



Purchase of Daisy Milano paying off

By Blake Wilshaw

TWELVE months after closing the Daisy Milano gold mine and sacking 29 workers without warning, Perilya Ltd has suffered a significant slash in profit.

But the performance of the mine's new owner Silver Lake Resources has been impressive, with many ambitious milestones reached in a short time.

Daisy Milano, 50km east of Kalgoorlie, was closed by Perilya in March 2007 as part of the company's gold divestment strategy.

The company's projects were contained to zinc and lead, a move which saw an 84 per cent drop in profit for the final six months of 2007 compared with the previous corresponding period.

The drop from \$76.1 million to \$12 million was due to a sharp fall in the zinc price and lower lead production levels.

As Daisy Milano sat idle, Silver

Lake Resources grabbed the asset and used it as the centrepiece for a \$30 million float.

At a time when progress is stifled by lack of staff and approvals can hold back mine start-up, Silver Lake recommissioned the mine four weeks after November's ASX listing.

Significantly, they became a fully integrated gold company with the purchase of a nearby processing plant.

Now the company is exploring the Daisy Milano's surrounding area, which makes up the Mount Monger project.

It has a \$9.2 million budget over three years, targeting two million ounces in resource.

"Silver Lake is the first company to undertake a comprehensive, systematic exploration program over the entire Mount Monger tenement package," managing director Les Davis said.

"The commencement of this cam-

paign represents a significant step in Silver Lake's Mount Monger strategy.

"We have again shown that our team is capable of delivering on a challenging plan, developing and commencing a quality systematic drilling program in just 10 weeks in an environment where drill rigs are hard to secure."

The first round of RC drilling consists of 16 holes to a depth of 300m.

The company is following the Caledonian trend, 200m north of Daisy Milano.

"We were attracted to begin at the Caledonian trend by the presence of historical workings down to just 40m depth and complemented by previous drilling results of 3m at 9.3g (of gold) per tonne and 4m at 7.23g/t," Mr Davis said.

"This is a clear opportunity to lift the EIL on the geology of the area and potentially add readily accessible resource to our inventory."