



Gold : Silver Lake Resources Ltd (SLR)

By : Eagle Research (Keith Goode)	APRIL 2008 VISIT TO DAISY MILANO		19 May 2008
Year Low/High:	\$0.28 - \$0.50	153.4m ords	Recommendation SPEC BUY
Diluted No. Shares	179.5m	26.1m in-money opti	Share Price \$0.34
Diluted Mkt Cap :	A\$61m		Target Price (5%NPV: \$0.73) > \$1.00
Net cash (est 31 Mar 08)	\$7.1m		www.silverlakeresources.com.au T:+618 6313 3800

Silver Lake Resources Limited (SLR) – Building up to >70,000ozpa Gold Production by the end of 2009

- **Silver Lake Resources (SLR) has four project areas in WA, being Mount Monger (which includes Daisy-Milano : a high grade underground mine that has started production at an expected ~35,000ozpa), Murchison (being Comet, Tuckabianna & Moyagee), Rothsay (a small copper-gold mine) and the grass roots Copper Lakes.**
- **SLR has a target of producing at 150,000ozpa within 3 years (2011), which could be achievable, based on possibly 50,000ozpa to 70,000ozpa from Mount Monger and a mining operation at Comet/Tuckabianna (although Mount Monger could be capable of achieving 100,000ozpa in its own right).**
- **SLR appears to have significant upside potential with both of its current main project areas of Mount Monger's Daisy-Milano, and Comet/Tuckabianna apparently capable of exceeding expectations in production and grade. Also on a market cap comparison basis to its peers, SLR appears to be well undervalued and capable of achieving a market cap > A\$120m.**
- **SLR poured their first gold bar on 30 April 2008, at their own 300,000tpa Lakewood plant near Kalgoorlie as part of an initial expected treatment rate of 75,000tpa at 15g/t (35,000oz to 40,000ozpa) from the Daisy-Milano lode. The remainder of the mill capacity is expected to be fed from possible open cuts followed by underground mining one of the >10 other lodes that have shallow workings.**
- **At Comet and Tuckabianna, SLR are evaluating re-opening the mines as underground operations, which was considered prior to their closure in 1997, but not undertaken due to the weakening gold price and other distractions. SLR has started a PFS on its Murchison assets (Comet, Tuckabianna and Moyagee) which it expects to complete in the December Quarter 2008.**
- **SLR are also evaluating the old Rothsay copper-gold mine that closed in 1991, after limited underground operation, and their Copper Lakes prospect.**

FINANCIAL ESTIMATES : (Note : This ERA scenario is just one of a number of possible scenarios that could occur)

Year end June		JH08f	2008f	DH08f	JH09f	2009f	2010f	2011f
Gold Sold	koz	10	10	19	31	50	72	63
Gold Price Received	US\$/oz	900	900	900	900	900	900	900
Cash Cost	US\$/oz	510	510	445	478	462	396	365
Total Cost	US\$/oz	651	651	586	619	603	537	506
NPAT	A\$m	1.8	1.7	4.4	6.6	11.1	19.2	18.1
EPS	c	1	1	3	4	7	13	12
No Shares	M	153	153	153	153	153	153	153
P/E ratio @ A\$0.34	x					4.7	2.7	2.9

OTHER KEY POINTS:

- **SLR has a 5%NPV of A\$0.73, based only on Mount Monger (excl Murchison). (The NPV rises by ~A\$0.10 per 1g/t increase in Daisy-M grades, or +5/gt = up 68% to \$1.23).**
- **Due to the visible gold at Daisy-Milano, specimen gold may be sold (which often realises >2x the gold price based on the total weight). A trial parcel is being sent to the US.**
- **Realised grades could easily be 30% (or more) higher than forecast expectations, due to the 15g/t assumed at D-M compared to visible gold being common underground.**
- **SLR are debt free having raised \$30m in their IPO in November 2007 to acquire the Daisy-Milano mine from Perilya and bring it into gold dore production within 5 months.**

Corporate Overview

Silver Lake Resources Limited (SLR) listed in **November 2007** raising \$30m (100m shares @ 30Ac) in an IPO led by Patersons, resulting in the current **153.4m ordinary shares** in issue (including 50m escrowed) and **26.1m options** (all in-the-money at 30Ac by 29 January 2013).

The IPO was a condition of an agreement made by SLR in August 2007 to acquire Perliya's (PEM's) gold assets which mainly consisted of the **Daisy-Milano** mine (near Mt Monger, east of Kalgoorlie in WA), most of the original historic Mount Monger goldfield, and Moyagee for A\$7.5m cash, \$6m SLR shares, and a \$5/oz royalty up to a maximum amount of A\$0.25m. SLR's other properties of Tuckabianna, Rothsay and Copper Lakes as shown in Figure 1a were acquired from other vendors, for a total of \$1.0m cash, \$2.48m shares, and a \$10/oz royalty to \$0.7m for Rothsay production after 10,000oz.

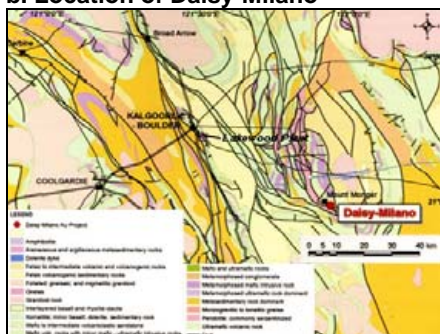
Less than one week after listing, SLR acquired its own fully permitted 300,000tpa processing plant called Lakewood on 30 November 2008. The plant is located ~5km SE of Kalgoorlie and is on a direct road link with the Daisy-Milano mine 45km further east. The acquisition cost was A\$2.4m in cash, and a further \$4.6m was expected to be spent modifying and refurbishing it, including a crushing circuit, and a gravity circuit for the high quantity of visible gold. SLR started mining ore on the 10 December 2007 and **poured its first gold bar** at the refurbished plant on **30 April 2008**.

Figure 1. Locations of SLRs Projects, Daisy-Milano at Mount Monger, and the Murchison Assets

a. Location of SLRs Projects



b. Location of Daisy-Milano



c. Location of Murchison Assets



On 25 March 2008, SLR announced that it had acquired the Comet gold tenements and Kurrajong nickel project from Alloy Resources Ltd for \$1.575m, and on 23 April 2008, announced that it has **started a PFS** on SLR's **Murchison Assets** comprised of the Tuckabianna, Comet and Moyagee projects as shown in Figure 1c, which was expected to be completed in December Quarter 2008. This report is based on our visit to SLR's Daisy Milano operation and its Lakewood plant at Kalgoorlie in late March/early April 2008, together with publicly available presentations and information, plus our own (ERA) historical records.

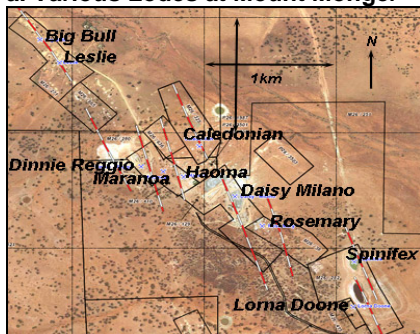
Mount Monger (SLR : 100%)

Background History

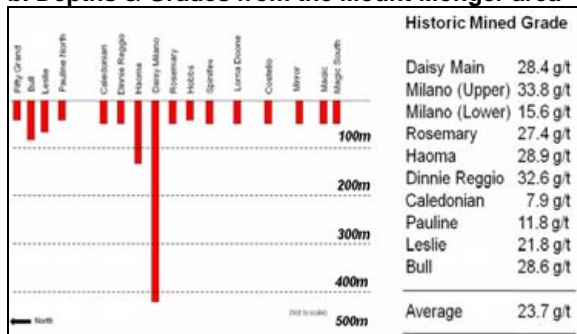
The Mount Monger region appears to have been mainly kept in private hands since the early 1900s, with the only old reference that we (ERA) could find being Taurus (since renamed Big Bull), which was renowned for 5oz to 29oz nuggets in an area of extensive dry-blower workings near the Mt Monger homestead. The first consolidation of the area was made by Ramsgate in their Mt Monger JV operation, which bought Lorna Doone and Spinifex from Nugold Hill in 1992, and mined them as open-cuts at grades of 2.7g/t to 3.5g/t. Along with Maranoa and Dinnie-Reggio, Haoma was another acquired separate operation, in which Haoma's underground mining south had been limited by a lease boundary.

Figure 2. Various Lodes, Depths and Grades at Mount Monger, and the 5-Stamp Battery (at Rosemary)

a. Various Lodes at Mount Monger



b. Depths & Grades from the Mount Monger area



c. 5-Stamp Battery (Rosemary)



The lease boundaries were one of the main restrictions on the old workings, which followed a series of WNW/SSE striking veins as shown in Figure 2a, and were often high grade (in the 15g/t to 30g/t vicinity) as shown in Figure 2b. The fact that the area remained in private hands for so long, probably accounts for why an old operational 5-stamp battery was in a shed at Rosemary as shown in Figure 2c.

The area then appears to have languished until the privately owned Nickel Seekers extended the historic underground at Daisy-Milano and mined ~104,000t @ 10.2g/t for ~35,000oz from 2000 to 2003, followed by Perilya purchasing the Daisy-Milano region from the Ridgeway Group in January 2005 for \$13.2m, extending the decline and developing down to 20 Level, under the old workings (then at 12 Level).

Figure 3. Production: Perilya JQ05 to MQ07, Geology: Mount Monger Area, Schematic View of Lodes Linking



However, the mine was out-of-the-way compared to PEM's other operations, production was ~25,000t to ~35,000t/qr, @ grades ~6.5g/t to 9.5g/t for ~7,000oz to 10,000oz/qr & costs of ~A\$550/oz to A\$750/oz as shown in Figure 3a with recoveries ~98%. PEM's production costs were high because they were trucking the ore to other company's plants such as Harmony's Jubilee, and Coolgardie for toll treatment.

Both of these plants were at least another 55km beyond SLR's Lakewood facility and were then subject to mill availability, batch campaign treatment and toll treating costs, such that sales had little comparison with actual production. Perilya also appeared to have mainly used bulk mining techniques which resulted in higher dilution, compared to SLR's narrow vein mining approach. PEM consolidated the remainder of the field, developed and established the Daisy Milano lode structure, and sold it for A\$12.8m to SLR.

Geology

The Daisy-Milano mineralisation appears to be related to an ultramafic contact between andesites to the east and felsic porphyries to the west as shown in Figure 3b, located in the upper Eastern Goldfields stratigraphy on the eastern side of the Bulong anticline. The mineralisation is contained predominantly in thin (20cm to 2m) quartz veins or lodes that strike mainly NW/SE to NNW/SSE. A number of them do appear to link (or be related) as illustrated by lining up shafts and old workings (when viewed on-site) and in the new schematic modelling shown in Figure 3c and 6a, although they have been mined as separate structures due to historic lease boundaries.

Figure 4. Grade Contour Section: D Milano, View of D-M Lodes 20 Level 01S, Plan of Part of 20 Level



Grades appear to be shooted and plunge south as shown in the section of Daisy-Milano in Figure 4a. The veins are known to link vertically and maybe bifurcate later, as in the case of Daisy-Milano which consisted of two lodes (the footwall Daisy and the main hangingwall Milano) separately mined at surface but which linked at depth.

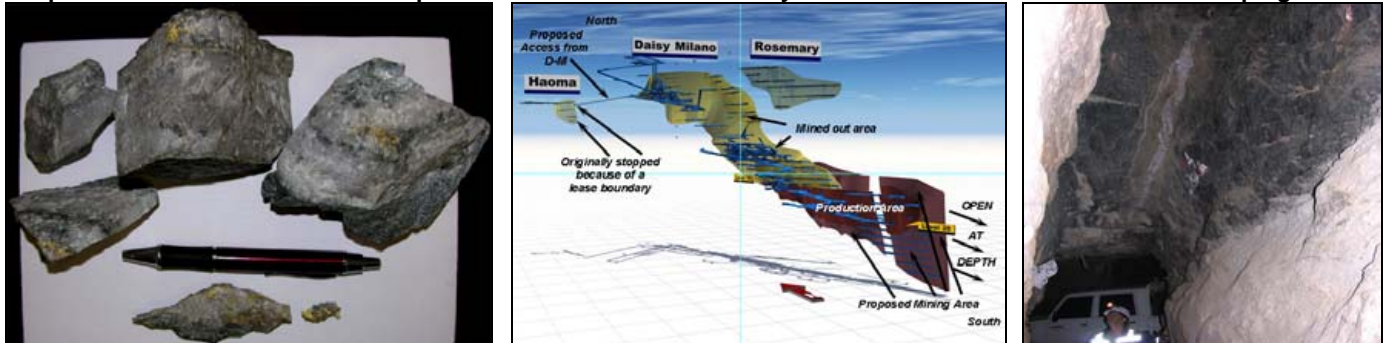
Some faces such as on 20 Level do show more than one vein or lode in them, so possibly D-M remained as two veins that were mined as one including any intervening waste. The veins are thought to be shear related, and in places have undergone significant folding as shown in Figure 4b (which also has a "seam" of pyrrhotite in the roof of the drive, good ground conditions, and suggests that ore "flats" may exist).

Grades are very high as illustrated in Figure 4a and the plan of part of the 20 Level (currently under development) with an extremely high value of **1423g/t** as shown in Figure 4c with **visible gold common** underground and in core (it is one of the few mines that we have been underground and seen visible gold in a blasted face). The mine does periodically have concentrated veined gold as shown in Figure 5a that could be saleable as **specimen gold** (on the basis of possibly >2x the gold price, sold by the weight of the gold and quartz/rock content). A 10kg trial parcel is being amassed for testing by US jewellers.

Mining and Treatment

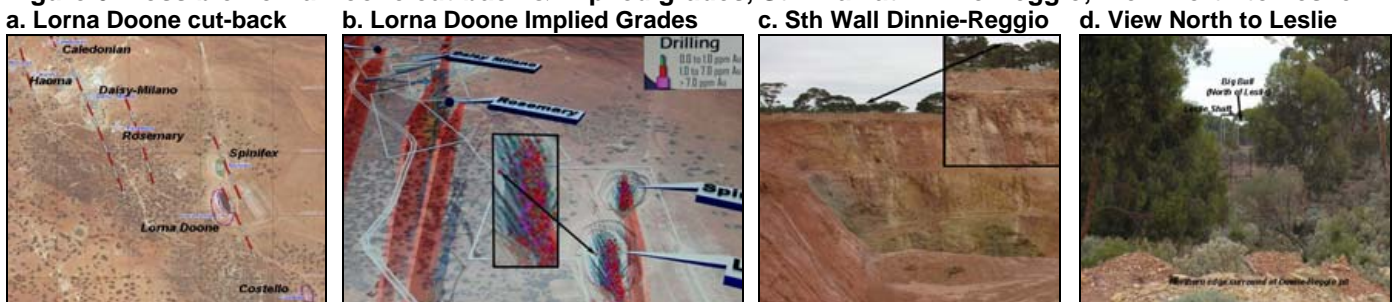
SLR's initial production target is to produce ~35,000ozpa to 40,000ozpa based on treating ~75,000tpa @ 15g/t from the Daisy-Milano lode. The high grades have already been shown in the above figures and history, and the Daisy-Milano lode appears to extend to depth as shown in Figure 5b. SLR expect to be able to achieve higher grades than Perilya by using narrow vein mining techniques (which reduce dilution) as shown where SLR are applying them on 15 level in Figure 5c.

Figure 5. Specimen Gold & other Gold Samples, 3d Schematic of Daisy-Milano, Narrow Vein Stopping on 15 L
 a. Specimen Gold & other Gold Samples b. 3d Schematic of Daisy-Milano c. Narrow Vein Stopping on 15 L



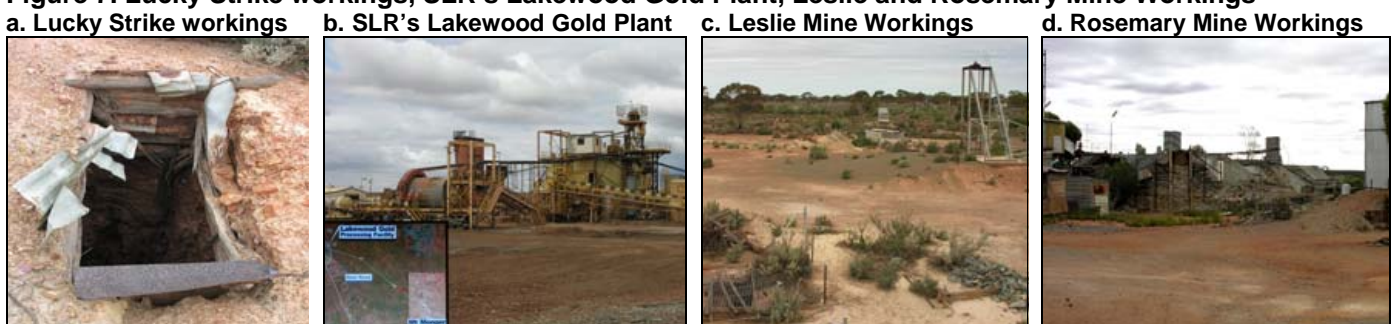
The current ore resources at Daisy-Milano are 251,000t @ 30.9g/t (for almost 250,000oz). SLR are examining driving towards the Haoma lode as a second underground ore source of 75,000tpa, although that does also require dewatering of the old workings before they can be mined under. However, before Haoma is considered, SLR intends to geotech drill to assess whether the Lorna Doone pit can be cut-back as shown in Figures 6a and 6b, to mine its expected reasonable grade ore of 3g/t to 4g/t.

Figure 6. Possible Lorna Doone cut-back & implied grades, Sth Wall at Dinnie Reggio, View North to Leslie



Additional open-cut ore could be sourced from Spinifex, Costello and Dinnie Reggio, although there are a number of possibilities as shown in the back south wall of the Dinnie Reggio pit with the old workings under an old headgear as shown in Figure 6c, headgears in a line north through to Leslie as shown in Figure 6d, recent drilling at Caledonian or nearby almost virgin areas like Lucky Strike as in Figure 7a.

Figure 7. Lucky Strike workings, SLR's Lakewood Gold Plant, Leslie and Rosemary Mine Workings



The Daisy-Milano ore is being trucked to SLR's 300,000tpa CIL plant at Lakewood near Kalgoorlie as shown in Figure 7b. Part of the modifications included a **gravity circuit with ~80%** of the gold currently being recovered by gravity, out of the 98% gold recovered (the dore bars include about 9% silver). There appears to be room for expansion of the plant, to possibly 400,000tpa or more.

Upside Potential

There are a number of figures for past production at the various lodes, often with low tonnages, sometimes with lower grades. However, what is clear looking at the evidence on site in Figures 7c and 7d, of the number and standard of the shafts & various workings, is that the figures are probably understated, with a **potentially significant goldfield** that has been mainly kept in private hands, and hence essentially not drilled or mined at depth. SLR could have a number of underground operations mining the various lodes, which are not that far laterally apart, such as Daisy-Milano to Haoma, or Rosemary; a decline into Lorna Doone or Dinnie-Reggio etc. There may also be mineralised flats between the lodes.

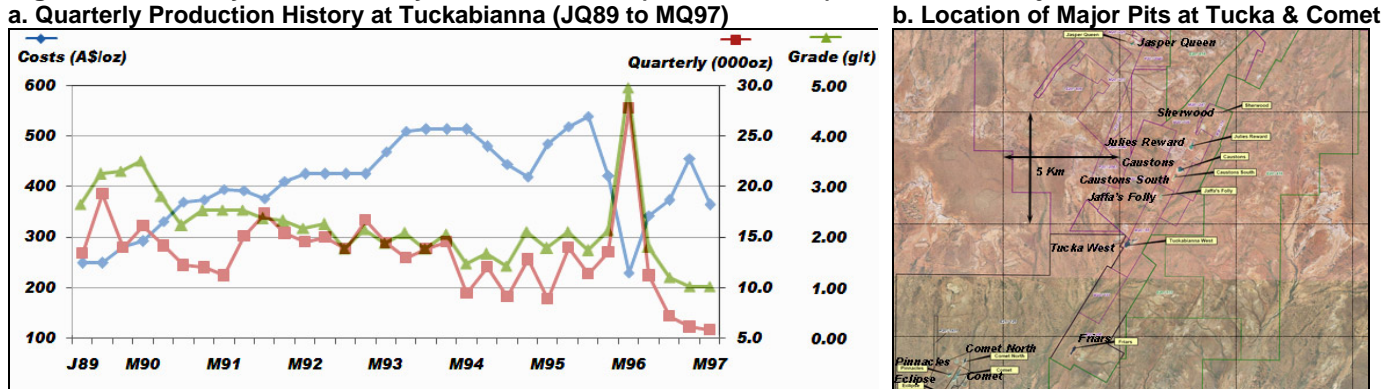
The Murchison Assets of Tuckabianna, Comet and Moyagee (SLR : 100%)

Background History

The locations of Tuckabianna, Comet and Moyagee are shown in Figure 1c of this report, Tuckabianna being about 25km east of Cue or 650km NNE of Perth in WA. Tuckabianna only appears to have had minor recorded historical production from its discovery in 1915 up to 1988 of ~52,000oz at an average grade ~18g/t, ranging from 14g/t at Comet (~14,000oz) to 52g/t at Jasper Queen (~1,000oz).

Australmin started mining Tuckabianna in late 1988 with an 0.5mtpa mill after buying out their JV partners CSR (CSR sold their gold assets which were renowned for having contained some significantly prospective areas eg Granny Smith), and were then soon taken over by Newcrest (NCM). NCM acquired the Comet assets in 1993 from Hannans Gold Ltd (who had previously mined ~660,000t @ 3.45g/t from the Pinnacles and Comet open-pits). NCM also acquired some other properties in the region.

Figure 8. Quarterly Prodn History at Tuckabianna (JQ89 to MQ97), Location of Major Pits at Tucka & Comet



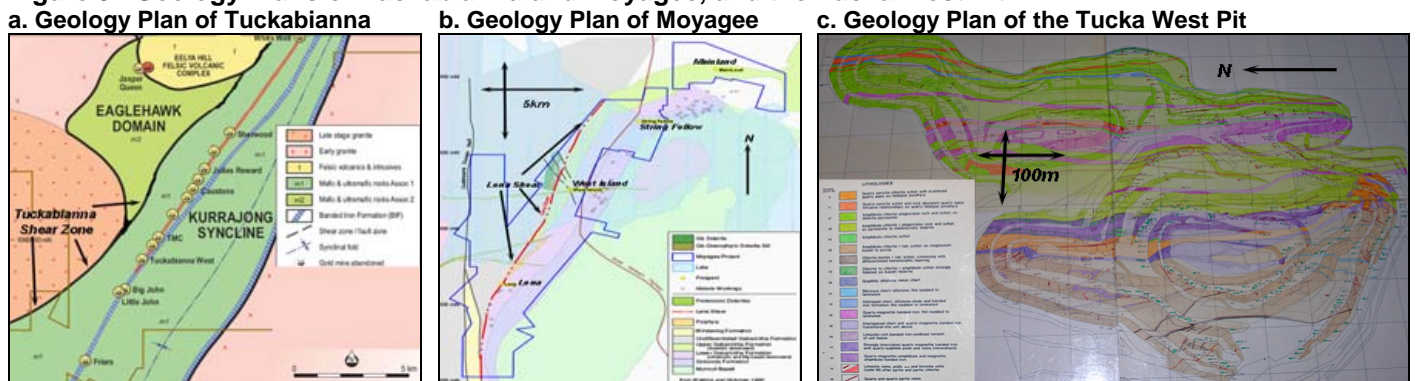
NCM produced ~310,000oz before selling the mine in March 1994 (in a high cash cost reducing gold price environment) to Westgold (WGR) who continued operations until late March 1996, when WGR ceased mining and treated the low grade stockpiles until early 1997 as shown in Figure 8a. During its life, Tuckabianna had 22 pits of which the central banded-iron-formation (BIF) mineralised zone contained 14 pits over ~13km, of which the deepest was Tucka West at 140m. Recoveries were mostly ~90% to 92%.

WGR considered and completed studies on mining underground at Tuckabianna and Comet, and a super-pit alternative concept at Tucka, but at that time WGR took over Ramsgate for its Mt Monger operation and South American assets etc, and so operational considerations ceased. Jasper Queen was only mined in 1996, creating the MQ96 production blip, so its high grades were too late to be considered for u/ground mining. Various other companies subsequently held the Tucka assets, but nothing further appears to have occurred until Tectonic sold Tuckabianna to SLR for A\$1.2m. SLR then recently purchased Comet from Alloy Resources, and Moyagee came with the PEM gold assets (having been explored by Perilya).

Geology

Most of the gold produced at Tuckabianna has occurred in a structurally deformed BIF located along the western limb of a synclinal structure where it has been cut by the mineral rich Mt Magnet to Meekatharra Shear zone as shown in Figures 1c and 9a. Moyagee straddles both the Cuddingwarra and Lena Shears, with most of the PEM exploration having concentrated along the Lena Shear spur as shown in Figure 9b.

Figure 9. Geology Plans of Tuckabianna and Moyagee, and the Tucka West Pit



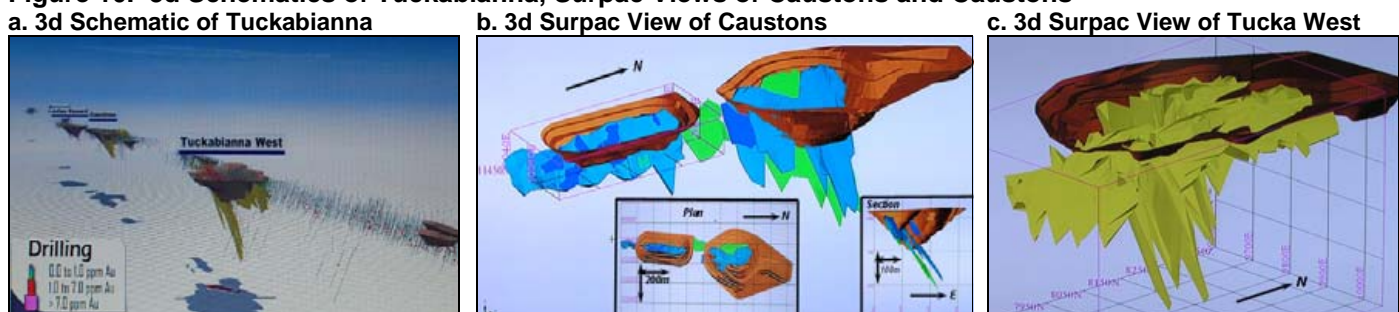
Many of the historic pits had supergene gold in an overlying laterite, such that gold mineralisation has been identified in several rock types such as BIF, Fe-rich sediment, mafic rock, porphyry, granitoid and laterite; and at Jasper Queen : palaeochannel gravel and a primary high grade gold-in-quartz lode. As shown in Figure 9c of the geological plan of Tucka West, the main quartz-magnetite-BIF structures (coloured purple) were sizeable (often 50m thick) and appear to have been reasonably uniform.

Table 1. Ore Reserves and Resources for Silver Lake Resources (as at April 2008)

Resources	Indicated Resources			Inferred Resources			Total Resources		
	Tonnes 000t	Grade g/t	Gold 000oz	Tonnes 000t	Grade g/t	Gold 000oz	Tonnes 000t	Grade g/t	Gold 000oz
Mt Monger	Note (1) : Daisy Milano's Measured Resources of 93,600t @ 37.9g/t for 114,100oz are included in the totals								
Daisy Milano (1)	65	20.8	44	92	30.8	91	251	30.9	249
Costello				94	3.7	11	94	3.7	11
Lorna Doone				111	4.0	14	111	4.0	14
SUB -TOTAL	65	20.8	44	297	12.2	117	456	18.7	275
Murchison									
Comet	1442	3.3	155	374	6.4	77	1816	4.0	232
Tuckabianna	1410	3.2	146	838	3.4	92	2248	3.3	238
Moyagee				820	8.5	224	820	8.5	224
SUB -TOTAL	2852	3.3	301	2032	6.0	393	4884	4.4	693
Other									
Rothsay				591	7.0	133	591	7.0	133
TOTAL RESOURCES	2918	3.7	344	2920	6.8	642	5931	5.8	1101

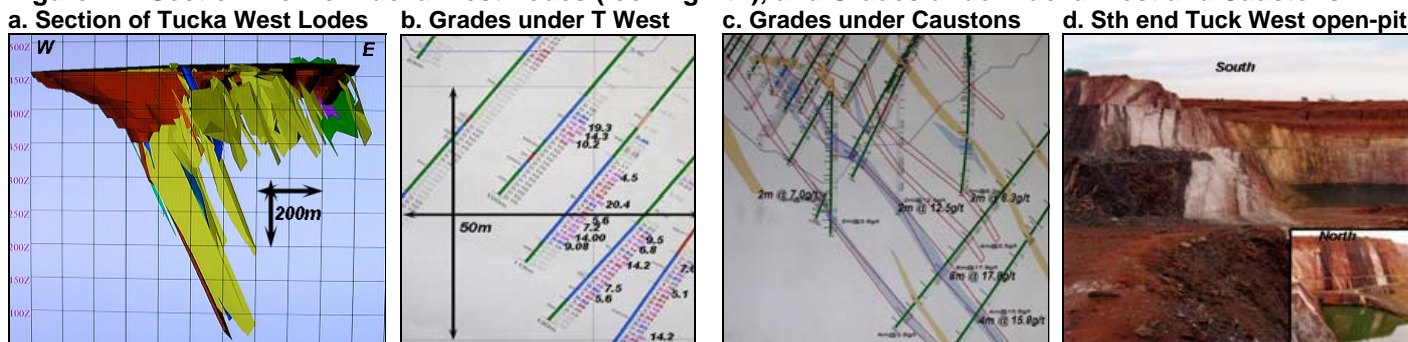
The resources at Tuckabianna appear to have mainly focused on known extensive mineralised depth extensions to Caustons and Tucka West as shown in the schematic in Figure 10a. Figure 10a also shows a number of intercepts of mineralisation between Tucka West and Caustons, but no pit.

Figure 10. 3d Schematics of Tuckabianna, Surpac Views of Caustons and Caustons



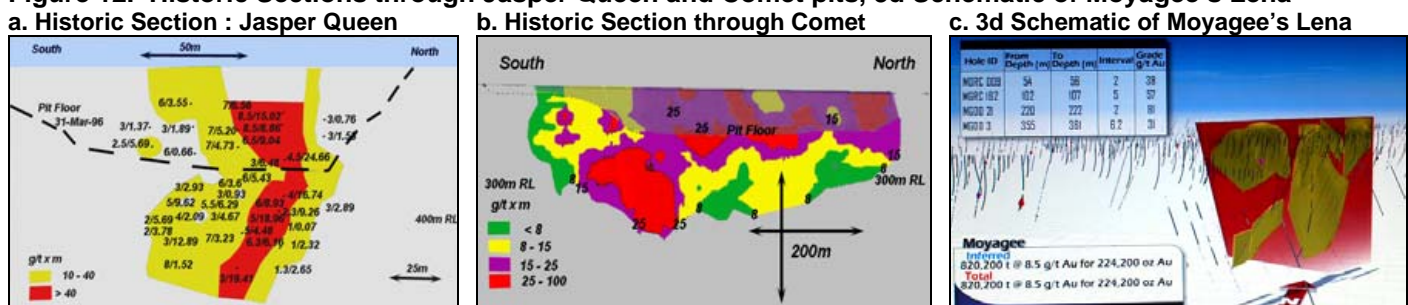
The depth extensions of the numerous mineralised lodges at Tucka West (as shown in Figures 10c and 11a) are a function of the degree of historical drilling. One of the shallower parts of the Tucka West pit, has some very encouraging grades as seen in Figure 10b, while Figure 10c shows that Caustons also has a significant lode extending beyond the base of its open cut with values such as **8m @ 17.8g/t**. The mineralised BIF ore also appears to be very visual as shown of the black coloured BIF units in Figure 11d of the southern end of the Tucka West pit (with the northern end inset in the figure).

Figure 11. Section View of Tucka West Lodges (looking Nth), and Grades under Tucka West and Caustons



High grade ore also appears to have been left under the Jasper Queen open-cut and at Comet. NCM had delineated a resource beneath the open-cut at Comet of 0.51mt @ 5.5g/t in two lodges dipping at 45° separated by an 0.5m to 1m barren basalt unit to result in a 3.6m thick zone. The high grade apparently plunged in a shoot open at depth as shown in Figure 12b (where the red coloured >25g-m zones infer >7g/t). Moyagee also has reasonably significant grades at its Lena prospect, as illustrated in the inset box of intersections in Figure 12c, such as **5m @ 57g/t** and **2m @ 81g/t**.

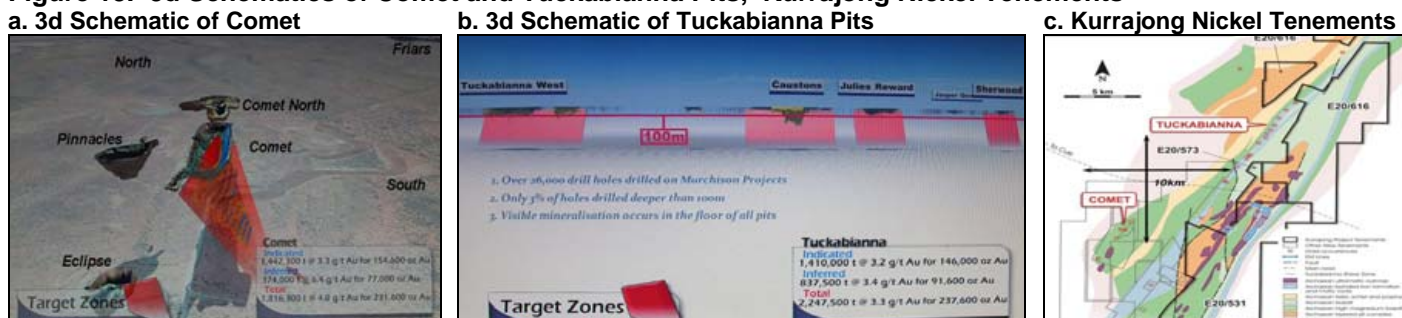
Figure 12. Historic Sections through Jasper Queen and Comet pits, 3d Schematic of Moyagee's Lena



Upside Potential

The close proximity of Comet (& Jasper Queen) to Tuckabianna is shown in Figure 13a, however, what is also significant is that most of the pits did not go deeper than 100m below surface & neither did the drilling as shown in Figure 13b. SLR is undertaking a PFS that is expected to be completed in DQ08, and could have a range of outcomes, besides SLR's initial intention to mine underground at Comet/Tuckabianna.

Figure 13. 3d Schematics of Comet and Tuckabianna Pits, Kurrajong Nickel Tenements



Other Projects : Kurrajong Nickel, Copper Lakes, and Rothsay (mostly SLR : 100%)

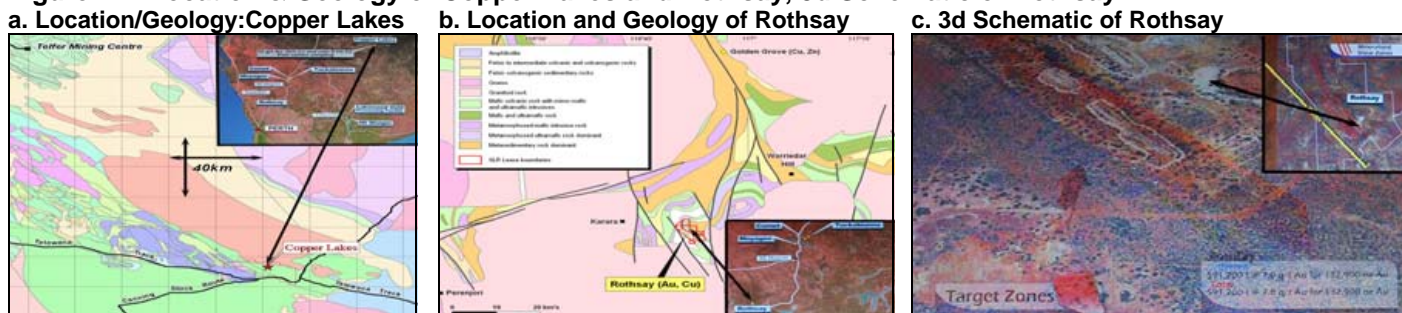
Kurrajong Nickel (SLR : 80% to 100%)

As part of its acquisition of Comet from Alloy Resources (AYR), SLR also received the Kurrajong Nickel project, which relates to an 80% to 100% farm-in to a number of tenements immediately east of Tuckabianna as shown in Figure 13c. The tenements are considered prospective for sulphide nickel.

Copper Lakes (SLR : 100%)

Copper Lakes is located ~200km south of Telfer on the edge of the Great Sandy Desert as shown in Figure 14a. Copper Lakes is expected to be a stratabound orebody in the Proterozoic Rudall Complex. It is a **grass roots prospect** which has sampling results up to 26%Cu, 10g/tAu and >0.1%Co.

Figure 14. Location & Geology of Copper Lakes and Rothsay, 3d Schematic of Rothsay



Rothsay (SLR : 100%)

Rothsay is located in similar rocks and south of Golden Grove/Scuddles as shown in Figure 14b. It was a small gold mine with minor copper credits that operated in 1894 at ~12g/t, and later 1934 to 1945 at 12g/t to 29g/t, before Metana (MTN) mined 20m to 30m deep open-cuts in 1989, successfully producing 90,000t @ 4.9g/t with a 95% recovery. MTN then followed the ~1m wide quartz-rich vein underground, intending to produce ~35,000ozpa to 40,000ozpa & 500tpa Cu from 120,000tpa @ 9g/t (assuming a 90% recovery), but recoveries were lower and initial grades very poor at 2.9g/t. However, operations continued until MTN folded in about 1991. Rothsay lies on one of a series of mineralised shear zones that strike up to 9km long as shown in Figure 14c. Rothsay has a 7g/t resource, but may need a different approach.

Upside Potential

Aside from the significant upside potential within its main project areas of Mount Monger and the Murchison assets, SLR appears to be undervalued on a market cap comparison basis to its peers, viz :

Table 2. Market Cap Comparison of Silver Lake Resources to its similar peers as at 16 May 2008

Company (as at 16-May-08)	ASX Code	No Shares (m)	No Options (m)	Diluted (m)	Sh Price A\$	Mkt Cap A\$m	Cash A\$m	Options A\$m	Explorn A\$m	Capex A\$m	Pre-strip ? A\$m	Adj Mkt cap A\$m	Production 08/09	Target 09/10	Target 10/11	Resource (000oz)	Resource (g/t)
Silver Lake	SLR	153.4	26.1	179.5	\$0.34	\$61	7	8	-8	-2		\$56	35	70	> 100	1.1 (5.8)	
Mundo	MUN	146.4	2.2	148.6	\$0.75	\$111	8	1	-8	-2		\$113	35	> 40	> 100	0.3 (5.6)	
Ramelius	RMS	185.1	14.6	185.1	\$0.92	\$170	20	0	-2	-15		\$167	67 (21g/t)	0	0	0.1 (4.8)	
Cracow	(BDR)					\$280			-3	-3		\$286	~ 100	~ 100	~ 100	1.0 (8.5)	
Apex	AXM	389.7	19.7	406.8	\$0.80	\$325	55	9	-20	-25		\$306	80	200	350	3.0 (5.0)	
Integra	IGR	377.6	58.3	435.9	\$0.59	\$257	25	16	-15	-50	-40	\$321	0	60	120	1.6 (2.8)	
Citigold	CTO	665.3	30.5	675.3	\$0.33	\$223	-3	2	-1	-100		\$325	>12 <100	~ 100	> 100	10.0 (14.0)	

Financial Considerations

For our modelling analysis shown in Table 3, we have used a base gold price of US\$900/oz and applied sensitivities of +/- US\$50/oz in the sensitivity table. **It should be recognised that this production scenario is an ERA scenario, and is just one of a number of possible scenarios that could occur.**

Table 3. Production and Cashflow Estimate for Silver Lake Resource's Operations at Mount Monger

Silver Lake Resources		JH08f	2008f	DH08f	JH09f	2009f	2010f	2011f
<i>We have assumed production from a second underground lode such as Haoma or Caledonian... at 10g/t from mid-2009... and assumed the open-cuts are mined possibly with a lower 93% recovery at a 10: 1 SR (which could be 8:1) Our costs may also be too conservative... with the largest unknown being the realised grade We have made some allowances for capex and exploration... which should extend the production life further While the greatest impact is probably the results from the PFS on the Murchison assets of Tuckabianna etc</i>	Mount Monger	0.34	1			2	3	4
	Gold Spot Price	US\$/oz	900	900	900	900	900	900
	Exchange Rate	A\$/US\$	0.940	0.940	0.940	0.940	0.940	0.940
	Est Gold Price Realised	A\$/oz	957	957	957	957	957	957
	Production							
	Daisy-Milano Lode	00t	21	21	40	40	80	80
		g/t	15.0	15.0	15.0	15.0	15.0	15.0
	Haoma or Caledonian	000t	0	0	0	0	80	80
		g/t	0.0	0.0	0.0	0.0	10.0	10.0
	Total Underground	000t	21	21	40	40	160	160
		g/t	15.0	15.0	15.0	15.0	12.5	12.5
	Lorna Doone & Costello	000t	0	0	0	110	90	0
		g/t	0.0	0.0	0.0	3.8	3.5	0.0
	Total Milled	000t	21	21	40	150	250	160
		g/t	15.0	15.0	15.0	6.8	8.5	12.5
	Recovery 98% u/g; 93% o/cu	%	98.0%	98.0%	98.0%	95.9%	96.7%	97.3%
	Total Gold Sold	000oz	10	10	19	31	50	63
	Revenues							
	Total Revenue	A\$m	9.9	10.1	18.6	30.6	49.2	61.3
	Costs (based on mining \$50/t, fixed -\$120/t, mill \$28, Transport \$4, admin \$5/t, ocut: SR 10:1, ~\$2.8/t mined)							
	Direct Mining & processing	A\$m	5.0	5.0	8.3	14.9	23.2	22.6
	Royalties	A\$m	0.4	0.4	0.7	1.1	2.2	1.9
	Total Cash Cost	A\$/oz	542	542	474	508	421	389
		US\$/oz	510	510	445	478	396	365
	Corp & other cost	A\$m	0.5	0.8	0.5	0.5	1.5	1.5
	EBITDA	A\$m	4.0	4.0	9.1	14.1	23.4	35.3
	D & A	A\$m	1.5	1.5	2.8	4.7	7.5	9.5
	Total Costs	A\$/oz	692	692	624	658	641	539
		US\$/oz	651	651	586	619	603	506
	Interest Paid	A\$m	0.0	0.0	0.0	0.0	0.0	0.0
	NPBT	A\$m	2.5	2.5	6.3	9.4	15.9	25.9
	Tax Paid	A\$m	0.8	0.7	1.9	2.8	4.8	7.8
	NPAT	A\$m	1.8	1.7	4.4	6.6	11.1	18.1
	EPS	c	1.2	1.1	2.9	4.3	7.3	11.8
	Simple Cashflow	A\$m	3.3	3.2	7.3	11.3	18.7	27.6
	CFPS	c	2.1	2.1	4.7	7.4	12.2	18.0
	DPS	c	0.0	0.0	0.0	0.0	0.0	0.0
	No Shares	M	153.4	153.4	153.4	153.4	153.4	153.4
	Cashflow		JH08f	2008f	DH08f	JH09f	2009f	2010f
	Sales Revenue	A\$m	9.5	9.5	18.1	30.1	48.2	60.3
	+ Equity Raised	A\$m	0.0	28.2	0.0	0.0	0.0	0.0
	+ Borrowings	A\$m	0.0	0.0	0.0	0.0	0.0	0.0
	+ Interest Received	A\$m	0.4	0.6	0.5	0.5	1.0	1.0
	Total Receipts	A\$m	9.9	38.3	18.6	30.6	49.2	61.3
	- Operating Costs	A\$m	-7.1	-7.1	-8.3	-14.9	-23.2	-22.6
	- Corporate Costs	A\$m	-0.5	-0.8	-0.5	-0.5	-1.0	-1.5
	- Royalties	A\$m	-0.4	-0.4	-0.7	-1.1	-1.7	-1.9
	- Other	A\$m	-0.3	-0.3	0.0	-0.3	-0.3	0.0
	- Interest Paid	A\$m	0.0	0.0	0.0	0.0	0.0	0.0
	- Tax Paid	A\$m	-0.8	-0.8	-1.9	-2.8	-4.8	-7.8
	- Divs Paid	A\$m	0.0	0.0	0.0	0.0	0.0	0.0
	- Explorn	A\$m	-2.6	-2.6	-4.0	-2.0	-6.0	-3.0
	- Capex	A\$m	-6.1	-19.0	-2.0	0.0	-2.0	-4.0
	- Sustaining Capex	A\$m	0.0	0.0	-0.5	-0.5	-1.0	-1.0
	- Loans Repaid	A\$m	0.0	0.0	0.0	0.0	0.0	0.0
	= Expenditures	A\$m	-17.8	-31.0	-17.8	-22.1	-40.0	-49.3
	Total Expenditures	A\$m	-17.8	-31.0	-17.8	-22.1	-40.0	-49.3
	Net Cash Flow	A\$m	-7.8	7.3	0.8	8.5	9.2	21.1
	Effective Cashflow	A\$m	-7.8	7.3	-0.5	8.5	9.2	21.1
	Add divs	A\$m				0.0	0.0	0.0
	Underlying Cashflow	A\$m		8.1		9.2	21.1	20.6
	Net cash for NPV	A\$m		8.1		9.2	21.1	20.6
	NPV	5.00%	7	112	0.73			

Table 4. Sensitivity Analysis of Silver Lake Resources

Sensitivity Analysis		Year	NPV	2008e	2009e	2010e	2008e	2009e	2010e
<i>SLR has a very high sensitivity to the under-ground grades which could easily be 5g/t higher at 20g/t... and to 20ktpa slightly higher production</i>	Gold Price (at A\$/US\$0.94)		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
	US\$/oz	900	0.73	1.7	11.1	19.2	1.1	7.3	12.5
		950	0.80	1.7	12.9	21.8	1.1	8.4	14.2
		850	0.66	1.7	9.3	16.6	1.1	6.1	10.8
	Gold Grade (g/t)		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
	Daisy-Milano @ 15g/t	0.0	0.73	1.7	11.1	19.2	1.1	7.3	12.5
	Daisy-Milano @ 20g/t	5.0	1.23	1.7	18.0	32.9	1.1	11.7	21.5
	Daisy-Milano @ 25g/t	10.0	1.73	1.7	24.8	46.6	1.1	16.2	30.4
	Operating Costs		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
		0%	0.73	1.7	11.1	19.2	1.1	7.3	12.5
		-5%	0.76	1.9	11.9	20.2	1.2	7.8	13.2
		+5%	0.71	1.5	10.3	18.2	1.0	6.7	11.9
	Increase U/ground Prodn (at D-M 15g/t grades)		A\$	A/tax Profit (A\$m)			Earnings per Share (Ac)		
	additional 20,000tpa	0.0	0.73	1.7	11.1	19.2	1.1	7.3	12.5
	additional 40,000tpa	20.0	0.90	1.7	15.1	23.2	1.1	9.8	15.1
		40.0	1.07	1.7	19.1	27.2	1.1	12.4	17.7
	Sensitivity Analysis	Year	NPV	2008e	2009e	2010e	2008e	2009e	2010e

Management

Board of Directors

Paul Chapman – Executive Chairman. Paul is a chartered accountant with over 20 years' resource industry experience in Australia and the US. Paul has worked in a number of commodity businesses including gold and nickel. Paul holds and has held other chairman, managing director and director roles.

Les Davis – Managing Director. Les has over 30 years' mining experience, 17 years' of which were hands on in mine development and narrow vein mining. For the past 13 years, Les has held senior mine management positions such as Mine Manager, Technical Services Manager, Concentrator Manager, Resident Manager and GM Expansion Projects, with WMC, Reliance Mining and Consolidated Minerals.

Chris Banasik – Director (Exploration and Geology) Chris is a geologist with over 20 years' experience including senior management positions up to Chief Geologist with WMC, Reliance Mining, Goldfields Mine Management and Consolidated Minerals.

Peter Johnston – Non-Executive Director. Peter is a mining engineer with over 30 years' experience who is currently CEO of Minara Resources, and holds and has held other directorship positions. Peter has had an extensive management career mostly with WMC and Minara.

Brian Kennedy – Non-Executive Director. Brian is a general engineer with over 25 years' experience in coal, iron ore, nickel, gold and fertilisers, and was Construction Manager for Munali Nickel in Zambia.

David Griffiths – Non-Executive Director. David has over 30 years' strategic communication experience in human resources and employee relations. David is currently Managing Director of Gryphon Management – a communications strategy and public relations company.

Gavin Cooke – Company Secretary. Gavin has over 13 years' business management experience including senior commercial roles with WMC, and in the property and telecommunications sectors.

Senior Management and Technical Team

David Crockford – Resident Manager - Mt Monger Operations. David is a mining engineer with extensive experience in narrow vein mining methods and contract mining.

Graham Crew – Project Manager – Murchison Study. Graham is a mining engineer with extensive underground mining and project management experience in Australia and overseas, having held a number of senior operational and management positions with a number of different companies.

Noel Ong – Exploration Manager. Noel has over 16 years' experience in the mineral exploration industry working in gold, diamonds, tantalum, lead-zinc and magnetite projects.

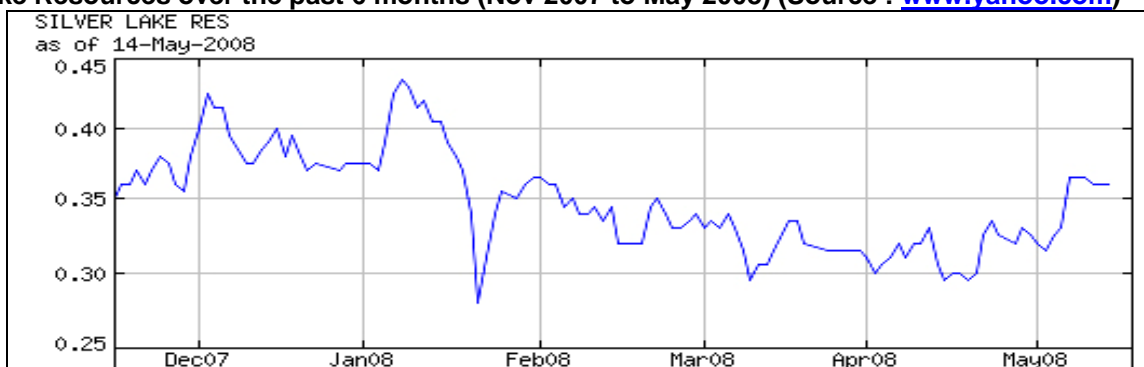
Peter Armstrong – Commercial Manager. Peter has over 25 years' industry experience including senior commercial management roles with Normandy Mining, WMC and Newcrest. Peter has experience across a range of commodity businesses including gold, nickel, copper, coal and iron ore.

Tracey Caddis – Manager Marketing Relations. Tracey has an extensive background in marketing relations, office management and systems implementation.

Chart of Silver Lake Resources over the past 6 months (Nov 2007 to May 2008) (Source : www.yahoo.com)

SLR fell in general profit-taking post its Nov 07 listing...

... and has started to recover, after pouring its first gold bar



Disclosure

Silver Lake Resources Limited commissioned Keith Goode (who is an Authorised Representative with Taylor Collison Ltd ACN 008 172 450, and is a consultant with Eagle Research Advisory Pty Ltd ACN 098 051 677) to compile this report, for which Eagle Research Advisory Pty Ltd has received a consultancy fee. At the date of this report Keith Goode and his associates held interests in shares issued by Silver Lake Resources Limited. At the date of this report, Taylor Collison Limited or their associates within the meaning of the Corporations Act, may hold interests in shares issued by Silver Lake Resources Limited.

Disclaimer

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