

SILVER LAKE RESOURCES LIMITED

Production Up, Costs Down, Resources to Increase

Silver Lake Resources Limited ("Silver Lake", "SLR", "Company") has had an excellent March production quarter, with most key metrics significantly improving. Gold poured was up 49% to 15,537oz with cash operating costs down significantly to A\$490/oz. In addition, the Company continued to have good exploration success at both Mt Monger and at the Murchison, pointing the way to a substantial increase in resources in July this year.

Key production statistics

Ore mined was up 55% to 140kt due to increased production from the Christmas Flat open pit, with both Daisy Milano and Daisy East underground down slightly. The overall mined grade was steady at 5.2g/t, though the Daisy East mined grade (development and stoping) increased 358% to 34.8g/t Au. The first stope from Daisy East produced 1,584oz at an average grade of 41g/t. However, we do not expect this stope grade to be representative going forward, and expect Daisy East to average 10-12g/t.

Following the completion of the Lakewood plant upgrade, throughput increased 14% to 67.4kt. We expect quarterly throughput of ~120kt going forward. The milled grade for the quarter was 32% higher at 7.5g/t due to the processing of a larger proportion of the higher grade underground ore.

Total cash costs fell to A\$692/oz (from A\$990/oz), giving a margin A\$539/oz. A 54% increase in revenue to A\$18.9m helped the Company to positive operating cash flow of A\$6.5m, compared to an A\$3.0m loss in the previous quarter.

Ongoing Exploration Success

Exploration success saw Daisy Deeps extended at depth. There will be a resource upgrade in July 2010, which should see a significant increase in the resource for the Daisy Milano system, including an initial resource for Daisy East. We expect this overall Daisy Milano resource to exceed 500koz.

We expect that ongoing exploration success across a number of Murchison projects should also lead to an increase in the resource base and have positive implications for the development of a mine in the area.

Valuation update

We have updated our valuation to have a Base Case valuation as well as an Upside Case to capture a production scenario for the Murchison. Our Base Case valuation has increased slightly to \$1.50/share due to cost improvements at Daisy Milano. Our Upside Case valuation is \$2.03/share and assumes Murchison production from open pits at ~100kozpa from CY2012 with costs of ~A\$500/oz over ~5 years.

Other than ongoing mining, the Company should have a period of significant news flow going forward including its resource updates, the completion of mining studies for the Murchison, as well as ongoing exploration results. We believe our Upside Case valuation represents the potential value add of a new mining operation in the Murchison. We expect that the announcement of any such mining plans for the Murchison will be viewed very positively and lead to a rerating of the stock. We continue to recommend Silver Lake Resources Limited as a Speculative Buy.

12 Apr 2010

Share Price (last):	\$1.24
Base Case Valuation:	\$1.50
Upside Case Valuation:	\$2.03

Brief Business Description:

Gold producer & developer

Hartleys Brief Investment Conclusion

High grade Mt Monger gold field yielding good cashflows with potential for second operation at Murchison projects

Chairman & MD

Paul Chapman (Non-Exec. Chair)

Les Davis (MD)

Top Shareholders

Sprott Asset Management Inc.	12.2%
Eye Management Pty Ltd	8.5%

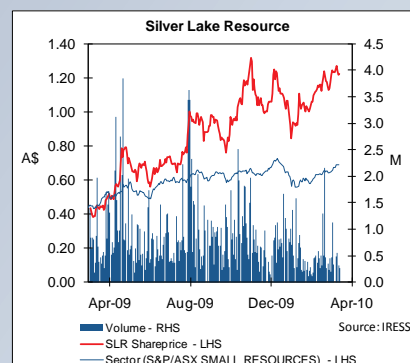
Company Address

31 Malcolm St,
West Perth, WA, 6005

Issued Capital	178.8m
- fully diluted	203.1m
Market Cap	\$221.7m
- fully diluted	\$251.9m
Cash & Bullion (31 March 2010)	\$28.7m
Debt	\$0.9m
EV	\$193.8m
EV/Resource Oz	\$130/oz
EV/Reserve Oz	na

	FY2009A	FY2010F	FY2011F
Prod (koz Au)	47.6	61.1	99.4
Op Cash Flw	24.7	16.2	58.8
NPAT	10.7	12.9	28.4
CF/Share (cps)	8.9	12.0	27.0
EPS (cps)	13.9	7.2	15.9
P/E	8.9x	17.2x	7.8x
N.D. / equity	na	na	na
ROE	23.4%	16.8%	27.1%

Resources (koz Au)	1,488
Reserves (koz Au)	0



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Hartleys has completed a capital raising in the past 12 months for Silver Lake for which it has received a fee. See back page for full disclosure.

SUMMARY MODEL

Silver Lake Resources Limited		Share Price				April 2010			
SLR		\$1.24				Speculative Buy			
Key Market Information									
Share Price		\$1.24							
Market Capitalisation		\$222m							
52 Week High-Low		\$1.40-\$0.38							
Issued Capital		178.8m							
Issued Capital (fully diluted inc. ITM options)		203.1m							
Options		24.4m@ \$A0.30							
Hedging		-							
Yearly Turnover/Volume		\$179.6m/210.3m shares							
Liquidity Measure (Yearly Turnover/Issued Capital)		118%							
Base Case Valuation		\$1.50							
Upside Case Valuation		\$2.03							
Financial Performance									
	Unit	FY2009A	FY2010F	FY2011F	FY2012F				
Net Revenue	A\$m	58.1	66.3	111.9	164.2				
Total Costs	A\$m	(41.5)	(40.0)	(51.6)	(65.8)				
EBITDA	A\$m	16.5	26.3	60.3	98.4				
Depreciation/Amort	A\$m	(3.0)	(8.6)	(19.8)	(29.5)				
EBIT	A\$m	13.5	17.7	40.5	68.9				
Net Interest	A\$m	0.0	0.7	0.1	0.7				
Pre-Tax Profit	A\$m	13.6	18.4	40.6	69.6				
Tax Expense	A\$m	(2.9)	(5.5)	(12.2)	(20.9)				
NPAT	A\$m	10.7	12.9	28.4	48.7				
Abnormal Items	A\$m	-	-	-	-				
Reported Profit	A\$m	10.7	12.9	28.4	48.7				
Financial Position									
	Unit	FY2009A	FY2010F	FY2011F	FY2012F				
Cash	A\$m	16.6	25.8	60.2	134.5				
Other Current Assets	A\$m	3.1	10.3	12.0	15.4				
Total Current Assets	A\$m	19.6	36.1	72.2	149.9				
Property, Plant & Equip.	A\$m	9.5	17.7	22.2	16.9				
Exploration	A\$m	28.7	37.2	37.3	24.1				
Investments/other	A\$m	2.0	2.4	2.4	2.4				
Tot Non-Curr. Assets	A\$m	40.2	57.3	62.0	43.5				
Total Assets	A\$m	59.9	93.4	134.1	193.4				
Short Term Borrowings	A\$m	(0.3)	(0.3)	(0.3)	(0.3)				
Other	A\$m	(9.0)	(6.2)	(6.3)	(6.6)				
Total Curr. Liabilities	A\$m	(9.4)	(6.5)	(6.7)	(6.9)				
Long Term Borrowings	A\$m	(0.4)	(0.5)	(0.5)	(0.5)				
Other	A\$m	(4.6)	(9.8)	(22.0)	(32.3)				
Total Non-Curr. Liabil.	A\$m	(4.9)	(10.3)	(22.5)	(32.8)				
Total Liabilities	A\$m	(14.3)	(16.8)	(29.2)	(39.7)				
Net Assets	A\$m	45.6	76.5	105.0	153.7				
Cashflow									
	Unit	FY2009A	FY2010F	FY2011F	FY2012F				
Operating Cashflow	A\$m	24.7	16.2	58.8	95.3				
Income Tax Paid	A\$m	-	-	-	(10.6)				
Interest & Other	A\$m	0.2	0.7	0.1	0.7				
Operating Activities	A\$m	24.9	16.9	58.9	85.4				
Property, Plant & Equip.	A\$m	(40.2)	(11.8)	(11.5)	(6.0)				
Exploration and Devel.	A\$m	(8.6)	(14.2)	(13.0)	(5.0)				
Investments	A\$m	-	0.4	-	-				
Investment Activities	A\$m	(48.9)	(25.6)	(24.5)	(11.0)				
Repayment of Borrowings	A\$m	(0.3)	(0.7)	-	-				
Equity	A\$m	0.2	19.7	-	-				
Dividends Paid	A\$m	-	-	-	-				
Financing Activities	A\$m	(0.1)	17.9	-	-				
Net Cashflow	A\$m	(24.0)	9.2	34.4	74.4				
Ratio Analysis									
	Unit	FY2009A	FY2010F	FY2011F	FY2012F				
Cashflow Per Share	A¢	8.9	12.0	27.0	43.8				
Cashflow Multiple	X	13.9	10.3	4.6	2.8				
Earnings Per Share	A¢	13.9	7.2	15.9	27.3				
Price to Earnings Ratio	X	8.9	17.2	7.8	4.5				
Dividends Per Share	A¢	-	-	-	-				
Dividend Yield	%	-	-	-	-				
Net Debt / Equity	%	na	na	na	na				
Interest Cover	X	na	na	na	-				
Return on Equity	%	23%	17%	27%	32%				
Directors									
Paul Chapman (Non-Exec. Chair)					31 Malcolm St,				
Les Davis (MD)					West Perth, WA, 6005				
Chris Banasik (Expl. Dir)					Tel: (08) 6313 3800				
Peter B Johnston (Non-Exec. Dir)					Fax: (08) 6313 3888				
Brian A Kennedy (Non-Exec. Dir)					Web: www.silverlakeresources.com.au				
David Griffiths (Non-Exec. Dir)									
Company Information									
Top 10 Shareholders									
		m shares							
Sprott Asset Management Inc.		18.88	12.2%						
Eye Management Pty Ltd		15.18	8.5%						
HSBC Custody Nominees (Australia) Limited		7.09	4.0%						
BRGM Nominees Pty Ltd (BRGM Unit Account)		5.00	2.8%						
National Nominees Limited		3.10	1.7%						
Goldfields Hotel Pty Ltd (Exchange Hotel Unit Trust)		2.67	1.5%						
RJ Custodians Pty Ltd		2.65	1.5%						
Reserves & Resources									
		Mt	g/t Au	Koz	Attrib.				
Resources									
Mount Monger									
Daisy Milano		0.20	40.50	257	257				
Christmas Flat		0.45	3.50	51	51				
Costello		0.09	3.70	11	11				
Lorna Doone		0.11	4.00	14	14				
Magic		0.60	2.90	56	56				
Sub Total		1.45	8.30	390	390				
Murchison									
Cornet		2.28	4.00	291	291				
Moyagee		0.82	8.50	224	224				
Tuckabianna		4.72	3.00	450	450				
Sub Total		7.82	3.80	965	965				
Other									
Rothsay		0.59	7.00	133	133				
Total		9.87	4.70	1,488	1,488				
Production Summary									
	Unit	FY2009A	FY2010F	FY2011F	FY2012F				
*Attributable									
Payable Gold Metal	000oz	47.6	61.1	99.4	141.7				
Cash Cost	\$/oz	647	599	463	413				
Price Assumptions									
	Unit	FY2009A	FY2010F	FY2011F	FY2012F				
Gold	US\$/oz	874	1015	975	925				
Exchange Rate	A\$/US\$	0.75	0.89	0.87	0.80				
\$/A Gold	A\$/oz	1170	1135	1125	1156				
Hedging									
	Unit	FY2009A	FY2010F	FY2011F	FY2012F				
Total Forward Sales - Gold	000oz	-	-	-	-				
Forward Gold Price	\$/oz	-	-	-	-				
Sensitivity Analysis									
	Valuation (\$/s)	NPAT	EPS (¢)	CFPS (¢)					
Base Case	1.50	12.9	7.2	12.0					
Exchange Rate +10%	1.36	10.3	5.8	10.6					
Exchange Rate -10%	1.68	16.0	9.0	13.8					
Gold Price +10%	1.66	15.7	8.8	13.6					
Gold Price -10%	1.35	10.0	5.6	10.4					
Operating Costs +10%	1.45	11.7	6.5	11.3					
Operating Costs -10%	1.56	14.1	7.9	12.7					
<i>*N.B. NPAT, EPS, CFPS forecasts are for FY2010</i>									
Share Price Valuation (NAV)									
		Est. \$m	Est. \$/share						
Daisy Milano (NPV @ 8%)		198.9	0.98						
Murchison		48.3	0.24						
Exploration		30.0	0.15						
Cash & Bullion (31 March 2010)		28.7	0.14						
Forwards		-	0.00						
Corporate Overheads		(8.1)	(0.04)						
Total Debt		(0.9)	(0.00)						
Tax Losses		2.0	0.01						
Options & Other Equity		6.7	0.03						
Base Case		305.6	1.50						
Upside Case		412.9	2.03						
Analyst: Andrew Muir									
Phone: +61 8 9268 3045									
Last Updated: 12/04/2010									
Sources: IRESS, Company Information, Hartleys Research									

MT MONGER PRODUCTION

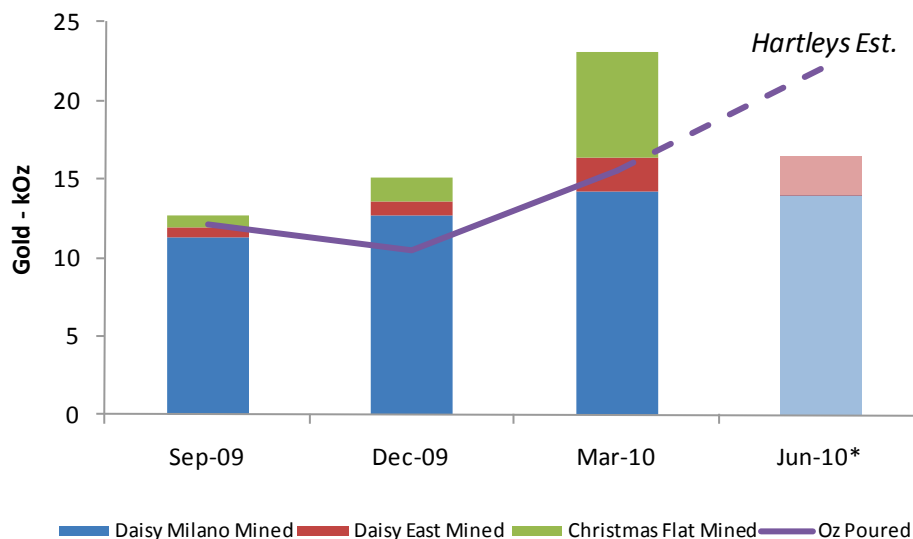
Production up, costs down for the March quarter

Mined ounces greater than milled ounces for first three quarters leading to large stockpile. This stockpile to be drawn down over coming quarters

The Company is targeting 60 – 70koz for FY2010. Hartleys estimate is ~61koz.

During the March 2010 quarter, Silver Lake significantly increased most key metrics across the board qoq including tonnes and grade mined, mill throughput and ounces poured.

Fig. 1: FY2010 Quarterly Ounces Mined and Poured



Source: Silver Lake Resources Limited, Hartleys Estimates

MINING

Daisy Milano mining steady, but at higher grades

First Daisy East stope yielded 41g/t

Additional 4 development levels at Daisy East started

Christmas Flat open pit now complete

Lakewood plant upgrade now complete

Mining of the Daisy Milano ore body remained consistent and yielded ~61.2kt of ore (Dec 2009 quarter ~62.7kt), but at a higher grade of 7.2g/t Au (6.3g/t Au). This resulted in an 11% increase in ounces produced to 14,187oz (from 12,746oz).

During the quarter the Company started stoping the Daisy East lode. Significantly, this is before any resources have been estimated for the lode. The stoping yielded 1,200t at 41g/t Au for 1,584oz. Total production for Daisy East, when including development, was 2,246oz. This is significantly up on the previous quarter (771oz) due to the commencement of stoping.

We note that the Company has started development of another 4 production levels of Daisy East, implying that as more ore headings come online, the ore production rate for Daisy East will increase significantly over the coming quarters.

The Christmas Flat open pit was completed during the quarter, and yielded a large qoq increase in ore tonnes and ounces produced. Final production for the quarter was 76.6kt at 2.7g/t Au for 6,715oz. Most of this ore is currently being stockpiled due to the preference of feeding the higher grade underground material through the plant. Total production for the open pit over its life was 9,191oz. We understand that the Company is currently assessing the potential to do a cut back on the recently completed pit.

MILLING & GOLD POURED

During the quarter the Company completed the upgrade on the Lakewood processing plant to enable the treatment of 400ktpa of fresh rock, or up to 600ktpa of blended material. The previous capacity was 300ktpa of blended material. The

upgrade involved 11 days of non operational time, though there were ~10 days at the end of the month with the plant operating at the higher capacity. Total cost of the upgrade was ~\$4.1m.

Ore throughput, head grade and ounces produced all increased qoq

Ore processed for the quarter was 67.4kt, up 14% qoq (from 59.1kt). With the large increase in the overall mined grade, the head grade fed into the mill increased significantly to 7.5g/t (from 5.7g/t). The combination of higher grade and higher throughput led to a 49% increase in gold poured to 15,537oz (10,437oz).

Total gold poured year to date is 38.1koz, and the Company is maintaining its target of 60 – 70koz for FY2010. We are forecasting FY2010 production of ~61koz, which implies June quarter production of ~23koz.

Throughput vs grade trade-off for mill feed

The amount of ore put through the treatment plant is a trade-off between maximising throughput to reduce operating costs, and maximising grade to produce as much gold as possible. We understand that the best return at this point in time, given the current ore available, is a preference for higher grades. Consequently, we expect the amount of ore fed through the upgraded Lakewood facility will be at an annualised rate of between 450 - 500ktpa, though this will vary depending on the grade and material of the blend.

Given the large increase in ounces mined compared to ounces poured, the Company has built up a large ore stockpile of 120kt, at a grade of ~3.3g/t, containing ~12.7koz. This stockpile will gradually be blended with the high grade ore mined from Daisy East and Daisy Milano over coming quarters. This can be seen in the difference between the quarterly ounces mined versus ounces poured in Figure 1.

COSTS

Operating costs fell to A\$490/oz

With the strong increase in gold production, cash costs and total cash costs have reduced significantly. Cash operating costs for the March quarter were A\$490/oz, significantly lower qoq (A\$742/oz). With lower waste development costs, primarily due to lower waste extraction in Christmas Flat, total cash costs were A\$692/oz (A\$990/oz).

Total operating costs fell to A\$692/oz

The average realised gold price for the quarter was A\$1,231/oz, yielding an average operating margin of A\$741/oz and a total margin (including royalties) of A\$539/oz.

EXPLORATION

MT MONGER

Daisy Deeps drilling has intersected typical Daisy Milano mineralisation down to 800m below surface

The Company has continued to drill out Daisy Deeps, intersecting grades and widths typical of the Daisy Milano ore body. Recent better results included:

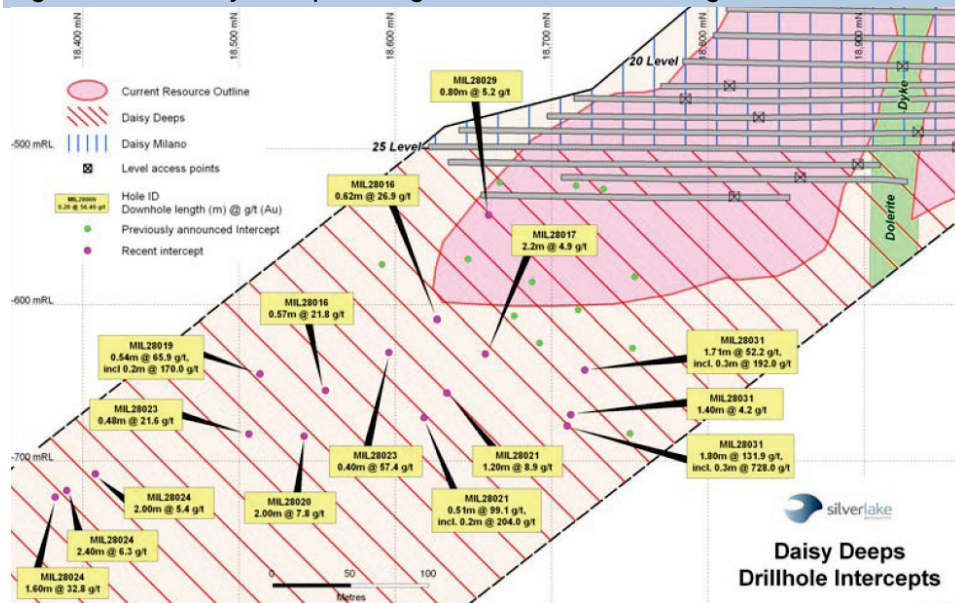
- 1.8m @ 132 g/t Au incl. 0.3m @ 728 g/t Au
- 1.7m @ 52 g/t Au incl. 0.3m @ 192 g/t Au
- 1.6m @ 33 g/t Au

The Daisy Deeps mineralisation has now been extended down to 800m vertical depth (~200m below the current resource), with the mineralisation remaining open to the south and at depth. The results will be incorporated into the midyear resource upgrade and should lead to a sizeable increase in the resource and consequently mine life for Daisy Milano.

Large resource upgrade in July 2010

Significantly, the deposit remains open at depth, with future drilling likely to lead to further mine life extensions beyond the next resource update.

Fig. 2: Daisy Deeps Long Section with Drilling



Still open at depth

Source: Silver Lake Resources Limited

Initial Daisy Deeps resource also in July 2010

In addition to Daisy Deeps, we also expect an initial resource for Daisy East around midyear. We expect that the midyear resource update should double current resources to +500koz for the Daisy Milano system. Assuming an 80% economic conversion and 100kozpa production rate, this yields a mine life of at least four years.

Hartleys expect Daisy Milano system resource to be at least 500koz

As well as continuing to drill out the Daisy Milano system, the Company has also completed surface drilling programs at Magic, Costello and Dinnie Reggio. This drilling was targeting strike and depth extensions to known mineralisation around historic deposits. As yet, no assays have been received. Depending on the success of the results, there may be additions to the other resources in the Mt Monger field as part of the midyear resource update.

Results from regional surface drilling pending

MURCHISON

Active exploration on all three Murchison projects

The Company has been steadily drilling out its three Murchison projects in Tuckabianna, Comet and Moyagee. Most of the drilling programs have been targeting either strike or depth extensions to known mineralisation. Most of this drilling has been successful in either defining additions to known deposits or identifying new deposits or trends.

Tuckabianna

New discovery called Genesis

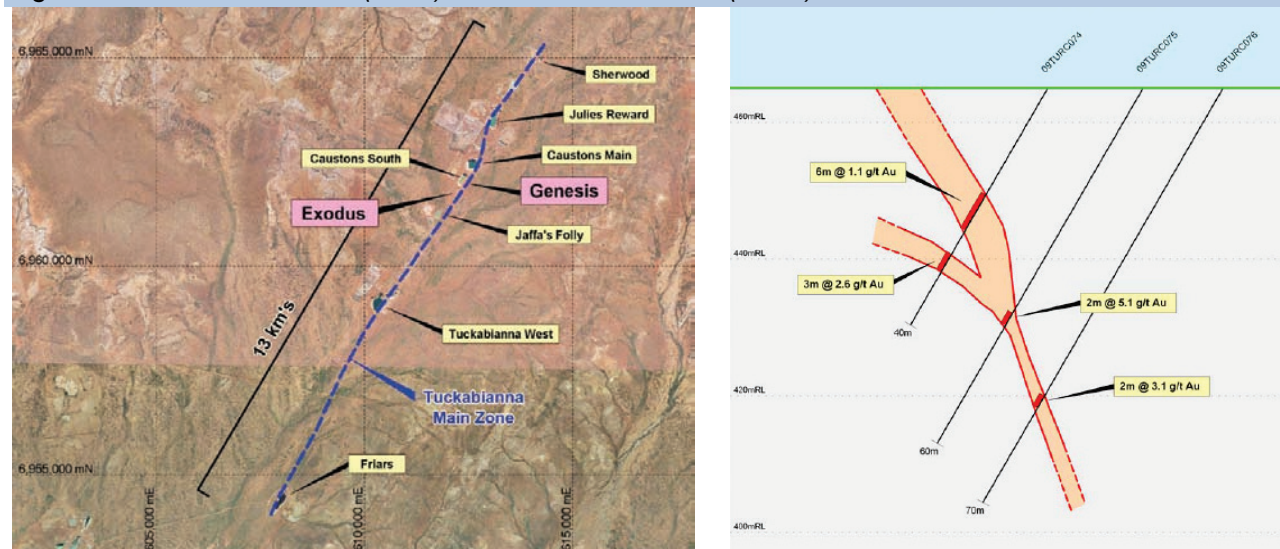
During the quarter, RC drilling at Tuckabianna identified a new deposit, which the Company has called Genesis. The discovery of Genesis was defined by a number of relatively shallow and moderate grade intercepts, with best results including:

- 2.0m @ 5.0 g/t Au from 19m
- 3.0m @ 10.2 g/t Au from 37m
- 4.0m @ 7.3 g/t Au from 44m
- 6.0m @ 4.0 g/t Au from 54m

Shallow depths likely to be amenable to open pit mining

The discovery remains open to the north, south and at depth. Genesis is located in a previously unexplored corridor 200m away and parallel to the Tuckabianna shear which had historic mining that produced 375koz of gold.

Fig. 3: Genesis Location (LHS) and Cross Section (RHS)



Source: Silver Lake Resources Limited

Previously untested area – indicates potential for additional deposits

Given that the discovery was made in a previously untested corridor, we believe it bodes well for additional discoveries in the area, particularly given that the mineralisation comes relatively close to surface.

Based on this first pass drilling, we expect the grades and widths are likely to be economic, with the shallow nature meaning that the Company would probably mine the ore via open pits. At this stage it is difficult to ascertain the size of the deposit due to a limited amount of drilling and the fact that the deposit remains open along strike and depth. However, we note that the mineralisation has been intersected over a strike length of 350m, though it is difficult to tell how continuous this is.

Also successful exploration results from Caustons South & Exodus

The Company also had exploration success at both Caustons South and Exodus. At Caustons South, drilling below the current resource and previously mined pit intersected:

- 2.90m @ 10.5g/t and
- 4.10m @ 3.2g/t Au.

Caustons South and Main already have a combined resource of 128koz and these results confirm the mineralisation is open to the south and down dip. Further drilling is proposed and will lead to a resource upgrade in July 2010.

Likely to lead to an increase in resources

At Exodus, located ~30m south of Caustons South, a RC drilling program intersected thick, moderate to high grade gold mineralisation. Better results included:

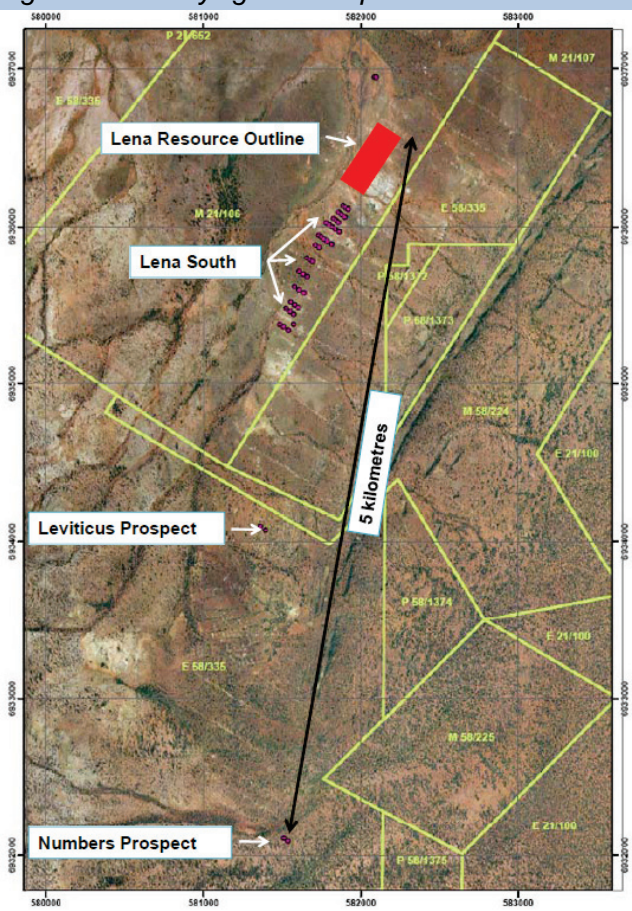
- 5.0m @ 7.2 g/t Au from 118m
- 7.0m @ 3.4 g/t Au from 145m
- 4.0m @ 8.0 g/t Au from 160m

The drilling will provide enough information along with historical drilling to calculate a maiden resource for Exodus. Likewise the drilling at Caustons South should lead to an updated resource midyear.

Moyagee

Drilling at a number of prospects in the Moyagee project returned positive results from Lena South, Leviticus and Numbers.

Fig. 4: Moyagee Prospects



Source: Silver Lake Resources Limited

Lena South drilling has extended the mineralisation outside of the current 224koz resource

At Lena South, drilling on 100m centres along strike and south of the Lena deposit intercepted near surface, thick moderate to high gold grades over ~1km of strike. Better results include:

- 7.0m @ 2.7 g/t Au from 9m;
- 3.0m @ 8.3 g/t Au from 16m;
- 2.0m @ 6.9 g/t Au from 41m;

The results are outside of the current Lena resource and located within the Lena shear. The total strike of the Lena and Lena South mineralisation now totals 1.6km and remains open to the south and at depth. The Lena shear zone already hosts high grade mineralisation of ~224koz @ 8.5g/t Au.

Leviticus and Numbers also had promising drill results

Likewise at both Leviticus and Numbers, follow up drilling around historic drill holes identified further mineralisation, highlighting the potential for additional resources within the Lena Shear. Better results included:

- 4.8m @ 26.1g/t from 58m (Leviticus),
- 9.0m @ 3.6g/t Au from 33m (Leviticus), and
- 1.25m @ 10.5g/t Au from 143.8m (Numbers).

Comet

Drilling at Comet also extended the mineralisation outside of the current 291koz resource

Drilling around the current 291koz Comet resource and below the historic open pit identified reasonable grades and widths of gold mineralisation outside of the current resource to the north and down dip. Better results included:

- 3.8m @ 5.4g/t Au,
- 3.0m @ 3.6g/t Au and
- 7.0m @ 3.4g/t Au.

The results from outside of the current resource indicate that the mineralisation extends below the current historic pit, and is still open at depth, as well as to the north and south. We expect that there will be an incremental upgrade on the current resource of 291koz in June 2010.

Drilling is planned to test the north, south and depth extensions, and will potentially lead to a larger upgrade, though this will probably after July 2010.

VALUATION UPDATE

We now have Base Case valuation with an Upside Case to capture a production scenario for the Murchison

*Base Case valuation
\$1.50/share*

*Upside Case valuation
\$2.03/share*

Murchison mining scenario assumes refurbishing Tuckabianna

Mining scenario is conservative, with potential to increase grade, mine life and possibly throughput rate

We have updated our valuation for the Company, now having a Base Case valuation as well as an Upside Case.

BASE CASE

Our Base Case essentially remains the same as before, with ~500koz of production modelled for Mt Monger, and A\$50 per resource oz as a valuation for the Murchison projects, with no production scenario. We have slightly updated some of our operating costs and now have a **Base Case** valuation for the Company of **\$1.50/share** (previously \$1.39/share).

UPSIDE CASE

The Murchison projects already have a 965koz resource base. We expect that the recent exploration success is likely to lead to a substantial increase in this resource. Consequently, we see it as more and more likely that the Company will be able to justify a mining operation for the projects. To this end, we also propose an Upside Case valuation, which incorporates a discounted cash flow valuation of a mining scenario for the Murchison projects, and a slight extension to Daisy Milano mine life. Our **Upside Case** values Silver Lake at **\$2.03/share**.

Our Murchison mining scenario has the Company re-establishing the Tuckabianna plant to have a standalone treatment facility with no toll treatment. Key assumptions are detailed in Figure 5. This scenario values the Murchison at A\$0.57/share, as opposed to the current valuation of A\$0.24/share.

Fig. 5: Murchison Mining Scenario Inputs

Key Inputs	Rate
Plant annual throughput rate	1.2Mtpa
Average Grade	3.0 g/t Au
Average plant recovery	90%
Annual gold produced	~100kozpa
Total pre startup capex	\$50m
Production commencing	March Qtr 2012
Mine Life	5 years
Total Gold Produced	488koz
Average Cash Costs	A\$507/oz

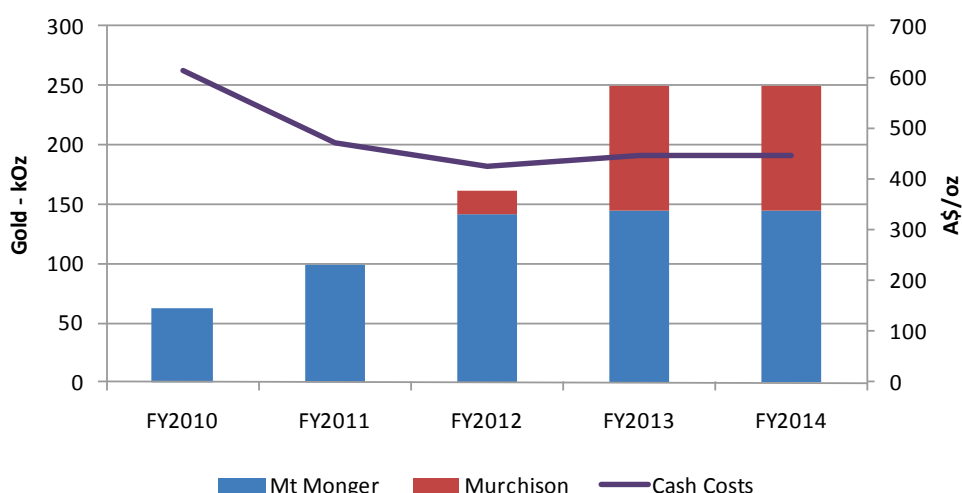
Source: Hartleys

We believe our mining scenario assumptions are relatively conservative. Our assumed grade of 3.0g/t Au is lower than the current resource grade of 3.5g/t Au. The total gold produced of 488koz assumes a resource to reserve conversion rate of ~51% which is relatively low compared to industry averages that are typically 60 – 65%. We are expecting a sizeable resource upgrade midyear on the Murchison projects, which will make this conversion rate even less. We also see our capital expenditure as potentially larger than necessary, as large components of the plant already exist on site at Tuckabianna.

Consequently we see this mining scenario for the Murchison as conservative with room for upside, particularly in terms of grade, mine life, capital expenditure and potentially throughput rate. Once the Company finalises and releases details of its mining studies, we will incorporate this into our valuation. We are expecting the release of such studies by the end of CY2010.

Fig. 6: Upside Case Production Profile and Costs

Upside case has total production of 250kozpa from FY2013 with sub A\$500/oz cash costs



Source Hartleys Estimates

Upside Case also adds ~100koz of production to Daisy Milano system

Our Upside Case also has an extra ~100koz of production from the Daisy Milano system, which we have assumed is sourced from Daisy Deeps given that the ore system remains open at depth. This increases our Daisy Milano valuation to A\$1.17/share from A\$0.98/share.

Fig. 7: Base Case and Upside Case Valuations

	Base Case		Upside Case	
	A\$m	A\$/share	A\$m	A\$/share
Daisy Milano	198.5	0.98	237.8	1.17
Murchison	48.3	0.24	116.7	0.57
Exploration	30.0	0.15	30.0	0.15
Cash	28.7	0.14	28.7	0.14
Forwards	-	-	-	-
Corporate Overheads	(8.1)	(0.04)	(8.1)	(0.04)
Total Debt	(0.9)	(0.00)	(0.9)	(0.00)
Tax Losses	2.0	0.01	2.0	0.01
Options & Other Equity	6.7	0.03	6.7	0.03
Total	305.2	1.50	412.9	2.03

Source Hartleys Estimates

SUMMARY AND CONCLUSIONS

*Good quarterly result
and a return to form*

Operationally Silver Lake has had an excellent March quarter, with most key metrics moving in the right direction. With the plant refurbishment now complete, and production being sourced from the higher grade southern end of Daisy Milano, as well as initial stoping of Daisy East returning excellent grades, we see the Company continuing its good production run.

*Exploration success to
add mine life at Mt
Monger and lead to
second production
centre at the
Murchison*

Likewise for exploration, Silver Lake has had considerable exploration success, both at Mt Monger as well as the Murchison. The exploration success at Mt Monger should contribute to good mine life extensions, whereas the Murchison success should help the development of a mine plan for the region. We have attempted to capture some of this exploration success in our upside valuation for the Company, demonstrating that a potential mining plan at Murchison and mine life extension at Daisy Milano adds another ~50cps over our current valuation.

*A Murchison mine
plan should lead to a
re-rating*

Consequently we expect that any decision or announcement of a mine plan for the Murchison projects to result in a re-rating of the Company due to the increased production profile, likely increase in earnings, increased investor visibility, and a lowering of operational risk. We continue to recommend Silver Lake Resources Limited as a Speculative Buy.

APPENDIX – COMPANY OVERVIEW

*\$28.7m cash and
bullion, no debt*

*Currently producing
from the Daisy Milano
underground mine at
Mt Monger*

*Targeting 60 – 70koz
FY2010, ramping up
to +200kozpa within 5
years*

*Mt Monger field has
high grades but
fragmented ownership
history*

Silver Lake Resources Limited is a WA based gold miner. The Company has a market capitalisation of ~A\$220m, with cash and bullion of \$28.7m, no debt, and has recently been included in the S&P/ASX 300 Index.

Silver Lake is targeting FY2010 production of 60 - 70koz, ramping up to 150koz pa within three years and 200koz pa within five years. Current production is from the 100% owned Mt Monger project, located approximately 50km south east of Kalgoorlie. At Mt Monger, production is sourced from the high grade Daisy Milano underground mine and up until recently, the small Christmas Flat open pit mine. The ore from these mines is treated at the Company's nearby Lakewood Gold processing facility.

Silver Lake is also looking at the potential to have a second mining centre at its Murchison projects (Tuckabianna, Comet and Moyagee), located approximately 600km northeast of Perth.

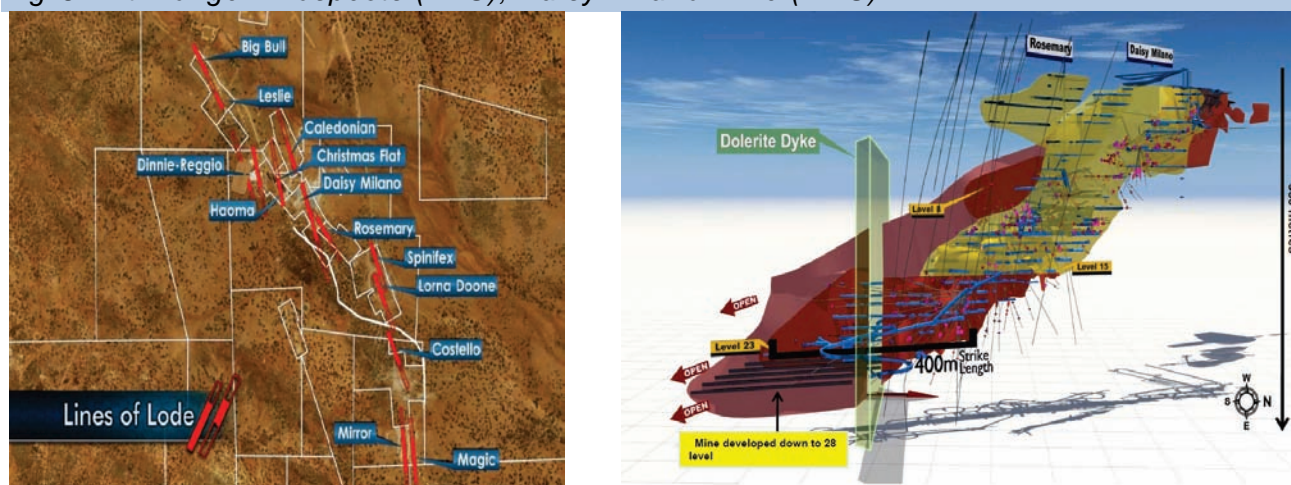
MT MONGER (100%)

The Mt Monger gold field has a long history of gold mining and prospecting since 1896. Over 400koz of gold has been produced from the field prior to Silver Lake at an average grade of 23.7g/t gold. The ownership of the tenements within the field was very fragmented. This constrained systematic mining and exploration consequently saw over 25 separate mines. Most mines did not go deeper than 50m and were not on a large scale. The mines were centred on numerous northwest-southeast lines of lode that hosted the mineralisation.

In 2003, Perilya Limited purchased the Daisy Milano mine, which was the largest mine within the region, and consolidated the field by buying out the independent prospectors. Silver Lake subsequently purchased the Mount Monger tenements from Perilya in late 2007 for \$11.5m.

The Daisy Milano deposit is characterised by high grades (resource grade is 40.5g/t) though narrow widths (typically between 0.2m and 2m). Silver Lake recommenced underground production at Daisy Milano in late 2007, following the purchase of the tenements from Perilya.

Fig. 8: Mt Monger Prospects (LHS), Daisy Milano Mine (RHS)



Source: Silver Lake Resources Limited

MURCHISON PROJECTS (100%)

Silver Lake's three Murchison projects, Tuckabianna, Comet and Moyagee, are currently the subject of an active exploration program, with drilling on numerous prospects in the region. The projects are located approximately 1,000km north east of Perth, and between 40 and 80km north of the town of Mt Magnet. All three projects are located on major gold bearing regional structures and surrounded by a number of multi-million ounce deposits in the region. The Company believes that the exploration upside on the projects is over 3Moz.

Three Murchison projects with total resources of 965koz

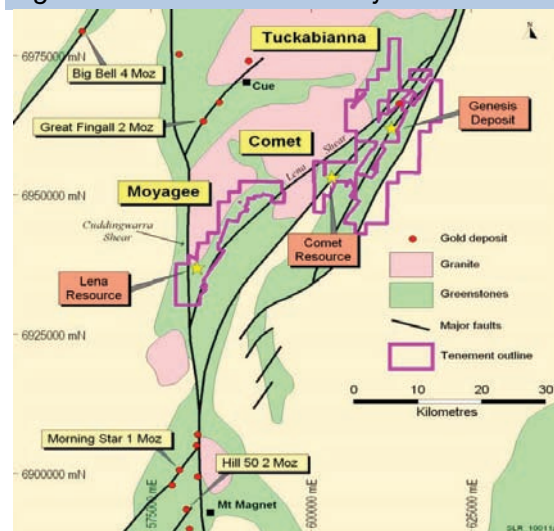
Actively exploring all three projects

Projects located on major regional structures that host gold mineralisation

Higher tonnage – lower grade style deposits compared to Mt Monger

More amenable to open pit mining

Fig. 9: Murchison Projects



Source: Silver Lake Resources Limited

We understand that the region is more likely to host high tonne/lower grade deposits compared to Mt Monger and will be more amenable to open pit mining methods, where large scale earth movement will be key to the projects economics. Silver Lake is examining a production concept of ~100kozpa from open pits. The Company potentially has two treatment options which are to toll treat the ore at one of the several third party mills in the area, or refurbish its own plant located at Tuckabianna. The success of the current exploration program will be a determining factor in which option the Company chooses.

Fig. 10: Global Resources – as at 30 June 2009

Deposit	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
Mt Monger												
Daisy Milano	117	41.3	156	37	32.7	39	44	44.7	63	198	40.5	257
Christmas Flat	-	-	-	207	3.5	23	247	3.5	28	454	3.5	51
Costello	-	-	-	-	-	-	94	3.7	11	94	3.7	11
Lorna Doone	-	-	-	-	-	-	111	4.0	14	111	4.0	14
Magic	-	-	-	348	3.2	35	249	2.6	21	598	2.9	56
Total Mt Monger	117	41.3	156	592	5.1	97	745	5.7	138	1,454	8.3	390
Murchison												
Comet	-	-	-	1,709	3.6	198	572	5.1	93	2,281	4.0	291
Moyagee	-	-	-	-	-	-	820	8.5	224	820	8.5	224
Tuckabianna	-	-	-	2,327	2.8	212	2,393	3.1	238	4,720	3.0	450
Total Murchison	-	-	-	4,036	3.2	410	3,786	4.6	555	7,822	3.8	965
Rothsay	-	-	-	-	-	-	591	7.0	133	591	7.0	133
Total Silver Lake	117	41.3	156	4,628	3.4	507	5,122	5.0	825	9,867	4.7	1,488

Source: Silver Lake Resources Limited

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage					Hartleys	
Name	Ticker	Last Price*	M. CAP (A\$m)	EV (A\$m)	Research Recommendation	Industry
Oil & Gas						
1. Woodside Petroleum Ltd	WPL	47.51	36,927	41,105	Buy	Major
2. Carnarvon Petroleum Ltd	CVN	0.485	333	304	Buy	Producer / Explorer
3. Nexus Energy Ltd	NXS	0.280	268	449	Speculative Buy	Developer / Explorer
4. Tap Oil Ltd	TAP	1.10	172	113	Buy	Producer / Explorer
5. Cooper Energy Ltd	COE	0.565	165	69	Speculative Buy	Producer / Explorer
6. Red Fork Energy Ltd	RFE	0.755	104	76	Buy	Explorer / Producer
7. Strike Energy Ltd	STX	0.295	97	89	Buy	Explorer / Producer
8. Amadeus Energy Ltd	AMU	0.215	65	112	Buy	Producer / Explorer
9. Adelphi Energy Ltd	ADI	0.300	44	38	Buy	Producer / Developer
10. First Australian Resources Ltd	FAR	0.057	38	19	Speculative Buy	Explorer / Producer
11. Oilex Ltd	OEX	0.110	24	4	Neutral	Explorer / Producer
12. European Gas Ltd	EPG	0.120	24	88	Speculative Buy	Producer / Explorer
13. Sun Resources NL	SUR	0.066	22	18	Speculative Buy	Explorer / Producer
			Sub-Total	38,284	42,485	
Resources						
1. Riversdale Mining Limited	RIV	9.78	1,843	1,575	Speculative Buy	Coal
2. Atlas Iron Limited	AGO	2.800	1,252	1,090	Buy	Iron Ore
3. Western Areas NL	WSA	5.59	1,000	1,179	No Rating	Nickel
4. Dominion Mining Limited	DOM	2.640	273	291	Speculative Buy	Gold
5. Gold One International Limited	GDO	0.285	229	172	Buy	Gold
6. Jabiru Metals Limited	JML	0.405	224	198	Buy	Zinc-Copper
7. Silver Lake Resources Limited	SLR	1.220	218	187	Speculative Buy	Gold
8. Focus Minerals Ltd	FML	0.055	157	150	Speculative Buy	Gold Producer
9. Intrepid Mines Limited	IAU	0.345	148	100	Speculative Buy	Gold
10. Magma Metals Limited	MMB	0.675	110	90	Speculative Buy	PGM-Cu-Ni
11. Peninsula Minerals Ltd	PEN	0.044	61	54	Speculative Buy	Uranium Developer / Explorer
12. Emmerson Resources Limited	ERM	0.245	50	37	Speculative Buy	Junior Explorer
13. Shaw River Resources Limited	SRR	0.225	45	38	Speculative Buy	Junior Explorer
14. Ausquest Limited	AQD	0.155	35	9	Speculative Buy	Junior Explorer
15. YTC Resources Limited	YTC	0.210	34	22	Buy	Junior Explorer
16. Ferrum Crescent Limited	FCR	0.210	33	31	Speculative Buy	Iron Ore
17. Hazelwood Resources Ltd	HAZ	0.235	24	20	Speculative Buy	Junior Developer
18. Orion Gold NL	ORN	0.028	21	17	Speculative Buy	Gold
19. Impact Minerals Limited	IPT	0.160	19	15	Speculative Buy	Junior Explorer
20. Southern Gold Limited	SAU	0.125	18	14	Speculative Buy	Junior Explorer
			Sub-Total	5,712	5,225	
Industrials						
1. West Australia News Hdgs Ltd	WAN	7.99	1,852	2,126	Buy	Media
2. Monadelphous Group Limited	MND	15.550	1,338	1,206	Buy	Mining Services
3. Clough Limited	CLO	0.930	632	692	No Rating	Oil & Gas Services
4. Macmahon Holdings Limited	MAH	0.815	598	570	Buy	Mining & Civil Construction
5. Mermaid Marine Australia Ltd	MRM	2.800	521	655	Buy	Oil & Gas Services
6. Fleetwood Corporation	FWD	9.35	497	491	Neutral	Consumer & Mining Services
7. Ausdrill Limited	ASL	2.29	480	701	Buy	Mining Services (Drilling & Capital Goods)
8. Austal Limited	ASB	2.440	459	470	Speculative Buy	Capital Goods
9. NRW Holdings Ltd	NWH	1.78	447	512	Buy	Mining & Civil Construction
10. Cash Converters Limited	CCV	0.565	205	162	Buy	Retail & Consumer Finance
11. Decmil Group Limited	DCG	1.59	194	171	Buy	Mining & Civil Construction
12. Neptune Marine Ltd	NMS	0.430	187	199	Neutral	Oil & Gas Services
13. Southern Cross Electrical	SXE	1.38	167	151	Speculative Buy	Mining Services (Electrical)
14. Lycopodium Limited	LYL	3.980	154	139	Buy	Mining & Industrial Services
15. RCR Tomlinson Ltd	RCR	1.165	154	197	Buy	Mining & Industrial Services
16. Imdex Ltd	IMD	0.790	153	168	Buy	Oil & Gas / Mining Drilling
17. Swick Mining Services Ltd	SWK	0.450	107	155	Speculative Buy	Mining Services (Drilling)
18. VDM Group Limited	VMG	0.420	89	121	Buy	Mining & Civil Construction
19. LogiCamms Limited	LCM	1.09	65	55	Buy	Resource Services
20. Nomad Building Solutions Ltd	NOD	0.240	33	56	Neutral	Residential & Mining Services
			Sub-Total	8,331	8,998	
			GRAND TOTAL	52,326	56,707	

Source: IRESS, Hartleys Research. * 9 Apr 2010

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Hartleys Recommendation Categories

No Rating	No recommendation.
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but it is higher risk than a "Buy". For the share price to rise it may be contingent on the outcome of an uncertain or distant event.
Neutral	Take no action. Stock is already trading near the share price target and there are no foreseeable near term catalysts.
Reduce / Take profits	Stock is trading above the share price target and there is a near term negative catalyst that could cause temporary weakness.
Sell	Significant price depreciation anticipated

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Hartleys has completed a capital raising in the past 12 months for Silver Lake for which it has earned fees.

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