silverlake RESOURCES

ANNUAL REPORT

2018

FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS

David Quinlivan
Non-executive Chairman

Luke Tonkin
Managing Director

Les Davis
Non-executive Director

Kelvin Flynn
Non-executive Director

Brian Kennedy
Non-executive Director

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David Berg

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SLR

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DEAR FELLOW SHAREHOLDER,

It is pleasing that we can write to you this year having successfully progressed the strategy of transitioning the Mount Monger Gold Camp towards longer life ore sources with higher operating margins.

In FY2018 we achieved gold sales of 151,250 ounces, a 10% increase on FY2017 at an AISC of A$1,289/oz, a 5% reduction on FY2017. In addition, the Company established the Mount Belches Mining Centre and commenced the development of our third Mining Centre, Aldiss. Investment in exploration has again produced excellent results with a 13% increase in Ore Reserves to 526,000 ounces (~50% increase when accounting for FY17 mining depletion) and encouragingly advanced a number of key exploration targets that reside outside of the Mineral Resource estimate across our three Mining Centres. These targets provide significant opportunities for Resource and Reserve additions which will benefit from Mount Monger's established mine and services infrastructure.

The significant investment in exploration over the last 3 years has delivered significant value to the Mount Monger Gold Camp and unlocked the value of our established mine and processing infrastructure. Core to this is the increased diversity of high-grade ore sources at Mount Monger, with the establishment of the Maxwells and Cock-eyed Bob underground mines at the Mount Belches Mining Centre to complement the baseload feed from the Daisy Complex. The Company now has increased production visibility with a robust four year Reserve and Measured and Indicated Resource backed life of mine.

Operating and financial highlights for FY2018 include:

» Gold production of 157,936 ounces (+16%) with sales of 151,250 ounces (+10%)

» 5% reduction in AISC to A$1,289/oz

» 26% increase in EBITDA (excluding significant items) to A$87.9 million and Net Profit After Tax up 697% to A$16.2 million

» Cash, bullion and listed investments of A$113.8 million and no debt at 30 June ($81.4m 30 June 2017)

» 129,000 oz of forward gold sales at an average price of A$1,726/oz at 30 June

» A$11.4 million investment in exploration

» Release of maiden JORC 2012 Ore Reserve at Karonie of 1.4mt @ 2.0g/t for 87,000 ounces

The strong operating results at Mount Monger underpinned a 26% increase in operating cash flows of A$80.8 million for FY2018. The continued cash flow generation has allowed the Company to internally fund exploration and growth capital, whilst continuing to strengthen the Company's Balance Sheet. At 30 June 2018, the Company had no bank debt, held A$105.7 million in cash and bullion and had liquid investments in ASX listed entities with a market value of A$8.1 million.

In FY2018 the Company's exploration program delivered a 13% increase in Ore Reserves to 526,000 ounces and 13% increase in Mineral Resources to 3.72 million ounces at Mount Monger, despite mining depletion of 171,616 ounces during the year.

The "Discovery" exploration program returned a number of highly encouraging results proximal to the Company's extensive underground and surface infrastructure. Easter Hollows and Daisy North have the potential to introduce new mining fronts at the Daisy Complex, which are higher in the mine elevation. Santa has the potential to become a third shallow, high-grade underground mine at the Mount Belches Mining Centre and the ~20km regional sheer zone at Aldiss provides a number of prospective drill targets. Further testing of these target is underway and we look forward to providing updates throughout the course of FY2019.

FY2019 sales guidance is 140,000-150,000 ounces with the AISC expected to average A$1,350-A$1,390/oz for the full year. The Company will continue to invest in exploration at Mount Monger with A$12 million budgeted to target both Resource definition for Reserve conversion and discovery.

Our strong balance sheet and cash flow generation positions the Company to rapidly progress the pipeline of advanced exploration targets and generate a pipeline of opportunities to compete for capital both at Mount Monger and beyond as we continue to build on the success and momentum generated in FY2018.

On behalf of the Board we would like to thank the Company's employees for their hard work and commitment over the past 12 months, and without whom, the achievements of the past year would not have been possible.

We would also like to acknowledge our suppliers, contractors and shareholders who continue to support our strategy of delivering today, developing for tomorrow and discovering for the future.

David Quinlivan
Non-executive Chairman

Luke Tonkin
Managing Director

MOUNT MONGER GOLD CAMP

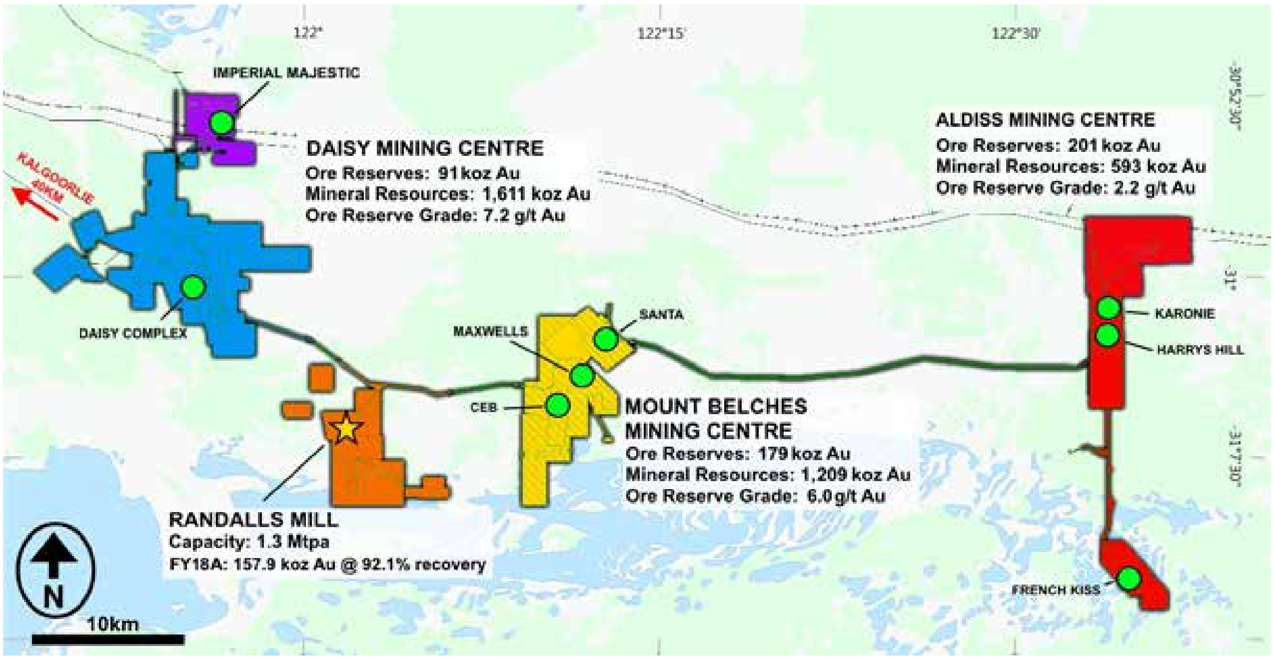


Figure 1: Mount Monger Gold Camp

- Located 50km southeast of Kalgoorlie, Western Australia
- Mount Monger is a highly endowed gold camp with multiple mines and a history of Reserve replacement and discovery
  - Silver Lake has produced >1.1 million ounces from Mount Monger since FY08 whilst never having more than a 3 - 4 year Reserve backed Life of Mine
- Silver Lake has invested to establish larger, longer life Mining Centres with increased production transparency and multiple high-grade ore sources. Three independent Mining Centres now feed the central 1.3Mtpa Randall's mill
  - FY18 gold sales 151koz
  - FY19 guidance 140 -150koz
- Four distinct geological districts host our mines
  - Interpretation of geological data and mine planning that honours the geology across the varying Mining Centres has delivered demonstrable exploration success
- Installed infrastructure provides significant leverage from exploration success
- Silver Lake will continue to invest in exploration at Mount Monger to target higher margin ounces and increase production visibility with the FY19 exploration budget of ≈$12 million

1. Daisy Complex Mining Centre

Figure 2: Schematic view of Daisy Complex

- Located 19km from the Randalls mill
- Base load asset of the Mount Monger Camp with a progressive infill and extensional drilling program to complement the mine development schedule
- 1,500 ounces per vertical metre mined since FY09
- Proven mine planning and exploration methodology
  - Nature of the geology will limit "JORC" Reserves
  - Replace Reserves year on year
- Drilling continues to intersect high grade mineralisation in multiple directions, providing upside opportunities for the future
  - LOM extensions supported by continuity of high grade mineralisation confirmed ≈300m down plunge of current mining areas and ≈150m down plunge of the current Mineral Resource
  - Multiple new lode discoveries proximal to established infrastructure at shallower elevations to current mining fronts

2. Mount Belches Mining Centre

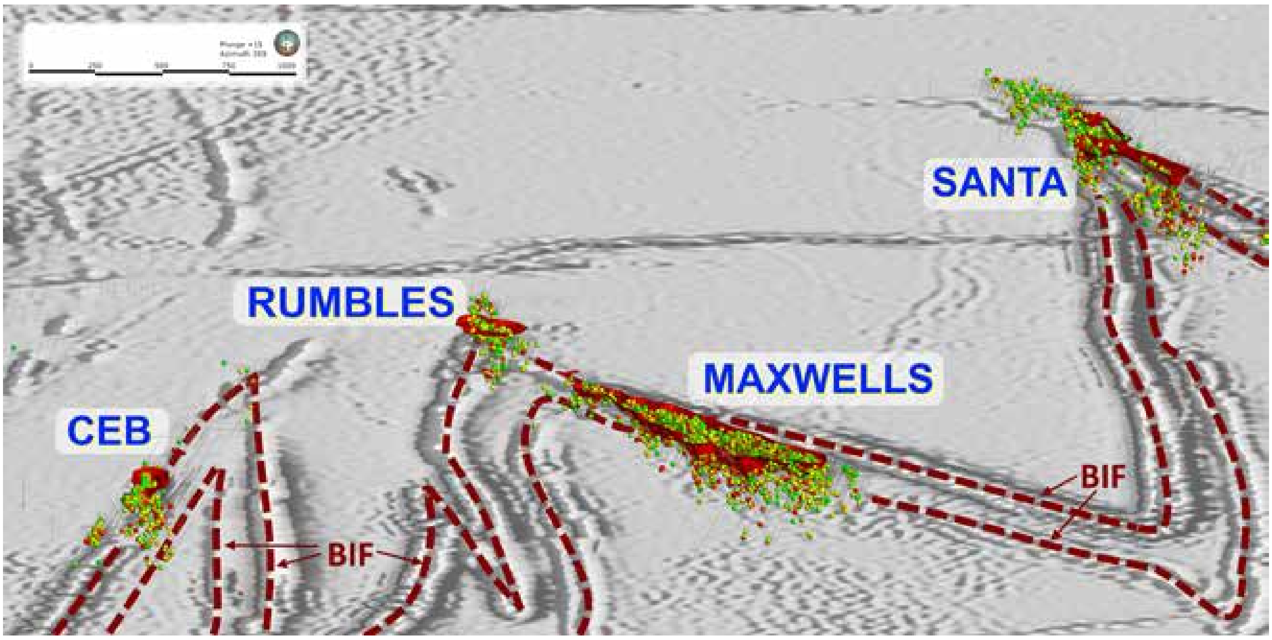


Figure 3: Mount Belches Mining Centre

- The Mount Belches Mining Centre is a fully serviced, independent Mining Centre located 18km from the Randalls mill and currently comprises the shallow, high-grade Maxwells and Cock-eyed Bob underground mines
    - Maxwells, building output and bottom line contribution
        - Established as a consistent high-grade production source
        - Down plunge and strike extensions to multiple lodes identified and being progressively tested
    - Cock-eyed Bob, delivering our strategy to maximise cashflow
        - First development ore was accessed in Q2 FY18 with FY18 ore sourced predominantly from development
        - Drilling has intersected mineralisation below the current mine plan presenting the opportunity to extend the Life of Mine
    - Targeting three underground mines producing >70,000 ounces per annum
        - Successful exploration program at Santa completed in FY18 advancing the underground potential (refer Exploration Report)

3. Majestic/Imperial Mining Centre

- Located 33km north north-west of the Randalls mill
- Mining from the Majestic and Imperial open pits was completed during FY18
- Exploration to target future underground mines

4. Aldiss Mining Centre

Figure 4: Overburden and stripping at Aldiss

- The Aldiss camp is host to ≈201koz in Reserves and is Silver Lake's third Mining Centre at Mount Monger
  - Dedicated haul road to the mill, 80 person camp and mobile equipment workshop
  - Low pre-production capital works of A$7.3m
  - Reserves: 2.9mt @ 2.2 g/t/ for 201koz
  - Resources: 9.4mt @ 2.0 g/t for 593koz
  - Owner operator, conventional drill, blast, load and haul open pit mining operation
- Three proximal open pits provide base case 200koz production over FY19-21 (Harry's Hill, French Kiss, Karonie South)
- Spice, Tank, Atriedes remain largely untested and have potential to add Mineral Resources through exploration which will benefit from established infrastructure
- Broad, high-grade gold lodes at Karonie interpreted to continue down plunge, highly encouraging for future underground potential

EXPLORATION

Mount Monger Camp – FY18 Highlights

The FY18 exploration work programs completed by Silver Lake successfully extended and upgraded the gold Reserves at the current mining operations, advanced development projects with near-term open pit and underground mining potential, and confirmed the strong potential for new resource growth along the mineralised trends in the Daisy, Mount Belches and Aldiss Mining Centres. Key exploration highlights (previously reported) included:

- Significant extensions and upgrades to existing gold lodes in the Daisy Complex underground mine
- Multiple high-grade intersections at the newly discovered Easter Hollows lode structure to the west of Haoma
- New lodes identified north of the North Fault at the Daisy Complex, demonstrating the discovery potential of this large, inadequately tested area proximal to existing underground development
- Drilling at Santa supported the potential for a new underground mine at Mount Belches
- Release of maiden JORC 2012 Ore Reserve at Karonie of 1.4mt @ 2.0g/t for 87koz

Drilling in the shadow of Daisy

Daisy Complex

Daisy North – A potential new, near term, shallow mining front[1]

Diamond drilling was completed during FY18 to assess the continuity of mineralisation at the Daisy North target. Encouragingly coarse visible gold and significant intersections were returned which validate the new geological model and increased the understanding of mineralisation controls.

The results confirmed the continuity of high grade mineralisation to the Caledonia target, extending ≈300m along strike to the north of existing underground development.

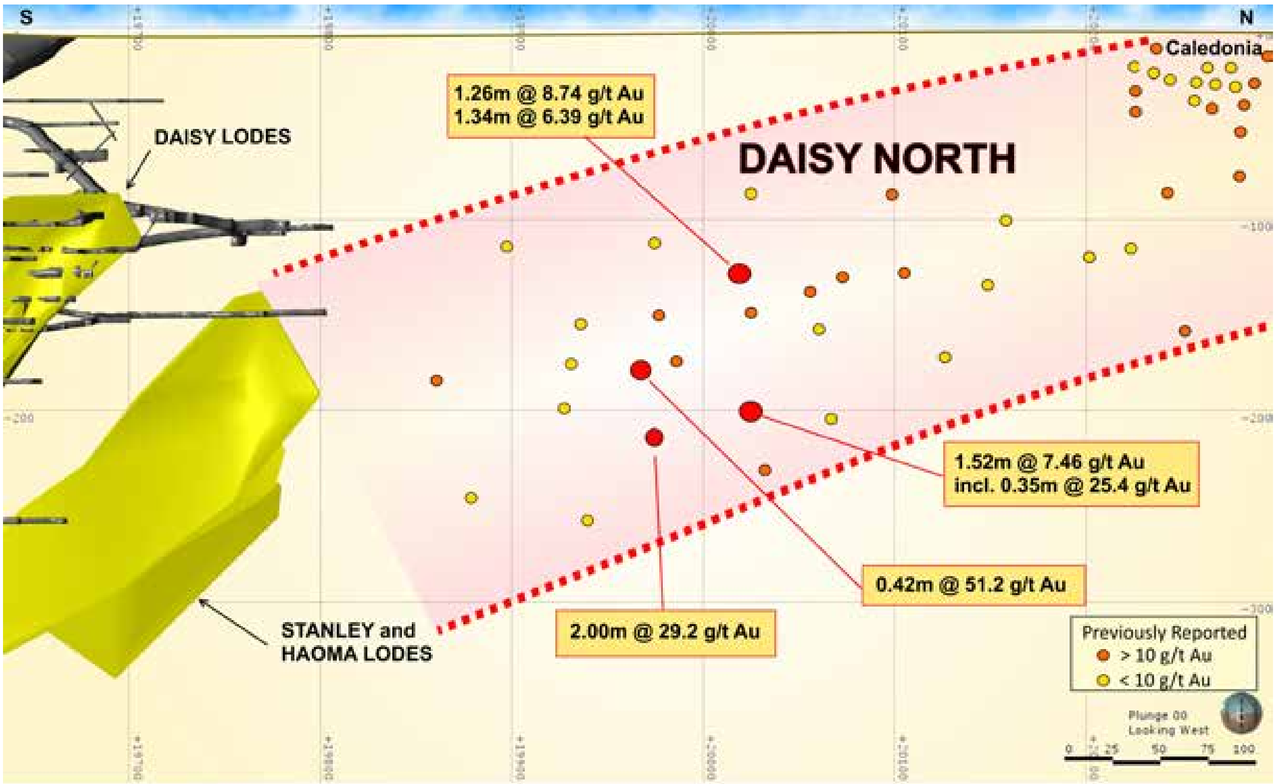


Figure 5: Daisy North, shallow and proximal to existing infrastructure and highlights of FY18 drilling

The FY18 results which intersected mineralisation at depths of less than 250m below surface has increased the confidence in the potential for the development of a new shallow mining front proximal to established underground infrastructure. Mine design work has commenced and will be a key focus of for FY19.

1. *This information is extracted from the ASX release entitled "Exploration Update" released to the ASX on 23 March 2018 and available to view on www.silverlakeresources.com.au*

Easter Hollows – A significant high-grade lateral step out discovery[2]

Lateral step out drilling to the west of Haoma West has confirmed a new area of high grade mineralisation with multiple new lodes extending over 450m from existing mining fronts.

These new lodes are parallel to the most productive areas of the mine. Host rocks and mineralisation are consistent with the highest grade lodes in the Daisy Complex including quartz veining, galena and visible gold.

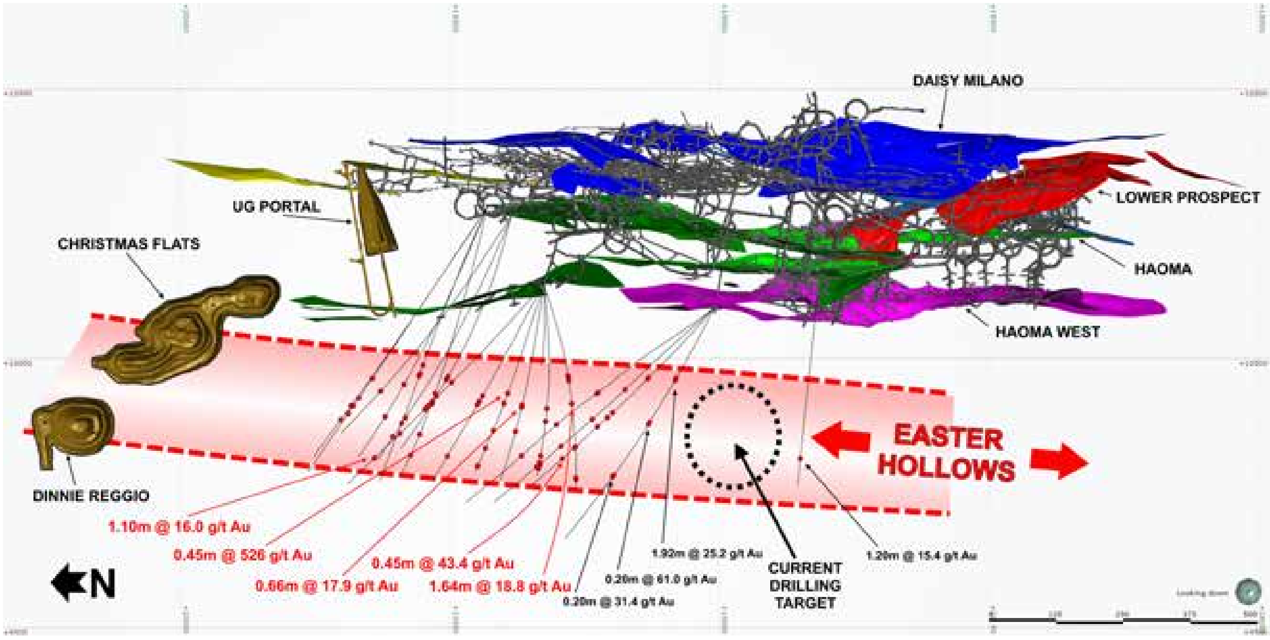


Figure 6: *Easter Hollows target relative to major Daisy structures*

2. *This information is extracted from the ASX release entitled "Exploration Update" released to the ASX on 23 March 2018 and available to view on www.silverlakeresources.com.au*

Santa – Drilling highlights the potential for a third high grade, shallow, underground mine at Mount Belches[3]

A nine hole drilling program for 1,565m was completed targeting the largely untested and prospective Western BIF unit below the Santa North open pit. Drilling by previous owners focused on the Eastern BIF unit below the Santa open pit, which currently has a JORC 2012 compliant 425koz Mineral Resource.

Highly encouraging results were returned from the program with numerous +50 gram-metre intervals over a 250m strike length from the base of the Santa North open pit to a depth of 250 vertical metres and mineralisation remains open down-plunge.

Further drilling is planned for FY19 to target plunge and strike extensions. A potential underground development at Santa will have the ability to benefit from installed above ground services and infrastructure at Mount Belches.

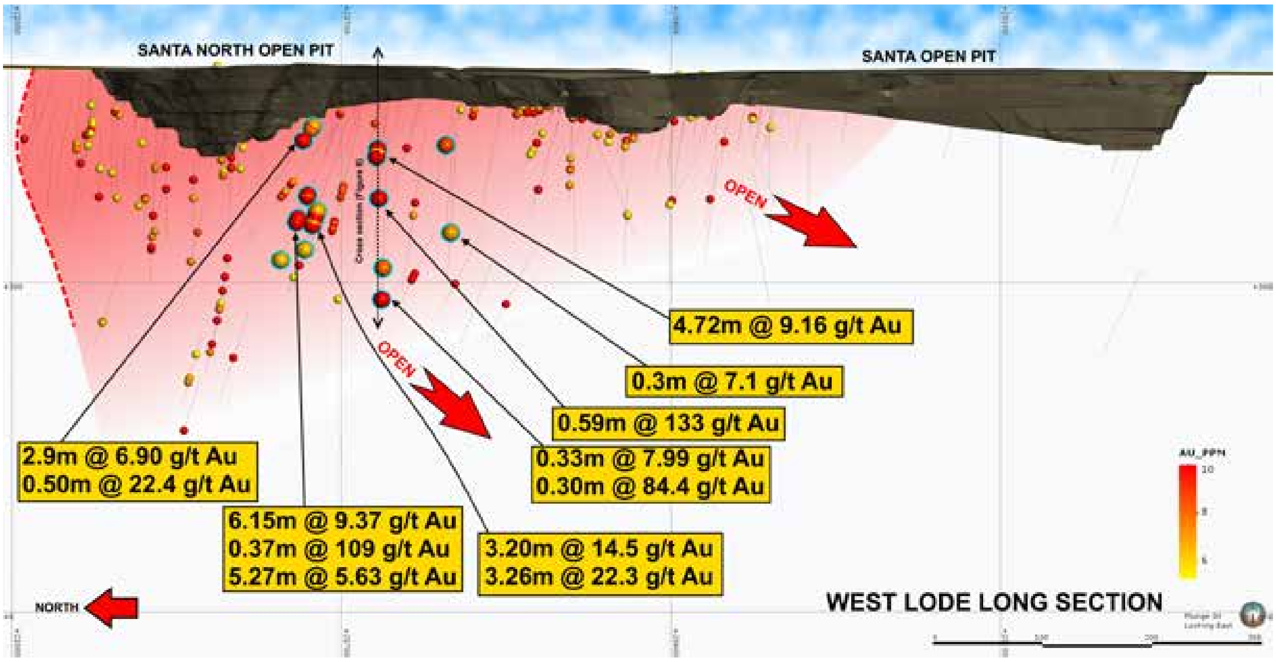


Figure 7: Santa West Lode long section showing recent assay results highlights and historical drilling intersections >5.0 g/t Au

3. *This information is extracted from the ASX release "Santa drilling highlights growth potential at Mount Belches" released to the ASX on 7 June 2018 and available to view on www.silverlakeresources.com.au*

Aldiss - installed above ground services and infrastructure at Mount Belches[4]

A maiden JORC 2012 Ore Reserve of 1.4mt at 2 g/t for 87koz was declared in June 2018 at Karonie.

Historical open pit mining at Aldiss in the 1990's was focused on the "Karonie Main Zone" deposit located in the northern part of the Karonie area which produced 1.6Mt at 3.6g/t Au. Silver Lake's reinterpretation of the geology led to a revised geological model and a subsequent exploration program which successfully confirmed the high-grade gold lodes remain open down plunge to the south, extending from below the floor of the historical open pit area and the strongly mineralised shear zones along strike to the south of the historical mine area.

The Karonie Ore Reserve has been estimated to a maximum open pit depth of 145m. Gold lodes are interpreted to remain open down plunge and future drilling will be planned at the appropriate time to test the potential for underground mining at Karonie.

4. *This information is extracted from the ASX release "75% increase in Aldiss Mining Centre Ore Reserves" released to the ASX on 27 June 2018 and available to view on www.silverlakeresources.com.au*

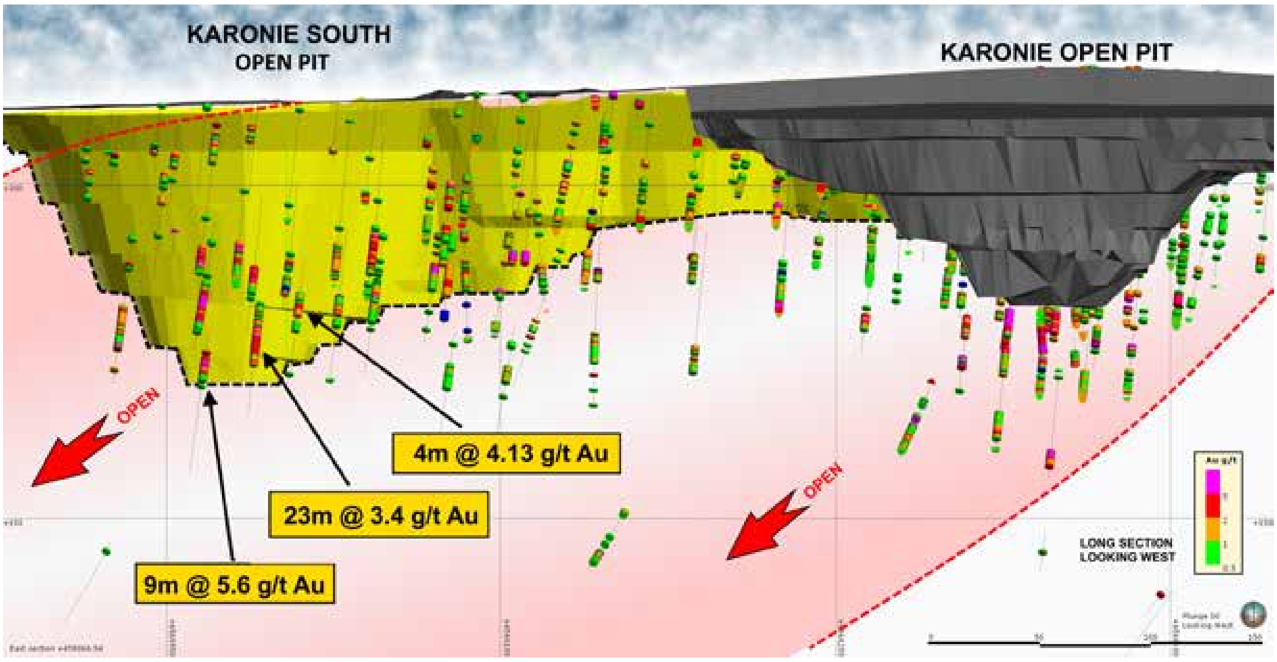


Figure 8: Karonie long section highlighting current drilling intersections and potential down plunge extension of mineralised lode

The success of the Karonie exploration program has led the Silver Lake exploration team to develop a FY19 exploration work program to the south of Karonie and Harry's Hill along strike of the strongly mineralised Aldiss trend.

Following the expected ramp up to steady state mining rates at Aldiss during 1H FY19, Silver Lake will focus on the ~10km regional shear zone which has several well-defined gold prospects, to target the discovery of additional Mineral Resources to benefit from established infrastructure.

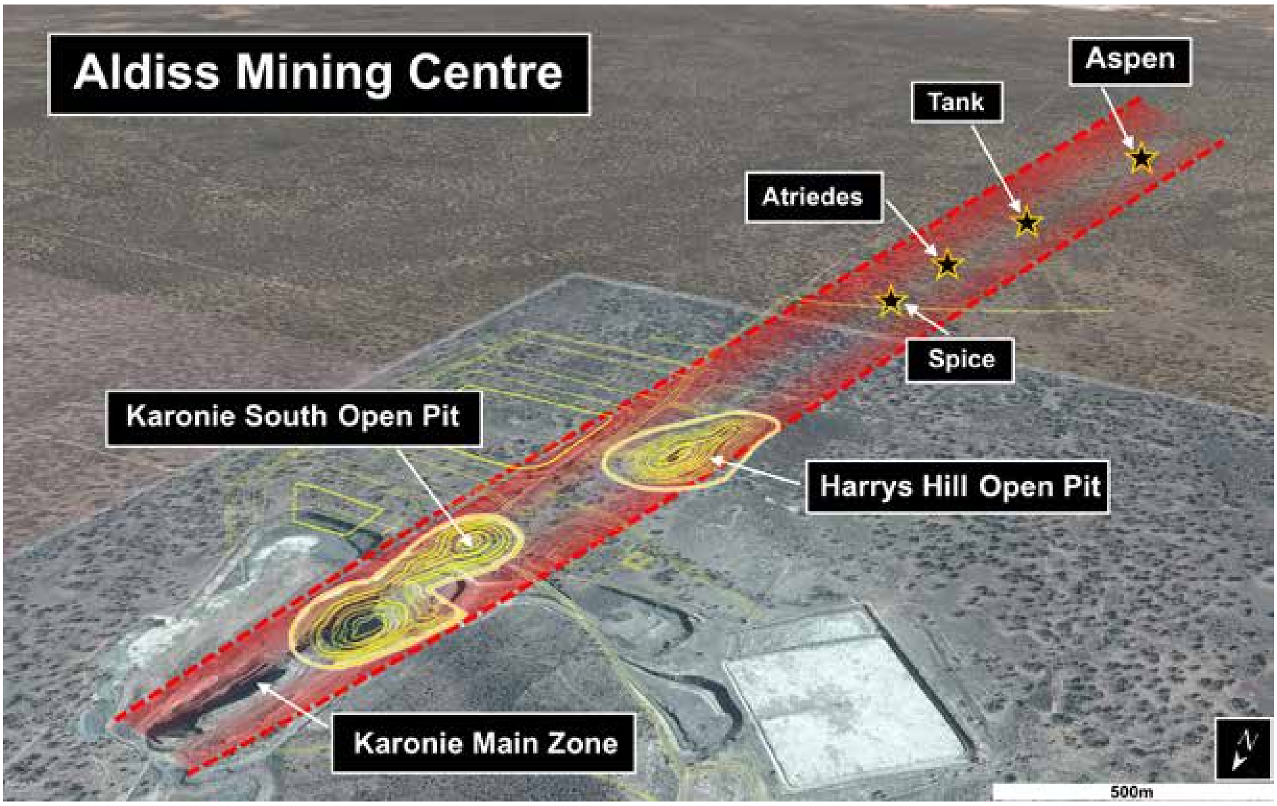


Figure 9: Aldiss "SAT" trend

COMPANY SUMMARY AS AT 30 JUNE 2018

Total Mineral Resources are estimated at: **31.1 Mt @ 3.7 g/t Au for 3.72 Moz of contained gold**

Total Ore Reserves are estimated at: **5.3 Mt @ 3.1 g/t Au for 0.53 Moz of contained gold**

MINERAL RESOURCE STATEMENT AS AT 30 JUNE 2018

The Company's total MMO Measured, Indicated and Inferred Mineral Resources at 30 June 2018 are 31.1 million tonnes (Mt) @ 3.7 grams per tonne of gold (g/t Au) containing 3.72 Moz of gold (refer Tables 1 and 2). The previous publicly reported estimate of MMO Mineral Resources was 28.1 Mt @ 3.6 g/t Au containing 3.29 Moz of gold as at 30 June 2017, announced on 4 August 2017. The Mineral Resources as at 30 June 2018 are estimated after allowing for mining depletion from MMO during FY2018.

	June 2017			June 2018		
	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)
Measured Mineral Resources	1,398	4.8	215	2,200	5.3	377
Indicated Mineral Resources	12,832	3.4	1,420	17,488	3.3	1,860
Total Mineral Resources	28,124	3.6	3,292	31,067	3.7	3,721

Table 1: *Total MMO Mineral Resources as at 30 June 2018*

June 2018	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources			Total Mineral Resources		
	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)
Daisy Mining Centre												
Daisy Complex	122	42.7	168	737	19.0	449	1,273	13.4	549	2,132	17.0	1,166
Fingals	-	-	-	131	2.7	11	1,043	2.3	77	1,174	2.3	88
Costello	-	-	-	-	-	-	111	4.0	14	111	4.0	14
Lorna Doone	-	-	-	686	2.0	44	641	3.5	72	1,327	2.7	116
Mirror/Magic	507	2.6	43	549	2.5	45	663	3.6	77	1,719	3.0	165
Wombola Pit	-	-	-	47	3.1	5	20	4.0	3	67	3.3	7
Wombola Dam	13	3.2	1	164	2.6	14	120	3.0	12	297	2.8	27
Hammer & Tap	-	-	-	-	-	-	350	2.4	27	350	2.4	27
Sub Total	**642**	**10.3**	**212**	**2,313**	**7.6**	**568**	**4,221**	**6.1**	**831**	**7,177**	**7.0**	**1,611**
Imperial/Majestic Mining Centre												
Majestic	-	-	-	1,673	2.6	142	790	2.3	58	2,463	2.5	200
Imperial	-	-	-	504	2.7	44	216	2.0	14	720	2.5	58
Sub Total	**-**	**-**	**-**	**2,177**	**2.7**	**186**	**1,006**	**2.2**	**72**	**3,183**	**2.5**	**258**
Mount Belches Mining Centre												
Maxwells	291	6.2	58	1,103	5.6	200	947	5.6	171	2,341	5.7	429
Santa	-	-	-	3,788	2.5	302	1,165	3.1	117	4,953	2.6	419
Cock-eyed Bob	347	6.3	70	563	5.6	101	587	4.8	90	1,497	5.4	261
Rumbles	-	-	-	351	2.2	24	851	2.2	59	1,202	2.2	83
Anomaly A	-	-	-	232	1.9	14	44	1.7	2	276	1.8	16
Sub Total	**638**	**6.2**	**128**	**6,037**	**3.3**	**641**	**3,594**	**3.8**	**439**	**10,269**	**3.7**	**1,209**
Aldiss Mining Centre												
Karonie	-	-	-	3,595	1.8	213	620	1.5	30	4,215	1.8	243
Harrys Hill	-	-	-	1,855	2.5	149	448	2.4	34	2,303	2.5	183
French Kiss	-	-	-	646	2.7	55	808	1.7	45	1,454	2.1	100
Spice	-	-	-	78	2.4	6	64	1.3	3	142	1.9	9
Tank/Atriedes	-	-	-	236	1.4	11	604	1.5	29	840	1.5	39
Italia/Argonaut	-	-	-	409	1.4	19	-	-	-	409	1.4	19
Sub Total	**-**	**-**	**-**	**6,819**	**2.1**	**452**	**2,544**	**1.7**	**141**	**9,363**	**2.0**	**593**
Randalls Mining Centre												
Lucky Bay	13	4.6	2	34	4.8	5	8	7.2	2	55	5.1	9
Randalls Dam	-	-	-	107	2.1	7	6	1.2	0	113	2.1	7
Sub Total	**13**	**4.6**	**2**	**141**	**2.8**	**13**	**14**	**4.6**	**2**	**168**	**3.0**	**16**
Stockpile Total	907	1.2	35	-	-	-	-	-	-	907	1.2	35
Total Mount Monger	**2,200**	**5.3**	**377**	**17,488**	**3.3**	**1,860**	**11,379**	**4.1**	**1,485**	**31,067**	**3.7**	**3,721**

***Table 2:** MMO Gold Mineral Resources at 30 June 2018*

ORE RESERVE STATEMENT AS AT 30 JUNE 2018

The total MMO Proved and Probable Gold Ore Reserves at 30 June 2018 are 5.26 million tonnes (Mt) @ 3.1 grams per tonne of gold (g/t Au) containing 0.53 Moz of gold (refer Tables 3 and 4). The previous publicly reported estimate of MMO Gold Ore Reserves was 4.15 Mt @ 3.5 g/t Au containing 0.47 Moz of gold as at 30 June 2017, announced on 4 August 2017. The Ore Reserves at 30 June 2018 are estimated after allowing for mining depletion from MMO over FY2018. All Ore Reserves were estimated using a gold price of A$ 1,600 / oz, apart from the Daisy Milano Ore Reserve using A$1,550 / oz, Majestic Ore Reserve A$1,650 / oz, and Harry's Hill and Karonie Ore Reserves using A$1,700 / oz.

	June 2017			June 2018		
	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)
Proved Ore Reserves	518	2.3	38	1,319	2.9	124
Probable Ore Reserves	3,629	3.7	429	3,937	3.2	402
Total Ore Reserves	**4,147**	**3.5**	**466**	**5,256**	**3.1**	**526**

Table 3: Total MMO Ore Reserves at 30 June 2018

	Proved Ore Reserves			Probable Ore Reserves			Total Ore Reserves		
June 2018	**Tonnes ('000s)**	**Grade (g/t Au)**	**Ounces (Au '000s)**	**Tonnes ('000s)**	**Grade (g/t Au)**	**Ounces (Au '000s)**	**Tonnes ('000s)**	**Grade (g/t Au)**	**Ounces (Au '000s)**
Daisy Mining Centre									
Daisy Complex	144	7.7	36	250	6.8	55	394	7.2	91
Mirror/Magic	-	-	-	-	-	-	-	-	-
Sub Total	**144**	**7.7**	**36**	**250**	**6.8**	**55**	**394**	**7.2**	**91**
Imperial/Majestic Mining Centre									
Imperial	-	-	-	-	-	-	-	-	-
Majestic	-	-	-	169	3.8	21	169	3.8	21
Sub Total	**-**	**-**	**-**	**169**	**3.8**	**21**	**169**	**3.8**	**21**
Mount Belches Mining Centre									
Cock-eyed Bob	139	6.6	30	264	5.8	49	403	6.1	79
Maxwells	130	5.8	24	389	6.0	75	519	6.0	100
Sub Total	**269**	**6.2**	**54**	**653**	**5.9**	**125**	**922**	**6.0**	**179**
Aldiss Mining Centre									
French Kiss	-	-	-	177	3.6	21	177	3.6	21
Karonie	-	-	-	1,382	2.0	87	1,382	2.0	87
Harrys Hill	-	-	-	1,305	2.2	93	1,305	2.2	93
Sub Total	**-**	**-**	**-**	**2,864**	**2.2**	**201**	**2,864**	**2.2**	**201**
Stockpile Total	907	1.2	35	-	-	-	907	1.2	35
Total Mount Monger	**1,319**	**2.9**	**124**	**3,937**	**3.2**	**402**	**5,256**	**3.1**	**526**

Table 4: MMO Ore Reserves at 30 June 2018

Notes to Tables 2 and 4:

1. Mineral Resources are reported inclusive of Ore Reserves.
2. Data is rounded to thousands of tonnes and thousands of ounces. Discrepancies in totals may occur due to rounding.
3. The "Daisy Complex" comprises the following zones: Daisy Milano, Haoma, Haoma West, Lower Prospect, Daisy North, Dinnie Reggio and Christmas Flats.
4. The following Mineral Resource and Ore Reserve estimates are produced in accordance with the 2012 Edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves (the 2012 JORC Code): Daisy Complex, Lorna Doone, Wombola Dam, Majestic, Imperial, Maxwells, Santa, Cock-eyed Bob/Anomaly A, Lucky Bay, Mirror/Magic, Rumbles, Karonie, Harry's Hill, French Kiss, Spice, Tank/Artredies. The remaining Mineral Resource and Ore Reserve estimates were first prepared and disclosed under the 2004 edition of the JORC Code and have not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

MINERAL RESOURCE AND ORE RESERVE GOVERNANCE AND INTERNAL CONTROLS

Silver Lake ensures that the Mineral Resource and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal reviews of Mineral Resource and Ore Reserve estimation procedures and results are carried out through a technical review team which is comprised of highly competent and qualified professionals. These reviews have not identified any material issues. The Company has finalised its governance framework in relation to the Mineral Resource and Ore Reserve estimates in line with the conduct of its business.

Silver Lake reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by Silver Lake are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code. The Mineral Resources and Ore Reserves statements are based upon, and fairly represent, information and supporting documentation prepared by the Competent Persons named below. The Mineral Resources and Ore Reserves statements as a whole, as presented in this Annual Report, have been approved by Antony Shepherd a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy.

COMPETENT PERSON'S STATEMENT

The information in the Annual Report to which this statement is attached that relates to the Mineral Resources for the Daisy Complex, Majestic, Imperial, Anomaly A, Santa, Mirror/Magic, and Karonie deposits is based upon information compiled by Aslam Awan, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Awan is a full-time employee of the Company. Mr Awan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Awan consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the Annual Report to which this statement is attached that relates to the Mineral Resources for the Maxwells and Cock-eyed Bob deposits is based upon information compiled by Matthew Karl, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Karl is an employee of Mining Plus Pty Ltd. Mr Karl has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Karl consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the Annual Report to which this statement is attached that relates to underground Ore Reserves at the Daisy Milano Complex is based upon information compiled by Gavin Ward, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Ward is a full-time employee of the Company. Mr Ward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ward consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the Annual Report to which this statement is attached that relates to underground Ore Reserves at Cock-eyed Bob deposit is based upon information compiled by Tim Davidson, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a full-time employee of the Company. Mr Davidson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davidson consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

All other information in the Annual Report to which this statement is attached relating to Ore Reserves is based upon information compiled by Sam Larritt, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Larritt is a full-time employee of the Company. Mr Larritt has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Larritt consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

All other information in the Annual Report to which this statement is attached relating to Exploration Results and Mineral Resources is based on information compiled by Antony Shepherd, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Shepherd is a full-time employee of the Company. Mr Shepherd has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shepherd consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, Reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Silver Lake. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.

The directors submit their report, together with the consolidated financial statements of the Group comprising Silver Lake Resources Limited (the Company or Silver Lake) and its subsidiaries for the year ended 30 June 2018.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

David Quinlivan

BApp Sci, Min Eng, Grad Dip Fin Serv, FAusImm, FFINSA, MMICA
Non-executive Chairman
Appointed Non-executive Director on 25 June 2015 and Chairman on 30 September 2015

Mr Quinlivan is a Mining Engineer with significant mining and executive leadership experience having 11 years of service at WMC Resources Ltd, followed by a number of high-profile mining development positions. Since 1989, Mr Quinlivan has served as Principal of Borden Mining Services, a mining consulting services firm, where he has worked on a number of mining projects in various capacities. He has served as Chief Executive Officer of Sons of Gwalia Ltd (post appointment of administrators), Chief Operating Officer of Mount Gibson Iron Ltd, President and Chief Executive Officer of Alacer Gold Corporation and Chairman of Churchill Mining PLC.

Mr Quinlivan has held no other Directorships in public listed companies in the last three years.

Luke Tonkin

BEng, Min Eng, MAusImm
Managing Director
Appointed 14 October 2013

Mr Tonkin is a Mining Engineering graduate of the Western Australian School of Mines and his extensive operations and management career spans over 30 years within the minerals and mining industry. He is a past Chairman of the Western Australian School of Mines Advisory Board. Mr Tonkin has held senior management roles at WMC Resources Ltd, Sons of Gwalia Ltd and was Managing Director of Mount Gibson Iron Ltd for 7 years and Chief Executive Officer and Managing Director of Reed Resources Ltd.

Mr Tonkin joined the Company in October 2013 as Director of Operations and was appointed as Managing Director on 20 November 2014. Mr Tonkin has held no other Directorships in public listed companies in the last three years.

Les Davis

MSc (Min Econs)
Non-executive Director
Appointed 25 May 2007

Mr Davis has over 35 years' industry experience including 17 years' hands-on experience in mine development and narrow vein mining. Mr Davis' career incorporates 13 years' senior management experience including roles as Mine Manager, Technical Services Manager, Concentrator Manager, Resident Manager and General Manager Expansion Projects with organisations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd.

Mr Davis ceased as Managing Director on 20 November 2014 and was subsequently appointed as Non-executive Director.

Mr Davis is a Non-executive Director of Black Cat Syndicate Limited. Mr Davis has held no other Directorships in public listed companies in the last three years.

Kelvin Flynn

B.Com, CA
Non-executive Director
Appointed 24 February 2016

Mr Flynn is a qualified Chartered Accountant with over 27 years' experience in investment banking and corporate advisory roles including private equity and special situations investments in the mining and resources sector. He has held various leadership positions in Australia and Asia, having previously held the position of Executive Director/Vice President with Goldman Sachs and Managing Director of Alvarez & Marsal in Asia. He has worked in complex financial workouts, turnaround advisory and interim management. He is the Managing Director of the specialist alternative funds manager Harvis, which focuses on investments in the real estate and real assets sectors.

Mr Flynn is currently a Director of privately held Global Advanced Metals Pty Ltd and a Non-Executive Director of Mineral Resources Limited. Mr Flynn was also a Non-Executive Director of Mutiny Gold Ltd from 31 March 2014 to 31 January 2015 until its successful merger with Doray Minerals Ltd.

Brian Kennedy

Cert Gen Eng
Non-executive Director
Appointed 20 April 2004

Mr Kennedy has operated a successful resource consultancy for over 30 years and has worked in the coal, iron ore, nickel, gold and fertiliser industries. During this time Mr Kennedy managed large-scale mining operations such as Kambalda and Mount Keith on behalf of WMC Resources Ltd. More recently Mr Kennedy was Senior Vice President at Anglo Gold Ashanti Limited.

Mr Kennedy was a founding shareholder and Director of Reliance Mining Ltd, before its takeover by Consolidated Minerals Ltd.

Mr Kennedy has held no other Directorships in public listed companies in the last three years.

COMPANY SECRETARY

David Berg

LLB BComm (General Management), FGIS, FCIS
Appointed 4 September 2014

Mr Berg has worked both in the resources industry and as a lawyer in private practice, advising on corporate governance, M&A, capital raisings, commercial contracts and litigation. Mr Berg has previously held company secretarial and senior legal positions with Mount Gibson Iron Limited and Ascot Resources Limited and legal roles with Atlas Iron Limited and the Griffin Group. Prior to this Mr Berg worked in the corporate and resources groups of Herbert Smith Freehills and King & Wood Mallesons.

COMMITTEE MEMBERSHIP

As at the date of this report, the Board has an Audit Committee and a Nomination & Remuneration Committee. Those members acting on the committees of the Board during the year were:

Audit	Term	Nomination & Remuneration	Term
Kelvin Flynn (Chairman)	Full Year	Les Davis (Chairman)	Full Year
Les Davis	Full Year	Brian Kennedy	Resigned 20 February 2018
David Quinlivan	Full Year	David Quinlivan	Full Year
		Kelvin Flynn	Appointed 20 February 2018

DIRECTORS' MEETINGS

The number of Directors' meetings (including committee meetings) held during the year and the number of meetings attended by each Director are as follows:

	Directors' Meetings		Audit Committee		Nomination & Remuneration Committee	
	A	B	A	B	A	B
David Quinlivan	12	12	2	2	2	2
Luke Tonkin	12	12	-	-	-	-
Les Davis	12	12	2	2	2	2
Kelvin Flynn	9	12	2	2	-	-
Brian Kennedy	11	12	-	-	2	2

A – Number of meetings attended

B – Number of meetings held during the time the Director held office or was a member of the committee during the year

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital as notified by the Directors to the Australian Securities Exchange in accordance with s205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Name of Director	Fully Paid Ordinary Shares	Unlisted Performance Rights
David Quinlivan	-	-
Luke Tonkin	270,000	4,027,627
Les Davis	1,000,000	-
Kelvin Flynn	-	-
Brian Kennedy	4,790,746	-

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were gold mining and processing from the Mount Monger Camp, gold exploration and evaluation of projects.

CORPORATE STRUCTURE

Silver Lake is a company limited by shares and is domiciled and registered in Australia.

OPERATING OVERVIEW

Silver Lake is an all-Australian, ASX listed gold producing and exploration company operating in the Eastern Goldfields district of Western Australia. Silver Lake's land position in Western Australia covers highly prospective, under explored tenements containing gold and silver.

Group Financial Overview

The Group recorded a net profit after tax for the year of $16.2 million (2017: $2.0 million) and a EBITDA (before significant items) of $87.9 million a 26% increase on FY2017. This resulted in an EBITDA Margin for the year of 34% (2017: 31%).

A reconciliation between the statutory profit after tax and the Group's underlying operating results is tabled on page 25. This reconciliation is an unaudited non-IFRS measure that, in the opinion of the Board, provides useful information to assess the operating performance of the Group.

Revenue for the year totalled $255.6 million from the sale of 151,250 ounces of gold at an average realised gold sale price of A$1,684/oz compared with revenue of $227.5 million from 137,000 ounces (@ A$1,654/oz) in FY2017. The increase in revenue reflects the strong production result during the year as new high-grade ore sources were introduced to the Randalls Mill to supplement baseload mine production from the Daisy Complex.

Cost of sales increased to $225.9 million in the period (2017: $216.4 million) reflecting the ramp up of production from the Imperial/ Majestic open pits and the Cock-eyed Bob and Maxwells underground mines including the increase in amortisation and depreciation costs associated with these mines. The All-in Sustaining Cost (AISC) for the period of A$1,289/oz (2017: A$1,359/oz) is consistent with the Company's forecast and reflects an increase in high grade ore production from all three underground mines and higher grade ore from the lower benches of the Imperial open pit.

Operating cash flow for the period was $80.8 million, a 26% increase on FY2017, resulting in a 30 June 2018 cash and bullion balance of $105.7 million. The cash and bullion balance is after $18.3 million of capital expenditure on new mines in the Mount Belches area and at Aldiss, and $11.4 million of exploration expenditure.

Overview of the Mount Monger Camp

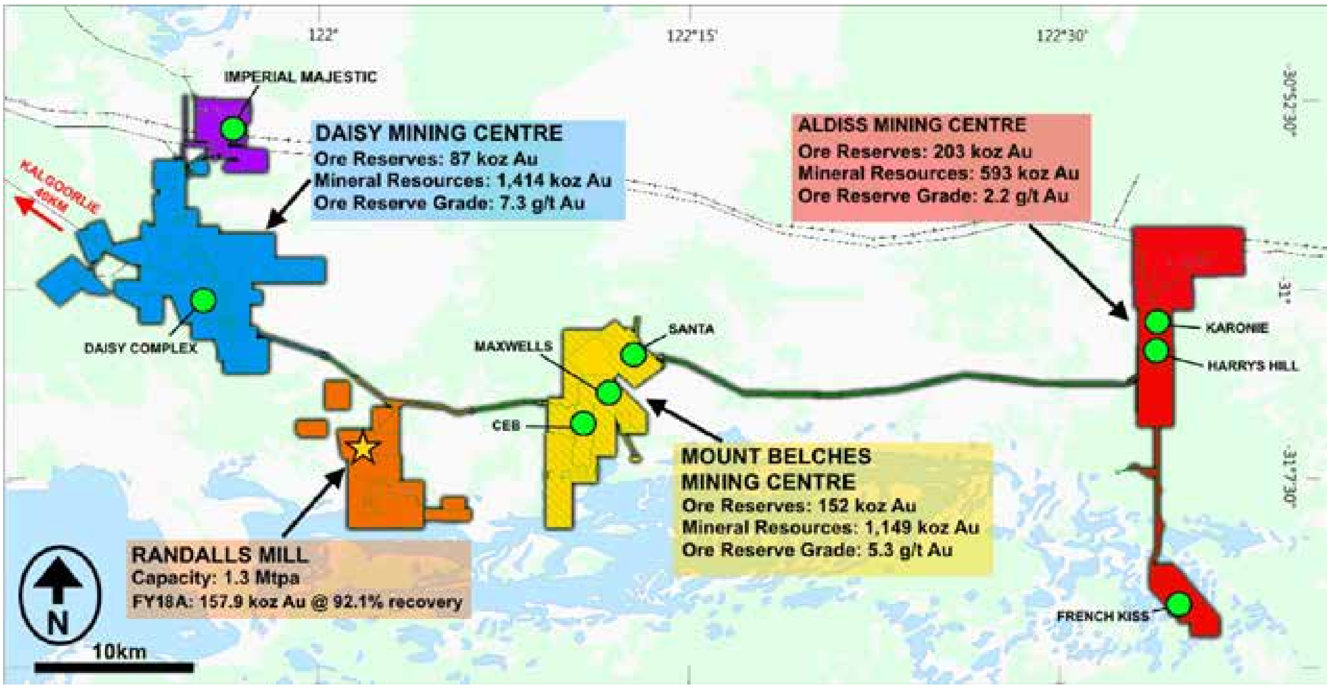


Figure 10: Location of Mount Monger Camp Mining Centres and the centralised Randalls Mill. Refer to ASX announcement "Mineral Resource and Ore Reserve Statement – MMO" dated 4 August 2017 for further information relating to Resources and Reserves.

Mining

Ore mined from the Mount Monger Operation totalled 1,269,722 tonnes at a grade of 4.2 g/t Au for 171,616 contained ounces (2017: 1,306,508 tonnes at a grade of 3.5 g/t Au for 148,244 contained ounces). FY2018 production was sourced from the Daisy Complex, Cock-eyed Bob and Maxwells underground mines and the Majestic/Imperial open pit mines. The recommencement of the Cock-eyed Bob mine in July 2017 and the development of the Imperial/Majestic and Maxwells mines last financial year are key components of the Company's operating strategy of enhancing margins by introducing lower cost ore sources into the production plan that are proximal to existing mines and mine infrastructure.

During the year the Daisy Complex produced 328,941 tonnes at 6.4 g/t Au for 68,033 contained ounces, continuing its strong track record of consistent baseload supply to the Randalls mill. Mining at the Daisy Complex in FY2019 will focus on the Lower Prospect and Haoma West lodes.

At Cock-eyed Bob key capital infrastructure projects to service the mine's medium-term mine plan were completed during the year. This included the commissioning of a new power station and completion of a 140-metre exhaust ventilation raise bore down to the 1298 level. The mine's decline has advanced 800 metres since July 2017 and long hole stope production commenced in Q3 FY2018. Encouragingly, Cock-eyed Bob has demonstrated a significant overcall on grade to date and an updated model is being prepared to incorporate data generated from mining to date.

Production from Maxwells underground increased to 204,671 tonnes at 4.8 g/t Au for 31,856 contained ounces reflecting the investment in underground development at the mine over the past year and consistent targeted output levels. FY2018 development of 4,898 metres exceeded plan providing multiple ore development horizons and stoping blocks for future production.

The establishment of the Mount Belches Underground Mining Centre (comprising Cock-eyed Bob and Maxwells) is an important milestone for Silver Lake, as it broadens the developed underground ore sources and increases LOM visibility at Mount Monger. The two mines at Mount Belches provide access to shallow, high grade underground ore sources in addition to the established and consistent baseload feed from the Daisy Complex. Following the successful re-entry into Cock-eyed Bob, focus has returned to Mount Belches exploration and a drilling program is underway at Santa targeting Maxwells and Cock-eyed Bob style mineralisation below the floor of the Santa open pit.

Mine production from the open pits for the year totalled 670,605 tonnes at 2.7 g/t Au for 58,787 contained ounces (2017: 893,772 tonnes at 2.2 g/t Au for 64,110 contained ounces). Mining operations were focused on completion of the Majestic open pit in H1 FY2018 and completion of the Imperial pit in the second half of the financial year. Mining activities were accelerated during the year to bring forward the completion of open pit mining, reducing fixed costs and building ore stockpiles which will be consumed during the development of the Aldiss Mining Centre.

Development of the Aldiss Mining Centre commenced in the last quarter of FY2018. The centre will comprise multiple open pit mines, providing feed to the Randalls mill in FY2019, FY2020 and FY2021 recovering between 180,000 – 200,000 ounces of gold. Infrastructure works including construction of a 36km haul road, administration offices, 80-man camp, power and communications infrastructure are well advanced and on track for first ore delivery to the mill in 2Q FY2019, which dovetails with the drawdown of stockpiles following completion of the Imperial open pit.

Processing

Gold ore from the Mount Monger Operation is transported to the Randalls Gold Processing Facility, located 65 km south east of Kalgoorlie. Mill feed during the period was sourced from the Daisy Complex, Cock-eyed Bob and Maxwells underground mines, the Imperial/Majestic open pits and open pit stockpiles. Ore milled for the period totalled 1,256,120 tonnes at a blended grade of 4.2 g/t Au for 157,936 recovered ounces.

The 16% increase on FY2017 production reflects a 22% increase in feed grade, largely driven by increased production from the underground mines and high grades realised from the Imperial pit.

Mining and production statistics for the Mount Monger Operation for the year are detailed in Table 1 and Table 2.

Gold Mining and Production Statistics

Mount Monger - Mining	Units	FY 2018	FY 2017
Underground			
Ore mined	Tonnes	599,117	412,736
Mined grade	g/t Au	5.9	6.3
Contained gold in ore	Oz	112,829	84,134
Open Pit			
Ore mined	Tonnes	670,605	893,772
Mined grade	g/t Au	2.7	2.2
Contained gold in ore	Oz	58,787	64,110
Total ore mined	Tonnes	1,269,722	1,306,508
Mined grade	g/t Au	4.2	3.5
Contained gold in ore	Oz	171,616	148,244

Table 1

Mount Monger - Processing	Units	FY 2018	FY 2017
Ore Milled	Tonnes	1,256,120	1,300,152
Head grade	g/t Au	4.2	3.5
Contained gold in ore	Oz	171,355	145,661
Recovery	%	92	93
Gold produced	Oz	157,936	135,837
Gold sold	Oz	151,250	137,000

Table 2

Exploration

The exploration focus in FY2018 targeted near-term resource definition and project development opportunities across the two key mining centres in the Mount Monger Operation area (Daisy and Mount Belches) and regional exploration proximal to existing mine and processing infrastructure. Exploration expenditure during the year totaled $11.4 million and included:

» Underground resource definition diamond drilling at the Daisy Complex
» Underground exploration drilling targeting the new Easter Hollows lode
» Surface exploration drilling at the Aldiss, Majestic/Imperial, Mount Belches and Daisy Mining Centres, including Cock-eyed Bob, Santa and Leslie West areas.
» Exploration drilling at the Aldiss Mining Centre, including resource definition drilling at the Karonie South open pit deposit.

A maiden JORC 2012 Ore Reserve of 1.4mt at 2 g/t for 87,000 ounces was declared during FY2018 at Karonie. Historical open pit mining at Aldiss in the 1990's was focused on the "Karonie Main Zone" deposit which produced 1.6Mt at 3.6g/t Au. Silver Lake's reinterpretation of the geology led to a revised geological model and a subsequent exploration program which successfully confirmed the high grade gold lodes remain open down plunge to the south and future drilling will be planned at the appropriate time to test the potential for underground mining at Karonie.

STRATEGY

The Group's short to medium term strategy is to maximise cash flow and increase operating margins from the Mount Monger Gold Camp. This will be achieved by:

» a strong focus on cost management and improved productivity;
» the introduction of new, lower cost ore sources into the production schedule and subsequent ramp up of production from the Cock-eyed Bob underground mine and the Aldiss open pits; and
» executing the exploration strategy by directing expenditure to highly prospective priority targets in the Mount Monger area.

Key risks associated with delivering on the Group's strategy include:

» price and demand for gold - it is difficult to accurately predict future demand and gold price movements and such movements may adversely impact on the Group's profit margins, future development and planned future production;
» exchange rates – the Group is exposed to the Australian dollar currency risk on gold sales, which are denominated in US dollars. Therefore, revenue will be affected by movements in the US dollar gold price or movement in the Australian Dollar exchange rate (against the US dollar);
» Reserves and Resources - the Mineral Resources and Ore Reserves for the Group's assets are estimates only and no assurance can be given that they will be realised;
» operations - the Group's gold mining operations are subject to operating risks that could result in decreased production, increased costs and reduced revenues. Operational difficulties may impact the amount of gold produced, delay deliveries or increase the cost of mining for varying lengths of time; and
» exploration success – no assurance can be given that exploration expenditure will result in future profitable operating mines.

REVIEW OF FINANCIAL CONDITION

The Group recorded an after-tax profit for the financial period of $16.2 million (2017: $2.0 million). This profit includes a number of significant items that, in the opinion of the directors, need adjustment to enable shareholders to obtain an understanding of the results from operations. The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding these significant items are outlined in the table below:

Reconciliation of Statutory Profit after Tax to EBITDA (excluding significant items) - unaudited	30 June 2018 $'000	30 June 2017 $'000
Statutory profit after tax:	16,186	2,032
Adjustments for:		
Depreciation and amortisation	64,858	65,874
Non-current asset impairments	-	4,661
Net finance (income)/costs (includes change in value of listed investments)	4,242	(6,076)
Other	2,633	3,517
EBITDA (excluding significant items) *	**87,919**	**70,008**

** Non-IFRS measure*

At the end of the financial year the Group had $98.0 million in cash (2017: $61.2 million), $7.6 million in gold bullion (2017: $7.8 million) and bonds receivable of $146,000 (2017: $146,000). In addition, the Group had $8.1 million in ASX listed investments at year end (2017: $12.4 million).

DIVIDENDS

No dividend has been paid or declared by the Company up to the date of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no material events that have occurred between the reporting date and the date of signing this report.

LIKELY DEVELOPMENTS

The Company will continue to pursue maximising free cashflow and increasing operating margins from its core Mount Monger Camp. This will include directing exploration expenditure to high priority, cash generating projects.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company's operations hold licences issued by the relevant regulatory authorities. These licences specify limits and regulate the management associated with the operations of the Company. At the date of this report the Company is not aware of any breach of those environmental requirements.

EMPLOYEES

The consolidated entity had 191 employees as at 30 June 2018 (2017: 152). In addition, Silver Lake also engages contractors and consultants as required.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current Directors and Officers against any liability that may arise from their position as Directors and Officers of the Company except where the liability arises out of the improper use of position, or committing of any criminal, dishonest, fraudulent or malicious act.

During the financial year the Company has paid Directors' & Officers' insurance premiums in respect of liability of any current and future Officers, and senior executives of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Silver Lake has not provided any insurance or indemnity to the auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report there are no leave applications or proceedings brought on behalf of the Group under section 237 of the *Corporations Act 2001*.

CORPORATE GOVERNANCE

In recognising the need for appropriate standards of corporate behavior and accountability, the Directors of Silver Lake have adhered to the principles of good corporate governance. The Company's corporate governance policies are located on the Company's website.

SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for both Executives and Non-executive Directors of Silver Lake Resources Limited.

Contents:

1. Basis of preparation

This remuneration report has been prepared and audited in accordance with the requirements of the Corporations Act 2001 and the applicable accounting standards. All references to dollars in this remuneration report are to Australian Dollars unless otherwise specified.

2. Key Management Personnel

Key management personnel (**KMP**) comprise those persons with authority and responsibility for planning, directing and controlling the activities of the Company. This includes the Executives and Non-executive directors (**NEDs**) of the Company. In this report, 'Executives' refers to individuals identified as KMP, excluding NEDs.

A list of all NEDS and Executives for FY2018 is set out below:

Name	Position	Term as KMP
David Quinlivan	Non-executive Chairman	Full year
Luke Tonkin	Managing Director	Full year
Les Davis	Non-executive Director	Full year
Kelvin Flynn	Non-executive Director	Full year
Brian Kennedy	Non-executive Director	Full year
David Berg	General Counsel & Company Secretary	Full year
Diniz Cardoso	Chief Financial Officer	Full year
Matthew O'Hara	General Manager Mount Monger Operations	Full year
Antony Shepherd	Exploration & Geology Manager	Full year

There have been no changes to KMP since the end of the reporting period up to the date on which the financial report was authorised for issue.

3. Remuneration snapshot

a. FY2018 Remuneration in review

During the year the Company continued its focus on delivering new ore sources that sustain and enhance margins to drive shareholder returns. Highlights for the year from this strategy included:

- gold production of 157,936 ounces, a 16% increase on FY2017;
- a 26% increase in cash from operations, lifting year end cash & bullion to $105.7 million;
- recommencement of mining at the Cock-eyed Bob underground mine;
- commenced development of the Aldiss Mining Centre;
- successful completion of the Majestic/Imperial open pit mines; and
- strong results from the FY2018 exploration campaign with the inclusion of the Karonie South project in the Life of Mine plan and potential for a high grade underground mine at Santa

Further information on the link between company performance and KMP remuneration can be found in section 5 (f).

The Board believes that the Company's remuneration framework is aligned with market practice and that Executive remuneration in FY2018 was reasonable, having regard to the performance of the Company, the platform established for ongoing performance improvement and the experience of the Executives.

The following changes to the remuneration structure were made during the year:

Remuneration element	Details
Fixed remuneration	No change to fixed remuneration structure.
Short-term incentive (**STI**)	STI payments were made to Executives during the period in line with their performance against set targets. Further information on STI payments is included in Section 5(c) of this report.
Long-term incentive (**LTI**)	In FY2018, 923,845 performance rights were granted to the Managing Director and a further 703,259 performance rights were granted to other KMP's on the terms approved by shareholders at the 2015 AGM and described further in this report.

b. Key changes to remuneration for FY2019

The NRC commenced a review of Executive Remuneration at the commencement of FY2019. The review will focus on the variable components of total remuneration to ensure these remain competitive against peer companies to assist with the retention and attraction of key talent. Details of any changes arising from this review will be disclosed in the FY2019 Remuneration Report.

4. Remuneration governance

a. Board and Nomination & Remuneration Committee responsibility

The Nomination & Remuneration Committee is a subcommittee of the Board. It assists the Board to ensure that the Company develops and implements remuneration policies and practices that are appropriate for a company of the nature, size and standing of the Company.

The Nomination & Remuneration Committee is responsible for making recommendations to the Board on:

- the remuneration arrangements (including base pay, performance targets, bonuses, equity awards, superannuation, retirement rights, termination payments) for senior Executives;
- the remuneration of Non-executive Directors; and
- the establishment of employee incentive and equity-based plans and the number and terms of any incentives proposed to be issued to Executives pursuant to those plans, including any vesting criteria.

b. Remuneration principles

The Company's remuneration strategy and structure is reviewed by the Board and the Nomination & Remuneration Committee for business appropriateness and market suitability on an ongoing basis.

KMP are remunerated and rewarded in accordance with the Company's remuneration policies (outlined in further detail below).

c. Engagement of remuneration consultants

During the period, the Company did not engage remuneration consultants to provide a "remuneration recommendation" (as that term is defined in the Corporations Act 2001), however independent advice was received when the current remuneration framework was established. This advice was in respect of remuneration reporting and general advice in respect of market practice for long term incentive plans. In addition, the Nomination & Remuneration Committee benchmark KMP salaries annually using external independent industry reports and data to ensure that remuneration levels are competitive and meet the objectives of the Company.

d. 2017 AGM voting outcome and comments

The Company received more than 92% "yes" votes from its shareholders on its Remuneration Report for the 2017 financial year.

5. FY2018 Executive remuneration

a. Executive remuneration strategy and policy

In determining Executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance, and is simple to administer and understand by Executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives.

The Company's reward structure provides for a combination of fixed and variable pay with the following components:

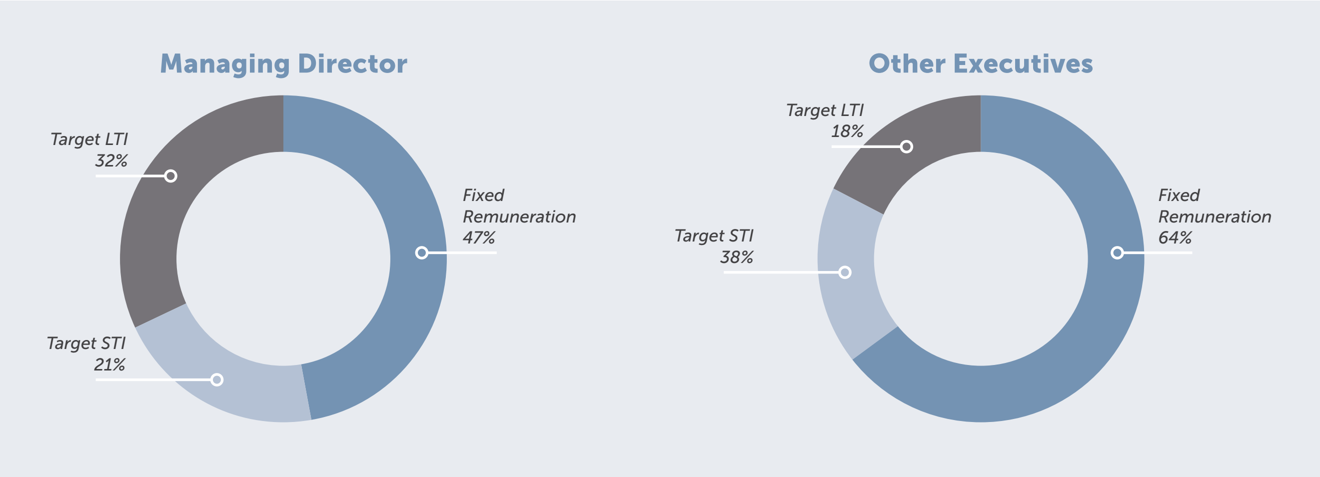
- Fixed remuneration in the form of base salary, superannuation and benefits;
- Variable remuneration in the form of short-term incentives (**STI**) and long-term incentives (**LTI**).

The table below provides a summary of the structure of executive remuneration:

Fixed Remuneration	Variable Remuneration
» Base Salary » Superannuation » Other benefits	» STI (Cash Bonuses) » LTI (Performance Rights)

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of Executives' remuneration is placed "at risk". The relative proportion of target FY2018 total remuneration packages split between the fixed and variable remuneration is shown below:

Target remuneration mix



b. Fixed remuneration

Fixed remuneration is set at a level that is aligned to market benchmarks and reflective of Executives' skills, experience, responsibilities and performance.

When positioning base pay, the Company presently aims to position aggregate fixed remuneration at approximately the 50th percentile of the industry benchmark AON McDonald Report (an independent, industry recognised report on the gold and mining industry). This is to ensure that the Company's remuneration arrangements remain competitive against peer companies to assist with the retention and attraction of key talent.

Executive remuneration is benchmarked annually to ASX-listed companies of similar size (by market capitalisation), revenue base, employee numbers and complexity. Specific reference is also made to peer companies within the mining and exploration sectors.

Individuals Executives' base salaries for the 2018 financial year were:

Executive	Base Salary FY2018*	Base Salary FY2017*	Movement
Luke Tonkin	$640,000	$592,200	8%
David Berg	$291,300	$287,000	1%
Diniz Cardoso	$304,500	$300,000	2%
Matthew O'Hara	$294,350	$290,000	2%
Antony Shepherd	$253,750	$250,000	2%

** Base Salary as at 30 June of each respective year*

c. Short-term incentive (STI) arrangements

The purpose of the STI plan is to link the achievement of key Company targets with the remuneration received by those Executives charged with meeting those targets.

The STI plan provides eligible employees with the opportunity to earn a cash bonus if certain financial hurdles and agreed key performance indicators (**KPIs**) are achieved. The Board has determined that the Company must be cash-flow positive from normal operating and sustaining capital activities (excluding enhancement activities) for the applicable performance period, for any STI to be paid.

All Executives are eligible to participate in the STI plan with awards capped at 100% of the target opportunity. The target opportunity for the Managing Director is 50% of base salary while for other Executive KMP it is 30% of base salary.

Each year the Nomination & Remuneration Committee, in conjunction with the Board, set KPI targets for Executives. Ordinarily, the KPIs would include measures relating to the Group and the individual, and include environmental, health & safety, financial, production, exploration, business development and company performance measures.

FY2018 Performance against STI measures

A summary of the KPI targets set for FY2018 and their respective weightings is as follows.

KPI *	Weighting	Measure
1. Safety/Environment	11%	» Lagging EH&S indicators » Environmental management effectiveness » Safety management effectiveness
2. Production	22%	Production from each operating site versus FY2018 Stretch Target
3. Costs	22%	Costs for each cost centre versus FY2018 Stretch Target
4. Cash generation	10%	Free cash flow from operations versus FY2018 Stretch Target
5. Exploration & Resource Development	10%	Execution and success of FY2018 Exploration Strategy
6. Business Development	15%	Execution and success of Business Development Strategy
7. Company Performance	10%	TSR performance against comparator group

** Not all of the above KPIs were assigned to all Executives*

In assessing KMP performance against the KPI targets during the year, the Committee considered the following achievements against objectives set at the start of the year:

- achieving OH&S objectives;
- achieving environmental objectives;
- exceeding upgraded FY2018 sales guidance;
- 26% increase in cash flow from operations;
- exceeding the targeted end of year cash and bullion balance;
- successful targeted and phased exploration strategy resulting in an extension to the life of mine of the Mount Monger Camp;
- recommencement of the Cock-eyed Bob underground mine;
- completion of the Imperial/Majestic open pits ahead of deadline and budget;
- implementing and managing a transparent, effective hedging strategy to secure future revenue streams;
- delivery of positive exploration results from infill and extensional resource definition drilling to allow further mines to enter production in future periods;
- Company TSR performance against comparator group.

Based on the above assessment, STI payments for FY2018 to Executives were as follows:

Executive	Maximum STI opportunity	% STI paid	STI paid
Luke Tonkin	50% of base salary	84.6%	$270,700
David Berg	30% of base salary	84.6%	$74,000
Diniz Cardoso	30% of base salary	84.6%	$77,300
Matthew O'Hara	30% of base salary	74.6%	$65,900
Antony Shepherd	30% of base salary	84.6%	$64,500

Long-term incentive (LTI) arrangements

The Board has established the Employee Incentive Plan (Incentive Plan) as a means for motivating senior employees to pursue the long term growth and success of the Company. The Incentive Plan provides the Company with the flexibility to issue incentives in the form of either options or performance rights which may ultimately vest and be converted into shares on exercise, subject to satisfaction of any relevant vesting conditions. The Incentive Plan was approved by shareholders at the 2015 AGM.

FY18 LTI outcomes

Executive	Maximum LTI opportunity	Number of Performance Rights granted during FY18	Fair value per Performance Right *
Luke Tonkin	75% of base salary	923,845	$0.257
David Berg	30% of base salary	179,091	$0.257
Diniz Cardoso	30% of base salary	187,203	$0.257
Matthew O'Hara	30% of base salary	180,963	$0.257
Antony Shepherd	30% of base salary	156,002	$0.257

** Independently valued using a hybrid share option pricing model*

During the year the Company issued 1,627,104 Performance Rights to KMP in respect of the LTI component of their FY2018 remuneration. These Performance Rights were approved at the 2015 AGM and were issued in September 2017. The number of Performance Rights awarded to each Executive was calculated by dividing each Executive's maximum LTI opportunity by the 20 day VWAP of the Company shares as traded on the ASX up to 30 June 2017.

The Performance Rights for all Executives will not vest (and the underlying shares will not be issued) unless a hurdle, based on relative total shareholder return (**TSR**), has been satisfied. TSR measures the growth for a financial year in the price of shares plus dividends paid.

Relative TSR will be measured by comparing the Company's TSR with that of a comparator group of companies over the respective 3 year vesting period, which for the current award is the period 1 July 2017 to 30 June 2020. The TSR metric measures the share price movement and dividends over this period for both the Company and the comparator group. The Performance Rights will vest based on the Company's relative TSR ranking on the vesting date (30 June 2020) as follows:

Relative TSR Performance	Vesting Outcome
Less than 50th percentile	0% vesting
Between the 50th percentile and 75th percentile	Pro rata straight line from 50% to 100%
At or above the 75th percentile	100% vesting

Relative TSR performance is calculated at a single point in time and is not subject to re-testing.

The comparator group of companies for Performance Rights on issue are listed in the table on page 33. At the discretion of the Board, the composition of the comparator group may change from time to time.

Options

There were no options granted to KMP during FY2018. Options held by KMP lapsed in November 2017 as outlined below:

Key Management Personal	Balance at 1 July 2017	Granted	Exercised	Lapsed	Balance at 30 June 2018
Luke Tonkin	2,000,000	-	-	(2,000,000)	-

Details of the options are summarised in the following table:

	Tranche A	Tranche B	Tranche C
Number of options	400,000	600,000	1,000,000
Exercise price	$0.94	$1.03	$1.14
Issue date	18 November 2013	18 November 2013	18 November 2013
Vesting date	15 January 2015	15 January 2016	15 January 2017
Expiry date	18 November 2017	18 November 2017	18 November 2017

Performance Rights

During the year the Company issued 2,058,855 Performance Rights to employees (including 1,627,104 Performance Rights to KMP) in respect of the LTI component of their FY2018 remuneration.

Key Management Person	Balance at 1 July 2017	Granted in FY2018	Vested	Lapsed	Balance at 30 June 2018	Vested & exercisable at 30 June 2018
Luke Tonkin	3,398,228	923,845	(2,243,883)	(294,446)	1,783,744	2,243,883
David Berg	594,134	179,091	(373,980)	(49,075)	350,170	373,980
Diniz Cardoso	535,281	187,203	(311,152)	(40,830)	370,502	311,152
Matthew O'Hara	172,912	180,963	-	-	353,875	-
Antony Shepherd	552,773	156,002	(359,021)	(47,112)	302,642	359,021
Total	5,253,328	1,627,104	(3,288,036)	(431,463)	3,160,933	3,288,036

The total expense recognised in the Statement of Profit or Loss for all Executives' Performance Rights for the period ended 30 June 2018 was $356,967.

Details of the performance rights currently on issue are summarised in the following table:

	FY2016 Award	FY2017 Award	FY2018 Award
Number of performance rights	Note 1	1,877,143	2,009,558
Exercise price	$0.00	$0.00	$0.00
Grant date	1 July 2015 20 Nov 2015	1 July 2016	1 July 2017
Vesting period	1 July 2015 – 30 June 2018	1 July 2016 – 30 June 2019	1 July 2017 – 30 June 2020
ASX Comparator Group	DRM; EVN; GOR; IGO; KCN; MML; NST; OGC; RMS; RRL; SAR; SBM; TAM		AQG; BDR; DRM; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; TRY; WGX

	FY2016 Award	FY2017 Award	FY2018 Award
Valuation at grant date	$0.07 for 1 July 15 Grant $0.11 for 20 Nov 15 Grant	$0.247	$0.257
Underlying 20 day VWAP	$0.148	$0.491	$0.481
Volatility	22%	20%	20%
Risk free rate	2.14%	1.52%	1.94%
Expected dividends	-	-	-

Note 1: On completion of the vesting period 88.4% of the FY2016 Performance Rights (3,971,480 rights) had vested in accordance with the relative TSR hurdle attached to them. This resulted in the lapsing of the balance (521,150 rights).

The fair value of the performance rights was measured using a hybrid employee share option pricing model (correlation simulation and Monte Carlo model) and was calculated by independent consultants.

d. Service agreements

A summary of the key terms of service agreements for Executives in FY2018 is set out below. There is no fixed term for Executive service agreements and all Executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate service agreements immediately for cause, in which case the Executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Term of Agreement	Total Fixed Remuneration	Notice Period by Executive	Notice Period by Silver Lake	Termination Payment
Luke Tonkin	Open	$640,000 plus 12% superannuation	6 months	6 months	12 months Total Fixed Remuneration
Diniz Cardoso	Open	$304,500 plus 9.5% superannuation	6 months	6 months	6 months Total Fixed Remuneration
Antony Shepherd	Open	$253,750 plus 9.5% superannuation	3 months	3 months	6 months Total Fixed Remuneration
David Berg	Open	$291,300 plus 9.5% superannuation	6 months	6 months	6 months Total Fixed Remuneration
Matthew O'Hara	Open	$294,350 plus 9.5% superannuation	2 months	2 months	As per Legislation

e. Executive remuneration paid

		Fixed Remuneration			Variable Remuneration			
Executive	Year	Salary & Fees $	(A) Other Benefits $	Superannuation $	STI Cash Payments $	Options/ Rights $	Total $	Performance Related Remuneration %
Luke Tonkin	2018	647,981	69,943	24,884	270,700	243,013	1,256,521	41
	2017	607,895	32,405	35,282	241,359	176,929	1,093,870	38
Diniz Cardoso	2018	286,707	23,337	24,247	77,300	39,811	451,402	26
	2017	300,000	8,062	28,500	73,361	23,774	433,697	22
Antony Shepherd	2018	255,143	19,447	24,010	64,500	35,455	398,555	25
	2017	247,307	8,294	23,494	61,134	22,091	362,320	23
David Berg	2018	285,391	22,325	24,392	74,000	39,863	445,971	26
	2017	289,284	3,660	24,065	70,182	24,521	411,712	23
Matthew O'Hara	2018	266,103	22,559	27,852	65,900	27,575	409,989	23
	2017	288,115	10,157	27,371	47,468	14,236	387,347	16
Total	**2018**	**1,741,325**	**157,611**	**125,385**	**552,400**	**385,717**	**2,962,438**	**32**
	2017	**1,732,601**	**62,578**	**138,712**	**493,504**	**261,551**	**2,688,946**	**28**

(A) Represents contractual entitlements (including termination and retirement benefits), annual leave and long service leave entitlements, measured on an accrual basis.

f. Link between company performance, shareholder wealth generation and remuneration

The Nomination & Remuneration Committee considers a number of criteria to assess the performance of the Company. Criteria used in this assessment include maximising of cash flows, managing risk, using a stronger balance sheet to undertake cash accretive investments in core assets, execution of development projects, exploration success as well as the following indices in respect of the current and previous financial years.

	2018	2017	2016	2015	2014
Cash and bullion ($m)	105.7	69.1	42.6	28.9	32.2
Profit/(loss) after tax ($m)	16.2	2.0	4.4	(94.0)*	(170.4)*
Cash from operating activities ($m)	80.8	64.0	55.0	29.5	24.5
Closing share price at 30 June	$0.60	$0.47	$0.52	$0.14	$0.51

** Includes impairments on inventories and other non-current assets*

The Company's remuneration practices reflect the achievement of certain of the Company's and KMP's performance objectives. The Company's overall objective has been to maximise cash flow, increase operating margins at its core Mount Monger Camp and crystalise value from its non-core assets.

6. FY2018 Non-executive director (NED) remuneration

a. NED remuneration policy

The Company's policy is to remunerate NEDs at market rates (for comparable ASX listed companies) for time, commitment and responsibilities. Fees for NEDs are not linked to the performance of the Company.

It is ensured that:

a) fees paid to NEDs are within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
b) NEDs are remunerated by way of fees (in the form of cash and superannuation benefits);
c) NEDs are not provided with retirement benefits other than statutory superannuation entitlements; and
d) NEDs are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. No additional fees are paid to NEDs for being a Chair or Member of a sub-committee. However, NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. They may also be reimbursed for out of pocket expenses incurred as a result of their Directorships.

b. NED fee pool and fees

The Company's Constitution provides that the NEDs may collectively be paid, as remuneration for their services, a fixed sum not exceeding the aggregate maximum from time to time determined by the Company in a general meeting. Directors' fees payable in aggregate to the NEDs of the Company is currently capped at $1,000,000 per annum.

FY2018 NED fees

NED	Fees FY2018*	Fees FY2017*	Movement
David Quinlivan	$173,750	$173,750	-
Les Davis	$115,000	$115,000	-
Kelvin Flynn	$115,000	$115,000	-
Brian Kennedy	$115,000	$115,000	-

** Fees excluding superannuation as at 30 June of each respective year*

There were no changes to NED fees during the current financial year.

c. NED fees paid

Details of the remuneration of each NED for the year ended 30 June 2018 is set out in the following table:

		Fees $	Superannuation $	Total $
David Quinlivan	**2018**	**173,750**	**16,506**	**190,256**
	2017	160,586	15,256	175,842
Les Davis	**2018**	**115,000**	**10,925**	**125,925**
	2017	96,522	9,170	105,692
Kelvin Flynn	**2018**	**115,000**	**10,925**	**125,925**
	2017	96,522	9,170	105,692
Brian Kennedy	**2018**	**115,000**	**10,925**	**125,925**
	2017	96,522	9,170	105,692
Total	**2018**	**518,750**	**49,281**	**568,031**
	2017	450,152	42,766	492,918

7. KMP Shareholdings

Key Management Person	Balance at 1 July 2017	Acquired	Conversion of Performance Rights	Sold	Balance at 30 June 2018
David Quinlivan	-	-	-	-	-
Luke Tonkin	-	270,000	-	-	270,000
Les Davis	1,000,000	-	-	-	1,000,000
Kelvin Flynn	-	-	-	-	-
Brian Kennedy	4,790,746	-	-	-	4,790,746
David Berg	10,416	-	-	-	10,416
Diniz Cardoso	-	500,000	-	-	500,000
Matthew O'Hara	-	-	-	-	-
Antony Shepherd	-	-	-	-	-
Total	**5,801,162**	**770,000**	**-**	**-**	**6,571,162**

Key Management Person	Balance at 1 July 2016	Acquired	Conversion of Performance Rights	Sold	Balance at 30 June 2017
David Quinlivan	-	-	-	-	-
Luke Tonkin	-	-	-	-	-
Les Davis	4,525,294	-	-	(3,525,294)	1,000,000
Kelvin Flynn	-	-	-	-	-
Brian Kennedy	4,790,746	-	-	-	4,790,746
David Berg	10,416	-	-	-	10,416
Diniz Cardoso	-	-	-	-	-
Matthew O'Hara	-	-	-	-	-
Antony Shepherd	-	-	-	-	-
Total	**9,326,456**	**-**	**-**	**(3,525,294)**	**5,801,162**

AUDITOR'S INDEPENDENCE

Section 307C of the Corporations Act 2001 requires Silver Lake's auditors, KPMG, to provide the Directors with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2018. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board is satisfied that the provision of non-audit services is compatible with, and did not compromise the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

» all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and

» the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risk and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below:

	2018 $	2017 $
Taxation services	28,129	20,744
Audit and review of financial statements	115,324	167,708
Total paid	**143,453**	**188,452**

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

The Directors' Report is signed in accordance with a resolution of the Directors.

Luke Tonkin
Managing Director
21 August 2018

DIRECTORS' DECLARATION

1. In the opinion of the Directors:

    a) the consolidated financial statements and notes of the Group and the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001 including:

        i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year then ended; and

        ii) Complying with Australian Accounting Standards and Corporations Regulations 2001;

    b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1;

    c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

    d) there are reasonable grounds to believe that the Company and the Group entity identified in Note 34 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and that Group entity pursuant to ASIC Corporations (wholly owned companies) Instruments 2016/785.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2018.

The declaration is signed in accordance with a resolution of the Board of Directors.

Luke Tonkin
Managing Director
21 August 2018

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Silver Lake Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Silver Lake Resources Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Derek Meates
Partner
Perth
21 August 2018

KPMG

Independent Auditor's Report

To the shareholders of Silver Lake Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Silver Lake Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Silver Lake Resources Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Gold reserves and resources estimation; and
- Restoration and rehabilitation provision.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Gold reserves and resources estimation

Refer to Note 14 to the Financial Report

The key audit matter	How the matter was addressed in our audit

The estimation of gold reserves and resources requires a number of significant assumptions and interpretations of geological models. It is conducted by the Group's internal expert, being a Competent Person as defined in the 2012 edition of the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves*. In the case of gold reserves, assessments of the commercial and technical feasibility of producing the reserves are made which include assumptions such as:
• quantities, grades, recovery rates, production costs, future capital requirements, short and long term commodity prices, and foreign exchange rates.
These estimates can have a significant impact on the financial report, primarily in the following areas:
• Capitalisation and classification of expenditure as exploration and evaluation assets or mine development assets;
• Valuation of assets and impairment testing;
• Calculation of amortisation charges; and
• The Group's determination of restoration and rehabilitation provisions.
Given the significant and pervasive impact the estimation of gold reserves and resources have across multiple items in the financial statements, we have considered it a
	Our procedures included:
	• We assessed the scope, competence and objectivity of the Group's internal expert involved in the estimation process;
	• We evaluated the adequacy of the Group's internal expert's work by:
	  • Understanding the Group's gold reserves and resources estimation process and controls by inquiring with the internal expert and performing a walkthrough of the process;
	  • Testing the key controls for the reserves and resources estimation process including the review and approval of the reserve and resource statements by the Board of Directors; and
	  • Assessing the changes in reserves and resources, both positive and negative revisions, with consideration of other information we obtained throughout the audit, such as:
	    o reconciliations of production to budget throughout the year; and
	    o minutes of Board meetings indicating adjustments to reserves.
	• We critically evaluated the gold reserve and resource assessment assumptions by:
	  • Comparing the forecast gold prices and foreign exchange rates applied by the Group to published analyst and broker data about future gold prices and foreign exchange rates;
	  • Using our knowledge of historical production levels and the current business model to assess

key audit matter and focused our audit effort accordingly.	the Group's capacity to achieve future production levels, including quantities, grades and recovery rates; • Comparing the forecasted operating and capital cash flows to actual cash flows for the previous year to inform our evaluation of the accuracy of the Group's forecast capital requirements and production costs. • We reconciled the gold reserves and resources to the mine plans utilised, amounts disclosed in the financial statements and to the underlying financial information used by the Group in determining the: • Classification of exploration and evaluation assets and mine development assets; • Valuation of assets and impairment trigger assessment; • Calculation of amortisation charges; and • Timing of restoration and rehabilitation provisions.

Restoration and rehabilitation provision (A$16.45 million)

Refer to Note 22 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The restoration and rehabilitation provision is considered to be a key audit matter. This is due to the: • inherent complexity for the Group in estimating future environmental restoration and rehabilitation costs and • significant audit effort for us in gathering sufficient audit evidence thereon, particularly those costs to be incurred several years in the future. The estimate of the provision is influenced by: • The complexity in current environmental and regulatory requirements, and the impact to completeness of the provision; • The expected environmental management strategy of the Group and the nature of the costs incorporated into the provision; • Historical experience and whether this is a reasonable predictor when evaluating	Our procedures included: • Comparing the basis for recognition and measurement of the provisions for consistency with environmental and regulatory requirements and criteria in the accounting standards; • Obtaining the Group's rehabilitation provision calculation, and critically evaluated the provision by: • Obtaining the Group's latest third party expert reports as well as internal and external underlying documentation for their determination of future required activities, their timing and associated cost estimates; • Assessing the planned timing of restoration and rehabilitation activities through comparison to mine plans and reserve and resource statements for completion of mining activities and commencement of restoration and rehabilitation activities; • Assessing the competence, scope and objectivity of the Group's internal and external experts used in the determination of the provision estimate;

forecast costs; and • The expected timing of expenditure which is planned to occur several years into the future, and the associated inflation and discounting of costs in the present value calculation of the provision. The Group uses third party and internal experts when assessing their obligations for restoration and rehabilitation activities and associated estimates of future costs.	• Testing the accuracy of historical restoration and rehabilitation provisions by comparing to actual expenditure incurred. We used this to challenge the Group's current cost estimations ; • Comparing inflation rate and discount rate assumptions in the Group's provision determination to current market data, including economic forecasts; • Evaluating the completeness of the provision against the Group's analysis of each operating location to identify where disturbance requires rehabilitation or restoration and comparing to our understanding of the Group's operations.

Other Information

Other Information is financial and non-financial information in Silver Lake Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chairman and Managing Director's Report, Project Report, Exploration Report, Reserves & Resources Report and ASX Additional Information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Silver Lake Resources Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Derek Meates
Partner
Perth
21 August 2018

For the year ended 30 June 2018

	Notes	30 June 2018 $'000	30 June 2017 $'000
Revenue	3	255,573	227,491
Cost of sales	4	(225,863)	(216,355)
Gross profit		29,710	11,136
Other income		186	-
Profit/(loss) on sale of assets		30	(960)
Exploration expenditure	14	(2,663)	(2,557)
Impairment losses	17	-	(4,661)
Administrative expenses	5	(6,835)	(7,002)
Results from operating activities		20,428	(4,044)
Finance income		580	6,550
Finance expenses		(4,822)	(474)
Net finance (costs)/income	7	(4,242)	6,076
Profit before income tax		16,186	2,032
Income tax expense	8	-	-
Profit for the year		16,186	2,032
Total comprehensive profit for the year		16,186	2,032
		Cents Per Share	Cents Per Share
Basic profit per share	9	3.21	0.40
Diluted profit per share	9	3.16	0.40

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to these consolidated financial statements.

As at 30 June 2018

	Notes	30 June 2018 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents	10	97,959	61,196
Trade and other receivables	12	2,067	9,531
Inventories	13	27,740	18,937
Assets held for sale	17	-	1,500
Prepayments		150	112
Total current assets		127,916	91,276
Non-current assets			
Inventories	13	1,868	1,868
Exploration evaluation and development expenditure	14	79,588	99,062
Property, plant and equipment	15	37,366	38,251
Investments	16	8,140	12,386
Total non-current assets		126,962	151,567
Total assets		254,878	242,843
Current liabilities			
Trade and other payables	18	30,033	32,956
Interest bearing liabilities	19	-	2,125
Employee benefits	20	2,013	1,874
Total current liabilities		32,046	36,955
Non-current liabilities			
Rehabilitation and restoration provision	22	16,450	16,122
Total non-current liabilities		16,450	16,122
Total liabilities		48,496	53,077
Net assets		206,382	189,766
Equity			
Share capital	23	699,564	699,564
Reserves	24	1,650	1,220
Accumulated losses		(494,832)	(511,018)
Total equity		206,382	189,766

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to these consolidated financial statements.

For the year ended 30 June 2018

	Notes	Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2016		699,564	830	(513,050)	187,344
Total comprehensive profit for the year		-	-	2,032	2,032
Transactions with owners, recorded directly in equity					
Equity settled share based payment	24	-	390	-	390
Balance at 30 June 2017		699,564	1,220	(511,018)	189,766

		Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2017		699,564	1,220	(511,018)	189,766
Total comprehensive profit for the year		-	-	16,186	16,186
Transactions with owners, recorded directly in equity					
Equity settled share based payment	24	-	430	-	430
Balance at 30 June 2018		699,564	1,650	(494,832)	206,382

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to these consolidated financial statements.

For the year ended 30 June 2018

	Notes	30 June 2018 $'000	30 June 2017 $'000
Cash flows from operating activities			
Receipts from sales		262,950	220,319
Payments to suppliers and employees		(182,147)	(156,324)
Net cash from operating activities	11	80,803	63,995
Cash flow from investing activities			
Interest received	7	580	662
Acquisition of plant and equipment	15	(10,009)	(6,315)
Proceeds from sale of plant and equipment		30	-
Acquisition of investment		(498)	-
Proceeds from divestments	17	1,500	11,928
Exploration, evaluation and development expenditure		(33,440)	(43,306)
Net cash used in investing activities		(41,837)	(37,031)
Cash flows from financing activities			
Stamp duty paid		(2,125)	(3,937)
Interest paid		(78)	(474)
Net cash used in financing activities		(2,203)	(4,411)
Net increase in cash and cash equivalents		36,763	22,553
Cash and cash equivalents at 1 July		61,196	38,643
Cash and cash equivalents at 30 June	10	97,959	61,196

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

1. BASIS OF PREPARATION

Silver Lake Resources Limited ("Silver Lake" or "the Company") is a for profit entity domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group Entities").

The consolidated financial statements were approved by the Board of Directors on 21 August 2018. The financial report is a general purpose financial report which:

» has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001;

» complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB");

» has been presented on the historical cost basis except for the following items in the statement of financial position:

  » investments which have been measured at fair value.

  » equity settled share based payment arrangements have been measured at fair value.

  » inventories which have been measured at the lower of cost and net realisable value.

  » exploration, evaluation and development assets which have been measured at recoverable value where impairments have been recognised.

There have been no material changes to accounting policies for the periods presented in these consolidated financial statements. Significant accounting policies specific to one note are included in that note. Accounting policies determined non-significant are not included in the financial statements.

The accounting policies have been applied consistently to all periods presented and by all Group entities. Certain comparative disclosures have been reclassified to conform to the current year's presentation.

(a) Functional and Presentation Currency

These consolidated financial statements are prepared in Australian dollars, which is the functional currency of the Company and its subsidiaries. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Use of Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates which are material to the financial report are found in the following notes:

» Note 8 Income Tax – recognition of deferred tax assets

» Note 14 Exploration, evaluation and development expenditure carried forward – consideration of impairment triggers and recognition of impairment losses

» Note 14 Amortisation of development expenditure – estimation of future mineable inventory and future development expenditure when calculating units of production amortisation

» Note 14 Reserves and Resources – estimating reserves and resources

» Note 22 Closure and rehabilitation – measurement of provision based on key assumptions

(c) Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is disclosed in Note 29.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Determination of Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

» Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
» Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
» Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(e) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Long term development and production phase assets that relate to unmined resources are assessed in light of current economic conditions. Assumptions on the economic returns on and timing of specific production options may impact on the timing of development of these assets. The carrying values of these assets are assessed where an indicator of impairment exists using a fair value less cost to sell technique. This is done based on implied market values against their existing resource and reserve base and an assessment on the likelihood of recoverability from the successful development or sale of the asset. The implied market values are calculated based on recent comparable transactions within Australia converted to a value per ounce. This is considered to be a Level 3 valuation technique.

2. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group does not have any operating segments with discrete financial information. The Group does not have any customers, other than the Perth Mint and its bankers, and all the group assets and liabilities are located within Western Australia. The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result, no reconciliation is required because the information as presented is used by the Board to make strategic decisions.

3. REVENUE

	30 June 2018 $'000	30 June 2017 $'000
Gold sales	254,662	226,568
Silver sales	911	923
Total	255,573	227,491

Included in current year gold sales is 98,791 ounces of gold sold (at an average price of A$1,681/ounce) under various hedge programs. At 30 June 2018, the Company has a total of 129,000 ounces of gold left to be delivered under these programs.

Accounting Policies

Gold sales

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably.

Gold forward contracts

The Group uses derivative financial instruments such as gold forward contracts to manage the risks associated with commodity price. The sale of gold under such hedge instruments is accounted for using the 'own use exemption' under AASB 139 Financial Instruments and as such all hedge revenue is recognised in the Statement of Profit or Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

4. COST OF SALES

	Notes	30 June 2018 $'000	30 June 2017 $'000
Mining and processing costs		133,787	125,872
Amortisation	14	53,964	55,824
Depreciation	15	10,894	10,050
Salaries and on-costs		18,591	17,207
Royalties		8,627	7,402
		225,863	216,355

Accounting Policies

Mining and processing costs

This includes all costs related to mining, milling and site administration, net of costs capitalised to mine development and production stripping. This category also includes movements in the cost of inventory and any net realisable value write downs.

Amortisation

The Group applies the units of production method for amortisation of its mine properties, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements. These estimates and assumptions are reviewed annually and changes to these estimates and assumptions may impact the amortisation charge in the Statement of Profit or Loss and asset carrying values.

The Group uses ounces mined over mineable inventory as its basis for depletion of mine properties. In the absence of reserves, the Group believes this is the best measure as evidenced by historical conversion of resources to reserves. The Group applies applicable factoring rates when adopting the units of production method to reflect the risk of conversion from the inferred and indicated categories to mineable inventory.

Depreciation

Depreciation is calculated on either a reducing balance basis or on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful life while processing plants are depreciated on the life of the mine basis. Capital work in progress is not depreciated until it is ready for use. Depreciation methods, useful lives and residual values are reassessed at each reporting date. The estimated useful lives for the current and comparative period are as follows:

	Period
Buildings	10 Years
Haul roads	5 Years
Plant and equipment	3-10 Years
Office furniture and equipment	3-15 Years
Motor vehicles	3-5 Years

Capital work in progress is not depreciated until it is ready for use.

5. ADMINISTRATION EXPENSES

	30 June 2018 $'000	30 June 2017 $'000
Salaries and on-costs	4,823	4,675
Consultants and contractors	1,102	665
Professional fees	190	189
Travel and accommodation	138	109
Rental expense	122	653
Other corporate costs	460	711
Total	6,835	7,002

6. PERSONNEL EXPENSES

	30 June 2018 $'000	30 June 2017 $'000
Wages and salaries	21,932	20,705
Other associated personnel expenses	1,118	1,315
Superannuation contributions	1,909	1,935
Total	24,959	23,955

7. FINANCE INCOME AND EXPENSES

	30 June 2018 $'000	30 June 2017 $'000
Interest income	580	662
Change in fair value of listed investment	-	5,888
Finance income	580	6,550
Change in fair value of listed investment (Note 16)	(4,744)	-
Interest expense on interest bearing liabilities	(78)	(474)
Finance costs	(4,822)	(474)
Net finance costs	(4,242)	6,076

Accounting Policies

Interest income comprises bank interest on funds invested and is recognised as it accrues, using the effective interest method. Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognised in the Statement of Profit or Loss using the effective interest method in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case, borrowing costs are capitalised as part of the qualifying asset.

8. TAXES

(a) Income tax

	30 June 2018 $'000	30 June 2017 $'000
Current tax expense		
Current income tax loss	(359)	(26,752)
Adjustment for prior years	(5,504)	(12)
	(5,863)	(26,764)
Deferred income tax expense		
Origination and reversal of temporary differences	5,863	26,764
Income tax expense reported in profit or loss	-	-

	30 June 2018 $'000	30 June 2017 $'000
Numerical reconciliation between tax expenses and pre-tax profit		
Profit before tax	16,186	2,032
Income tax using the corporation tax rate of 30%	4,856	610
Movement due to non-deductible items	(1,141)	(1,931)
Adjustment for prior years	(5,504)	(12)
Changes in unrecognised temporary differences	1,789	1,333
Income tax expense reported in profit or loss	-	-

(b) Deferred tax assets and liabilities

	30 June 2018 $'000	30 June 2017 $'000
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax assets/(liabilities)		
Receivables	2,017	2,017
Inventories	(1,732)	(1,463)
Exploration, evaluation and mining assets	6,521	13,046
Property, plant and equipment	4,735	1,897
Accrued expenses	481	475
Provisions	5,077	4,952
Share issue costs	6	255
Tax losses	129,156	123,293
	146,261	144,472
Less deferred tax asset not recognised	(146,261)	(144,472)
Net deferred tax assets	-	-

Accounting Policies

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Tax consolidation

The Company and its wholly-owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity (Silver Lake Resources Limited is the head entity within the tax-consolidation group).

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within the group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group. Any differences between these amounts are recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that the future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Tax losses

At 30 June 2018 the Company has $430,521,000 (2017: $410,976,000 loss) of tax losses that are available for offset against future taxable profits of the Company. The Group has not recorded these carry forward tax losses that equate to an unrecognised deferred tax asset at 30 June 2018 of $129,156,000 (2017: $123,293,000).

The potential benefit of carried forward tax losses will only be obtained if taxable profits are derived of a nature and, of an amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Group provided that:

i) the provisions of deductibility imposed by law are complied with; and
ii) no change in tax legislation adversely affects the realisation of the benefit from the deductions.

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses.

Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgments about commodity prices, ore resources, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

9. EARNINGS PER SHARE

	30 June 2018 $'000	30 June 2017 $'000
Profit used in calculating basic and diluted EPS	16,186	2,032

	Number of Shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	503,827,000	503,708,000
Effect of dilution	8,379,000	6,758,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	512,206,000	510,466,000

Accounting Policies

Basic EPS is calculated as profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares.

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, including share options granted to employees.

10. CASH AND CASH EQUIVALENTS

	30 June 2018 $'000	30 June 2017 $'000
Cash at bank	97,959	61,196

Accounting Policies

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. The Group ensures that as far as possible it maintains excess cash and cash equivalents in short-term high interest bearing deposits.

The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 25.

11. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 June 2018 $'000	30 June 2017 $'000
Cash flow from operating activities		
Profit after tax	16,186	2,032
Adjustments for:		
Depreciation	10,894	10,050
Amortisation	53,964	55,824
Impairment of exploration and development expenditure	-	4,661
Share based payments	430	390
Net finance cost	4,242	(5,888)
(Profit)/loss from the sale of non-current assets	(30)	960
Operating profit before changes in working capital and provisions	85,686	68,029
Change in trade and other receivables	7,464	(7,401)
Change in inventories	(8,803)	1,344
Change in prepayments	(38)	(22)
Change in trade and other payables	(2,922)	2,041
Change in other liabilities	(584)	4
Total	80,803	63,995

12. TRADE AND OTHER RECEIVABLES

	30 June 2018 $'000	30 June 2017 $'000
Current		
Trade receivables	7,367	14,557
GST receivable	1,423	1,697
Provision for doubtful debts (Note 25 (b)(ii))	(6,723)	(6,723)
Total	2,067	9,531

The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 25.

Accounting Policies

Trade receivables are recognised initially at the value of the invoice sent to the counterparty and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding change to the profit or loss statement.

13. INVENTORIES

	30 June 2018 $'000	30 June 2017 $'000
Current		
Materials and supplies	5,780	4,882
Ore stocks	9,214	9,814
Gold in circuit	5,114	3,535
Bullion on hand	7,632	706
	27,740	18,937
Non-Current		
Ore stocks	1,868	1,868
Total	29,608	20,805

At the reporting date the Group carried out an impairment review of inventory and assessed that all inventory was carried at the lower of cost and net realisable value and that no impairment was required.

Accounting Policies

Inventory

Inventories of ore, gold in circuit and gold bullion are physically measured or estimated and valued at the lower of cost and net realisable value.

The cost comprises direct materials, labour and transportation expenditure in bringing such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure based on weighted cost incurred during the period in which such inventories were produced.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to perform the sale. Inventories of consumable supplies and spare parts that are expected to be used in production are valued at cost. Obsolete or damaged inventories of such items are valued at net realisable value.

Consumables and spare parts are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

Bullion on Hand

Bullion on hand comprises gold that has been delivered to the Perth Mint prior to period end but which has not yet been delivered into a sale contract.

14. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

During the year ended 30 June 2018 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

Exploration and evaluation phase	30 June 2018 $'000	30 June 2017 $'000
Cost brought forward	15,018	14,198
Capitalised during the year	7,642	9,538
Impairment	-	(4,661)
Transferred to development phase	(2,734)	-
Transferred to asset held for sale	-	(1,500)
Expensed during period	(2,663)	(2,557)
Balance at 30 June	17,263	15,018

Development phase	30 June 2018 $'000	30 June 2017 $'000
Cost brought forward	8,886	45,897
Transfer from exploration and evaluation phase	2,734	-
Expenditure during the year	1,118	1,315
Transferred to production phase	(2,734)	(38,326)
Balance at 30 June	10,004	8,886

Production phase	30 June 2018 $'000	30 June 2017 $'000
Cost brought forward	75,158	63,798
Transfer from development phase	2,734	38,326
Expenditure during the year	27,343	33,584
Disposed during the year	-	(4,726)
Rehabilitation provision adjustment	1,050	-
Amortisation expense	(53,964)	(55,824)
Balance at 30 June	52,321	75,158
Total	79,588	99,062

Accounting Policies

Exploration and evaluation expenditure

Exploration and evaluation expenditures are those expenditures incurred in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; and
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or relating to, this area are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. If costs do not meet the criteria noted above, they are written off in full against the profit and loss statement.

Exploration and evaluation assets are transferred to Development Phase assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are tested for impairment, and any impairment loss is recognised, prior to being reclassified.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- the term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted or planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resource and the decision was made to discontinue such activities in the specific area; or
- sufficient data exists to indicate that, although a development in the specific area of interest is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest.

Impairment testing of assets in the development or production phase

The carrying amounts of assets in the development or production phase are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Exploration expenditure commitments

Exploration expenditure commitments represent tenement rentals and minimum spend requirements that are required to be met under the relevant legislation should the Group wish to retain tenure on all its current tenements.

Mine properties and mining assets

Mine properties represent the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

Mine development costs are deferred until commercial production commences. When commercial production is achieved mine development is transferred to mine properties, at which time it is amortised on a unit of production basis based on ounces mined over the total estimated resources related to this area of interest.

Significant factors considered in determining the technical feasibility and commercial viability of the project are the completion of a feasibility study, the existence of sufficient resources to proceed with development and approval by the board of Directors to proceed with development of the project.

Underground development expenditure incurred in respect of a mine development after the commencement of production is carried forward as part of mine development only when substantial future economic benefits are expected. Otherwise, this expenditure is expensed as incurred.

Deferred Stripping Costs

Stripping is the process of removing overburden and waste materials from surface mining operations to access the ore. Stripping costs are capitalised during the development of a mine and are subsequently amortised over the life of mine on a units of production basis, where the unit of account is ounces of gold mined. Stripping costs capitalised at year end are included in the Production phase in Note 14.

Reserves and Resources

Resources are estimates of the amount of gold product that can be economically extracted from the Group's mine properties. In order to calculate resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of resources requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore resources under the Australian Code of Reporting for Mineral Resource and Ore Reserves (2004 and 2012), known as the JORC Code. The JORC Code requires the use of reasonable assumptions to calculate resources. Due to the fact that economic assumptions used to estimate resources change from period to period, and geological data is generated during the course of operations, estimates of resources may change from period to period. Changes in reported resources may affect the Group's financial results and financial position in a number of ways, including:

» asset carrying values may be impacted due to changes in estimates of future cash flows;
» amortisation charged in the Statement of Profit or Loss may change where such charges are calculated using the units of production basis;
» decommissioning, site restoration and environmental provisions may change due to changes in estimated resources after expectations about the timing or costs of these activities change; and
» recognition of deferred tax assets, including tax losses.

15. PROPERTY, PLANT AND EQUIPMENT

	Note	Land & Building $'000	Plant & Equipment $'000	Haul Roads $'000	Motor Vehicles $'000	Office Furniture & Equipment $'000	Capital Work In Progress $'000	Total $'000
Cost								
Balance 1 July 2016		13,102	193,789	3,561	2,350	2,192	407	215,401
Additions		-	-	-	-	-	6,315	6,315
Reclassified as held for sale		-	-	-	-	-	1,405	1,405
Transfers		-	5,952	326	153	693	(7,124)	-
Disposals		(366)	(11,421)	-	(234)	(5)	-	(12,026)
Balance 30 June 2017		12,736	188,320	3,887	2,269	2,880	1,003	211,094
Additions		-	-	-	-	-	10,009	10,009
Reclassification of assets		-	-	-	-	-	-	-
Transfers		1,524	4,837	-	151	293	(6,805)	-
Disposals		-	-	-	(154)	-	-	(154)
Balance 30 June 2018		14,260	193,157	3,887	2,266	3,173	4,207	220,949
Depreciation								
Balance at 1 July 2016		10,914	147,323	2,492	2,050	1,946	-	164,726
Depreciation expense	4	363	8,531	811	144	202	-	10,050
Disposal		(53)	(1,675)	-	(203)	(1)	-	(1,932)
Balance 30 June 2017		11,224	154,179	3,303	1,991	2,147	-	172,843
Depreciation expense	4	302	9,474	584	115	419	-	10,894
Disposal		-	-	-	(155)	-	-	(155)
Balance 30 June 2018		11,526	163,653	3,887	1,951	2,566	-	183,583
Carrying Amount								
At 30 June 2016		2,188	46,466	1,069	299	246	407	50,675
At 30 June 2017		1,512	34,141	584	278	733	1,003	38,251
At 30 June 2018		2,734	29,504	-	314	607	4,207	37,366

Accounting Policies

Items of plant and equipment are stated at their cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

16. INVESTMENTS

	30 June 2018 $'000	30 June 2017 $'000
Investments in listed entities – at fair value	8,140	12,386
Movements as follows:		
Balance at 1 July	12,386	4,806
Acquisitions	498	2,300
Disposals	-	(608)
Change in fair value	(4,744)	5,888
Balance at 30 June	8,140	12,386

Accounting Policies

Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss comprise investments in equity securities.

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated at such on initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in the profit or loss.

The fair values of investments in equity securities are determined with reference to their quoted ASX closing price at balance date.

17. DISPOSAL OF ASSETS

Assets held for sale at 30 June 2017 of $1,500,000 represented the sale of the Cue Project Joint Venture. Completion of this transaction occurred in August 2017. An impairment of $4,661,000 was included in the FY2017 Statement of Profit or Loss as a result of the sale.

Accounting Policies

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

18. TRADE AND OTHER PAYABLES

	30 June 2018 $'000	30 June 2017 $'000
Trade payables	26,426	29,354
Other payables	3,607	3,602
Total	30,033	32,956

The Group's exposure to liquidity risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 25.

Accounting Policies

Trade payables are recognised at the value of the invoice received from a supplier. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and generally paid between 30-45 days of recognition.

19. INTEREST BEARING LIABILITIES

	30 June 2018 $'000	30 June 2017 $'000
Current liability		
Stamp duty	-	2,125
	-	2,125

The Group's exposure to interest rate and liquidity risk arising from these interest-bearing liabilities is disclosed in Note 25.

Accounting Policies

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

20. EMPLOYEE BENEFITS

	30 June 2018 $'000	30 June 2017 $'000
Current		
Liability for annual leave	1,540	1,484
Liability for long service leave	473	390
Total	2,013	1,874

Accounting Policies

a. Defined Contribution Superannuation Funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are incurred.

b. Other Long-Term Employee Benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs. The benefit is discounted to determine its present value using a discount rate that equals the yield at the reporting date on Australian corporate bonds that have maturity dates approximating the terms of the Group's obligations.

c. Short-Term Benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs.

21. SHARE BASED PAYMENTS

Employee options (equity-settled)

The number of and weighted average exercise prices of share options are as follows:

	Weighted Average Exercise Price 2018	Number of Options 2018	Weighted Average Exercise Price 2017	Number of Options 2017
Outstanding at 1 July	$1.07	2,000,000	$1.07	2,000,000
Lapsed during period	-	(2,000,000)	-	-
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at 30 June	-	-	$1.07	2,000,000
Exercisable at 30 June	-	-	$0.99	1,000,000

All share options lapsed in November 2017. The total expense recognised in the Statement of Profit or Loss for these options for the year ended 30 June 2018 was $Nil (2017: $54,729).

Performance rights (equity settled)

Performance rights have been issued to the Managing Director and other eligible employees in accordance with long term incentive plans approved by shareholders. Movements in Performance Rights are summarised as follows:

	Balance at 1 July 2017	Granted in FY2018	Vested	Lapsed	Balance at 30 June 2018	Vested & exercisable at 30 June 2018
Total	6,757,959	2,058,855	(4,211,348)	(718,766)	3,886,701	-

Details of the performance rights are summarised in the following table:

	FY2016 Award	FY2017 Award	FY2018 Award
Performance rights balance	Note 1	1,877,143	2,009,558
Exercise price	$0.00	$0.00	$0.00
Grant date	1 July 2015 20 Nov 2015	1 July 2016	1 July 2017
Vesting period	1 July 2015 – 30 June 2018	1 July 2016 – 30 June 2019	1 July 2017 – 30 June 2020
ASX Comparator Group	DRM; EVN; GOR; IGO; KCN; MML; NST; OGC; RMS; RRL; SAR; SBM; TAM		AQC; BDR; DRM; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; TRY; WGX

	FY2016 Award	FY2017 Award	FY2018 Award
Valuation at grant date	$0.07 for 1 July 15 Grant $0.11 for 20 Nov 15 Grant	$0.247	$0.257
Underlying 20 day VWAP	$0.148	$0.491	$0.481
Volatility	22%	20%	20%
Risk free rate	2.14%	1.52%	1.94%
Expected dividends	-	-	-

Note 1: On completion of the vesting period, an Independent Consultant confirmed that 88.4% of the FY2016 Performance Rights (3,971,480 rights) had vested in accordance with the relative TSR hurdle attached to them. This resulted in the lapsing of the remaining portion (521,150 rights).

The fair value of the performance rights was measured using a hybrid employee share option pricing model (correlation simulation and Monte Carlo model) and was calculated by independent consultants.

The total expense recognised in the Statement of Profit or Loss for all performance rights for the period ended 30 June 2018 was $430,000 (2017: $390,000).

Accounting Policies

Share-Based Payment Transactions

The grant-date fair value of equity-settled share based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

22.PROVISIONS

	30 June 2018 $'000	30 June 2017 $'000
Closure and rehabilitation		
Opening balance at 1 July	16,122	22,168
Adjustment to provisions during the year	1,050	343
Disposal of asset	-	(5,873)
Rehabilitation spend	(722)	(516)
Closing balance at 30 June	16,450	16,122
Current provision	-	-
Non-current provision	16,450	16,122
Closing balance at 30 June	16,450	16,122

At year end a review of the Group's closure and rehabilitation provision was undertaken using updated cost assumptions and life of mine plans. As a result of this review the provision was increased by $1,050,000 (2017: $343,000).

Accounting Policies

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Closure and Rehabilitation

The mining, extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation. The extent of work required, and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies.

Provisions for the cost of each closure and rehabilitation program are recognised when the Group has a present obligation and it is probable that rehabilitation/restoration costs will be incurred at a future date, which generally arises at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly.

Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure, in connection with disturbances, as at the reporting date.

The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates. Expenditure may occur before and after closure and can continue for an extended period of time dependent on closure and rehabilitation requirements.

Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows.

When provisions for closure and rehabilitation are initially recognised, to the extent that it is probable that future economic benefits associated with the rehabilitation, decommissioning and restoration expenditure will flow in the entity, the corresponding cost is capitalised as an asset. The capitalised cost of closure and rehabilitation activities is recognised in exploration evaluation and mine properties and is amortised accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost of the related assets, where it is probable that future economic benefits will flow to the entity, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the Statement of Profit or Loss.

Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include:

- » revisions to estimated reserves, resources and lives of operations;
- » regulatory requirements and environmental management strategies;
- » changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates;
- » movements in interest rates affecting the discount rate applied; and
- » the timing of cash flows.

At each reporting date, the rehabilitation and restoration provision is remeasured to reflect any of these changes.

23. SHARE CAPITAL

	Number	$'000
Movements in issued capital		
Balance as at 1 July 2016	503,707,646	699,564
Movement in the period	-	-
Balance as at 30 June 2017	503,707,646	699,564
Movement in the period *	239,868	-
Balance as at 30 June 2018	503,947,514	699,564

** Movement relates to the vesting of performance rights issued for nil consideration.*

Accounting Policy

Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

24. RESERVES

Movement in options reserve	2018 $'000	2017 $'000
Balance as at 1 July	1,220	830
Equity settled share based payment expense	430	390
Balance as at June	1,650	1,220

25. FINANCIAL RISK MANAGEMENT

(a) Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board regularly reviews the use of derivatives and opportunities for their use within the Group. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Presently, the Group undertakes gold mining, exploration and evaluation activities exclusively in Australia. At the balance sheet date, there were no significant concentrations of credit risk.

(i) Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with major Australian financial institutions.

(ii) Trade and other receivables

The Group's trade and other receivables relate to gold sales, GST refunds and rental income.

At 30 June 2018, a provision for doubtful debts of $6,723,000 (2017: $6,723,000) has been recorded against rental income receivable as a result of a debtor being place in liquidation in a prior year. This receivable is therefore not reflected in the trade and other receivables balance in Note 25(c).

The Group has determined that its credit risk exposure on all other trade receivables is low, as customers are considered to be reliable and have short contractual payment terms. Management does not expect any of these counterparties to fail to meet their obligations.

(c) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2018 $'000	2017 $'000
Trade and other receivables	2,067	9,546
Cash and cash equivalents	97,959	61,196
Total	100,026	70,742

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate cash reserves from funds generated from operations and by continuously monitoring forecast and actual cash flows.

To mitigate large fluctuations in the USD:AUD exchange rate as well as the USD denominated gold price, the Company has entered into hedging programmes whereby future bullion sales are hedged at a predetermined AUD gold price. At 30 June 2018, the Company has a total of 129,000 ounces to be delivered under these hedges over the next 36 months at an average of A$1,726/oz. The sale of gold under these hedges is accounted for using the 'own use exemption' under *AASB 139 Financial Instruments* and as such all hedge revenue is recognised in the Statement of Profit or Loss and no mark to market valuation is performed on undelivered ounces.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2018	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000
Trade and other payables	30,033	30,033	30,033
Total	30,033*	30,033	30,033

30 June 2017	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000
Trade and other payables	32,956	32,956	32,956
Stamp duty	2,125	2,189	2,189
Total	35,081*	35,145	35,145

** The carrying value at balance date approximates fair value*

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return. The Group has exposure to foreign exchange risk on US denominated sales, refer to Note 25 (d) for the Group's strategy for managing this risk. In addition, the Group has exposure to interest rate and equity price risks.

(i) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents and its interest-bearing liabilities), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	2018 $'000	2017 $'000
Fixed rate instruments		
Financial liabilities		
Stamp duty liability	-	(2,125)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	97,959	61,196

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss after tax by $980,000 (2017: $612,000). This analysis assumes that all other variables remain constant.

(ii) Equity price risk

Equity investments are long-term investments that have been classified as financial assets at fair value through profit or loss.

(f) Fair values

The carrying value of cash and cash equivalents, trade and other receivable, trade and other payables and interest-bearing liabilities is considered to be a fair approximation of their fair values.

The carrying amounts of equity investments are valued at year end at their quoted market price.

(g) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business through future exploration and development of its projects. There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

26. COMMITMENTS

The Group has $2,608,000 (2017: $4,048,000) of commitments relating to minimum exploration expenditure on its various tenements and $3,665,000 (2017: Nil) of capital commitments at 30 June 2018.

27. OPERATING LEASES

The Company leases assets for operations including plant and office premises. The leases have an average life of 1 to 3 years. At 30 June 2018, the future minimum lease payments under non-cancellable leases were payable as follows.

	2018 $'000	2017 $'000
Less than one year	8,570	3,527
Between one and five years	6,500	1,634
	15,070	5,161

28. RELATED PARTIES

(a) Key Management Personnel compensation

	30 June 2018 $	30 June 2017 $
Short-term employee benefits	2,970,086	2,738,835
Post-employment benefits	174,665	181,478
Other long-term benefits	385,718	261,551
Total	3,530,469	3,181,864

(b) Individual directors and executives' compensation disclosures

Information regarding individual Directors and Executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

During the current period 1,627,104 performance rights were awarded to key management personnel. See Note 21 and the Remuneration Report for further details of these related party transactions.

29. GROUP ENTITIES

The Company controlled the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Interest	
		2018	2017
Silver Lake (Integra) Pty Ltd	Australia	100%	100%
Backlode Pty Ltd	Australia	100%	100%
Loded Pty Ltd	Australia	100%	100%
Paylode Pty Ltd	Australia	100%	100%
Cue Minerals Pty Ltd	Australia	100%	100%
Great Southern Minerals Pty Ltd	Australia	100%	100%

Accounting Policies

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

30. JOINT OPERATIONS

As at 30 June, the Group has the following interests in unincorporated joint operations:

Joint Operation	Principal Activities	Joint Operation Parties	Group Interest	
			2018	2017
West Tuckabianna	Exploration	SLR/George Petersons	-	90.0%
Peter's Dam	Exploration	SLR/Rubicon	71.3%	69.2%

Accounting Policies

Joint Operation Arrangements

The Group has investments in joint operations, but they are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint operations are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint operation assets. The joint operations do not hold any assets and accordingly the Group's share of exploration evaluation and development expenditure is accounted for in accordance with the policy set out in Note 14.

31. AUDITOR'S REMUNERATION

	30 June 2018 $	30 June 2017 $
KPMG:		
Audit and review of the Company's financial statements	115,324	167,708
Taxation services	28,129	20,744
Total	143,453	188,452

32. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

33. PARENT ENTITY

As at, and throughout the financial year ended 30 June 2018, the parent company of the Group was Silver Lake Resources Limited.

	30 June 2018 $'000	30 June 2017 $'000
Results of the parent entity		
Profit/(loss) for the year	(1,430)	844
Total comprehensive profit/(loss) for the year	(1,430)	844
Financial position of parent entity at year end		
Current assets	100,721	72,770
Total assets	214,214	219,504
Current liabilities	31,921	36,793
Total liabilities	35,957	40,247
Total equity of the parent entity comprising of:		
Share capital	699,564	699,564
Reserves	1,650	1,220
Accumulated losses	(522,957)	(521,527)
Total equity	178,257	179,257

The parent entity has $2,608,000 (2017: $4,048,000) of commitments relating to minimum exploration expenditure on its various tenements and $3,665,000 (2017: Nil) of capital commitments at 30 June 2018.

34. DEED OF CROSS GUARANTEE

The Company and its wholly owned subsidiary Silver Lake (Integra) Pty Ltd have entered into a Deed of Cross Guarantee under which each company guarantees the debts of the other.

By entering into the Deed of Cross Guarantee, Silver Lake (Integra) Pty Ltd has been relieved from the Corporations Act 2001 requirement to prepare, audit and lodge a financial report and Directors' report under ASIC Corporations (wholly owned companies) Instrument 2016/785.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Changes in Equity for the year ended 30 June 2018 along with the Consolidated Statement of Financial Position at 30 June 2018 for the members of the Deed of Cross Guarantee are the same as that of the Group.

35. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The standards and interpretations relevant to the Company that have not been early adopted are:

(i) AASB 9 *Financial Instruments:* applicable to annual reporting periods beginning on or after 1 July 2018.

AASB 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The standard includes a single approach for the classification and measurement of financial assets, based on cash flow characteristics and the business model used for the management of the financial instruments. It introduces the expected credit loss model for impairment of financial assets which replaces the incurred loss model under AASB 139. Lastly, the standard amends the rules on hedge accounting to align the accounting treatment with the risk management practices of the Company.

The Group's assessment of the impacts of AASB 9 are set out below:

» *Classification and measurement:* The Group does not expect a material impact to its financial statements on applying the classification and measurement requirements of AASB 9 based on the Group's current financial assets and liabilities.
» *Impairment:* AASB 9 requires the Group to use an expected credit loss model for its trade and other receivables measured at amortised cost, either on a 12-month or lifetime basis. Given the short-term nature of the Group's receivables, the Group does not expect these changes to have a material impact.
» *Hedge accounting:* The Group is currently in the process of assessing the impact of this component of the new standard.
» *Disclosure:* The adoption of AASB 9 will require extensive new disclosure, in particular about credit risk and the Group's plans to implement controls necessary to capture required data.

The Group does not expect the implementation of this standard to have a material impact on the financial statements.

(ii) AASB15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts, and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of IFRS 15 Revenue from Contracts with Customers is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

a) identify the contract(s) with a customer
b) identify the performance obligations in the contract
c) determine the transaction price
d) allocate the transaction price to the performance obligations in the contract
e) recognise revenue when (or as) the entity satisfies a performance obligation

The Group does not expect the implementation of this standard to have a material impact on the financial statements.

(iii) AASB 16 *Leases*

AASB 16 Leases removes the classification of leases as either operating or finance leases – for the lessee – effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements. Furthermore, there are changes in accounting over the life of the lease as a front-loaded pattern of expense will be recognised for most leases, even when a constant annual rental is paid. Lessor accounting remains similar to current practice. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The Group is currently in the process of assessing the impact of the new standard and this will continue to be assessed in light of the contracts in place at the time the standard is implemented.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement can be located on its website www.silverlakeresources.com.au.

SECURITIES

At 27 September 2018 the Company had 507,918,994 fully paid ordinary shares and 3,886,701 performance rights on issue.

DISTRIBUTION OF HOLDERS

			Fully Paid	Ordinary Shares Options	Performance Rights
1	-	1,000	1,481	-	-
1,001	-	5,000	3,912	-	-
5,001	-	10,000	1,768	-	-
10,001	-	100,000	3,071	-	1
100,001	-	and over	399	-	10
Total Holders			10,631	-	11

1,168 holders held less than a marketable (<$500) of fully paid shares.

VOTING RIGHTS OF SECURITIES

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there is only one class of Shares), at meetings of Shareholders of Silver Lake:

a) each Shareholder entitled to vote in person or by proxy, attorney or representative;

b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder, in respect of each Share held by him or in respect of which he is appointed a proxy, attorney or representative, has one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

Options and performance rights do not carry any voting rights.

SUBSTANTIAL SHAREHOLDERS

As at 27 September 2018 the substantial holders disclosed to the company were:

Registered Holder	Beneficial Owner	Number of Shares	Percentage of Issued Shares
Bank of New York Mellon as custodian for Van Eck Vectors Junior Gold Miners ETF	Van Eck Vectors Junior Gold Miners ETF (GDXJ) and Van Eck Vectors UCITS ETF (UCTGDXJ)	36,392,383	7.62%
Bank of New York Mellon SA/NV	Ruffer LLP (on behalf of CF Ruffer Gold Fund)	35,716,805	7.06%

TOP 20 HOLDERS OF QUOTED SECURITIES

As at 27 September 2018, the top 20 holders of quoted securities of the Company were:

	Holder Name	Number Held	Percentage
1.	HSBC CUSTODY NOM AUST LTD	116,798,084	23.00%
2.	J P MORGAN NOM AUST LTD	77,820,501	15.32%
3.	CITICORP NOM PL	45,654,479	8.99%
4.	BNP PARIBAS NOMS PL	5,298,115	1.04%
5.	NATIONAL NOM LTD	4,813,747	0.95%
6.	BRIKEN NOM PL	4,715,294	0.93%
7.	STONE PONEYS NOM PL	4,300,000	0.85%
8.	HATHOR INV PL	4,000,000	0.79%
9.	HOLT CARL ERIC + LORRAINE	3,045,954	0.60%
10.	PORTLEY PL	2,953,959	0.58%
11.	HSBC CUSTODY NOM AUST LTD	2,523,339	0.50%
12.	BRISPOT NOM PL	2,250,846	0.44%
13.	BNP PARIBAS NOM PL	2,049,458	0.40%
14.	GARY B BRANCH PL	2,028,000	0.40%
15.	NEWECONOMY COM AU NOM PL	1,952,720	0.38%
16.	HSBC CUSTODY NOM AUST LTD-GSCO ECA	1,745,500	0.34%
17.	BANASIK NOLA VERONICA	1,500,000	0.30%
18.	UBS NOM PL	1,391,950	0.27%
19.	BELL POTTER NOM LTD	1,273,885	0.25%
20.	SARANTZOUKLIS PETER	1,250,000	0.25%
		287,365,831	**56.58%**

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