

JUNIOR FLEXES ITS METAL

Silver Lake Resources has emerged from the depths of obscurity to become a gold producer and explorer of note with the company recently ticking off some major milestones.

THE PERTH-BASED company has come a long way since its first days as a fledgling gold play when it listed on the Australian bourse in November 2007.

Back then, it had just raised \$A30 million at an issue price of 30c from its initial public offering and had just bought its Mount Monger operation in Western Australia from Perilya.

These days, the company is trading at all-time highs (\$1.94 in early June) and is targeting the development of large production centres at Mount Monger and at the Murchison goldfields with multiple mines at each location.

Silver Lake managing director Les Davis told *RESOURCESTOCKS* the major reason the company looked at Perilya's gold business was because of the work it had done in consolidating the Mount Monger gold field which lies 50 kilometres southeast of Kalgoorlie.

"Kalgoorlie is the gold capital of Australia and has produced in excess of 60 million ounces of gold so obviously mining gold close to Kalgoorlie in a historic goldfield that was potentially untapped was a major attraction," he said.

Silver Lake is currently producing gold from the Daisy Milano and Daisy East underground mines at Mount Monger.

"The Daisy Milano mine, which has a very rare and impressive resource grade of 45 grams per tonne, is certainly very high grade and was one of the major attractions in picking up that goldfield," Davis said.

Since inception, Daisy Milano has produced 270,000oz of gold and, according to Davis, there is another

250,000oz to mine that the company knows about.

Silver Lake is expecting to announce a significant resource upgrade this year. It is confident this could extend the resource by another 300,000oz on top of the current 250,000oz.

The mine life is also expected to be extended from at least five years to potentially around 10 years.

"Daisy Milano will probably end up being a million ounce deposit in its own right and that is starting to become very substantial on a regional scale. It's got 400 metres of strike and is very well endowed with 1000 ounces per vertical metre," Davis said.

"So I think it will be there for the 5 to 10-year range and by the time we calculate the resource upgrade, it should be around for 10 years."

While Silver Lake progresses with its Daisy Milano deposit, Davis also noted the importance of the Daisy East underground mine at Mount Monger.

"Daisy East lies only 40 metres to the east of Daisy Milano and is accessed from the Daisy Milano decline so the capital cost per ounce is very low because the decline has already been put in place and paid for," he said.

"We are only in the initial

early production stages at Daisy East, however once we get enough development in front of us it will certainly be additive to the base load."

Drilling at Daisy East has defined a mineralised structure of greater than 200 vertical metres with results so far including 0.9m at 235 grams per tonne gold, 1.3m at 129gpt gold and 0.5m at 200gpt gold.

Looking ahead, Silver Lake is targeting 100,000oz out of Mount Monger next financial year, based on 60,000oz out of Daisy Milano, 20,000oz from Daisy East and 20,000oz from other open pit ore sources the company is currently finalising.

Mount Monger also has additional multi-mine potential with the potential for open pit production from the Magic, Costello and Lorna Doone deposits at the project which have current resources of 802,000t at 3.2gpt gold for 81,700oz.

Silver Lake believes the discoveries of Emma and the extension of the Rosemary lode show potential as near-term production sources.

"These deposits simply don't have the drilling so if we can get them all worked up our medium-term target is to have two more Daisy Milanos into our life," Davis said.

"I think we have already got three-

"We have 1 million ounces in our resource base at Murchison and we have identified that we can grow that to 3 million ounces within the next two years."

LES DAVIS
SILVER LAKE RESOURCES

quarters of one with Daisy East and I am looking for one more.

“We have got Emma and Rosemary and a multitude of ore resources to pick from. I am looking for a 600,000 tonne per annum model here at high grade and I am assuming 200,000 ounces by 2014,” he added.

The company processes all the gold ore from Mount Monger at its 600,000tpa Lakewood gold processing facility which lies 45km from Daisy Milano and 5km south of Kalgoorlie.

Construction and commissioning of the upgraded \$4.1 million circuit at Lakewood to a rate of 400,000tpa of hard rock or up to 600,000tpa of blended rock, was finalised in the March quarter.

Silver Lake recently reported considerable exploration success and is currently spending \$18 million over two years on further exploration programs over its Mount Monger and Murchison projects.

Recently, the company announced results from a three-hole diamond and 20-hole RC drilling program at the Magic deposit, including intersections of 11m at 59.4gpt gold from 251m, including 1.5m at 243gpt gold, and 10m at 19.1gpt gold from 52m.

In the meantime, Silver Lake is progressing with exploration work at its Murchison project some 600km north of Perth.

The project consists of the Tuckabianna, Comet and Moyagee deposits and currently has a resource of 7.8Mt at 3.8gpt gold for 965,400oz.

Silver Lake bought Tuckabianna from Tectonic Resources and Extract Resources. After listing, the company purchased Comet from Alloy Resources while Moyagee was part of its Perilya transaction.

Historic gold output at Tuckabianna and Comet has been 500,000oz produced from mid-1985 to 1992 when the gold price was \$400 an ounce.

Now with the gold price hitting all-time highs of just under \$1300/oz, Davis believes the project has significant potential.

“We have 1 million ounces in our resource base at Murchison and we have identified that we can grow that to 3 million ounces within the next two years,” Davis said.

Recently, the company found a new deposit dubbed Genesis, located 200m east and parallel to the Tuckabianna main zone, which has been subjected to a 21-hole reverse circulation program.

The deposit contains multiple near



surface, thick, high-grade intercepts with mineralisation open to the north, south and at depth.

Silver Lake is also encouraged by drilling results along the Lena shear at the Moyagee deposit.

Moyagee contains the Lena resource which already has a resource grade of 820,000t at 8.5gpt for 224,000oz of gold.

Davis said the company has now extended Lena to the Lena South area which is around 1.6km in strike length. The company has already reported significant gold hits from Lena South, including 4m at 28gpt from 90m and 1m at 94gpt from 92m.

On top of this, Silver Lake has returned significant intercepts including 3m at 15.7gpt from 11m at Leviticus, some 2.2km south of Lena.

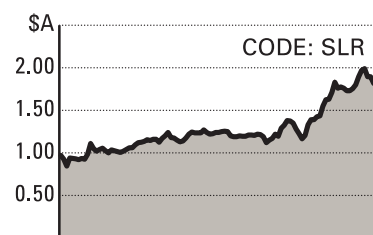
To test the theory further, the company also drilled at the Numbers deposit, some 5km south of Lena, and reported an intercept of 1.3m at 10.5gpt gold.

The company has been ticking off some major milestones of late. In March, Silver Lake was admitted to the ASX 300 list of companies and also announced record gold production in the March quarter of 23,150oz at \$490 cash cost.

In May, the company also reported the first 100,000oz of gold bullion produced from its Mount Monger operations, more than two years after pouring its first gold bar in April 2008. – **Colin Jacoby**

Silver Lake processes gold ore from Mount Monger at its 600,000tpa Lakewood gold processing facility

SILVER LAKE RESOURCES AT A GLANCE



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MARKET CAPITALISATION

\$A319 million (at press time)

QUOTED SHARES ON ISSUE

178,757,838

MAJOR SHAREHOLDERS

Sprott Asset Management 9.5%
Eye Investment Fund 6.8%
Baker Steel Capital Managers 5.4%