545
Equity			
Share capital	12	56,262	56,224
Reserves		150	182
Retained earnings		25,189	19,139
Total equity		81,601	75,545

The notes on pages 16 to 20 are an integral part of these consolidated interim financial statements.

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 2009	38,033	629	6,908	45,570
Total comprehensive income for the period				
Profit for the period	-	-	1,571	1,571
Other comprehensive income	-	-	-	-
Transactions with owners, recorded directly in equity				
Issue of ordinary shares(net of costs)	17,529	-	-	17,529
Share options exercised	562	(468)	468	562
Vesting of employee options	-	2	-	2
Balance at 31 December 2009	56,124	163	8,947	65,234
Balance at 1 July 2010	56,224	182	19,139	75,545
Total comprehensive income for the period				
Profit for the period	-	-	6,018	6,018
Other comprehensive income	-	-	-	-
Transactions with owners, recorded directly in equity				
Issue of ordinary shares(net of costs)	-	-	-	-
Share options exercised	38	(32)	32	38
Vesting of employee options	-	-	-	-
Balance at 31 December 2010	56,262	150	25,189	81,601

The notes on pages 16 to 20 are an integral part of these consolidated interim financial statements.

Interim Statement of Cash Flows

In thousands of AUD

For the six months ended 31 December 2010

	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	41,932	25,057
Cash paid to suppliers and employees	(27,512)	(21,339)
Net cash from operating activities	14,420	3,718
Cash flows from investing activities		
Interest received	568	320
Acquisition of plant and equipment	(4,171)	(6,075)
Proceeds from sale of plant and equipment	-	425
Exploration, evaluation and development expenditure	(18,617)	(8,795)
Deposit for environmental bonds	(88)	(400)
Net cash used in investing activities	(22,308)	(14,525)
Cash flows from financing activities		
Proceeds from the issue of share capital	-	18,334
Proceeds from exercise of options	38	562
Proceeds from borrowings	23	815
Repayment of borrowings	(178)	(668)
Interest paid	(20)	(22)
Payment of transaction costs	-	(1,150)
Net cash from/(used in) financing activities	(137)	17,871
Net increase in cash and cash equivalents	(8,025)	7,064
Cash and cash equivalents at 1 July	29,503	16,564
Cash and cash equivalents at 31 December	21,478	23,628

The notes on pages 16 to 20 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 interim financial report of the Company as at and for the six months ended 31 December 2010 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 2010 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 28th February 2011.

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.

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 2010.

Notes to the Consolidated Interim Financial Statements Continued



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 2010.

The Group has entered into five forward contracts to deliver 6,971 ounces of gold at a net average price of \$1,400.00 per ounce. The contracts were raised for the full production from the Costello Open Pit. The contracts mature at the end of each month from January 2011 through to May 2011. These gold forward contracts do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal sale/purchase exemption because physical gold is delivered into the contract.

6. Segment reporting

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately as they require different processes. The Managing Director reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Production*. Includes mining and treatment of gold.
- *Exploration*. Includes the exploration for mineral resources.

Information about reportable segments For the six months ended 31 December

	Production		Exploration		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
External revenues	40,736	25,062	-	-	40,736	25,062
Interest income	-	-	-	-	-	-
Interest expense	(20)	(22)	-	-	(20)	(22)
Depreciation and amortisation	(4,540)	(2,986)	-	-	(4,540)	(2,986)
Reportable segment profit before income tax	9,474	3,222	(98)	-	9,376	3,222
Reportable segment assets	61,200	42,578	27,800	16,004	89,000	58,582

Reconciliation of reportable segment revenue

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Total revenue for reportable segments	40,736	25,062
Consolidated revenue	40,736	25,062

Notes to the Consolidated Interim Financial Statements Continued



Reconciliation of reportable segment profit

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Total profit for reportable segments	9,376	3,222
Unallocated amounts:		
Interest income	568	-
Other corporate expenses	(1,329)	(984)
Consolidated profit before income tax	<u>8,615</u>	<u>2,238</u>

Reconciliation of reportable segment assets

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Total assets for reportable segments	89,000	58,582
Unallocated amounts:		
Cash and cash equivalents	21,478	23,628
Corporate assets	167	150
Consolidated total assets	<u>110,645</u>	<u>82,360</u>

7. Finance income and expenses

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Interest Income	568	320
Unwind of discount on provision	(34)	(79)
Interest expense	(20)	(22)
Net finance income	<u>514</u>	<u>219</u>

8. Earnings per share

The earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of \$6,018,000 (2009: \$1,571,000) and the weighted average number of ordinary shares at 31 December 2010 of 178,795,202 (2009: 164,182,617). The diluted earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of \$6,018,000 (2009: \$1,571,000) and the weighted average diluted number of ordinary shares outstanding at 31 December 2010 of 199,786,412. (2009: 180,478,336)

9. Inventories

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Materials and Supplies - at cost	643	473
Ore stocks - at cost	5,681	2,286
Gold in circuit - at cost	3,391	2,771
Gold bullion - at cost	1,160	2,272
Total	<u>10,875</u>	<u>7,802</u>

Notes to the Consolidated Interim Financial Statements Continued



10. Exploration, evaluation and development expenditure

The exploration, evaluation and development assets as at 31 December 2010 are reconciled for movements during the period as follows:

	31 Dec 2010 \$'000
Exploration and Evaluation Phase	
Cost brought forward	23,141
Capitalised during the period	6,852
Acquired during the period	3,010
Expenditure impairment	(98)
Transfer to Development phase	(5,105)
Balance at end of period	27,800

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 2010 \$'000
Development Phase	
Costs brought forward	90
Transfer from Exploration phase	5,105
Expenditure during the period	397
Transferred to Production phase	(5,592)
Balance at end of period	0

	31 Dec 2010 \$'000
Production Phase	
Costs brought forward	18,861
Transfer from Development phase	5,592
Expenditure during the period	8,358
Deferred mining*	934
Amortisation expense	(2,203)
Balance at end of period	31,542
Total	59,342

*Relates solely to deferred mining on Costello open pit.

Notes to the Consolidated Interim Financial Statements Continued



11. Property, plant and equipment

Acquisition Costs

During the six months ended 31 December 2010 the Company acquired assets with a total cost of \$4,171,000 which related to:

2.5mtpa Milling infrastructure (\$3,106,000)

Tailings dam - Work in progress (\$200,000)

Underground equipment (\$115,000)

Lakewood mill equipment (\$43,000)

1 New Motor vehicle (\$21,000)

Office Equipment (\$20,000)

Other work in progress (\$666,000). Total capital work in progress amounted to \$857,000 as at the end of the period.

Disposals

There were no asset disposals during the period.

12. Share capital

	Number	\$'000
Movement in Issued Capital		
Balance as at 30 June 2010	178,757,838	56,224
Exercise of Employee options	125,000	38
Balance as at 31 December 2010	178,882,838	56,262

13. Commitments

During the period the Group entered into a contract for the completion of a raise bore ventilation shaft at Daisy Milano underground operations, as at 31 December 2010 the remaining commitment on this contract was \$1,236,000. There have been no other significant changes to the Group's commitments since 30 June 2010.

14. Related parties

Transactions with key management personnel

There were no transactions or outstanding balances with Key management personnel, other than for normal salaries and Directors' fees.

15. 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 12 to 20, 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 2010 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 twenty eighth day of February 2011.

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 interim financial report of Silver Lake Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2010, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, accompanying notes comprising a summary of significant accounting policies and other explanatory information 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 interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 interim 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 2010 and its performance for the interim period 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 an interim 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 interim 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 2010 and of its performance for the interim period ended on that date; and

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



KPMG



R Gambitta
Partner

Perth

28 February 2011