



Les Davis
Managing Director

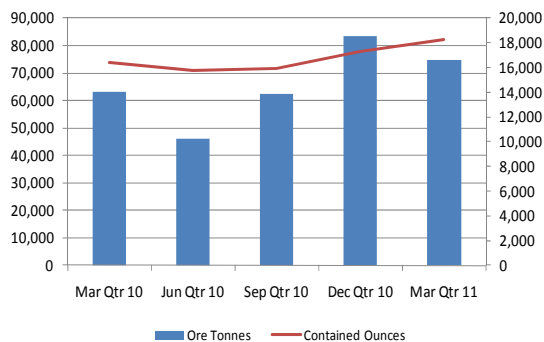
QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 March 2011

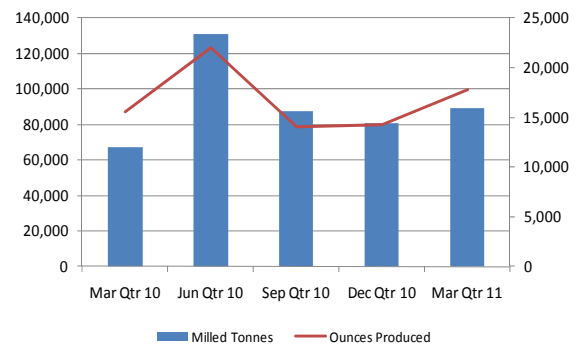
Highlights

- Commitment to low capital upgrade of Lakewood Gold Processing Facility to 1.0 mtpa
- 11% reduction in cash operating costs per ounce
- Production increasing at Daisy East
- Access to Rosemary mine established
- Record gold sales in March 2011 of 9,167 ounces
- Near surface high grade drilling results at Wombola Pit & Wombola Dam

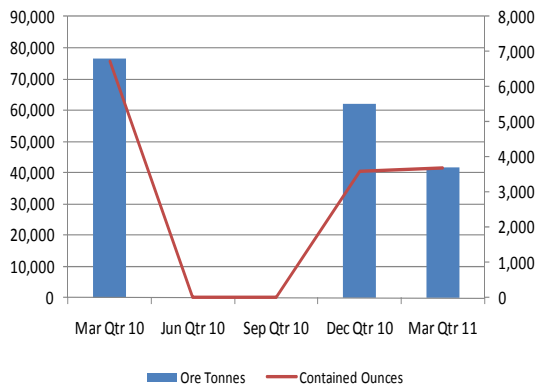
Operations - Underground



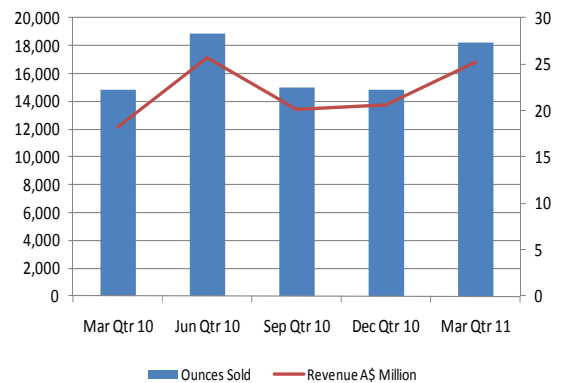
Operations - Processing



Operations - Open Pit



Gold Sales & Revenue



Quarterly Overview

Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre. Further strategic milestones were reached during the quarter, including:

Mount Monger Operations:

- mining from two underground mines and one open pit mine;
- underground drilling intersected multiple mineralised structures west of Daisy Deeps;
- 520 metre deep ventilation shaft on schedule for completion in the June 2011 quarter;
- access established to the Rosemary mine from 6 level at Daisy Milano;
- near surface high grade drilling results at Wombola Pit & Wombola Dam; and
- commitment to low capital upgrade of Lakewood Gold Processing Facility to 1.0mtpa.

Murchison Projects:

The definitive feasibility study, which includes mining reserves and project financials, is continuing.

Work completed to the end of the quarter includes:

- detailed mine designs and schedules for 14 open pit and 4 underground mines;
- operating and capital cost estimates; and
- infill and extensional drilling plans for the next six months.

Work completed to date supports a production plan of 100,000 oz per annum with an 8 to 10 year mine life.

Operations

Gold bullion sold for the quarter totalled 18,219 ounces at an average realised price of A\$1,396 oz for A\$25.4 million revenue. Bullion refined and not sold at the end of the quarter totalled 2,899 ounces.

Cash operating costs for the quarter were A\$574 per ounce, 11% lower than the previous quarter and operating cashflow was A\$13.1 million. Operating cashflow after sustaining capital including one off items for ventilation shaft (A\$2.1 million) and new tailings dam cell (A\$1.5 million) was A\$4.4 million.

Cash and bullion on hand as of 31 March 2011 totalled A\$27.7 million.

Quarterly gold in ore production from the Mount Monger Operations totalled 21,976 ounces including:

- Daisy Milano 10,306 ounces;
- Daisy East 7,987 ounces; and
- Costello 3,683 ounces.

Gold in ore production was 5% higher than the previous quarter due to increased ounces from Daisy East. Mining studies are in progress for Haoma, Magic, Wombola Dam and Wombola Pit.

Milled gold production for the quarter totalled 17,800 ounces, 25% higher than the previous quarter. March 2011 was a record month pouring and selling 9,167 ounces of gold.

Milled tonnes for the quarter were below expectations due to unplanned mechanical issues with the crushing and grinding circuit which have since been resolved. The recently announced mill expansion has been designed so that the current 650 kilowatt mill and the planned installation of the 1.6 megawatt mill can be run independently. This will reduce the likelihood of lost milling time due to unplanned mechanical issues.

Unprocessed ore stocks available for mill feed at the end of the quarter are ~106,400 tonnes containing 13,600 ounces of gold. Ore stocks are being built ahead of winter and the planned expansion of the Lakewood Gold Processing Facility.

Exploration

Exploration during the quarter was restricted due to extensive rainfall in the Eastern Goldfields and the Murchison district. There are currently four drill rigs operating at Mount Monger and two in the Murchison. Further exploration results will be announced early in the June 2011 quarter.

Mount Monger	Units	Year to Date 10/11	Mar Qtr 2011	Dec Qtr 2010	Sep Qtr 2010	Full Year 09/10
<u>Daisy Milano (including low grade)</u>						
Ore hoisted	Tonnes	156,041	49,384	65,592	41,065	208,725
Mined grade ¹	g/t Au	7.2	6.5	7.1	8.2	7.5
Gold in ore hoisted	Oz	36,017	10,306	14,907	10,804	50,035
<u>Daisy East</u>						
Ore hoisted	Tonnes	64,528	25,327	17,892	21,309	16,392
Mined grade	g/t Au	7.5	9.8	4.3	7.5	14.5
Gold in ore hoisted	Oz	15,495	7,987	2,390	5,118	7,638
<u>Costello - Open Pit</u>						
Ore hoisted	Tonnes	103,921	41,847	62,074	-	114,799
Mined grade ¹	g/t Au	2.2	2.7	1.80	-	2.4
Gold in ore hoisted	Oz	7,274	3,683	3,591	-	8,998
Total Ore hoisted ²	Tonnes	324,490	116,558	145,558	62,374	339,916
Mined Grade ²	g/t Au	5.6	5.9	4.5	7.9	6.1
Gold in ore hoisted	Oz	58,786	21,976	20,888	15,922	66,671
Ore Milled ²	Tonnes	257,184	89,107	80,536	87,541	315,343
Head grade ²	g/t Au	5.8	6.4	5.8	5.3	6.2
Contained gold	Oz	48,220	18,404	14,975	14,841	63,021
Recovery	%	95	97	95	95	95
Gold produced	Oz	46,042	17,800	14,229	14,013	60,146
Gold refined & sold ²	Oz	48,015	18,219	14,820	14,976	54,969

Table 1: Mount Monger Operations production statistics

Notes to Table 1:

1: Daisy Milano & Daisy East production for December 2010 quarter has been reconciled through the mill. ~ 37,000 tonnes of March 2011 production was still being milled at the end of the quarter. ~33% of Costello ore production tonnes have been reconciled through the mill. Stockpiled ore continues to be processed.

2: Ore mined and milled is from all ore sources. Bullion refined and not sold at the end of the quarter totalled 2,899 ounces.

Mount Monger Operations

- **Safety**

Unfortunately a Lost Time Injury (“LTI”) occurred during the quarter when a driller caught his finger between two drill rods and required surgery. The 12 month moving average Lost Time Injury Frequency Rate (“LTIFR”) stands at 7.68.

- **Underground production & development - Daisy Milano**

Production:

Underground ore production for the quarter totalled 49,384 tonnes at an average grade of 6.5 g/t Au for 10,306 oz.

Approximately 35% of the ounces produced for the quarter came from ore development with the balance from stoping activities. Development ore was sourced from the 29, 30 and 31 levels. High grade ore was predominately sourced from the 2101, 2501, 2601, 2701 & 2801 stopes.

Underground diamond drilling below the 30 level has intersected multiple mineralised structures to the west of the main Daisy Deeps ore structures that are outside the current resource (refer to figure 1). Better results included:

- 4.9 metres at 30.1 g/t Au;
- 2.5 metres at 25.6 g/t Au;
- 1.3 metres at 32.5 g/t Au;
- 0.6 metres at 21.8 g/t Au; and
- 1.2 metres at 11.3 g/t Au.

Waste development:

Access development to the 31 level was completed late in the quarter and decline development is approximately 60 metres from the 32 & 33 level crosscuts (refer to figure 1).

The 520 metre deep ventilation shaft is progressing to plan. At the end of the quarter, 380 metres had been back reamed to 4.0 metre diameter. The project is on plan to be completed in the June 2011 quarter. This will see the mining capacity at Daisy Milano and Daisy East increase from 250,000 tpa to ~400,000 tpa.

- **Underground production & development - Daisy East**

Production:

Underground ore production for the quarter totalled 25,327 tonnes at an average grade of 9.8 g/t Au for 7,987 oz. Production was primarily sourced from ore development on the 10, 1050 and 12 levels. An airleg stope was completed on the southern end of the 901 which yielded a grade of 1 ounce per tonne.

Waste development:

Access development to the 11 and 12 levels was completed during the quarter and the internal decline down to the 12 level is progressing to plan (refer to figure 2).

- **Costello**

Open pit ore production for the quarter totalled 41,847 tonnes at an average grade of 2.7 g/t Au for 3,683 oz. The pit is now completed and options to extract the remainder of the resource are being reviewed.

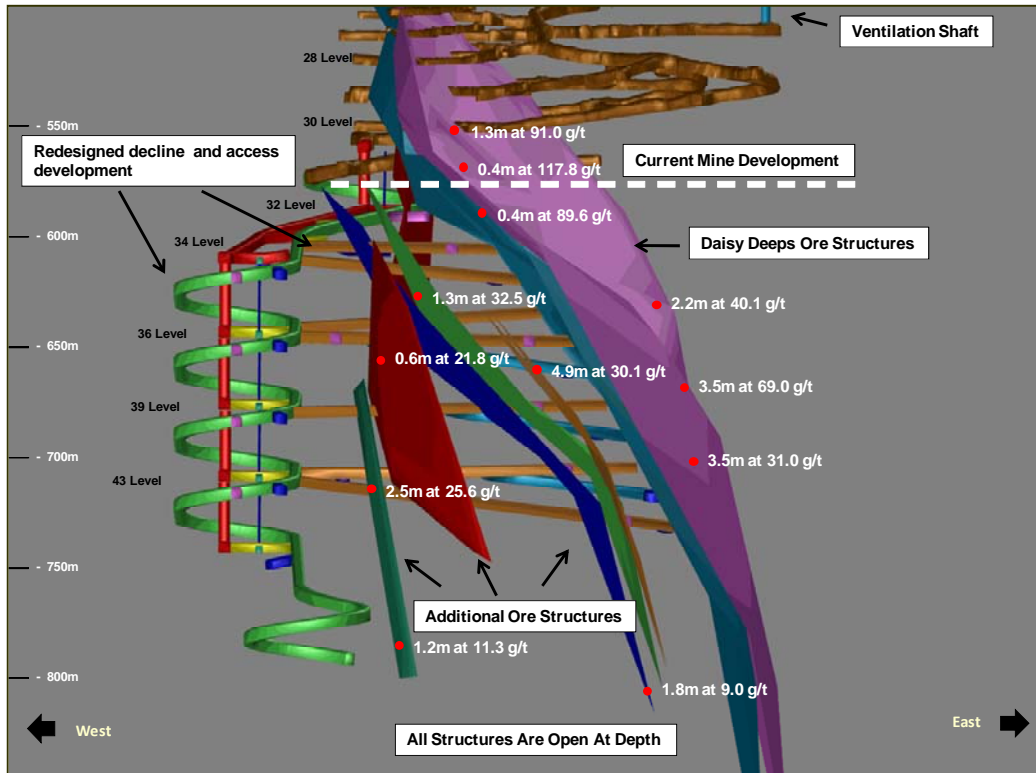


Figure 1: Schematic view of Daisy Deeps showing additional mineralised structures to the West.

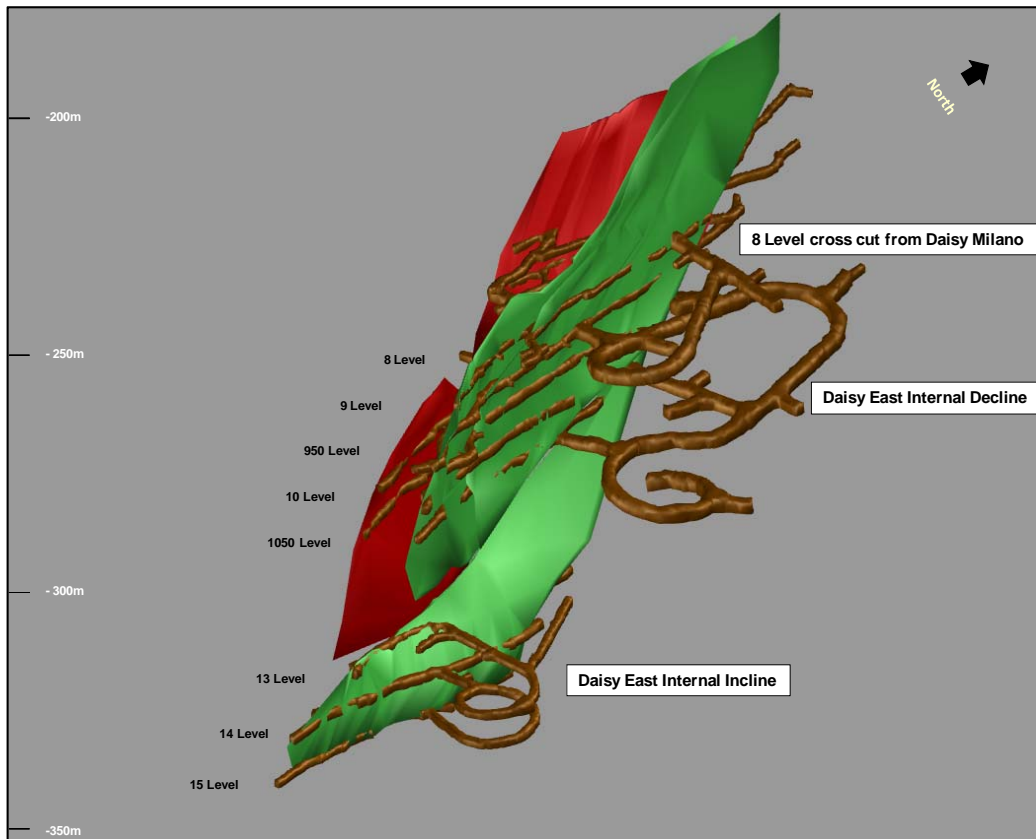


Figure 2: Schematic view of Daisy East mineralised structures and development progress.

- **Gold Production - Lakewood Gold Processing Facility ("LGPF")**

Underground ore milled during the quarter totalled 66,570 tonnes at 8.0 g/t Au for 16,637 recovered ounces. Open pit ore milled during the quarter totalled 22,537 tonnes at 1.8 g/t Au for 1,161 recovered ounces.

Combined milled production for the quarter totalled 89,107 tonnes at 6.4 g/t Au for 17,800 recovered ounces.

Milled tonnes for the quarter were below expectations due to unplanned mechanical issues with the crushing and grinding circuit.

- The secondary cone crusher was replaced during the quarter with a new Raptor XL300. This together with extensive rainfall saw crushing capability reduced to ~70% of mill throughput requirements.
- Replacement of the mill feed end white metal bearing during the last week of the quarter resulted in 7 days lost milling time.

Commitment was made to a low capital upgrade of the Lakewood Gold Processing Facility to 1 mtpa. The upgrade will increase capacity to 700,000 tonnes per annum by December 2011 ("Stage 1") and up to 1 mtpa by the September 2012 quarter ("Stage 2").

Stage 1 of the upgrade to 700,000 tonnes per annum of hard rock involves the following scope of works:

- relocation, refurbishment and recommissioning of a 1.6 megawatt Morgard-Shammer ball mill owned by the company located north of Leonora;
- duplication of existing gravity circuit;
- construction of 1,500m³ leach tank and modifications to current CIL circuit;
- upgrade to materials handling system; and
- upgrade to power supply to feed 1.6 megawatt mill.

Stage 2 of the upgrade from 700,000 tonnes per annum of hard rock to 1 mtpa of blended rock involves the following scope of works:

- upgrade of current crushing circuit to 1mtpa;
- expansion of the tailings storage facilities; and
- tie in of the current 640 kilowatt mill as a regrind mill.

This upgrade has been designed so that the current 650 kilowatt mill and the planned installation of the 1.6 megawatt mill can be run independently. This will eliminate lost milling time due to planned or unplanned maintenance requirements.

Ore stocks at the end of the quarter are ~ 106,400 tonnes containing 13,600 ounces of gold. Ore stocks are being built ahead of winter and the planned expansion of the Lakewood Gold Processing Facility.

- **Gold Sales**

18,219 ounces were refined and sold at an average realised price of A\$1,396 oz during the quarter. Bullion refined and not sold at the end of the quarter totalled 2,899 ounces.

- Outlook

FY11 production guidance was 90,000 to 105,000 oz of gold in ore from the following sources:

- Underground 80,000 oz
- Open pit sources 10,000 oz to 25,000 oz.

Underground production is expected to be 70,000 oz to 73,000 oz due to delayed timing of accessing the 31, 32 & 33 levels at Daisy Milano. Development of the main decline was halted during the quarter as diamond drilling from the 30 level intersected multiple mineralised structures to the west of the main Daisy Deeps ore structures that are outside the current resource (refer to figure 1). Further drilling was required to ensure the main decline did not develop through these new zones. The decline has now been redesigned to allow access to these new zones and decline development recommenced.

Open pit production will be 7,275 oz due to production timing.

Production from Magic Open Pit was planned in FY11 however the resource is substantially larger than originally expected and required additional drilling. A mining study based around the current resource is in progress. Results of the study are expected to be completed in September 2011 quarter.

Settlement of the North Monger Project acquisition took longer than expected as conditions precedent were satisfied. Accordingly, production from Wombola Pit was also delayed. Mining studies are now underway and are expected to be completed in the September 2011 quarter.

Costello Open Pit has been completed and produced 7,275 oz. Due to the timing issues mentioned above there will be no more open pit production in FY11.

Combined underground and open pit production is expected to be 77,000 oz to 80,000 oz.

Lakewood Gold Processing Facility is currently operating at maximum hard rock capacity. Based on the June 2011 quarter mine and mill production forecast, unprocessed ore stocks at the end of FY11 will be ~76,000 tonnes containing 8,000 ounces of gold.

Gold sales are expected to be 69,000 oz to 72,000 oz.

- Unit Costs

Cash operating costs¹ for the quarter were A\$574 per oz, 11% lower than the previous quarter.

Cost Centre	Units	Mar Qtr 2011	Dec Qtr 2010	Sep Qtr 2010	Full Year 09/10
<u>Cash Operating Cost</u> ¹	<u>A\$oz</u>	<u>574</u>	<u>644</u>	<u>658</u>	<u>597</u>
Waste Development Cost - Sustaining ²	A\$oz	142	142	142	138
Royalties	A\$oz	55	41	54	39
<u>Total Cost - Sustainable</u> ³	<u>A\$oz</u>	<u>771</u>	<u>827</u>	<u>854</u>	<u>774</u>
Waste Development Cost - Prepaid ⁴	A\$oz	94	230	170	90
<u>Total Cost - Period</u> ⁵	<u>A\$oz</u>	<u>865</u>	<u>1,057</u>	<u>1,024</u>	<u>864</u>
Average realised price	A\$oz	1,396	1,388	1,347	1,257
Revenue	A\$M	25.4	20.6	20.2	69.1

Table 2: Mount Monger Operations financial statistics.

Notes to Table 2.

- 1: Cash operating cost includes all direct underground and open pit mining costs, road transport and processing costs during the period.
- 2: Waste Development Cost - Sustaining includes all underground capital decline development and waste ore access development costs and costs for mining open pit waste material. These costs are an estimated life of mine waste development costs per ounce.
- 3: Total Cost - Sustainable are inclusive of cash operating costs, sustaining waste development costs and royalties.
- 4: Waste Development Cost - Prepaid includes all underground capital decline development and waste ore access development costs and costs for mining open pit waste material. These costs are prepaid to the extent that they were spent during the period and reflect future production.
- 5: Total Cost - Period reflects the total cash spent on operations during the period and does not differentiate whether the costs were spent to achieve the current period's production or development in preparation for future production.

Exploration and Development - Mount Monger

Exploration activities are ongoing at the Mount Monger Operations (refer to figure 3)

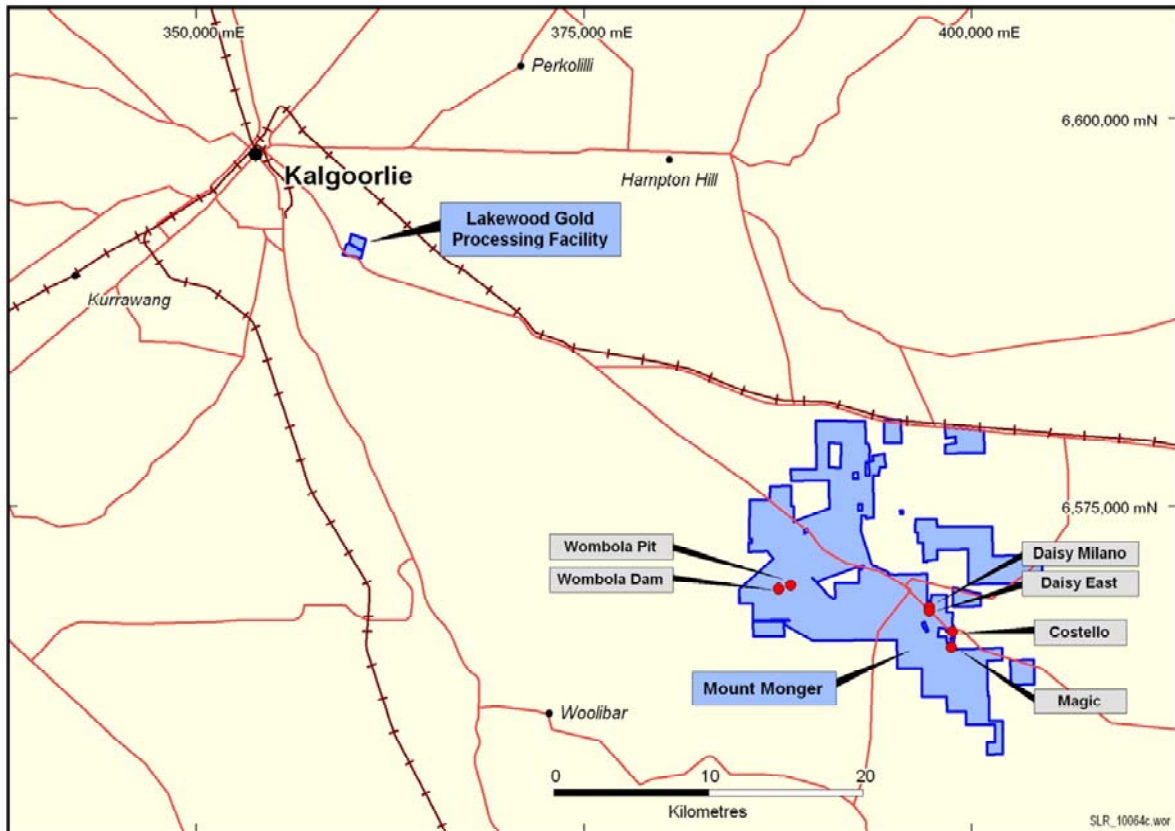


Figure 3: Mount Monger Operations location plan.

- **Wombola Dam & Wombola Pit**

Initial assay results have been received from a resource definition drilling programme at the Wombola Pit and Wombola Dam deposits located 5km north west of the Daisy Milano mine (refer to figure 3).

The Wombola Pit and Wombola Dam deposits have a current combined JORC gold resource of 860,000 tonnes at 2.9 g/t for 80,300 ounces (refer to table 3).

Drilling to date has confirmed both resources as potential open pit mines and results received to date are located within 30 metres of the surface. Better results included the following:

Wombola Pit

- 3.0 metres at 23.8 g/t Au from 20 metres;
- 3.0 metres at 21.8 g/t Au from 12 metres;
- 2.0 metres at 17.8 g/t Au from 13 metres;
- 8.0 metres at 8.2 g/t Au from 21 metres;
- 10.0 metres at 4.1 g/t Au from 14 metres;
- 7.0 metres at 5.0 g/t Au from 22 metres;
- 4.0 metres at 7.1 g/t Au from 20 metres; and
- 2.0 metres at 11.0 g/t Au from 8 metres.

Wombola Dam

- 3.0 metres at 29.8 g/t Au from 21 metres;
- 6.0 metres at 18.2 g/t Au from 20 metres;
- 2.0 metres at 39.3 g/t Au from 22 metres;
- 3.0 metres at 18.4 g/t Au from 15 metres;
- 3.0 metres at 18.9 g/t Au from 12 metres;
- 1.0 metre at 51.0 g/t Au from 6 metres;
- 5.0 metres at 10.1 g/t Au from 25 metres;
- 7.0 metres at 7.6 g/t Au from 22 metres; and
- 8.0 metres at 4.7 g/t Au from 8 metres;

Resource definition and extensional drilling is ongoing targeting the depth and strike extensions of both resources to finalise mining study (refer to figure 4).

Refer to ASX announcement 30 March 2011 for further information.

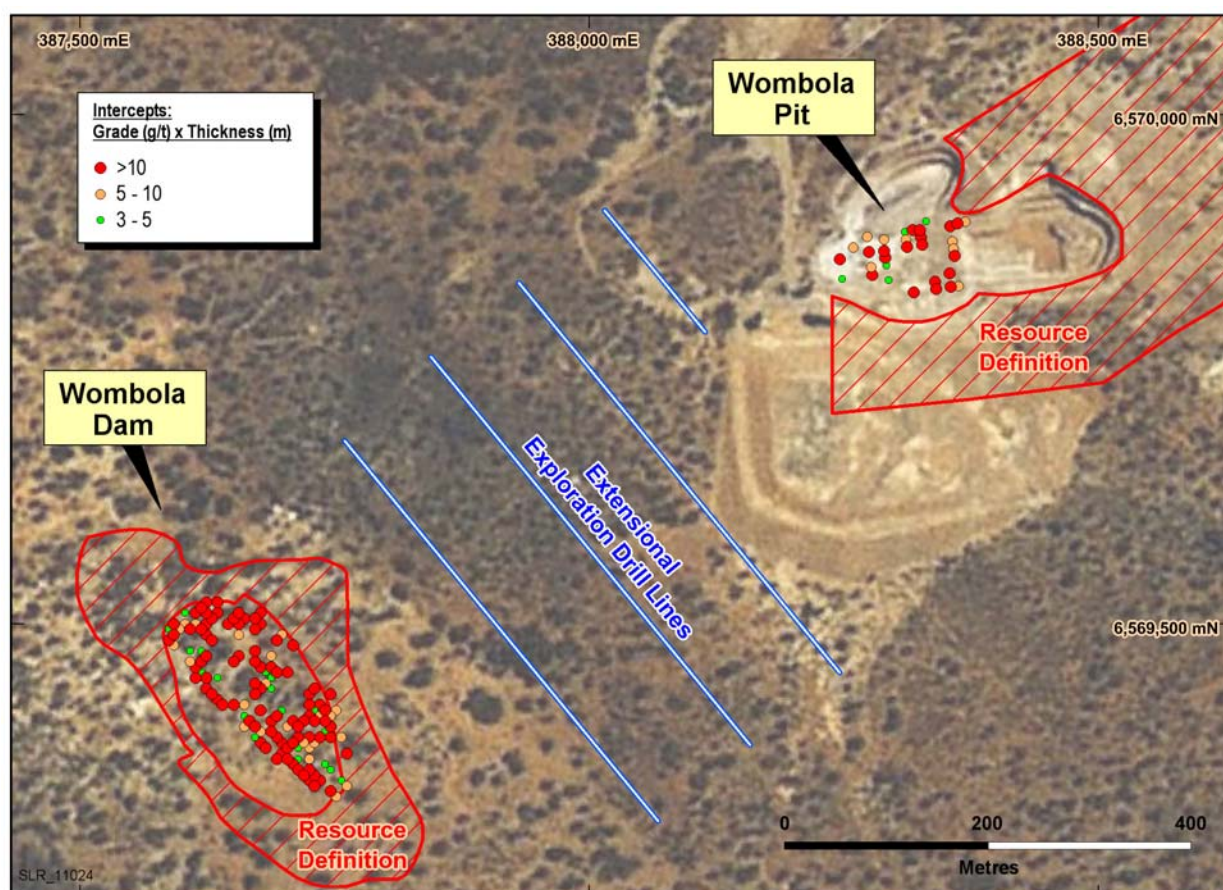


Figure 4: Areal view of Wombola Pit and Wombola Dam showing gram metre intercepts, drill hole locations and planned exploration activities.

Metallurgical test work has been completed for both deposits and the ore is free milling and ideally suited for processing at LGPF. Approximately 45% of the gold is extracted through the gravity circuit with remaining gold recovered through the CIL circuit for an overall recovery of 91%.

- **Magic**

Following rain interruptions, drilling has recommenced at the Magic deposit located 3 km south of the Daisy Milano mine (refer to figure 3 for location). The Magic deposit has a current JORC gold resource of 1.8 million tonnes at 4.7 g/t for 276,300 ounces (refer to table 3).

Four diamond drill holes were completed during the quarter with assays pending. A mining study is underway based around the current resource. Results of the study are expected to be completed in the September 2011 quarter. Programmes of work documentation have been submitted to the regulatory authorities for approval to continue step out drilling to the south.

- **Haoma**

The Haoma deposit is a historic underground mine located approximately 200 metres west of the Daisy Milano mine. The Haoma deposit has a current JORC gold resource of 109,300 tonnes at 18.7 g/t for 65,600 ounces (refer to table 3)

Drill hole MIL 30018 intersected mineralization ~700 metres down plunge from the current resource outline (refer to figure 5) which is located 200 metres west of the 31 level access at Daisy Milano. Assays are pending. Drilling is continuing south of the current resource outline along strike and down plunge. (refer to figure 5).

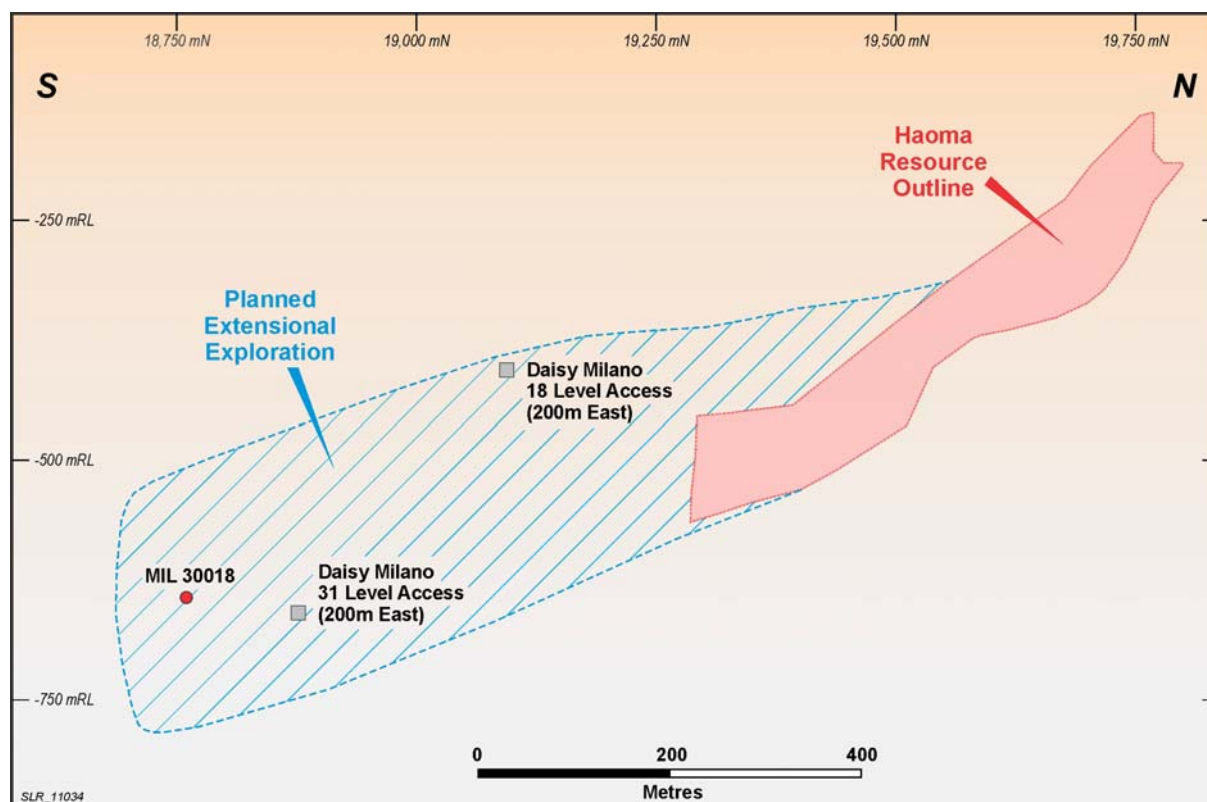


Figure 5: Haoma long section showing current resource outline and drill hole MIL 30018 which intersected mineralisation ~700 metres down plunge.

- Rosemary

During the quarter, access was established to the Rosemary mine located 120 metres east of Daisy Milano (refer to figure 6) from the 6 level at Daisy Milano. Geological mapping and sampling of the old drives and un-stoped areas is in progress. This data along with previously announced drill intercepts will be used to update the geological model and further target down dip extensions of the mineralisation.

A mineralised structure has been intersected on the 6 level access drive below and west of the Rosemary 5 level drive. Ore driving has commenced on this structure.

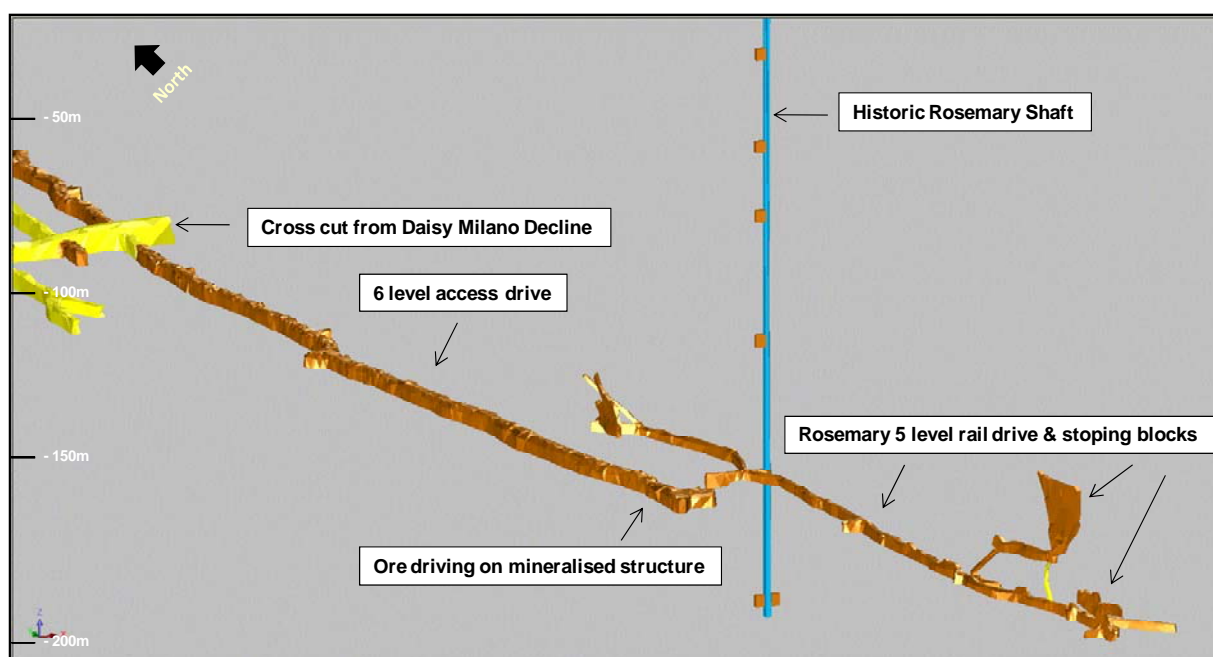


Figure 6: Schematic view of development showing access drive to historic Rosemary mine.

Exploration and Development - Murchison

Exploration activities are ongoing at the Murchison projects (refer to figure 7 for location plan).

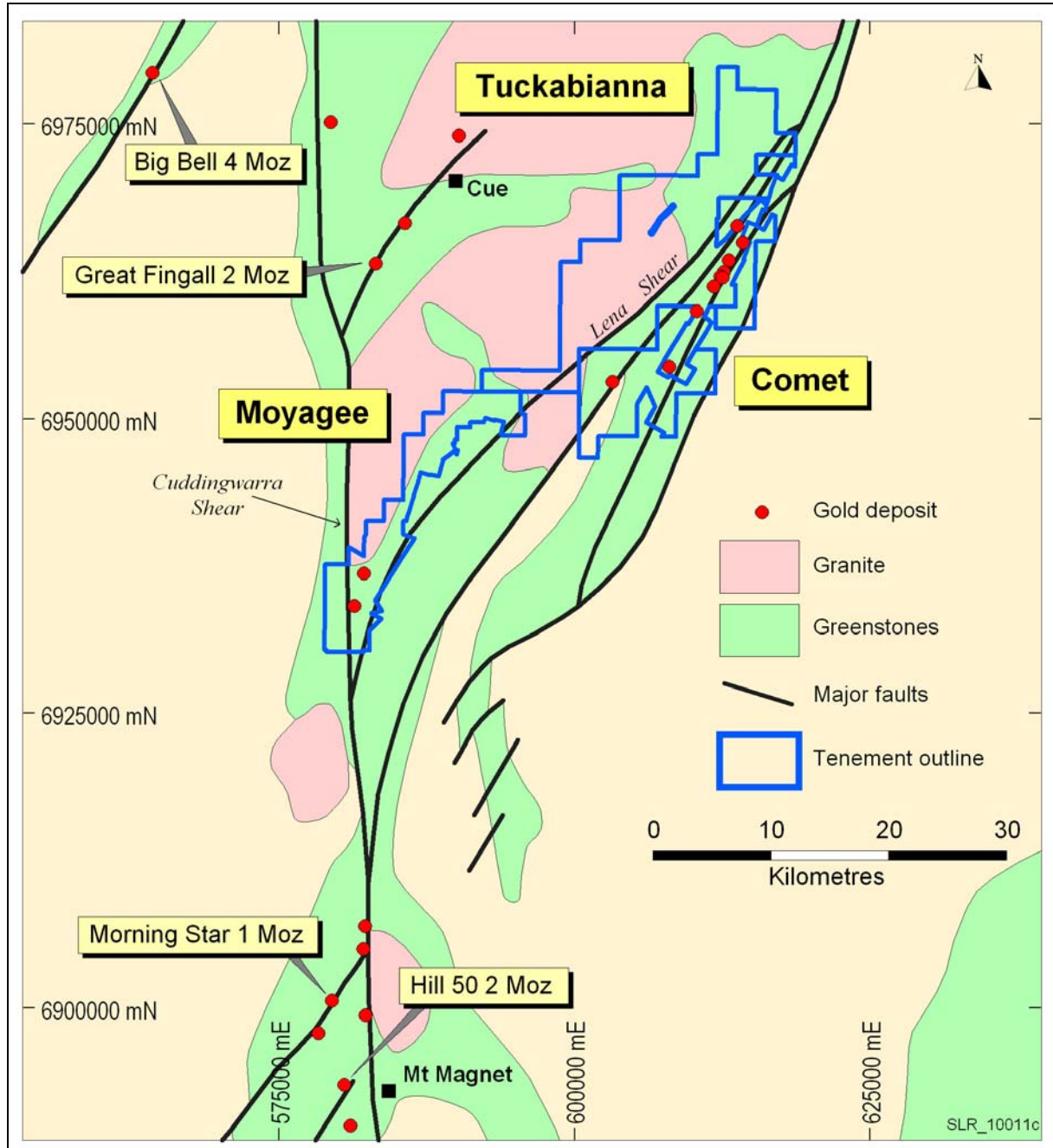


Figure 7: Murchison projects location plan.

Silver Lake's strategy in the Murchison is to develop a second mining operation with multiple mines feeding a central processing facility. Accordingly, the focus is on extending resources, particularly below 100 metres depth, to sustain a 100,000 oz per annum operation.

Current resources in the Murchison total 15.5 million tonnes at 3.0 g/t Au for 1.5 million ounces of gold (refer to table 3).

The definitive feasibility study, which includes mining reserves and project financials, is continuing. The following is an update on work completed to the end of the quarter:

- Detailed mine designs and schedules for 14 open pit and 4 underground mines;
- Operating and capital cost estimates; and
- Infill and extensional drilling plans for the next six months.

Work completed to date supports a production plan of 100,000 oz per annum with an 8 to 10 year mine life.

Infill drilling and extensional drilling is currently in progress targeting strike and depth extensions to the resources at Tuckabianna West (refer to figure 8), Caustons (refer to figure 9) and Comet (refer to figure 10). This drilling is expected to complete the definitive feasibility study.

Infill and extensional drilling at the Lena deposit has been completed and the new resource is being calculated (refer to figure 11). Post completion of the new resource model, pit optimisations and underground designs will be finalised.

Plans to relocate the milling infrastructure to Tuckabianna are well advanced and documentation has been submitted to the Department of Water and Rivers to commence dewatering existing open pits in readiness for re-entry. A Project Management Plan along with required project pre-commencement documentation is being completed and planned to be submitted to the regulatory authorities in the September 2011 quarter.

As previously mentioned a two staged expansion at the Lakewood Gold Processing Facility is underway with stage 1 of the expansion to be completed by December 2011. Subject to a decision to mine, it is then planned to commence construction of the Murchison processing facility with first gold pour expected late 2012.

Progressing these two major growth projects sequentially rather than concurrently is prudent as this allows for

- professional project management of both projects; and
- completion of the infill and extensional drilling programmes.

This will also allow Silver Lake to maintain a strong balance sheet as cashflow from the expanded LGPF will provide additional funding for the Murchison development.

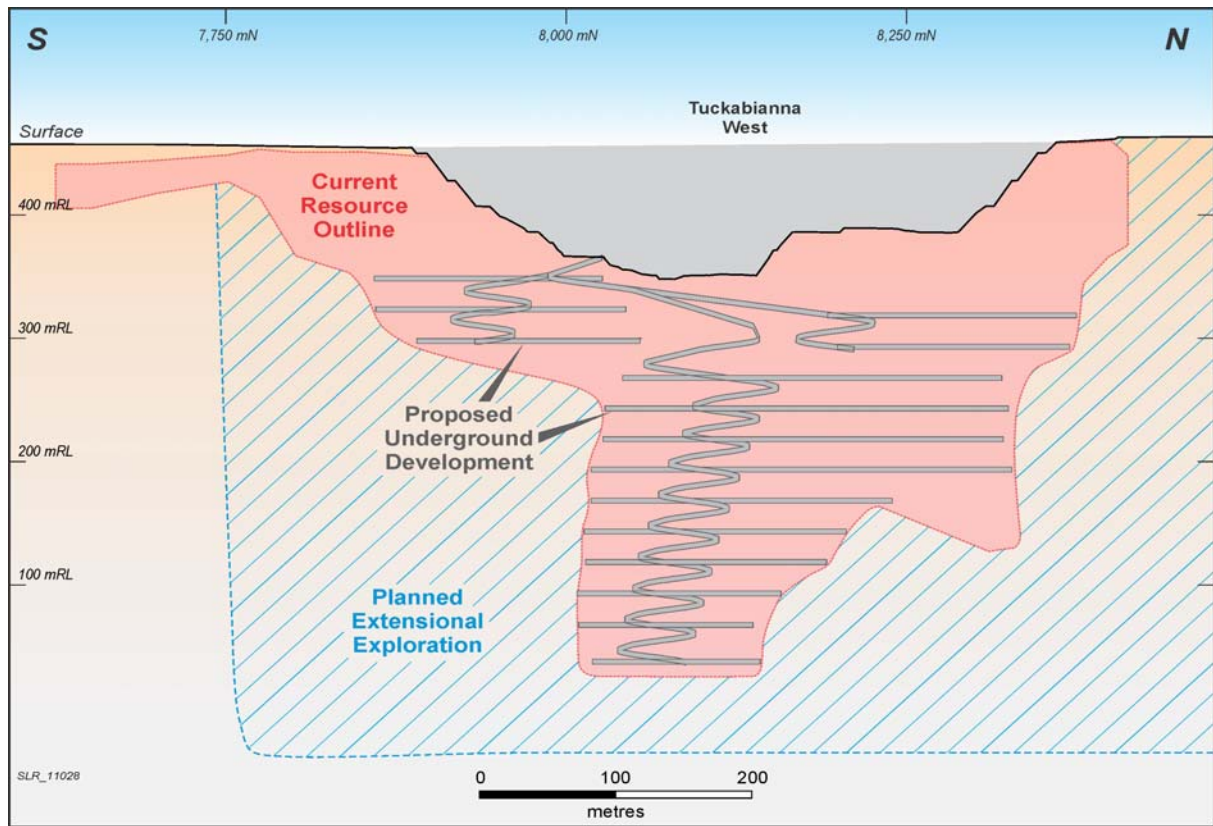


Figure 8: Schematic view of Tuckabianna West mine layout and extensional drilling programme.

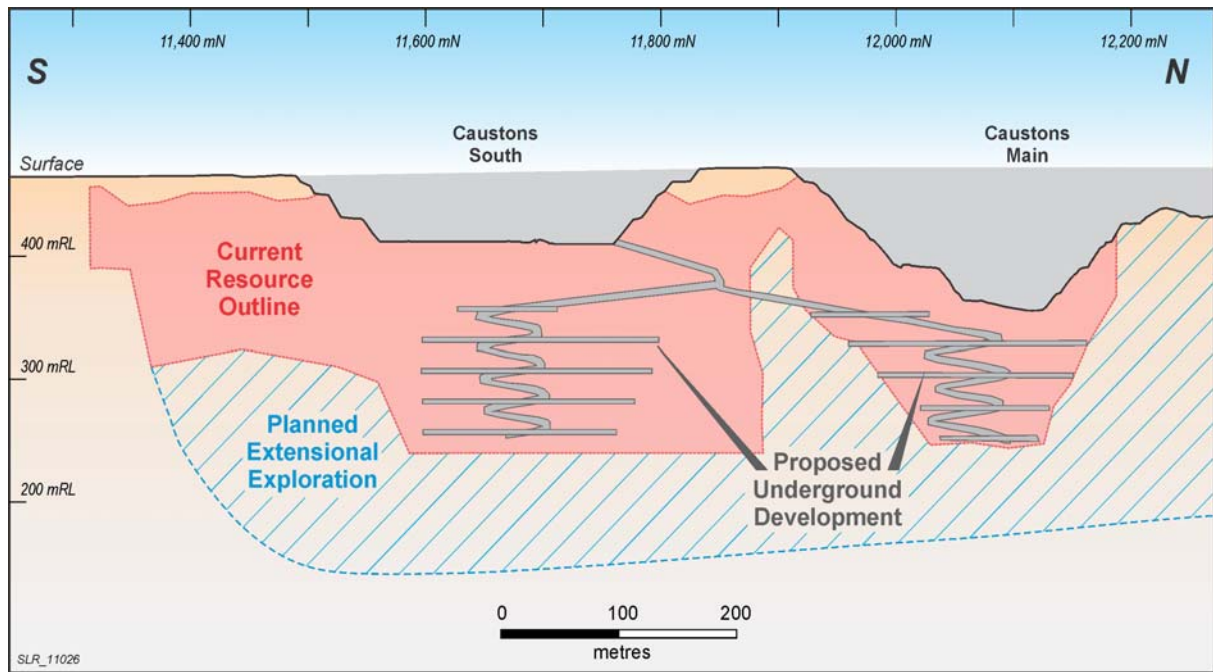


Figure 9: Schematic view of Caustons mine layout and extensional drilling programme.

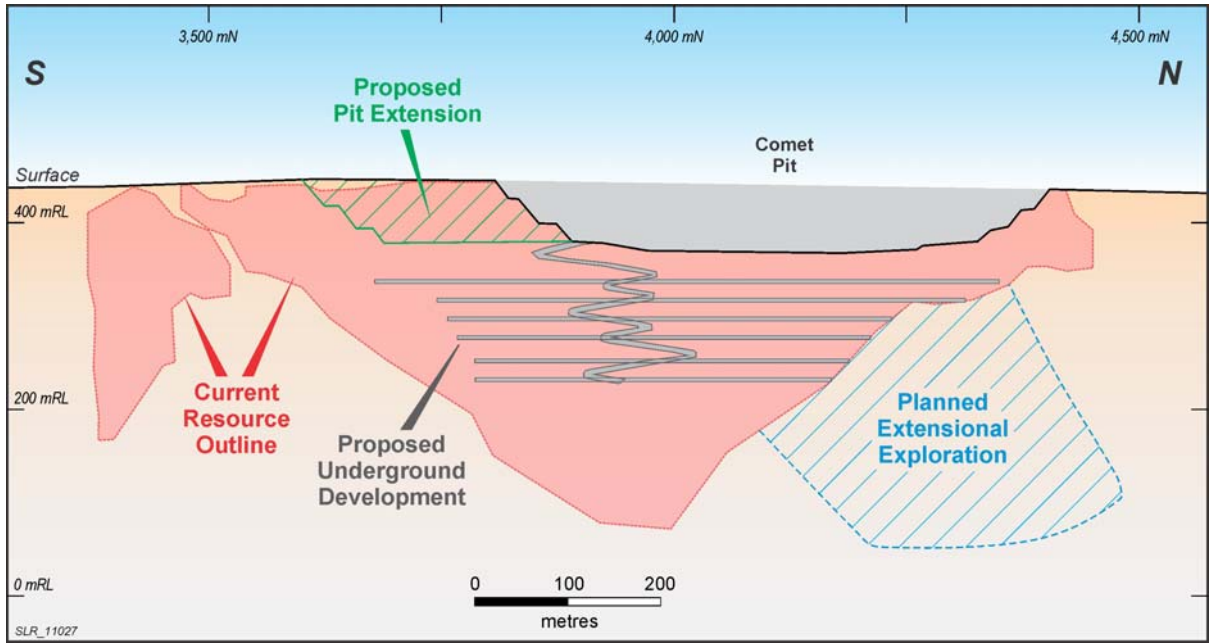


Figure 10: Schematic view of Comet mine layout and extensional drilling programme.

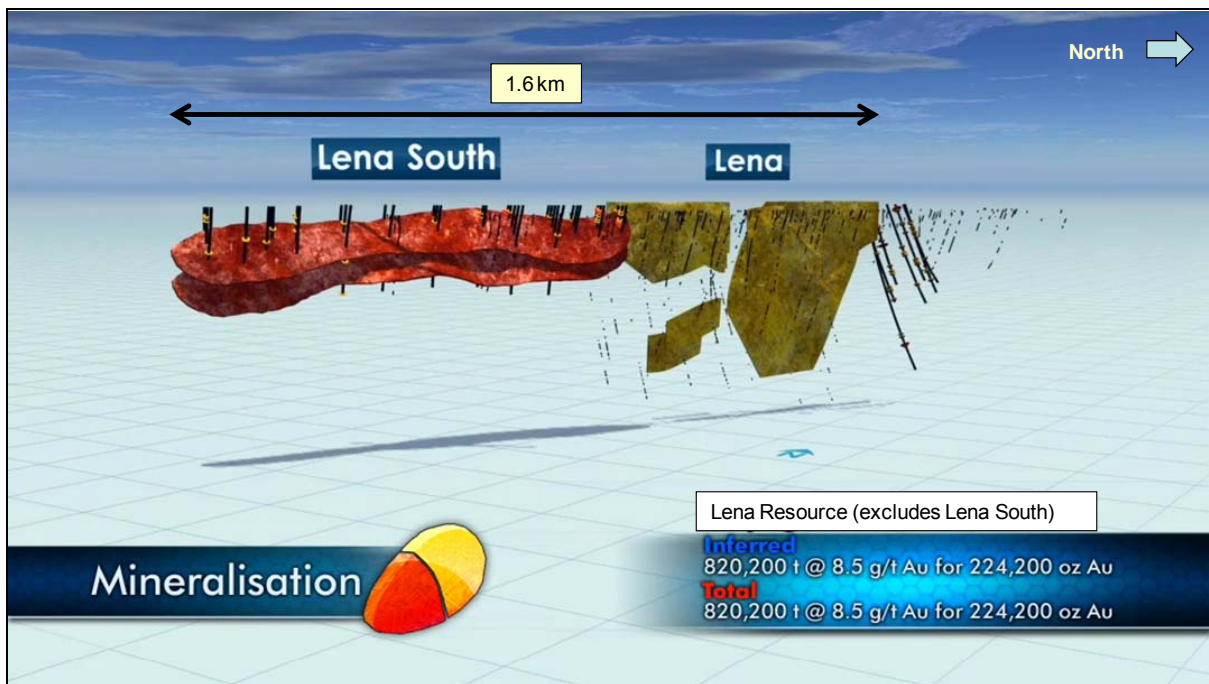


Figure 11: Schematic view of Lena & Lena South.

Resources

The JORC Resource inventory as at 31 December 2010 totalled 3.0 million ounces as detailed below.

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: December 2010 Resource Inventory

Rounding may give rise to unit discrepancies in this table

Finance

During the quarter, Silver Lake continued to invest in future growth including accelerated exploration activities at Mount Monger and the Murchison and development of the ventilation shaft at Daisy Milano.

Cash & cash equivalents at the end of the quarter totalled A\$27.7 million comprising:

- ▶ A\$23.6 million in cash; and
- ▶ A\$4.1 million in bullion on hand.

The company remains debt and hedge free.

Cash Flow (Unaudited)	Mar Qtr (A\$ Million)
<u>Revenue Receipted & Gold Bullion on Hand¹</u>	<u>25.7</u>
Payments to Operating Suppliers & Employees	(11.6)
Royalties	(1.0)
<u>Operating Cash Flow</u>	<u>13.1</u>
Exploration - Near Mine	(0.8)
Capital Development - Underground	(2.7)
Waste Material Movement - Open Pit	(0.7)
Capital Works	(0.9)
Tailings Dam Cell	(1.5)
Ventilation Shaft	(2.1)
<u>Operating Cash Flow (after sustaining capital)</u>	<u>4.4</u>
Exploration - Regional	(3.4)
Business Development	(0.4)
Corporate Overheads	(0.7)
<u>Net Cash Flow</u>	<u>(0.1)</u>
Opening Cash in Bank & Bullion	27.8
<u>Closing Cash in Bank & Bullion</u>	<u>27.7</u>

Table 4: Statement of Cash Flows

Notes to Table 4 and cash on hand:

1: Revenue receipted in cash was A\$25.3 million. Gold bullion on hand is the difference in value between bullion on hand at the end of December 2010 quarter and bullion on hand at the end of the March 2011 quarter.

Corporate

Investor Relations:

- ▶ Silver Lake presented at the following investor conferences during the quarter:
 - ▶ 23 February 2011 at the RIU Explorers conference in Perth.
 - ▶ 31 March 2011 at the Paydirt conference in Perth.

- **Issued Share Capital**

Class of Securities	Issued capital
Fully Paid Ordinary Shares	178,882,838

- **Unlisted Options**

Unlisted Options	Exercise price	Expiry date
24,000,000	A\$0.30	31 December 2012
240,000	A\$0.30	29 January 2013

For more information about Silver Lake and its projects please visit our web site at www.silverlakeresources.com.au.

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About Silver Lake Resources Ltd:

Silver Lake is an ASX 300 gold producing and exploration company with a resource base of 3.0 million oz in highly prospective regions including the Mount Monger goldfield and the Murchison. Silver Lake's strategy is to develop large production centres at Mount Monger and at the Murchison with multiple mines at each centre.

Silver Lake's Mount Monger Operation contains the Daisy Milano and Daisy East underground mines 50 km south east of Kalgoorlie.

Mount Monger has additional multi mine potential underpinned by emerging open pit production from Magic, Wombola Dam and Wombola Pit deposits. Furthermore the extension 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 located 5 km south east of Kalgoorlie and 45 km from the Daisy Milano mine.

In the Murchison Silver Lake's strategy is to develop a second mining operation with multiple mines feeding a central processing facility. Accordingly, the focus is on extending resources, particularly below 100 metres depth, to sustain a 100,000 oz per annum operation.

Silver Lake's exploration programme is targeting¹ 5 million oz Au in resource.

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Christopher Banasik who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Banasik is a full time employee of Silver Lake Resources Ltd, and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 edition of the JORC Code. Mr Banasik has given his consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

1: 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.