

## SILVER LAKE RESOURCES

RESOURCESTOCKS

DRIVING MISS  
DAISY MILANO

The addition of one million ounces in resources last financial year demonstrated the underexplored nature of the asset portfolio Silver Lake Resources put together back in November 2007.

**W**HEN SILVER LAKE Resources first floated on the Australian Securities Exchange it was already telling the market its Mount Monger and Murchison projects were underexplored and highly prospective, with the potential to contain a large resource base of gold.

“We have really high expectations for the Mount Monger field,” Silver Lake Resources managing director Les Davis told *RESOURCESTOCKS* in early 2008.

“The reason we say that is because there is less than 5 per cent of drillholes drilled below 100 metres at depth.

“There simply has been no systematic exploration approach to that field and that is what we are intending to do at Mount Monger.”

Just over two short years later Silver Lake has a quality high grade resource at Mount Monger of 3.6 million tonnes at 9.4 grams per tonne gold for 1.1 million ounces.

The Daisy Milano underground operation has produced 290,000oz since inception and has a current resource of 754,400 tonnes at 25.7gpt

gold for 623,700oz.

Silver Lake has also put a resource on the Daisy East underground project, which is accessed via Daisy Milano, of 114,600 tonnes at 38.7gpt gold for 142,600oz where production is currently ramping up.

Added to this is a resource of 2.3 million tonnes at 3.7gpt gold for 272,400oz from a pipeline of open pit projects including Costello, Magic, Wombola Dam and Wombola Pit.

“When we first floated the company all we could really see at Daisy Milano was 100,000 ounces of gold,” Davis recently told *RESOURCESTOCKS*.

“We have turned that now into more than 623,000 ounces.

“We have been admitted to the ASX300, and we poured our first 100,000 ounces of gold in May.

“To us that was a magnificent milestone because that was all we could really see when we put the asset portfolio together.

“What do we see now? We see there is at least another 600,000 ounces of gold at Daisy Milano and the mineralisation is still open below 800 metres, which is the current drilled extent of the resource.”

This financial year is shaping up as one of great transition for Silver Lake, the company targeting 80,000oz production from its underground operations.

This will consist of 60,000oz from Daisy Milano and 20,000oz from Daisy East, plus the contribution from the open pits.

“We have given the market a production range of 90,000 to 105,000 ounces of gold this year,” Davis said.

“The only bottleneck the mine has is the primary ventilation circuit, which we are in the process of rectifying, with the board recently committed to installing a \$5 million ventilation shaft.

“So at the end of June, this financial year, the operation is basically unconstrained.

“Whatever the exploration program can throw at Daisy Milano, or Daisy East or the decline infrastructure that is currently in place will be added into the base load.”

Silver Lake’s faith in the prospectivity of its portfolio was rewarded with an impressive run of results from the Magic deposit, located three kilometres south of Daisy Milano.

An intersection of 11m at 59.4gpt gold was announced at Magic in May, which, in keeping with its title, already boasts a resource of 152,000oz of gold as of June 30, 2010.

Further significant intersections soon followed, including 8.3m at 44gpt, which also included 0.8m at 212gpt, and 4.2m at 42.6gpt, which included 0.5m at 142gpt.

The most pleasing aspect of these latest results for the company is they were intersected just 100m west of the current resource at Magic.

“We are very excited with the exploration results to date and the large resource potential of the Magic deposit and surrounding mineralisation in the immediate area.”

**LES DAVIS**  
SILVER LAKE RESOURCES



“In this financial year we had actually planned to take the top section of the Magic open pit out, but that result of 11m at 59.4gpt got in the way of that,” Davis explained.

“This could end up being a huge deposit, so you don’t just go in and rip the top part off because you can.

“You need to take the time and drill it out properly to fully understand it.”

Based on the latest drilling results, Silver Lake has interpreted mineralisation to be stacked in multiple layers to the west, and said it remains open to the south and at depth.

The potential of the Magic deposit has led the company to embark on an extensive exploration program in the area to further delineate the resource.

“We are very excited with the exploration results to date and the large resource potential of the Magic deposit and surrounding mineralisation in the immediate area,” Davis said.

“Drilling is ongoing with two drill rigs and further results will be announced as drilling progresses and assay results become available.”

The grades Silver Lake has recorded at Magic and in the immediate area are contained in what the company calls “blebby sulfide mineralisation”.

This is a new style of host rock not previously encountered at Mount Monger, which the company views as a lead indicator for thicker, high grade intersections.

“We haven’t seen this style of blebby sulfide mineralisation at Mount Monger before,” Davis said.

“Primarily because no-one has ever drilled to depth in the southern portion of the field.”

Silver Lake’s exploration program to date has been extremely rewarding and the company expects to continue this success using its systematic approach.

According to Davis the company’s success is a tribute to its ability to identify the right target, design the correct drilling program then do the modelling and simply keep repeating that process.

The strategy has been so well proven at Mount Monger the company is now eager to replicate its efforts to significantly increase resources at Tuckabianna, Comet and Moyagee located in the Murchison district.

These projects already have a combined resource of 13.7Mt at 3gpt for 1.3Moz of gold.

“A definitive feasibility study is in



progress, which we’ll have completed by the end of December; hopefully by then we will have a decision to mine, construct and produce,” Davis said.

“We have allowed ourselves until the end of June 2012 to make the decision to mine and to get going up there to construct the mill and mine and pour out the first 50,000 ounces of gold.

Silver Lake has reviewed the first pass numbers from the 1.3Moz it currently has available and is confident it appears to have a project in its Murchison prospects.

Behind that decision making process, of course, is the ongoing exploration campaign.

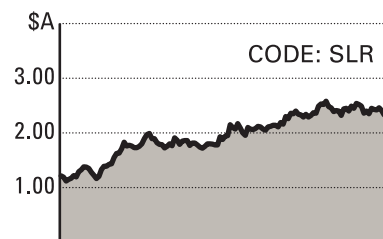
“We have done it very systematically,” Davis said. “I think one of our major success factors is that we keep things simple.

“All we are trying to do here is to reach critical mass, commit the capital and get up there, because you always know, once you are up there, if you have a processing facility you are going to find a lot more gold over the next ten to twenty years.

“Basically the next 12 months is [a] transitional year at Mount Monger where we are debottlenecking the operation to take advantage of the near mine ore surfaces and will bring the Murchison on as our next production centre, producing from multiple ore sources for years to come.” – **Wally Graham**

Silver Lake’s recently acquired processing mill

## SILVER LAKE RESOURCES AT A GLANCE



6 months ending November 1, 2010

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### MARKET CAPITALISATION

\$A395 million (at press time)

### QUOTED SHARES ON ISSUE

178,757,838

### MAJOR SHAREHOLDERS

Directors 14.2%  
Sprott Asset Management 9.5%  
Baker Steel Capital Managers 7.0%  
Eye Investment Fund 6.8%