



Les Davis
Managing Director

QUARTERLY ACTIVITY REPORT

For the quarter ended 31 December 2007

Highlights

- Successful Initial Public Offering (IPO) raised \$30 million
 - Daisy Milano into production four weeks from acquisition
 - Acquired processing facility to integrate gold production
 - Commenced near-mine exploration at Mount Monger
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Summary

Safety

- Silver Lake’s Lost Time Injury Frequency Rate stands at zero following a successful operational start up.

Operations

- The Company commenced production from the Daisy Milano mine two months ahead of schedule with the first ore trucked out of the mine on 10 December 2007.
- Maiden hoist production for the quarter was 1,110 tonnes at 25 g/t Au for 892 ounces of contained gold.

Exploration

- Infill drilling commenced from Daisy Milano levels 17 through 21 to underpin the next 12 months of production, with the first hole intersecting visible gold (No assays were received during the quarter).

Business Development

- The Company acquired a 300,000 tonne per annum gold processing facility located 5 km east of Kalgoorlie and 45 km from the Daisy Milano mine for \$2.4 million on 30 November 2007.

Corporate

- Silver Lake successfully completed its IPO to raise \$30 million during the quarter and commenced trading on the ASX on 14 November 2007 (ASX Code: SLR).
 - The Company held \$16.0 million in cash at the end of the quarter.
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OPERATIONS

Mount Monger

Silver Lake took ownership of the Daisy Milano mine on 12 November 2007 and commenced production from its Mount Monger operations on 10 December 2007.



First truckload of ore leaves the Daisy Milano mine

Daisy Milano	Units	Qtr Dec 2007
Ore Hoisted	Tonnes	1,110
Grade*	Au g/t	25.0
Ctd Gold*	Oz	892
Unit Costs		
Direct Mining	A\$/oz	519
Transport & Processing	A\$/oz	-
Cash Operating Cost	A\$/oz	519
<p><i>Silver Lake reports unit costs in accordance with the Gold Institute Standard. The costs of future production at Mount Monger will fluctuate due to changing grade, throughput, and recovery outcomes.</i></p>		

* Based on geological estimation as material has not been processed and reconciled.

No ore was treated during the quarter as ore is being stockpiled on the surface with processing planned to commence through the Lakewood gold processing facility in the March quarter.

Costs

Cash operating cost during December was A\$519 per ounce which was impacted by two factors:

- Low production volume on start-up during the initial two weeks of production.
- Infill drilling cost incurred to establish the new mine plan (A\$100/oz).

Cash operating costs are expected to be A\$450 to A\$490 per ounce once production has ramped up to 35 to 40,000 ounces per annum.

Safety & Environment

Mount Monger Operations have recorded no Lost Time Injuries.

There have been no reportable environmental occurrences.

Development

There was no underground development undertaken during the quarter.

Outlook

On 11 December 2007 the Company commenced infill drilling from levels 17 through 21 to underpin the next 12 months production. The first hole drilled 15 metres below the 20 level (MIL20-001) intersected visible gold. No assays were received during the quarter. Infill drilling will continue during the March quarter.

Production at Daisy Milano is expected to total 10,000 - 15,000 oz by 30 June 2008, and continue thereafter at 9,000 - 10,000 oz per quarter.

Lakewood Gold Processing Facility

Silver Lake took ownership of the Lakewood gold processing facility on 1 December 2007.



Lakewood gold processing facility

Work has commenced on modifications to the existing circuit to optimise the processing of the high grade ore from Daisy Milano. Once processing of Daisy Milano ore commences in the March quarter, the remaining plant will undergo a progressive six month modification and refurbishment programme. It is expected the programme will cost up to \$2.6 million.

EXPLORATION PROJECTS

Mount Monger

Silver Lake received all required regulatory approvals to commence the surface exploration programme on the Mount Monger tenements during the quarter.

Surface drilling will commence in February 2008.

Murchison

A review of the available geophysical data has been completed for the Tuckabianna, Moyagee and Rothsay projects. Follow up geophysical programmes at Rothsay will commence in February.

Regulatory documentation has been submitted for the surface drilling programme at Tuckabianna with drilling planned to commence in March 2008.

Resources

The current resource base is 3.88 million tonnes at 6.7 g/t Au for 830,000 oz of gold.

A full resource review is in progress and results will be announced in March 2008.

Project	Category	Ore t	Grade g/t	Ctd Au oz
Daisy Milano	Indicated	160,000	34.2	176,000
	Inferred	60,000	30.6	59,000
	Total	220,000	33.2	235,000
Moyagee	Inferred	820,000	8.5	224,000
Tuckabianna	Indicated	1,410,000	3.2	146,000
	Inferred	840,000	3.4	92,000
	Total	2,250,000	3.3	238,000
Rothsay	Inferred	590,000	7.0	133,000
Total	Indicated	1,570,000	6.4	322,000
	Inferred	2,310,000	6.8	508,000
	Total	3,880,000	6.7	830,000

Resource Summary

CORPORATE

Finance

The Company successfully completed its IPO to raise \$30 million before the costs of the offer and commenced trading on ASX on 14 November 2007.

At 31 December 2007 the Company had net cash on hand of approximately \$16.0 million.

Gold Sales

The Company had no gold sales during the quarter.

At this time the Company has not hedged any of its production.

Issued Share Capital

Class of Securities	Issued as at 31 Dec 2007
Fully Paid Ordinary Shares	153,409,424
Unlisted Options	24,200,000

During the quarter the closing price of fully paid ordinary shares quoted on ASX was:

Month to:	Last	High	Low
30/11/2007	\$0.38	\$0.38	\$0.35
31/12/2007	\$0.375	\$0.425	\$0.37

Directors

Paul Chapman
Non-executive Chairman

Les Davis
Managing Director

Chris Banasik
Director Exploration & Geology

David Griffiths
Non-executive Director

Peter Johnston
Non-executive Director

Brian Kennedy
Non-executive Director

Company Secretary

Gavin Cooke

Senior Management

David Crockford
Resident Manager Mount Monger Operations

Noel Ong
Exploration Manager

Peter Armstrong
Commercial Manager

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Competent Persons Statement

The information in this report that relates to Exploration Results and Production Geological Estimates are 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 Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. 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.