2019 Annual Report

FOR THE YEAR ENDED 30 JUNE 2019

silverlake
RESOURCES

DIRECTORS

DAVID QUINLIVAN
Non-executive Chairman

LUKE TONKIN
Managing Director

PETER ALEXANDER
Non-executive Director

LES DAVIS
Non-executive Director

KELVIN FLYNN
Non-executive Director

COMPANY SECRETARY

David Berg

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SLR

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DEAR FELLOW SHAREHOLDER,

The FY19 financial year was another year in which Silver Lake continued to execute our strategy of maximising the value of our established asset base through investment in exploration and the creation of new opportunities to compete for capital.

In September 2018, we announced the nil-premium acquisition of Doray Minerals and the Scheme of Arrangement was implemented in April 2019. The immediate impact of the acquisition was clear in the fourth quarter of FY19 with a production rate in excess of 200,000 ounces per annum established and subsequent FY20 sales guidance of 215,000 to 230,000 ounces gold equivalent, a 30% increase on FY19 sales. In addition to the growth and diversification of Silver Lake's production base, we have also experienced a rerating of our securities throughout FY19 which lends market support to the successful deployment of the Company's strategy.

Silver Lake's gold production increased 6% to 166,695 ounces gold equivalent with gold sales of 171,322 ounces up 13% on FY18 at an AISC of A$1,367 per ounce. FY19 production and sales include a 3 month contribution from Deflector, following completion of the acquisition of Doray Minerals in April 2019.

For FY19 Silver Lake reported underlying NPAT of A$16.7 million, operating cash flow A$80 million and pleasingly after capital investment and exploration we were able to continue to build on our enviable record of cash generation with our year end cash and bullion balance increasing A$25 million to A$131.7 million whilst maintaining our debt free balance sheet.

Our investment in exploration continued to deliver results translating in Ore Reserves increasing after accounting for FY19 mine production at both operations.

At Mount Monger, Ore Reserves increased 24% after FY19 mine production to 492,000 ounces and pleasingly, the impact of our significant investment in exploration over the past three years has become evident with a maiden Ore Reserve declared at Santa and initial Mineral Resources declared at Tank South and the inclusion of the Easter Hollows lodes in Inferred Mineral Resources at the Daisy Complex for the first time. These new Resources provide the opportunity to upgrade Inferred Mineral Resources to Indicated Resources and ultimately Reserves. Importantly, these targets are located on granted Mining Leases and will benefit from Mount Monger's established mine, services and processing infrastructure.

At Deflector, Ore Reserves increased 75% net of FY19 mine production to 343,000 ounces, with the entire Ore Reserve within the current 600m strike footprint. Beyond the Ore Reserve and Mineral Resource drilling has extended mineralisation 300m immediately to the south of the 30 June 2019 Mineral Resource limits and mineralisation remains open. Deflector Ore Reserves and Mineral Resources have grown to the highest level in Deflector's history which has significantly de-risked Silver Lake's investment in acquiring Deflector and increased confidence in the potential to add further value and returns to our shareholders over the years to come.

In addition to our organic exploration opportunities at our established and wholly owned operations we broadened our exposure to greenfield exploration opportunities through investments in Encounter Resources and Sarama Resources. Both companies have significant landholdings in established mining provinces with proven mineral endowments. Silver Lake looks forward to working with both companies as their respective exploration programs advance.

Following on from the acquisition of Doray Minerals and subsequent to year end we announced a recommended takeover offer for Egan Street Resources Limited ("EganStreet"). The acquisition of EganStreet will allow Silver Lake to consolidate an additional JORC Resource of 454,000 ounces and JORC Reserve of 200,000 ounces at the Rothsay Gold Project and provide a near term development opportunity to introduce a new high-grade ore source to an upgraded Deflector processing facility, whilst simultaneously benefiting EganStreet shareholders by de-risking the technical, development, construction, production and financing challenges this project presents.

FY20 sales guidance is 215,000 to 230,000 ounces with the AISC expected to average A$1,375-A$1,450 per ounce for the full year. The company will continue to invest in exploration with $18 million budgeted across the group and will focus on advancing high priority targets at Mount Monger through to an investment decision and defining Resource extensions and additional near mine Resources at Deflector.

Our strong balance sheet and cash flow generation positions the Company to rapidly progress the pipeline of advanced exploration targets and continue to refresh the pipeline of opportunities to compete for capital at Mount Monger, Deflector and externally as we continue to build on the success and momentum generated in FY19.

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 OPERATION

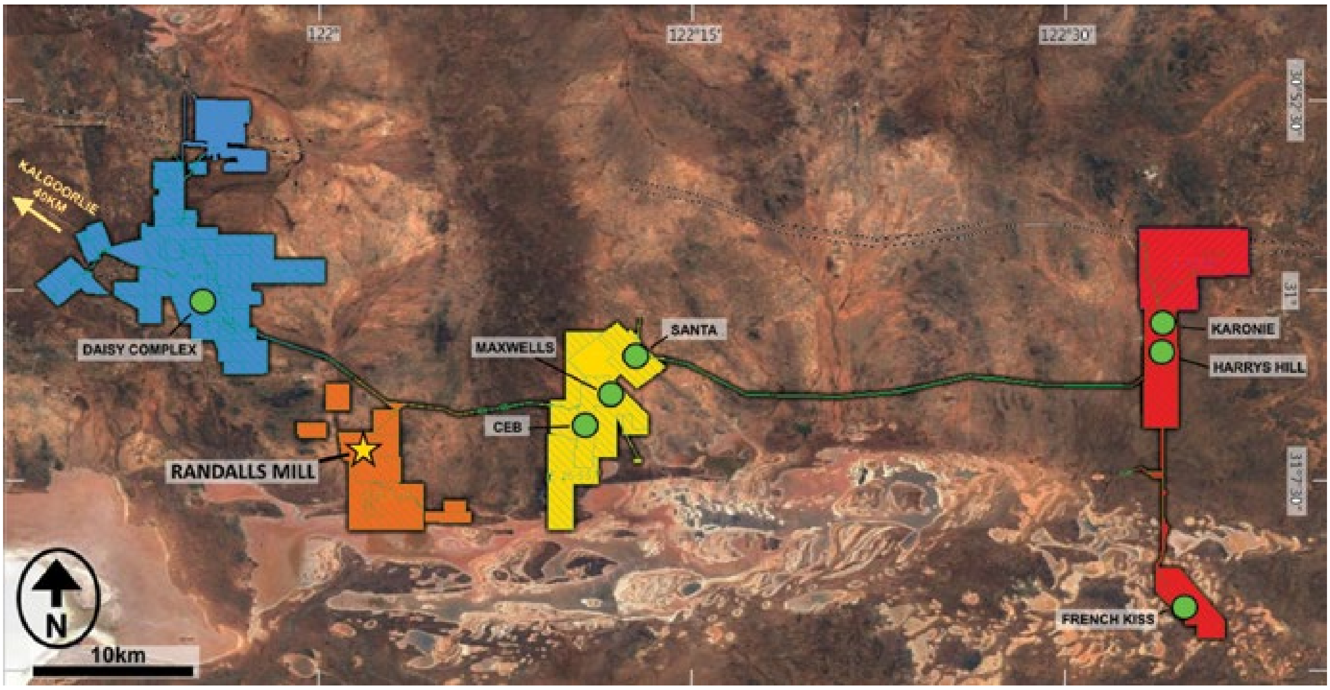


Figure 1: Location of Mount Monger Mining Centres and the centralised Randalls Mill.

- Located 50km southeast of Kalgoorlie, Western Australia
- Established gold camp with a 10 year history with >1.2 million ounces produced and an enviable track record of cash generation
- 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
- FY19 gold sales of 141koz and FY20 gold sales guidance of 120 -130koz
- History of Reserve replacement and discovery
- Proven mineralised corridors present significant potential for extensions and new discoveries to further leverage our established infrastructure

1. DAISY MINING CENTRE

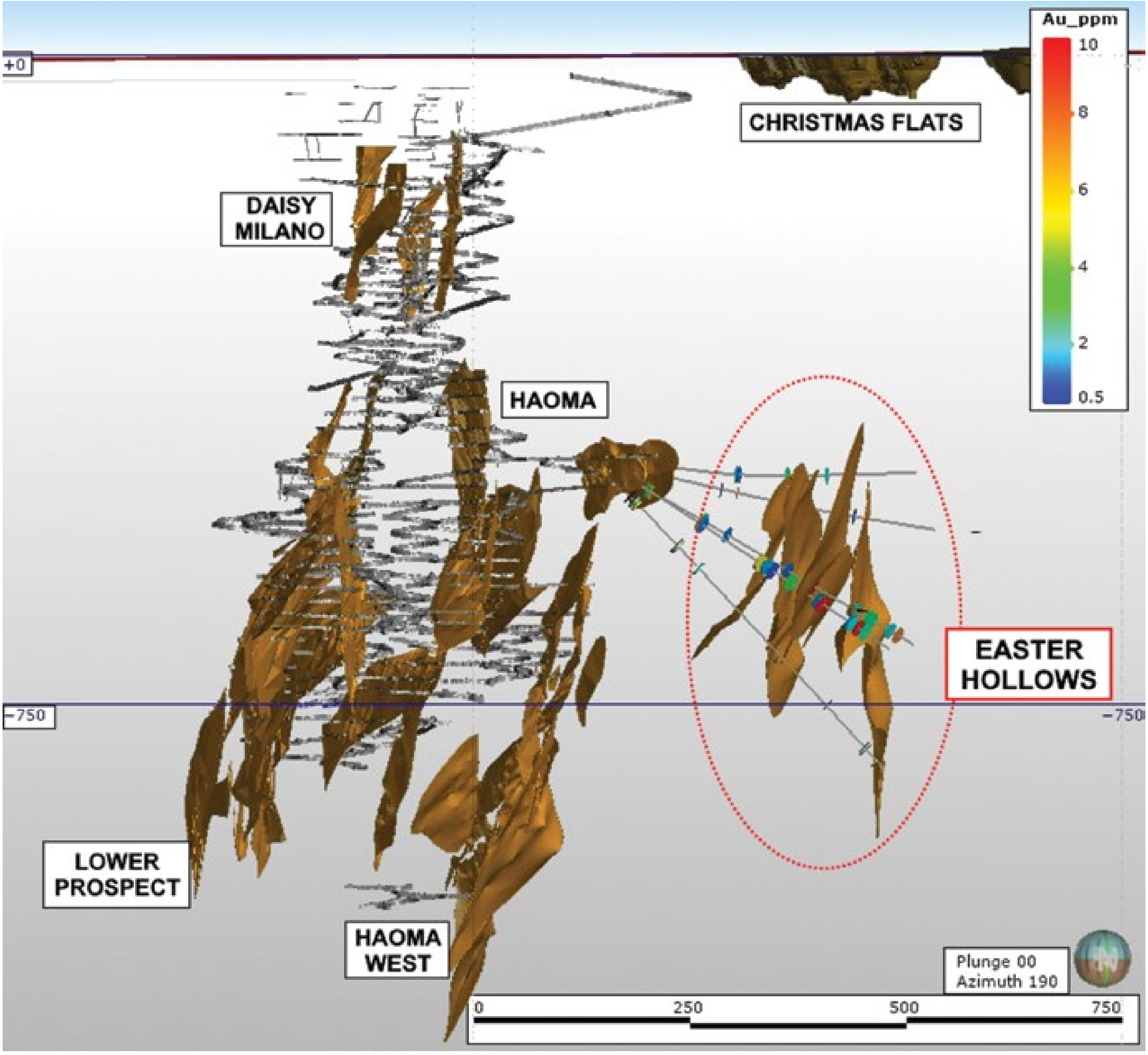


Figure 2: Schematic view of Daisy Complex

- Located 19km from the Randalls mill
- 2019 Ore Resource of 1.2 Moz including Ore Reserve of 87koz
- Proven operating model of progressive infill and extensional drilling program to complement mine development schedule and Reserve replacement year on year
- Daisy Complex positioned to develop new, shallow mining areas adjacent to existing mine infrastructure
  - Down plunge drilling at Haoma West demonstrates extensions of mineralisation beyond Ore Reserves
  - Continued exploration success at Easter Hollows has created competing areas for FY20 underground drilling resources and allocation of capital, relative to down plunge drilling of current mining areas

2. MOUNT BELCHES MINING CENTRE

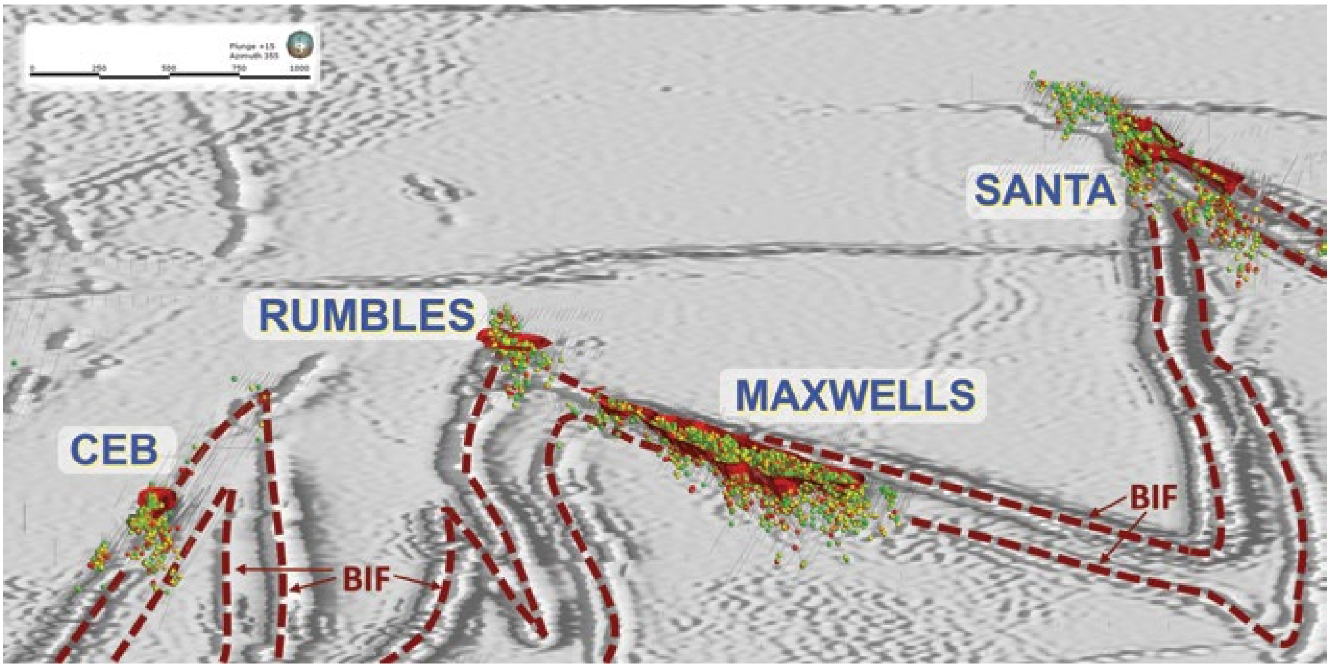


Figure 3: Mount Belches Mining Centre

- Located 18km from the Randalls mill
- 2019 Ore Resource of 1.2 Moz including Ore Reserve of 190koz
- The Mount Belches Mining Centre is a fully serviced, independent Mining Centre currently comprising 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
  - Resource model has typically under called mined grade
  - Drilling has intersected mineralisation below the current mine plan presenting the opportunity to extend the Life of Mine
- Santa provides potential for third shallow underground mine
  - Surface drilling program in progress to validate preliminary mine evaluation work and allow for a production decision to be made in FY20

3. ALDISS MINING CENTRE

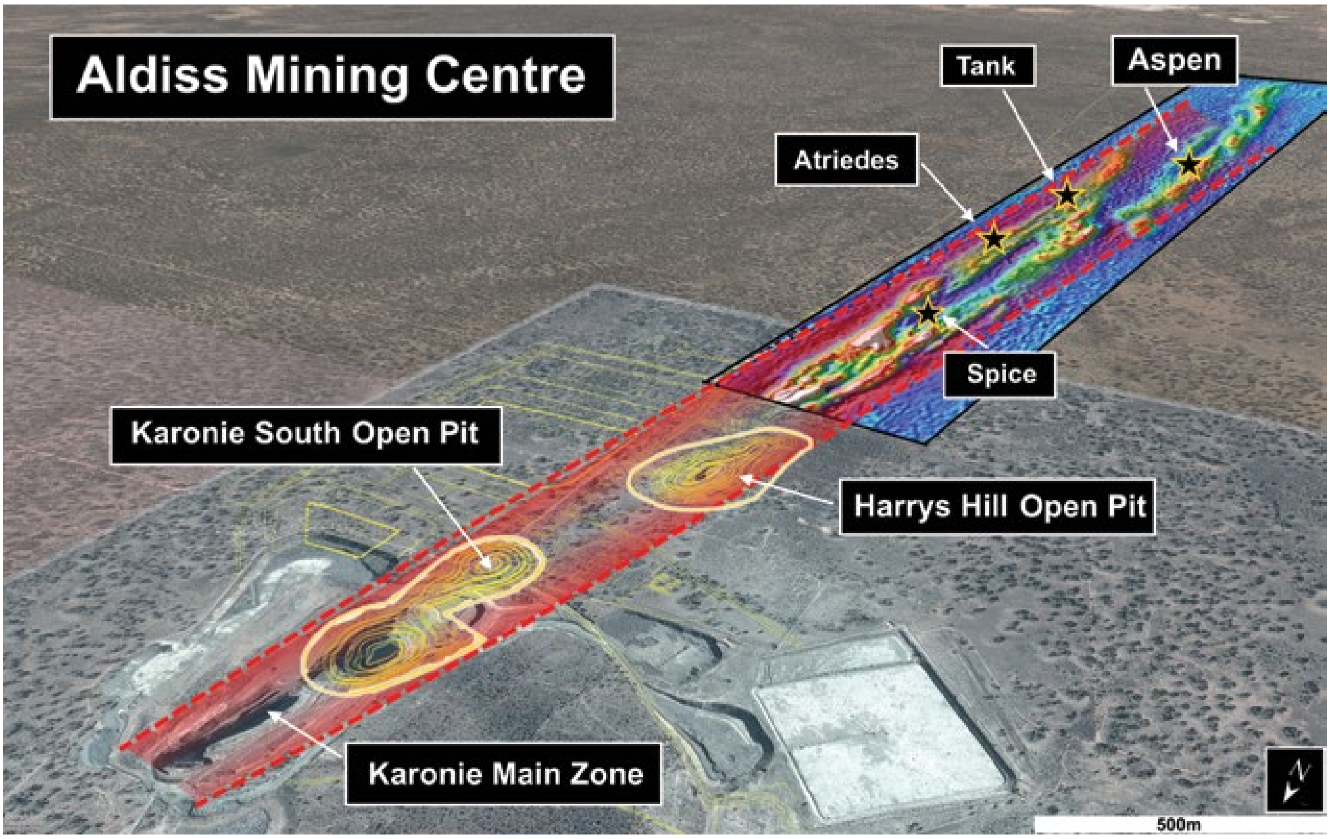


Figure 4: Oblique plan view highlighting SAT Trend deposits, Harry's Hill and Karonie pits and area of recent ground magnetics survey

- Located 55km from the Randalls mill
- Resources of 578koz including Reserve of 146koz
- Three proximal open pits, Harry's Hill, French Kiss and Karonie South, currently included in the mine plan
- Discovery of any additional Mineral Resources will leverage from newly established infrastructure
- Spice, Atriedes and Tank have resources of 48koz, with drilling restricted to ~60m below surface
- New high-grade discovery at Tank South with infill exploration drilling expected to commence in early FY20

DEFLECTOR OPERATION

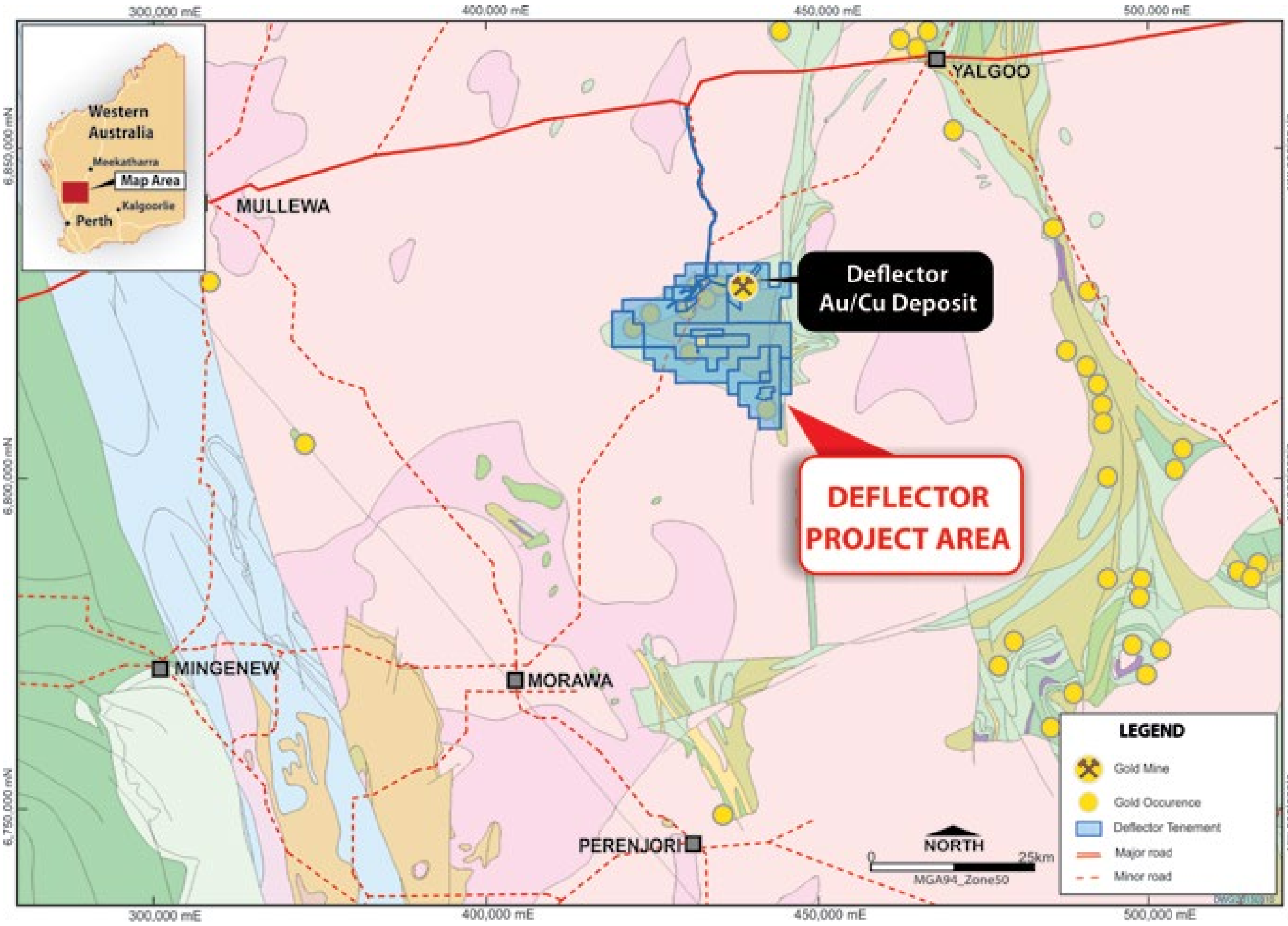


Figure 5: Deflector Operation

- Shallow, narrow vein, high-grade gold and copper underground mine located 350km north of Perth, Western Australia
- Production at the mine commenced in May 2016 and became a Silver Lake operation following the completion of the merger with Doray on 5 April 2019
- FY19 gold sales of 85koz and FY20 gold sales guidance of 95 - 100Koz gold equivalent
- FY19 Ore Reserves of 343,000 ounces gold and Mineral Resources of 826,000 ounces are the highest in Deflector's history and all located within the 600m mine strike footprint
- ROM build in FY20 has the project mill constrained for the first time allowing for assessment of value creation opportunities to optimise the mill
- Mineralisation remains open in multiple directions and drilling will continue to target extension and repetitions as drill platform access is improved
- Opportunity to upgrade milling infrastructure to include a CIL circuit to broaden available ore sources through regional exploration success and acquisition to both extend LOM options and enhance recoveries

EXPLORATION

FY19 HIGHLIGHTS

The FY19 exploration work programs completed by Silver Lake focused on established operations Mount Monger and Deflector. Work programs successfully targeted Reserve conversion, extensions to Mineral Resources and discovered new mineralisation within our proven mineralised corridors and outstanding results were reported at both operations.

Key exploration highlights (previously reported) included:

- 75% increase in Deflector Ore Reserve net of FY19 mine production to 343,000 ounces
    - Drilling extended mineralisation 300m immediately to the south of the 30 June 2019 Mineral Resource limits
- Mount Monger Ore Reserves increased 24% net of FY19 mine production
- Maiden Ore Reserve at Santa
- Maiden Mineral Resource estimate at Tank South
- Inclusion of the Easter Hollows lodes in the Daisy Complex Mineral Resource for the first time

Drilling in the shadow of Daisy

Daisy Complex – high-grade drilling results confirm the potential of Easter Hollows

Diamond drilling was completed during FY19 to assess the continuity of mineralisation within the Easter Hollows lodes which culminated in the inclusion of the Easter Hollows lodes in the Daisy Complex Mineral Resource Estimate for the first time.

The Easter Hollows target zone comprises multiple "Daisy style" lodes located up to 450m to the west of existing workings at the Daisy Complex. Mineralisation along the Easter Hollows area has been intersected over a 1,000m plunge from surface and has the potential to provide a new mining front for the Daisy Complex, higher in the mine elevation and accessible by lateral development from existing underground infrastructure.

These Easter Hollows 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.

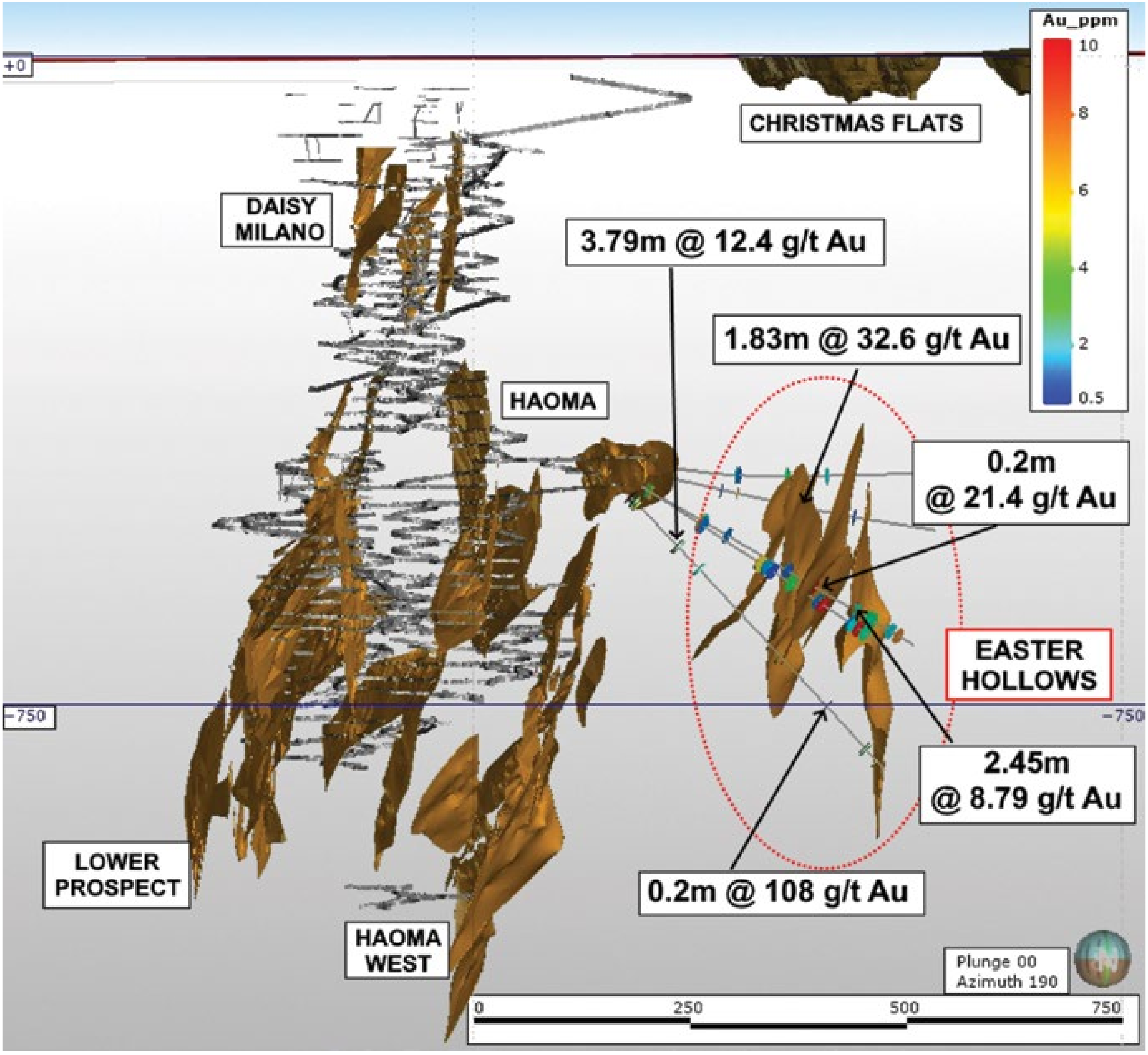


Figure 6: Easter Hollows target relative to major Daisy structures

Santa – a third, shallow, high-grade underground mine in the making[1]

A maiden Ore Reserve of 29,000 ounces has been declared for the Santa underground. Santa is located ~4km from Maxwells and will leverage the established Mining Centre infrastructure with study work approaching completion for an investment decision to be considered in 1H FY20. The maiden Ore Reserve is focused on the levels beneath the open pit floor, with drilling ongoing and subsequent conversion to Reserves and life extensions considered likely given the broader Santa Mineral Resource base and the experience with the existing BIF hosted mines at Mount Belches.

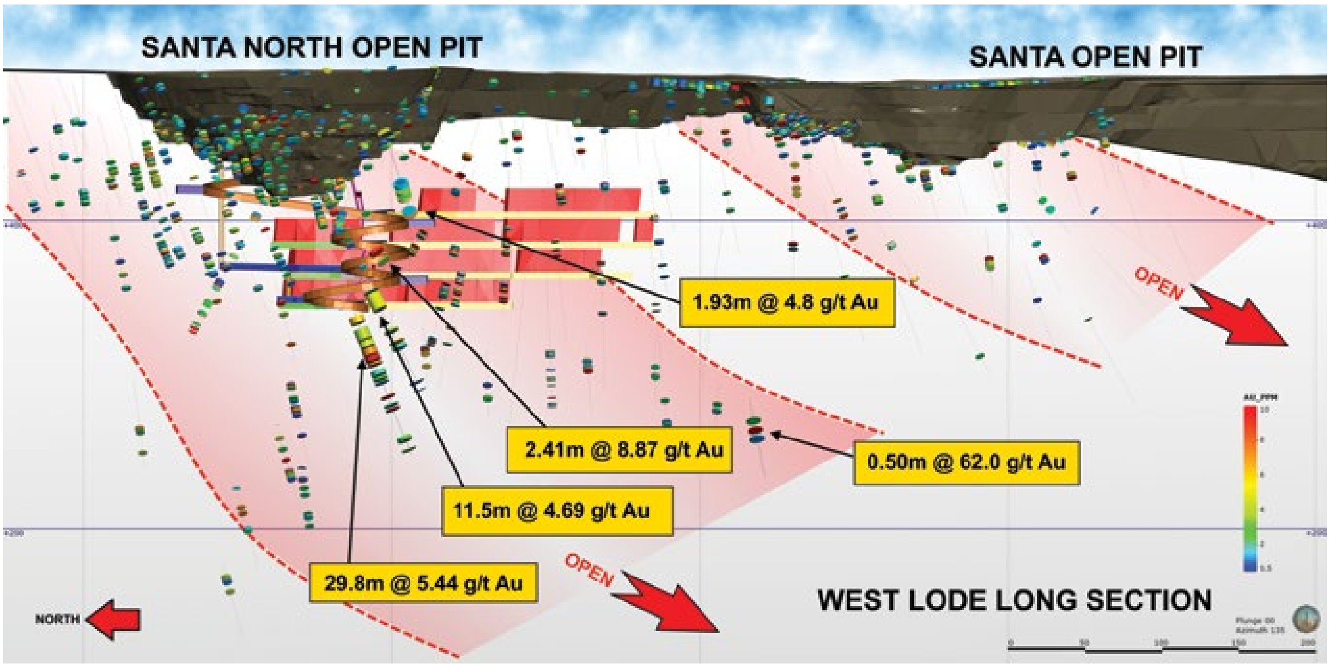


Figure 7: Santa West Lode long section showing assay results highlight and historical drilling intersections >5.0 g/t Au

1. *This information is extracted from the ASX release "Reserve growth reshapes Silver Lake's portfolio" released to the ASX on 27 August 2019 and available to view on* ***www.silverlakeresources.com.au***

Aldiss – Thick, high-grade intersections at Tank South herald a new discovery

A maiden Inferred Mineral Resource was declared at Tank South on the SAT trend at the Aldiss Mining Centre in August 2019[2]. Drilling discovered high-grade mineralisation in December 2018, follow up drilling intersected further high-grade mineralisation over a strike length of 120m and supported the outline of an initial Inferred Mineral Resource of 71,000 ounces (662kt @ 3.6 g/t). Work in FY20 will focus on testing for extensions of the high-grade structures (incorporating updated geological information of post mineralisation faults) and infilling the Inferred Resource to evaluate the potential of Tank South to provide an additional near term high-grade ore source to the Randalls mill.

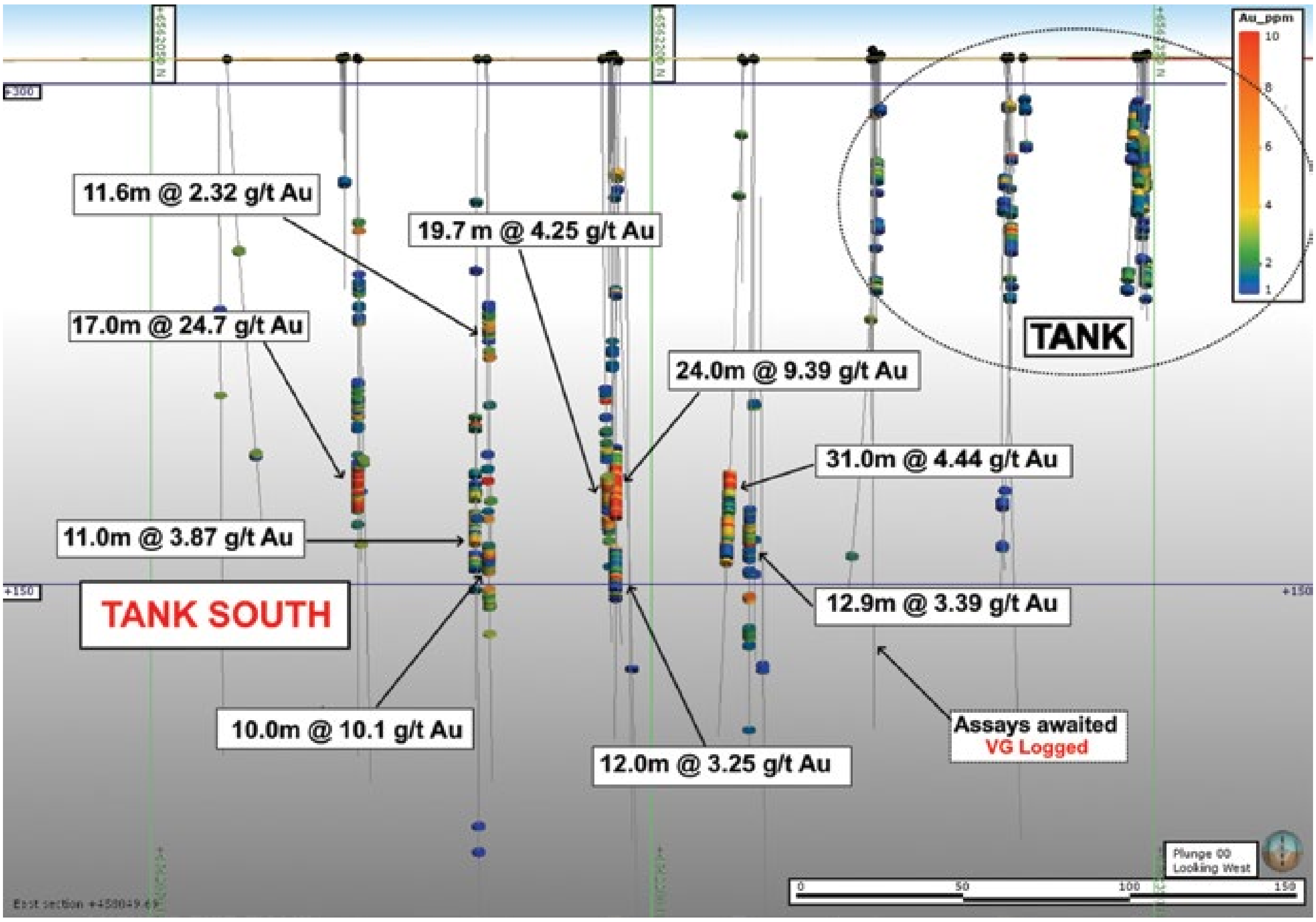


Figure 8: Tank South vertical long section

The SAT trend, which contains some small Mineral Resources, is open for 2km to the south of Tank and for 1km to the north of Spice. The mineralised strike of the Aldiss Mining Centre extends for 7km and is located within Silver Lake's Mining Lease. The spectacular high-grade discovery at Tank South highlights a significant exploration opportunity for Silver Lake at the Aldiss Mining Centre given historical reconnaissance drilling along the SAT Trend is sporadic and relatively shallow.

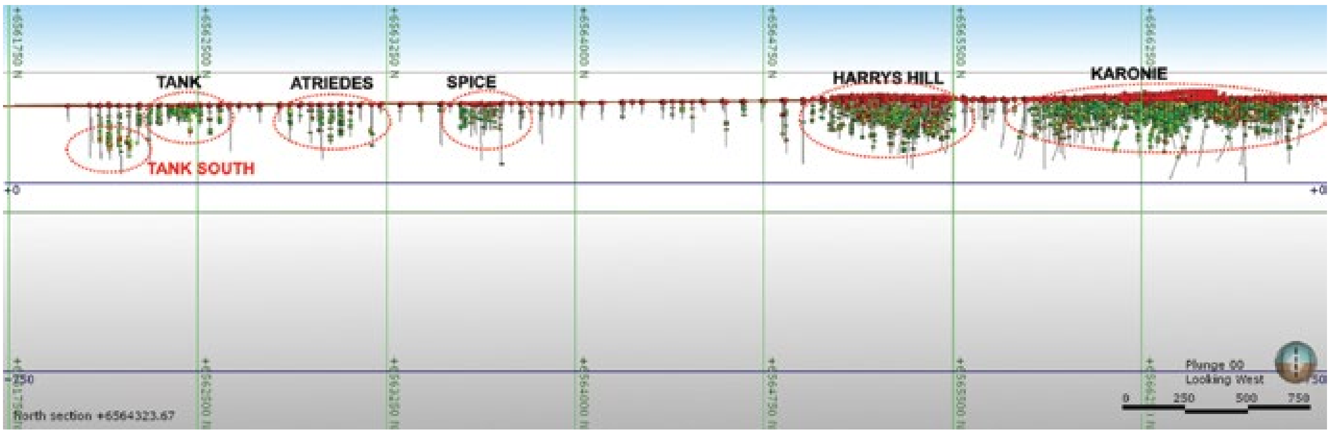


Figure 9: Regional vertical long section looking west, highlighting the limited, shallow drilling between deposits along the SAT Trend from Karonie to Tank South

2. *This information is extracted from the ASX release "Reserve growth reshapes Silver Lake's portfolio" released to the ASX on 27 August 2019 and available to view on **www.silverlakeresources.com.au***

Deflector – In-mine drilling has delivered Ore Reserve conversion

Drilling during FY19 confirmed the presence of Deflector style mineralisation at established mining widths and grade immediately to the west and south of the 2019 Mineral Resource envelope, extending for 300m south and remains open. This area will be the subject of further RC and diamond drilling throughout FY20 to infill the identified 300m zone and extend mineralisation beyond known limits which has excellent potential for further Mineral Resource growth.

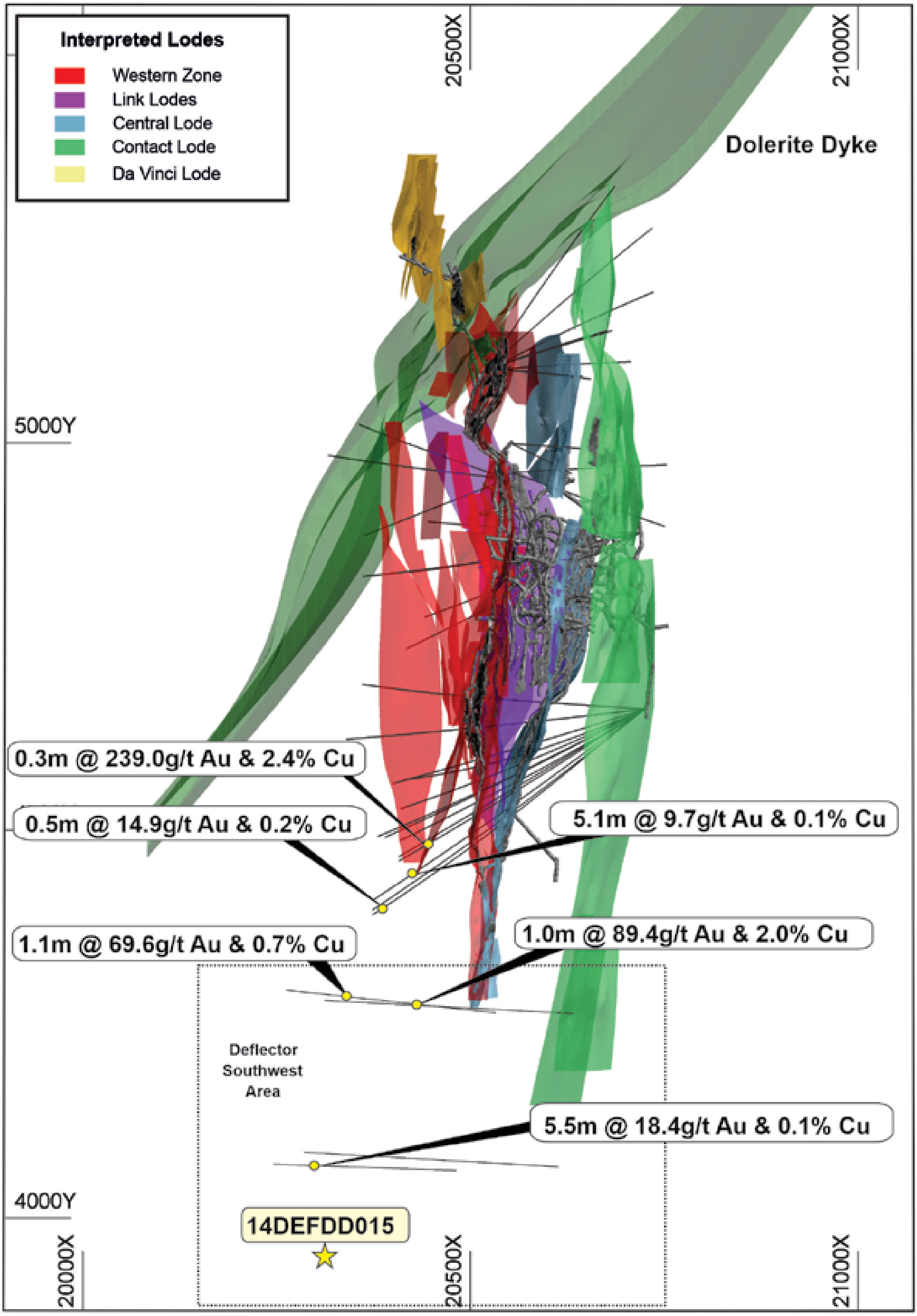


Figure 10: Deflector 2019 Mineral Resource Estimate by lode, highlighting southern extension target

Known mineralisation at Spanish Galleon and King Solomon (historical mine) are priority regional targets with work programs included in the FY20 exploration budget. These targets have potential to emerge as near mine competing high-grade ore sources for the Deflector plant to further enhance and extend the Deflector LOM outside of the immediate Deflector mine corridor.

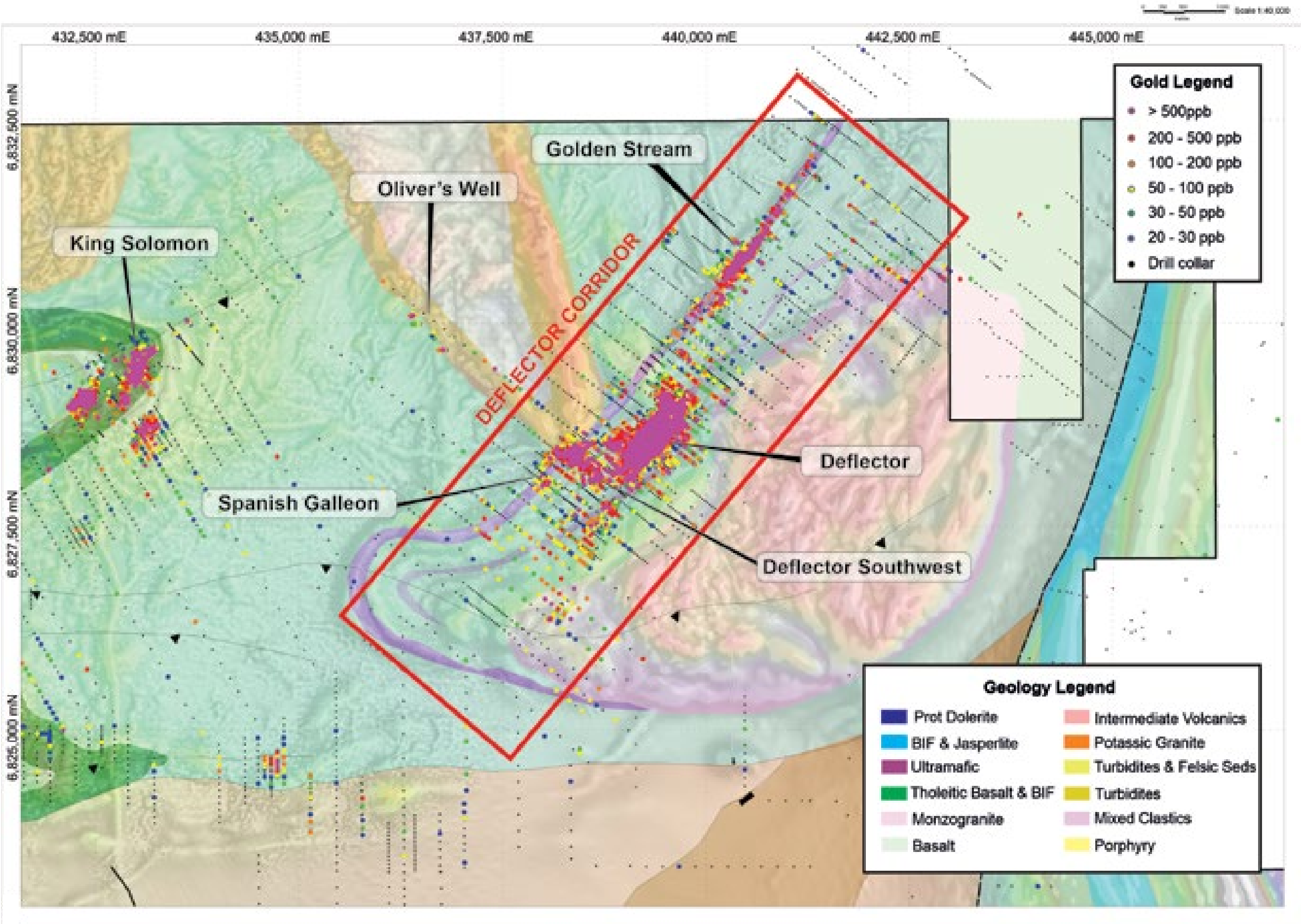


Figure 11: Deflector regional exploration targets

COMPANY SUMMARY AS AT 30 JUNE 2019

Group Mineral Resources are estimated at: **39.3 Mt @ 4.2 g/t Au for 5.3 Moz of contained gold; and 2.3 Mt @ 0.6% Cu for 14,100 tonnes of copper**

Group Ore Reserves are estimated at: **7.1 Mt @ 3.7 g/t Au for 0.84 Moz of contained gold; and 2.0 Mt @ 0.3% Cu for 5,500 tonnes of copper**

MINERAL RESOURCE STATEMENT AS AT 30 JUNE 2019

The Company's total Measured, Indicated and Inferred Mineral Resources at 30 June 2019 are 39.3 million tonnes (Mt) @ 4.2 grams per tonne of gold (g/t Au) containing 5.29 million ounces of gold (Moz Au), including 2.3 Mt @ 0.6 percent copper (% Cu) containing 14,100 tonnes of copper (CuT). The Mineral Resources as at 30 June 2019 are estimated after allowing for depletion during FY2019. The total Group Mineral Resource is a 43% increase on 30 June 2018. The step change reflects the addition of Mineral Resources from Deflector and the Andy Well and Gnaweeda projects following the completion of the acquisition of Doray Minerals in April 2019.

2019 Gold Mineral Resource Estimate									
	Measured & Indicated			Inferred			Total		
	Tonnes (000's)	Grade g/t	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
Deflector	1,602	12.4	636	662	9.0	191	2,264	11.4	828
Daisy Complex	1,202	15.1	584	1,036	18.0	599	2,238	16.4	1,183
Mount Belches	7,082	3.5	789	3,466	3.3	368	10,548	3.4	1,157
Aldiss	5,430	2.1	368	3,285	2.0	211	8,715	2.1	578
Mount Monger other	5,555	2.4	412	3,968	2.8	356	9,523	2.5	768
Total Mount Monger	19,269	3.5	2,153	11,755	4.1	1,534	31,024	3.7	3,688
Andy Well	1,190	9.7	371	628	6.6	134	1,818	8.6	505
Gnaweeda	2,043	2.2	146	2,196	1.8	124	4,239	2.0	271
Group total	**24,103**	**4.3**	**3,308**	**15,241**	**4.0**	**1,983**	**39,345**	**4.2**	**5,291**

2019 Copper Mineral Resource Estimate									
	Measured & Indicated			Inferred			Total		
	Tonnes (000's)	Grade %	Tonnes (t's)	Tonnes (000's)	Grade (%)	Tonnes (t's)	Tonnes (000's)	Grade (%)	Tonnes (t's)
Deflector	1,602	0.8	12,073	662	0.3	2,065	2,264	0.6	14,138
Group total	**1,602**	**0.8**	**12,073**	**662**	**0.3**	**2,065**	**2,264**	**0.6**	**14,138**

June 2019	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)
Aldiss Mining Centre												
French Kiss	-	-	-	646	2.7	55	808	1.7	45	1,454	2.1	100
Harrys Hill	-	-	-	1,094	2.6	90	417	2.4	32	1,511	2.5	122
Italia/Argonaut	-	-	-	409	1.4	19	-	-	-	409	1.4	19
Karonie	-	-	-	2,967	2.0	188	770	1.3	31	3,737	1.8	219
Spice	-	-	-	78	2.4	6	64	1.3	3	142	1.9	9
Tank South	-	-	-	-	-	-	622	3.6	71	622	3.6	71
Tank/Atriedes	-	-	-	236	1.4	11	604	1.5	29	840	1.5	39
Sub Total	**-**	**-**	**-**	**5,430**	**2.1**	**368**	**3,285**	**2.0**	**211**	**8,715**	**2.1**	**579**
Andy Well												
Andy Well	127	13.7	56	1,063	9.2	315	628	6.6	134	1,818	8.6	505
Sub Total	**127**	**13.7**	**56**	**1,063**	**9.2**	**315**	**628**	**6.6**	**134**	**1,818**	**8.6**	**505**
Daisy Mining Centre												
Costello	-	-	-	-	-	-	111	4.0	14	111	4.0	14
Daisy Complex	103	27.8	92	1,099	13.9	492	1,036	18.0	599	2,238	16.4	1,183
Fingals	-	-	-	131	2.7	11	1,043	2.3	77	1,174	2.3	88
Hammer & Tap	-	-	-	-	-	-	350	2.4	27	350	2.4	27
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 Dam	13	3.2	1	164	2.6	14	120	3.0	12	297	2.8	27
Wombola Pit	-	-	-	47	3.1	5	20	4.0	3	67	3.3	7
Sub Total	**623**	**6.8**	**136**	**2,676**	**7.1**	**611**	**3,984**	**6.9**	**881**	**7,283**	**7.0**	**1,628**
Deflector												
Deflector	452	13.4	195	1,132	12.1	440	662	9.0	191	2,246	11.4	826
Sub Total	**452**	**13.4**	**195**	**1,132**	**12.1**	**440**	**662**	**9.0**	**191**	**2,246**	**11.4**	**826**
Gnaweeda												
Turnberry	-	-	-	2,043	2.2	146	2,196	1.8	124	4,239	2.0	271
Sub Total	**-**	**-**	**-**	**2,043**	**2.2**	**146**	**2,196**	**1.8**	**124**	**4,239**	**2.0**	**271**
Imperial/Majestic Mining Centre												
Imperial	-	-	-	504	2.7	44	216	2.0	14	720	2.5	58
Majestic	-	-	-	1,673	2.6	142	790	2.3	58	2,463	2.5	200
Sub Total	**-**	**-**	**-**	**2,177**	**2.7**	**186**	**1,006**	**2.2**	**72**	**3,183**	**2.5**	**258**
Mount Belches Mining Centre												
Anomaly A	-	-	-	232	1.9	14	44	1.4	2	276	1.8	16
Cock-eyed Bob	798	4.9	125	485	4.6	72	490	3.4	53	1,773	4.4	250
Maxwells	307	5.1	50	1,239	4.9	197	745	4.5	107	2,291	4.8	354
Rumbles	-	-	-	351	2.2	24	851	2.2	59	1,202	2.2	83
Santa	-	-	-	3,670	2.6	307	1,336	3.4	147	5,006	2.8	454
Sub Total	**1,105**	**4.9**	**175**	**5,977**	**3.2**	**614**	**3,466**	**3.3**	**368**	**10,548**	**3.4**	**1,157**
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	1,145	1.4	51							1,145	1.4	51
Total Gold Mineral Resources	**3,464**	**5.5**	**615**	**20,639**	**4.1**	**2,693**	**15,241**	**4.0**	**1,983**	**39,345**	**4.2**	**5,291**

Table 1: Gold Mineral Resources at 30 June 2019

June 2019	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources			Total Mineral Resources		
	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)
Deflector												
Deflector	452	1.3%	5,900	1,132	0.5%	6,100	662	0.3%	2,100	2,246	0.6%	14,100
Sub Total	**452**	**1.3%**	**5,900**	**1,132**	**0.5%**	**6,100**	**662**	**0.3%**	**2,100**	**2,246**	**0.6%**	**14,100**
Stockpile	17	0.3%	100	-	0.0%	-	-	0.0%	-	17	0.3%	100
Total Copper Mineral Resources	**469**	**1.3%**	**6,000**	**1,132**	**0.5%**	**6,100**	**662**	**0.3%**	**2,100**	**2,264**	**0.6%**	**14,100**

Table 1a: Copper Mineral Resources at 30 June 2019

ORE RESERVE STATEMENT AS AT 30 JUNE 2019

The total Proved and Probable Gold Ore Reserves at 30 June 2019 are 7.08 Mt @ 3.7 g/t Au containing 0.84 Moz Au, including 2.0 Mt @ 0.3 % Cu containing 5,500 CuT. The Ore Reserves at 30 June 2019 are estimated after allowing for depletion over FY2019. Ore Reserves were estimated using a gold price of A$ 1,800 / oz, apart from the Daisy Complex Ore Reserve and Majestic Ore Reserve using A$1,650 / oz, Harrys Hill Ore Reserve using A$1,700 / oz, French Kiss Ore Reserve using A$1,600 / oz and Karonie Ore Reserve using A$2,000 / oz. The total 2019 Group Ore Reserve is a 58% increase on 30 June 2018. The step change reflects the addition of Ore Reserves from the Deflector following the completion of the acquisition of Doray Minerals in April 2019.

2019 Group Gold Ore Reserves									
	Proved			Probable			Total		
	Tonnes (000's)	Grade g/t	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes	Grade	Ounces
Deflector	778	6.1	151	1,211	4.9	191	1,989	5.4	343
Daisy Complex (UG)	41	6.7	9	277	8.8	78	318	8.5	87
Mount Belches (UG)	349	5.8	65	754	5.2	125	1,103	5.3	190
Aldiss (OP)	-	-	-	2,369	1.9	146	2,369	1.9	146
Imperial/Majestic	-	-	-	169	3.8	21	169	3.8	21
Stockpiles	1,127	1.4	49	-	-	-	1,127	1.4	49
Total Mount Monger	1,517	2.6	123	3,569	3.2	370	5,086	3.0	492
Group total	**2,295**	**3.8**	**274**	**4,780**	**3.7**	**561**	**7,075**	**3.7**	**835**

2019 Group Copper Ore Reserves									
	Proved			Probable			Total		
	Tonnes (000's)	Grade %	Tonnes	Tonnes (000's)	Grade (%)	Tonnes	Tonnes (000's)	Grade (%)	Tonnes
Deflector	778	0.4	3,396	1,211	0.2	2,110	1,989	0.3	5,506
Group total	**778**	**0.4**	**3,396**	**1,211**	**0.2**	**2,110**	**1,989**	**0.3**	**5,506**

June 2019	Proved Ore Reserves Tonnes ('000s)	Proved Ore Reserves Grade (g/t Au)	Proved Ore Reserves Ounces (Au '000s)	Probable Ore Reserves Tonnes ('000s)	Probable Ore Reserves Grade (g/t Au)	Probable Ore Reserves Ounces (Au '000s)	Total Ore Reserves Tonnes ('000s)	Total Ore Reserves Grade (g/t Au)	Total Ore Reserves Ounces (Au '000s)
Aldiss Mining Centre									
French Kiss	-	-	-	177	3.6	21	177	3.6	21
Harrys Hill	-	-	-	568	2.4	43	568	2.4	43
Karonie	-	-	-	1,620	1.6	82	1,620	1.6	82
Sub Total	**-**	**-**	**-**	**2,366**	**1.9**	**146**	**2,366**	**1.9**	**146**
Daisy Mining Centre									
Daisy Complex	41	6.7	9	277	8.8	78	318	8.5	87
Sub Total	**41**	**6.7**	**9**	**277**	**8.8**	**78**	**318**	**8.5**	**87**
Deflector									
Deflector OP	-	-	-	140	3.1	14	140	3.1	14
Deflector UG	761	6.1	150	1,071	5.2	177	1,831	5.6	327
Sub Total	**761**	**6.1**	**150**	**1,211**	**4.9**	**191**	**1,971**	**5.4**	**341**
Imperial/Majestic Mining Centre									
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	242	5.7	44	143	6.2	28	385	5.9	73
Maxwells	107	5.9	20	354	6.0	68	462	6.0	88
Santa	-	-	-	257	3.5	29	257	3.5	29
Sub Total	**349**	**5.8**	**65**	**754**	**5.2**	**125**	**1,103**	**5.3**	**190**
Stockpile	1,145	1.4	51	-	-	-	1,145	1.4	51
Total Gold Ore Reserves	**2,295**	**3.7**	**274**	**4,776**	**3.7**	**561**	**7,072**	**3.7**	**835**

Table 2: Gold Ore Reserves at 30 June 2019

June 2019	Proved Ore Reserves Tonnes ('000s)	Proved Ore Reserves Grade (% Cu)	Proved Ore Reserves Copper (Tonnes)	Probable Ore Reserves Tonnes ('000s)	Probable Ore Reserves Grade (% Cu)	Probable Ore Reserves Copper (Tonnes)	Total Ore Reserves Tonnes ('000s)	Total Ore Reserves Grade (% Cu)	Total Ore Reserves Copper (Tonnes)
Deflector									
Deflector OP	-	0.0%	-	140	0.3%	400	140	0.3%	400
Deflector UG	761	0.4%	3,300	1,071	0.2%	1,700	1,831	0.3%	5,000
Sub Total	**761**	**0.4%**	**3,300**	**1,211**	**0.2%**	**2,100**	**1,971**	**0.3%**	**5,500**
Stockpile	17	0.3%	100	-	0.0%	-	17	0.3%	100
Total Copper Ore Reserves	**778**	**0.4%**	**3,400**	**1,211**	**0.2%**	**2,100**	**1,989**	**0.3%**	**5,500**

Table 2a: Copper Ore Reserves at 30 June 2019

Notes to Tables 1, 1a, 2 and 2a:

1. Mineral Resources are reported inclusive of Ore Reserves.
2. Data is rounded to thousands of tonnes, thousands of ounces gold, and hundreds of tonnes copper. Discrepancies in totals may occur due to rounding.
3. The "Daisy Complex" comprises the following zones: Daisy Milano, Haoma, Haoma West, Lower Prospect, Easter Hollows, 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): Deflector, Andy Well, Turnberry, Daisy Complex, Lorna Doone, Wombola Dam, Majestic, Imperial, Maxwells, Santa, Cock-eyed Bob/Anomaly A, Lucky Bay, Mirror/Magic, Rumbles, Karonie, Harrys Hill, French Kiss, Spice, Tank/Artredies, and Tank South. 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 (except where stated). 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 statement as a whole, as presented in this Annual Report, has been approved by Antony Shepherd a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. The Ore Reserves statement as a whole, as presented in this Annual Report, has been approved by Sam Larritt 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, Maxwells, Cock-eyed Bob, Anomaly A, Mirror/Magic, Tank South 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 Deflector, Andy Well and Turnberry deposits is based upon information compiled by Karen Wellman, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mrs Wellman is a full-time employee of the Company. Mrs Wellman 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'. Mrs Wellman consents to the inclusion in the report of matters based on her 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 Santa and Harrys Hill 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 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 2019.

DIRECTORS

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

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 multiple mining projects in various capacities. He is currently Managing Director of Ora Banda Mining Limited and Chairman of Churchill Mining PLC and previously served as Chief Executive Officer of Sons of Gwalia Ltd (post appointment of administrators), Chief Operating Officer of Mount Gibson Iron Ltd and President and Chief Executive Officer of Alacer Gold Corporation.

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.

PETER ALEXANDER

ASS APPL Geol
Non-executive Director
Appointed 5 April 2019

Mr Alexander is a geologist and has over 30 years' experience in mineral exploration and mining in Australia and overseas. Mr Alexander was Managing Director and Chief Executive Officer of Dominion Mining Limited from 1997 until his retirement in January 2008, at which time he continued as a Non-executive Director until the takeover by Kingsgate Consolidated in 2010. Mr Alexander managed the start-up and operation of Dominion's Challenger gold mine in South Australia and, under Mr Alexander's management, Dominion won the Gold Mining Journal's "Gold Miner of the Year" three years in succession.

Mr Alexander was a Non-executive Director and former Chairman of Doray Minerals Limited and was appointed to the Silver Lake Board following the Company's merger with Doray Minerals Limited. He is currently a Non-executive Director of Kingsgate Consolidated Limited and was previously Non-executive Chairman of Caravel Minerals Limited (resigned 23 May 2018).

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

LEIGH JUNK

Dip Surv, Grad Dip Min Eng, MSc Min Econ
Non-executive Director
Appointed 5 April 2019; Resigned 12 July 2019

Mr Junk is a Mining Engineer with 25 years' experience, and held senior positions in several Western Australian mining companies including WMC Resources, Pilbara Manganese and Mincor Operations. In 2000 Mr Junk started the private mining company Donegal Resources Pty Ltd, which was successful in purchasing and recommissioning several Nickel operations around Kambalda W.A. Donegal Resources was later sold to Canadian company Brilliant Mining Corp during the Nickel boom in late 2006. Over the next 10 years Mr Junk was a Director of several public companies in the Mining and Financial sectors in Australia and Canada.

Mr Junk was previously Managing Director of Doray Minerals Limited and was appointed to the Silver Lake Board following the Company's merger with Doray Minerals Limited.

BRIAN KENNEDY

Cert Gen Eng
Non-executive Director
Appointed 20 April 2004; Resigned 23 October 2018

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 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 Committee	Term	Nomination & Remuneration Committee (NRC)	Term
Kelvin Flynn (Chairman)	Full Year	Les Davis (Chairman)	Full Year
Les Davis	Full Year	Kelvin Flynn	Full Year
David Quinlivan	Full Year	David Quinlivan	Full Year

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	
	Held	Attended	Held	Attended	Held	Attended
David Quinlivan	11	11	2	2	3	3
Luke Tonkin	11	11	-	-	-	-
Peter Alexander[2]	4	4	-	-	-	-
Les Davis	11	10	2	2	3	3
Kelvin Flynn	11	9	2	2	3	3
Leigh Junk[2]	4	4	-	-	-	-
Brian Kennedy[1]	4	3	-	-	-	-

[1]*Resigned 23 October 2018*

[2]*Appointed 5 April 2019*

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	1,458,117	3,017,389
Peter Alexander	18,165	-
Les Davis	1,000,000	-
Kelvin Flynn	-	-

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate in Australia.

OPERATING OVERVIEW

On 5 April 2019, Silver Lake and Doray Minerals Limited (Doray) merged to create a multi-asset, mid-tier gold company operating in the Eastern Goldfields and Murchison districts of Western Australia. Commentary and results in this report include Doray operations from the merger date.

The Group currently has 5 mines and 2 processing facilities in operation across its Deflector and Mount Monger operations with significant potential for organic growth from its portfolio of highly endowed and prospective tenement holdings.

GROUP FINANCIAL OVERVIEW

The Group recorded a net profit after tax for the year of $6.5 million (FY18: $16.2 million) and an EBITDA (before significant items) of $80.2 million (FY18: $85.3 million). This resulted in an EBITDA margin for the year of 27% (FY18: 33%). A reconciliation between the statutory profit after tax and the Group's EBITDA is tabled below and in the opinion of the Board, provides useful information to assess the underlying operating performance of the Group.

The lower profit result in FY19 is attributed to:

- Expenditure associated with the Doray merger including business combination and stamp duty adjustments totalling $10.2 million
- a 12% decrease in feed grade, largely driven by the processing of lower grade stockpiles in the first half of the year prior to the introduction of higher grade open pit feed from Harrys Hill in the second half
- An increase in ore stockpiles during the year, the profit margin on which will be recognised in future periods as the stockpiles are processed.

Revenue for the year totalled $301.5 million from the sale of 171,322 ounces of gold equivalent[1] at an average realised gold sale price of A$1,754/oz compared with revenue of $255.6 million from 151,250 ounces (@ A$1,684/oz) in FY18. The increase in revenue reflects the increase in realised gold price and the contribution of the Deflector Operation from its acquisition date.

Cost of sales increased to $272.1 million in the period (FY18: $225.9 million) reflecting the inclusion of costs associated with the Deflector Operation from the acquisition date. The All-In Sustaining Cost (AISC) for the period of A$1,367/oz (FY18: A$1,289/oz) was consistent with the Company's forecast and reflected elevated costs in the first half of the financial year as a result of treatment of lower grade stockpiles prior to the introduction of higher grade Harrys Hill material in the second half. The AISC reduced to A$1,216/oz in 4Q FY19, following the acquisition of Doray and contribution from its Deflector Operation.

Operating cash flow for the period was $71.8 million resulting in a 30 June 2019 cash and bullion balance of $130.7 million. The cash and bullion balance excludes $4.5 million of gold in circuit and concentrate on hand, and listed investments of $6.6 million. Key cash flow movements for the year included:

- Net cash inflow from operations of $71.8 million
- Net cash acquired as part of the Doray transaction of $13.3 million
- Exploration and capital spend of $57.7 million

[1]*All gold equivalency calculations assume a gold price of A$1,800/oz, copper price of A$8,400/t and a 10% payability reduction for treatment and refining charges*

EBITDA (EXCLUDING SIGNIFICANT ITEMS)

The reconciliation between the statutory profit after tax and the Group's EBITDA (excluding significant items) is outlined in the table below:

Reconciliation of Statutory Profit after Tax to EBITDA (excluding significant items) - unaudited	**30 June 2019 $'000**	**30 June 2018 $'000**
Statutory profit after tax:	6,500	16,186
Adjustments for:		
Depreciation and amortisation	60,653	64,858
Net finance costs (includes change in value of listed investments)	2,084	4,242
Business combination adjustments	10,169	-
Other	788	-
EBITDA (excluding significant items)*	**80,194**	**85,286**

**Non-IFRS measure*

OVERVIEW OF THE MOUNT MONGER OPERATION

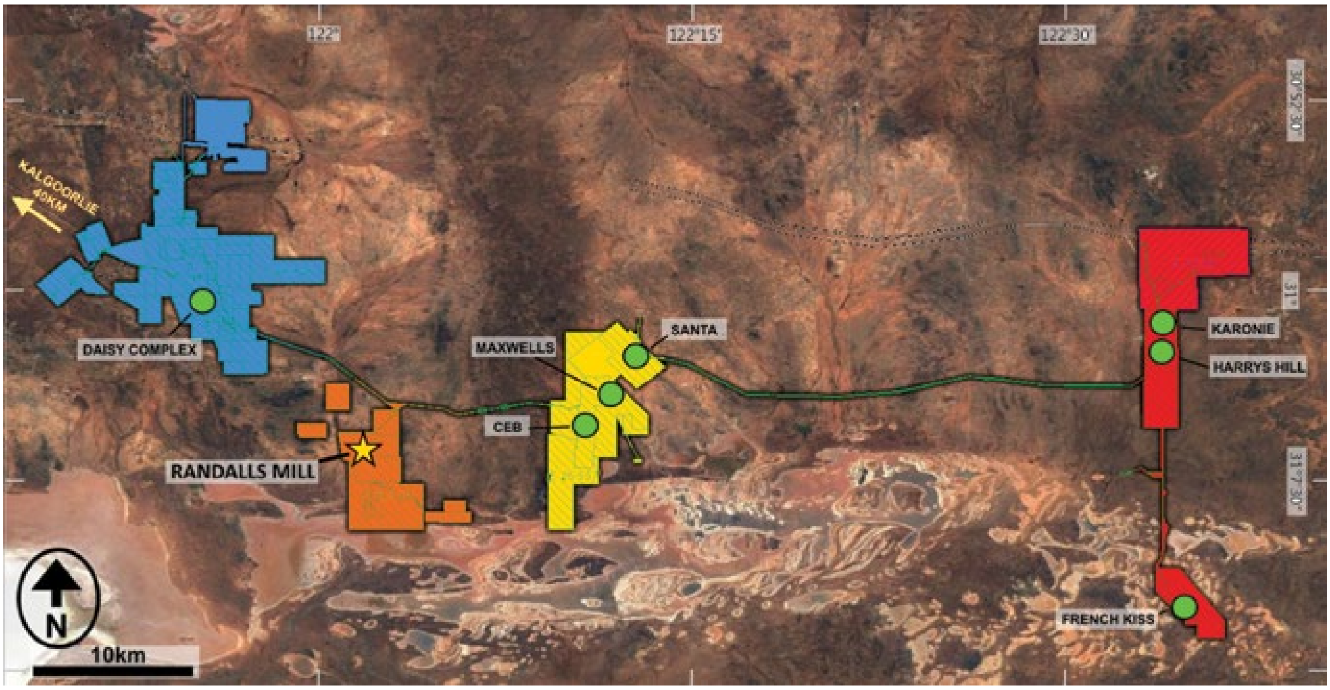


Figure 1: Location of Mount Monger Mining Centres and the centralised Randalls Mill.

The Mount Monger Operation is located approximately 50km southeast of Kalgoorlie and is a highly endowed gold camp with an established track record of gold production. Through exploration and development over the past three years Mount Monger has transitioned to larger, longer life Mining Centres which has delivered multiple high-grade ore sources and increased production transparency. The three independent and self-sufficient Mining Centres at Mount Monger are the Daisy, Mount Belches and Aldiss Mining Centres. These Mining Centres feed the centrally located 1.3Mtpa Randall's mill.

Mining

Ore mined from the Mount Monger Operation totalled 1,419,100 tonnes at a grade of 3.5 g/t Au for 158,549 contained ounces (FY18: 1,269,722 tonnes at a grade of 4.2 g/t Au for 171,616 contained ounces). FY19 production was sourced from the Daisy Complex, Cock-eyed Bob and Maxwells underground mines and the Harrys Hill open pit mine.

The Daisy Complex produced 298,357 tonnes at 5.7 g/t for 54,706 contained ounces, with production sourced from the Haoma West and Lower Prospect areas. A significant exploration program will be conducted in 1H FY20 to follow up previous intersections of high-grade "Daisy" style mineralisation at Easter Hollows which has the potential to introduce a new, shallow mining front higher in the Daisy Complex mine elevation.

The Mount Belches Mining Centre produced 376,153 tonnes at 4.7 g/t for 57,170 ounces from the Maxwells and Cock-eyed Bob underground mines. Both mines are now established as consistent production sources and have both infill and extensional exploration potential. The Company will benefit from its installed services and infrastructure at Mount Belches as it targets a third shallow underground mine at Santa, which is hosted within the BIF lodes seen at Maxwells and Cock-eyed Bob.

Open pit production during the year focused on Harrys Hill, the first mine in the newly established Aldiss Mining Centre. FY19 production at Harrys Hill totalled 744,590 tonnes at 2.0 g/t Au for 46,673 contained ounces (FY18: 670,605 tonnes at 2.7 g/t Au for 58,787 contained ounces from the Imperial/Majestic open pits). Mining operations in 1H FY19 were focused on development of Aldiss as a standalone Mining Centre with construction of a 36km haul road, administration offices, 80-man camp, power and communications infrastructure. Operations in the second half of the year were focused on ramping up mining activity at Harrys Hill as a higher grade ore source to replace lower grade stockpile feed. Open pit mining activities in FY20 will focus on completing Harrys Hill whilst mining at French Kiss will also commence and progressively ramp up from 2Q FY20.

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 Harrys Hill open pit mine and open pit stockpiles. Ore milled for the period totalled 1,229,195 tonnes at a blended grade of 3.7 g/t Au for 136,767 recovered ounces.

The 13% reduction on FY18 production reflects a 12% decrease in feed grade, largely driven by the processing of lower grade stockpiles in the first half of the year prior to the introduction of higher grade open pit feed from Harrys Hill in the second half.

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

OVERVIEW OF THE DEFLECTOR OPERATION

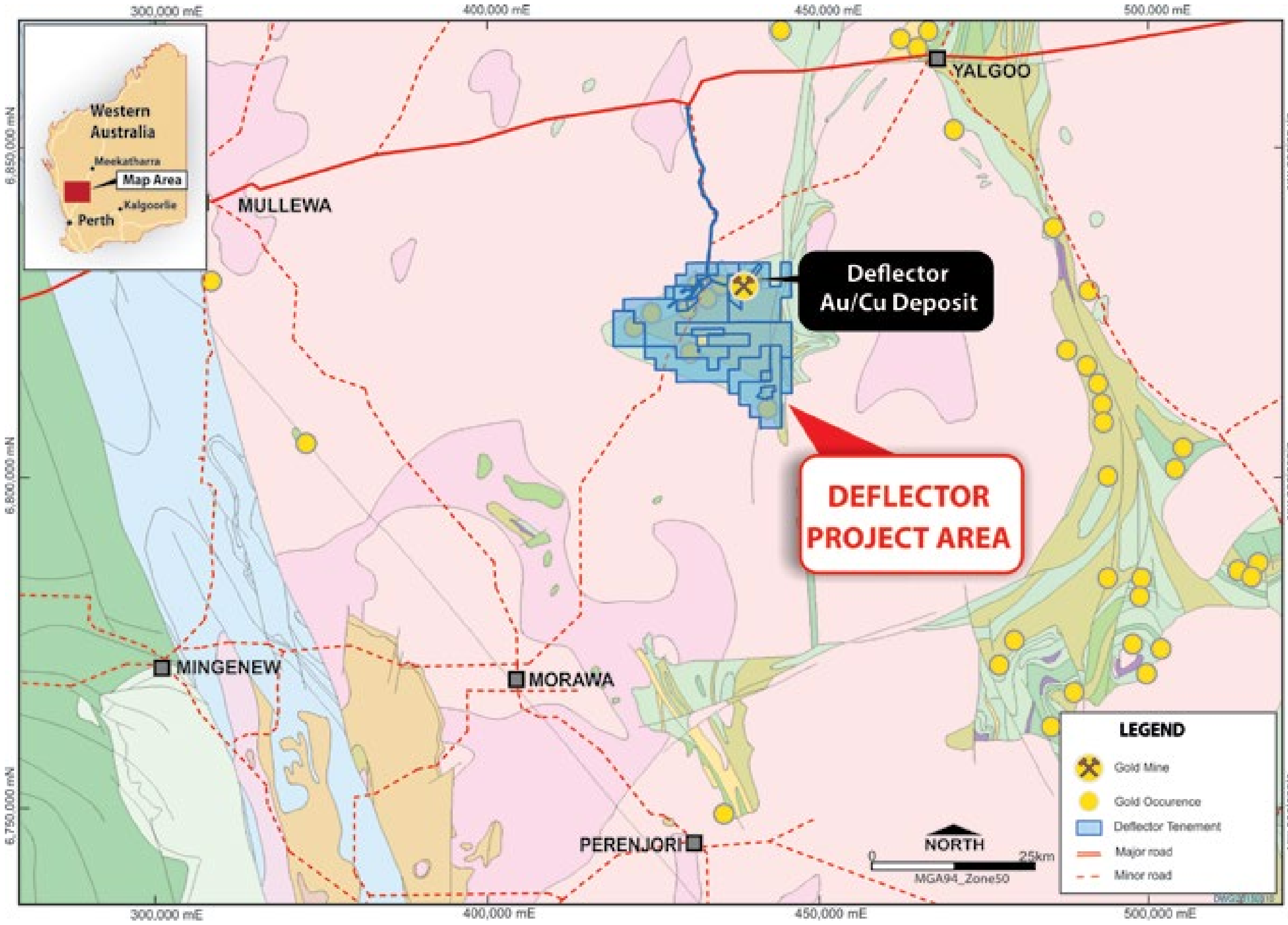


Figure 2: Location of the Deflector Mining Operation.

The Deflector Operation is in the Southern Murchison region of Western Australia and is a shallow, narrow vein, high-grade gold and copper underground mine. Production at the mine commenced in May 2016 and became a Silver Lake operation following the completion of the merger with Doray on 5 April 2019.

Mining

Physical and financial results from Deflector have been included in the consolidated Group result from the acquisition date of 5 April 2019. Deflector mine production for the period from 5 April 2019 was 175,647 tonnes at 5.6 g/t gold and 0.49% copper. Production was sourced from the Link, Central and Western Lodes, with ~54% of mined ore tonnes sourced from stoping.

Processing

Deflector mill throughput was 158,467 tonnes at an average gold grade of 5.9 g/t and copper grade of 0.4%. Gold recovery to bullion was 67% with total gold recovery of 91.3% and copper recovery of 92.5%. Gold production for the period from 5 April 2019 was 27,514 ounces gold with copper production of 575 tonnes.

GROUP MINING AND PRODUCTION STATISTICS

Mount Monger Mining	Units	FY19	FY18
Underground			
Ore mined	Tonnes	674,510	599,117
Mined grade	g/t Au	5.2	5.9
Contained gold	Oz	111,876	112,829
Open Pit			
Ore mined	Tonnes	744,590	670,605
Mined grade	g/t Au	2.0	2.7
Contained gold	Oz	46,673	58,787
Deflector Mining			
Underground			
Ore mined	Tonnes	175,647	-
Mined grade	g/t Au	5.7	-
Contained gold	Oz	31,902	-
Copper grade	%	0.5%	-
Contained copper	Tonnes	864	-
Group Mining			
Total ore mined	Tonnes	1,594,747	1,269,722
Mined grade	g/t Au	3.7	4.2
Contained gold	Oz	190,451	171,616
Copper grade	%	0.5%	-
Contained copper	Tonnes	864	-

Table 1

Mount Monger Processing	Units	FY19	FY18
Ore milled	Tonnes	1,229,195	1,256,120
Head grade	g/t Au	3.7	4.2
Recovery	%	95	92
Gold produced	Oz	136,767	157,936
Gold sold	Oz	141,006	151,250
Deflector Processing			
Ore milled	Tonnes	158,467	-
Gold grade	g/t Au	5.9	-
Copper grade	%	0.4%	-
Gold recovery	%	91.3%	-
Copper recovery	%	92.4%	
Gold produced	Oz	27,514	-
Gold sold	Oz	27,837	-
Copper recovered	Tonnes	575	-
Copper sold	Tonnes	590	-
Group Processing		**FY19**	**FY18**
Ore milled	Tonnes	1,387,662	1,256,120
Gold grade	g/t Au	3.9	4.2
Copper grade	%	0.4%	-
Gold produced	Oz	164,281	157,936
Gold sold	Oz	168,843	151,250
Copper recovered	Tonnes	575	-
Copper sold	Tonnes	590	-

Table 2

EXPLORATION

Significant exploration success was reported at both the Mount Monger and Deflector operations during the year. The results continue to enhance the Group's embedded options to leverage proven mineralised corridors proximal to established mine and processing infrastructure which have the potential to deliver production, cash margin growth and mine life extensions. Exploration expenditure during the year totalled $14.9 million and included:

› Underground resource definition diamond drilling at the Daisy Complex, Maxwells and Cock-eyed Bob
› Underground exploration drilling targeting the new Easter Hollows lode at Daisy Complex
› Surface exploration drilling at the Aldiss, Mount Belches and Daisy Mining Centres, targeting Cock-eyed Bob, Santa and SAT trend areas
› Resource definition drilling at the Aldiss Mining Centre, targeting the Karonie South open pit deposit
› Surface and underground exploration at Deflector which extended "Deflector" style mineralisation to the south and west beyond the current Mineral Resource envelope.

Highlights from the exploration program included:

› Spectacular gold intersections (including 17.0m @ 24.7 g/t Au) highlighted a new discovery at Tank South located along the SAT trend at Aldiss
› Drilling at Easter Hollows continued to intersect "Daisy Style" mineralisation including 0.45m @ 526 g/t Au and 1.64m @ 18.7 g/t Au
› Surface diamond drilling at the Santa project returned a significant number of high grade drill results including 29.8m @ 5.44 g/t. The ability to benefit from installed above-ground support services and maintenance infrastructure at Mount Belches provides potential for a near-term and low capital mine
› Drilling at Deflector extended the high-grade mineralisation footprint outside the current Mineral Resource areas (including 5.5m @ 18.4 g/t Au & 0.1% Cu, 1.0m @ 89.4 g/t Au & 2.0% Cu, 0.3m @ 239 g/t & 2.4% Cu)
› Deflector in-mine drilling increased the confidence in continuity of mineralisation within Inferred Mineral Resource blocks with the potential to upgrade the confidence classification of these areas.

STRATEGY

The Group's short to medium term strategy is to maximise returns to shareholders. This will be achieved by:

› Maximising the value of the established asset base;
› Investing in exploration to target extensions to known resources and the discovery of new deposits within proven mineralised corridors and proximal to existing infrastructure; and
› Creating new opportunities to compete for capital.

Exploration success has embedded a pipeline of high value, near-term projects at Mount Monger including Easter Hollows, Santa and Tank, all of which have the potential to produce sustainable higher margin ounces over the next 12-24 months. The ability to consider multiple development options is the result of the deliberate operating and investment strategy over the past three years at Mount Monger. This strategy has established three independent Mining Centres and diversified the sources of high-grade feed to the Randalls mill.

Mining activity at Deflector commenced in FY17 and FY20 will mark the first time the Deflector operation has been mill constrained which allows for the assessment of value creation opportunities to optimise the flowsheet and minimise mine dilution to the mill. In addition to in-mine exploration opportunities which are prevalent in an early stage underground mine, the FY20 exploration focus will be on infilling and extending mineralisation identified by the successful FY19 exploration program which extended Deflector style mineralisation to the south and west beyond the current Mineral Resource envelope. The southern extent of Deflector, which remains open, has the potential to add to the current 4 year base case Deflector mining schedule which is supported by Measured and Indicated Mineral Resources.

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 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
› exploration success – no assurance can be given that exploration expenditure will result in future profitable operating mines.

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

Other than as disclosed elsewhere in this report, 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 Mount Monger and Deflector operations. 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 significant breach of those environmental requirements.

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 behaviour 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

In July 2019 the Company announced that it had entered into an off market takeover bid for Egan Street Resources Limited (EGA) pursuant to which Silver Lake will acquire all of the issued and outstanding ordinary shares of EGA.

Under the terms of the takeover bid, each EGA shareholder will receive 0.27 Silver Lake shares for every EGA share held, which on the announcement date, implied a $52 million total transaction enterprise value. The EGA Board of Directors have recommended that their shareholders accept the offer in the absence of a superior proposal.

The takeover bid is subject to a number of customary conditions including the acceptance by EGA shareholders. Full details of the offer can be found in the ASX announcement *"Silver Lake Recommended Takeover Offer for Egan"* dated 30 July 2019.

No other events have arisen in the interval between the end of the financial year and the date of this report 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 FY19 is set out below:

Name	Position	Term as KMP
David Quinlivan	Non-executive Chairman	Full year
Luke Tonkin	Managing Director	Full year
Peter Alexander[1]	Non-executive Director	Part year
Les Davis	Non-executive Director	Full year
Kelvin Flynn	Non-executive Director	Full year
Leigh Junk[1,3]	Non-executive Director	Part year
Brian Kennedy[2]	Non-executive Director	Part year
David Berg	General Counsel & Company Secretary	Full year
Diniz Cardoso	Chief Financial Officer	Full year
Steven Harvey	General Manager Mount Monger Operations	Full year
Antony Shepherd	Exploration & Geology Manager	Full year

[1]*Appointed to the Board following the merger with Doray Minerals Limited*

[2]*Resigned on 23 October 2018*

[3]*Resigned on 12 July 2019*

3. REMUNERATION SNAPSHOT

FY19 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:

- production of 166,695 ounces gold equivalent, a 6% increase on FY18;
- cash & bullion increased 24% to $130.7 million at 30 June with no debt;
- commenced production at Harrys Hill - the first mine within the newly established Aldiss Mining Centre;
- completed the acquisition of Doray Minerals Limited on 5 April 2019; and
- strong results from the FY19 exploration campaign with near term targets that have the potential to enhance the production and margin profile of the Group.

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

The Board believes that the Company's remuneration framework is aligned with market practice and that Executive remuneration in FY19 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)**	During the year the NRC conducted a review of the variable components of KMP remuneration to ensure these remain competitive against peer companies to assist with the retention and attraction of key talent. The review resulted in an amendment to the STI opportunity for Executives (other than the Managing Director) with the revised STI opportunity increasing from a maximum 30% of base salary to 50% of total fixed remuneration (TFR). STI awards under this new policy will be paid to Executives 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)**	As part of the above review, the NRC also adjusted the LTI opportunity for KMP as follows: › Managing Director - maximum LTI opportunity amended from 75% of base salary to 100% of TFR › Other Executives - maximum LTI opportunity amended from 30% of base salary to 100% of TFR LTI awards under this new policy were made to Executives during FY19, with 1,233,645 performance rights granted to the Managing Director and a further 1,689,590 performance rights granted to other KMP's. These performance rights were granted on the terms approved by shareholders at the 2018 AGM and described in Section 5(d) of this 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 remuneration annually using external independent industry reports and data to ensure that remuneration levels are competitive and meet the objectives of the Company.

d. 2018 AGM voting outcome and comments

The Company received more than 94% votes in favour of the adoption of its Remuneration Report for the 2018 financial year.

5. FY19 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:

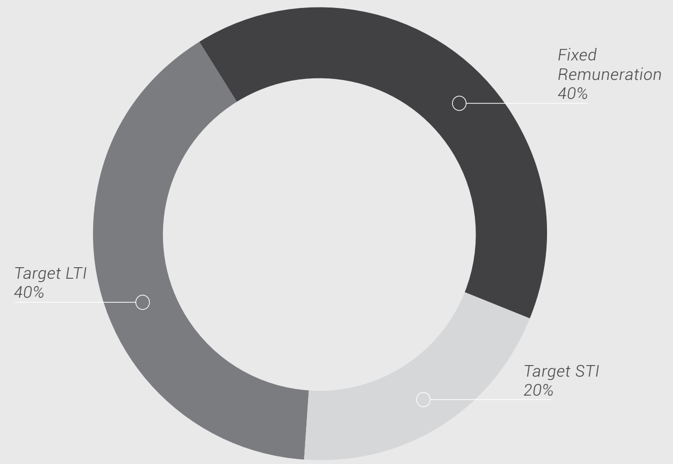
- Fixed remuneration in the form of base salary, superannuation and benefits;
- Variable remuneration in the form of short-term incentives (STI) and long-term incentives (LTI).

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 FY19 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 2019 financial year were:

Executive	Base Salary FY19[1]	Base Salary FY18[1]	Movement
Luke Tonkin	$665,600	$640,000	4%
David Berg	$298,900	$291,300	3%
Diniz Cardoso	$317,200	$304,500	4%
Steven Harvey	$300,000	-	Note[2]
Antony Shepherd	$260,400	$253,750	3%

[1]*Base Salary as at 30 June of each respective year*

[2]*Steven Harvey classified as a KMP from 1 July 2018 following his appointment as General Manager Mount Monger Operations*

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 KMP is 50% of TFR.

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.

FY19 Performance against STI measures

A summary of the KPI targets set for FY19 and their respective weightings is as follows:

KPI*	Weighting	Measure
1. Safety/Environment	13%	› Lagging EH&S indicators › Environmental management effectiveness › Safety management effectiveness
2. Production	35%	Production from each operating site versus FY19 Stretch Target
3. Costs	16%	Costs for each cost centre versus FY19 Stretch Target
4. Cash generation	8%	Free cash flow from operations versus FY19 Stretch Target
5. Exploration & Resource Development	8%	Execution and success of FY19 Exploration Strategy
6. Business Development	10%	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;
› achieving FY19 sales guidance;
› exceeding the targeted end of year cash and bullion balance;
› successful completion of the Doray Minerals transaction;
› commencement of production at Harrys Hill - the first mine within the newly established Aldiss Mining Centre;
› successful targeted and phased exploration strategy resulting in an extension to the life of mine of the Mount Monger Operation;
› 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; and
› Company TSR performance against the comparator group.

Based on the above assessment, STI payments for FY19 to Executives were as follows:

Executive	Maximum STI opportunity	% STI awarded	STI awarded
Luke Tonkin	50% of TFR	80.5%	$300,000
David Berg	50% of TFR	80.5%	$133,210
Diniz Cardoso	50% of TFR	80.5%	$139,772
Steven Harvey	50% of TFR	43.6%	$71,613
Antony Shepherd	50% of TFR	80.5%	$114,748

d. 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 2018 AGM.

Key features of the Incentive Plan

Under the terms of the Incentive Plan, the Board may determine which employees are eligible to participate. The number of Performance Rights awarded is calculated by dividing an employees' maximum LTI opportunity by the 20 day VWAP of the Company shares as traded on the ASX up to 30 June of each respective year. Performance Rights which are granted will not vest (and therefore will lapse) 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. The NRC believes that a single hurdle is appropriate as it is transparent, simple to administer and directly links Executive remuneration to the Company's share price relative to its peers.

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. 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 relevant vesting date 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 is listed in the table on page 35.

At the discretion of the Board, the composition of the comparator group may change from time to time.

Performance rights granted under the Incentive Plan will have no exercise price.

Unless the Board in its absolute discretion determines otherwise, all unvested performance rights will lapse 30 days following the cessation of employment. The Board will take into account the circumstances surrounding the cessation of employment before deciding whether to make any such determination.

FY19 LTI outcomes

During the year the Company issued 2,923,235 Performance Rights to KMP in respect of the LTI component of their FY19 remuneration. The quantum of Performance Rights issued was determined by reference to the 20 day VWAP to 30 June 2018 of $0.58.

Executive	Maximum LTI opportunity	Number of Performance Rights granted during FY19	Fair value per Performance Right*
Luke Tonkin	100% of TFR	1,233,645	$0.439
David Berg	100% of TFR	548,968	$0.439
Diniz Cardoso	100% of TFR	573,844	$0.439
Steven Harvey	100% of TFR	88,574	$0.439
Antony Shepherd	100% of TFR	478,204	$0.439

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

Performance Rights

During the year the Company issued 4,059,807 Performance Rights to employees (including 2,923,235 Performance Rights to KMP) in respect of the LTI component of their FY19 remuneration.

Key Management Person	Balance at 1 July 2018	Granted in FY19	Converted	Lapsed	Balance at 30 June 2019	Vested & exercisable at 30 June 2019
Luke Tonkin	4,322,073	1,233,645	(2,243,883)	(294,446)	3,017,389	859,899
David Berg	773,225	548,968	(373,980)	(49,075)	899,138	171,079
Diniz Cardoso	722,484	573,844	(311,152)	(40,830)	944,346	183,299
Steven Harvey	-	88,574	-	-	88,574	-
Antony Shepherd	708,775	478,204	(359,021)	(47,112)	780,846	146,640
Total	6,526,557	2,923,235	(3,288,036)	(431,463)	5,730,293	1,360,917

The total expense recognised in the Statement of Profit or Loss for all Executives' Performance Rights for the period ended 30 June 2019 was $825,523.

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

	FY17 Award	FY18 Award	FY19 Award
Number of performance rights	1,627,856[1]	1,750,594	4,059,807
Exercise price	$0.00	$0.00	$0.00
Grant date	1 July 2016	1 July 2017	1 July 2018
Vesting period	1 July 2016 –30 June 2019	1 July 2017 – 30 June 2020	1 July 2018 – 30 June 2021
ASX Comparator Group	EVN; GOR; IGO; KCN; MML; NST; OGC; RMS; RRL; SAR; SBM; TAM	AQG; BDR; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; TRY; WGX	AQG; DCN; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; WGX

	FY17 Award	FY18 Award	FY19 Award
Valuation at grant date	$0.247	$0.257	$0.439
Underlying 20 day VWAP	$0.491	$0.481	$0.581
Volatility	20%	20%	70%
Risk free rate	1.52%	1.94%	2.07%
Expected dividends	-	-	-

Note 1: On completion of the vesting period 83% of the FY17 Performance Rights (1,627,856 rights) had vested in accordance with the relative TSR hurdle attached to them. This included 1,360,917 rights awarded to KMP's

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.

e. Service agreements

A summary of the key terms of service agreements for Executives in FY19 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	Notice Period by Executive	Notice Period by Silver Lake	Termination Payment
Luke Tonkin	Open	6 months	6 months	12 months TFR
David Berg	Open	6 months	6 months	6 months TFR
Diniz Cardoso	Open	6 months	6 months	6 months TFR
Steven Harvey	Open	9 weeks	9 weeks	As per Legislation
Antony Shepherd	Open	3 months	3 months	6 months TFR

f. Executive remuneration paid

		Fixed Remuneration			Variable Remuneration			
Executive	Year	Salary & Fees $	Other Benefits[1] $	Superannuation $	STI Cash Payments $	Options/ Rights[2] $	Total $	Performance Related Remuneration %
Luke Tonkin	2019	683,123	72,908	25,000	300,000	330,464	1,411,495	45
	2018	647,981	69,943	24,884	270,700	243,013	1,256,521	41
Diniz Cardoso	2019	304,265	24,155	25,000	139,772	115,101	608,293	42
	2018	286,707	23,337	24,247	77,300	39,811	451,402	26
Antony Shepherd	2019	245,789	19,903	24,580	114,748	95,415	500,435	24
	2018	255,143	19,447	24,010	64,500	35,455	398,555	25
David Berg	2019	284,354	23,042	25,000	133,210	109,760	575,366	42
	2018	285,391	22,325	24,392	74,000	39,863	445,971	26
Steve Harvey	2019	297,774	23,077	28,500	71,613	12,961	433,925	19
	2018	-	-	-	-	-	-	-
Total	2019	1,815,305	163,085	128,080	759,343	663,701	3,529,514	40
	2018	1,475,222	135,052	97,533	486,500	358,142	2,552,449	33

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

[2]These are accounting adjustments and have not actually been paid during the year

g. 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 metrics in respect of the current and previous financial years.

	2019	2018	2017	2016	2015
Cash and bullion ($m)	130.7	105.7	69.1	42.6	28.9
Profit/(loss) after tax ($m)	6.5	16.2	2.0	4.4	(94.0)*
Cash from operating activities ($m)	71.8	80.8	64.0	55.0	29.5
Closing share price at 30 June	$1.26	$0.60	$0.47	$0.52	$0.14

**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 and crystallise value from its non-core assets.

6. FY19 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.

FY19 NED fees

NED	Fees FY19[1]	Fees FY18[1]	Movement
David Quinlivan	$173,750	$173,750	-
Peter Alexander	$26,538	-	Refer Note[2]
Les Davis	$115,000	$115,000	-
Kelvin Flynn	$115,000	$115,000	-
Leigh Junk[3]	$26,538	-	Refer Note[2]
Brian Kennedy[4]	$38,480	$115,000	-

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

[2]*Appointed to the Board on 5 April 2019 following the Company's merger with Doray Minerals Limited*

[3]*Mr Junk resigned from the Board on 12 July 2019*

[4]*Mr Kennedy resigned from the Board on 23 October 2018*

There were no changes to NED fees during the current financial year. Subsequent to year end, Mr Quinlivan's fee increased to $200,000 per annum.

c. NED fees paid

Details of the remuneration of each NED for the year ended 30 June 2019 is set out in the following table:

		Short Term Base Emolument $	Post-employment Superannuation benefits $	Total $
David Quinlivan	**2019**	**173,750**	**16,506**	**190,256**
Non-executive Chairman	2018	173,750	16,506	190,256
Peter Alexander	**2019**	**26,538**	**2,521**	**29,059**
Non-executive Director	2018	-	-	-
Les Davis	**2019**	**115,000**	**10,925**	**125,925**
Non-executive Director	2018	115,000	10,925	125,925
Kelvin Flynn	**2019**	**115,000**	**10,925**	**125,925**
Non-executive Director	2018	115,000	10,925	125,925
Leigh Junk	**2019**	**26,538**	**2,521**	**29,059**
Non-executive Director	2018	-	-	-
Brian Kennedy	**2019**	**38,480**	**3,656**	**42,136**
Non-executive Director	2018	115,000	10,925	125,925
Total	**2019**	**495,306**	**47,054**	**542,360**
	2018	518,750	49,281	568,031

7. KMP SHAREHOLDINGS

Key Management Person	Balance at 1 July 2018	Acquired	Other	Conversion of Performance Rights	Sold	Balance at 30 June 2019
David Quinlivan	-	-	-	-	-	-
Luke Tonkin	270,000	-	-	2,243,883	(1,055,766)	1,458,117
Peter Alexander[1]	-	-	18,165	-	-	18,165
Les Davis	1,000,000	-	-	-	-	1,000,000
Kelvin Flynn	-	-	-	-	-	-
Leigh Junk[1]	-	-	3,792,320	-	-	3,792,320
Brian Kennedy[2]	4,790,746	-	(4,790,746)	-	-	-
David Berg	10,416	-	-	373,980	-	384,396
Diniz Cardoso	500,000	-	-	311,152	-	811,152
Steven Harvey	-	-	-	-	-	-
Antony Shepherd	-	-	-	359,021	(168,000)	191,021
Total	6,571,162	-	(980,261)	3,288,036	(1,223,766)	7,655,171

[1]*Mr Alexander and Mr Junk were appointed to the Board on 5 April 2019 following the Company's merger with Doray Minerals Limited. Shareholdings on the merger date are disclosed as "Other" in the table*

[2]*Mr Kennedy resigned from the Board on 23 October 2018. The balance disclosed as "Other" represents his final interest in the Company on this date*

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 2019. 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, for audit and non-audit services provided during the year are set out below:

	2019 $	2018 $
Audit services		
Audit and review of financial statements	240,000	112,824
Other audit services	2,500	2,500
Non-audit services		
Taxation services	50,115	28,129
Accounting advisory services	15,000	-
Total paid	**307,615**	**143,453**

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
27 August 2019

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 2019 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 35 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 2019.

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

Luke Tonkin
Managing Director
27 August 2019

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 2019 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
27 August 2019

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 2019 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 2019
- 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 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.

Key Audit Matters

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

- Acquisition of Doray Minerals Limited; and
- Value of Goodwill.

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.

Acquisition of Doray Minerals Limited ($260.615 million)	
Refer to Note 3 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The Group's acquisition of Doray Minerals Limited (Doray) on 5 April 2019 for total consideration of $260.615 million represents a significant transaction for the Group. This was a key audit matter due to the: • Size of the acquisition having a pervasive impact on the financial statements; and • Significant judgements made by the Group relating to the purchase price allocation (PPA). The Group engaged an external expert to assist in performing a valuation report on the identification and measurement of acquired assets and liabilities. We focussed on the significant assumptions the Group applied in their assessment of the allocation of purchase consideration to property, plant and equipment, mineral interests, the rehabilitation provision and goodwill. For mineral interests significant assumptions applied in the determination of fair value included: ◦ Forecast sales, production output, production costs and capital expenditure ◦ Forecast gold prices ◦ Discount rate ◦ Life of mineral reserves ◦ Resource multiples applied and resource conversion factors. For property, plant and equipment this included the methodology applied to each class of assets and the useful lives of assets acquired. For rehabilitation this included the quantum and expected timing of rehabilitation 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 used external and internal experts when assessing their obligations for restoration and rehabilitation activities and associated estimates of future costs.	Our procedures included: • We read the Scheme of Arrangement related to the acquisition to understand the structure, key terms and conditions, and nature of purchase consideration. Using this, we evaluated the accounting treatment of the purchase consideration and transaction costs against the criteria in the accounting standards. • We assessed the scope, competence and objectivity of the Group's external expert involved in estimating the PPA. • We read the external valuation report and worked with our valuation specialists to assess and challenge the key assumptions used in the PPA. We challenged the Group's approach and methodology to valuing the identified property, plant and equipment, mineral interest and goodwill by comparing to accepted industry practice and the requirements of the accounting standards. *Valuation of mineral interest* • We assessed key assumptions (including forecast sales, production output, production costs and capital expenditure) using Doray's past performance, their underlying mine plans and our industry experience. • We compared forecast commodity prices to published views of market commentators on future trends. • Working with our valuation specialists, we independently developed a discount rate range considered comparable, using publicly available market data for comparable entities. • We assessed the scope, competence and objectivity of the Group's external expert involved in the estimation process of mineral reserves. • We compared the life of mineral reserves in the valuation to the Reserves statement for consistency, in particular to application across production assumptions.

KPMG

These conditions and associated complex acquisition accounting required significant audit effort and greater involvement by senior team members and our valuation specialists.	• We assessed the reasonableness of resource multiples applied by comparing them to recent transactions. We compared the resource conversion factors to historical resource conversion. *Valuation of property, plant and equipment* • Working with our valuation specialists, we assessed the valuation methodologies applied to each class of property, plant and equipment, and assessed the useful lives of a sample of assets acquired, against Doray's underlying mine plan and using our industry experience. *Rehabilitation provision* • Assessed the scope, competence and objectivity of the Group's external and internal experts involved in the estimation process. • Evaluated the Group's determination of future required activities, their timing and associated cost estimates by obtaining the latest third party expert reports as well as internal and external underlying documentation and comparing this to our understanding of Doray's operations. • Assessing the planned timing of restoration and rehabilitation activities through comparison to mine plans and reserve and resource statements. • Compared inflation rate and discount rate assumptions in the Group's provision determination to current market data, including economic forecasts. • We assessed the Group's disclosures of the quantitative and qualitative considerations in relation to the business acquisition, by comparing these disclosures to our understanding of the acquisition and the requirements of the accounting standards.

Value of Goodwill ($90.695 million)	
Refer to Note 3 and Note 18 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
As disclosed in Note 3 to the financial report, the Group made a significant acquisition of Doray Minerals Limited (Doray) during the year which resulted in the recognition of $90.695 million of goodwill. A key audit matter for us was the Group's testing of goodwill, given the size of the balance (being 16% of total assets). We focussed on the significant forward-looking assumptions the Group applied in their fair value less costs of disposal models, including: • Forecast sales, production output, production costs and capital expenditure • Forecast gold prices • Discount rate, and • Life of mineral reserves. The Doray acquisition also necessitated our consideration of the Group's allocation of goodwill to the CGUs to which they belong based on the management and monitoring of the business and the requirements of the accounting standards. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • We considered the appropriateness of the Group's use of the fair value less costs of disposal methodology against the requirements in the accounting standards. • Using our valuation specialists, we assessed the integrity of the fair value less costs of disposal model used, including the accuracy of the underlying calculation formulas. • We evaluated the sensitivity of the valuation of goodwill by considering reasonably possible changes to the key assumptions, such as forecast gold prices, forecast production costs and the discount rate. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We assessed the accuracy of previous Group budgets by comparing to actual results to determine the reasonability of forecasts incorporated in the model. We noted previous trends and evaluated their impact on current forecasts including sensitivities. • We compared the forecast cash flows contained in the fair value less costs of disposal models to Board approved forecasts. • We assessed key assumptions underlying the discounted cash flows in the fair value less costs of disposal methodology (including forecast sales, production output, production costs and capital expenditure) using our knowledge of the Group, their past performance, and our industry experience. • We compared forecast commodity prices to published views of market commentators on future trends. • We assessed the scope, competence and objectivity of the Group's external expert involved in the estimation process of mineral reserves. • We compared the life of mineral reserves in the model to the Reserves statement for consistency, in particular to application across production assumptions.

KPMG

	• Working with our valuation specialists, we independently developed a discount rate range considered comparable, using publicly available market data for comparable entities. • We analysed the impact of the acquisition of Doray during the year on the Group's internal reporting to assess the Group's monitoring and management of activities, and the allocation of goodwill to CGUs. We also assessed the basis and methodology of allocating goodwill against the requirements of the accounting standards. • We assessed the disclosures in the financial report and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Silver Lake Resources Limited 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 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.

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 2019, 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 Directors' report for the year ended 30 June 2019.

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

27 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	30 June 2019 $'000	30 June 2018 $'000
Revenue	4	301,514	255,573
Cost of sales	5	(272,085)	(225,863)
Gross profit		29,429	29,710
Other income		-	186
Profit on sale of assets		153	30
Exploration expensed	15	(2,355)	(2,663)
Administrative expenses	6	(18,643)	(6,835)
Results from operating activities		8,584	20,428
Finance income		1,221	580
Finance expenses		(3,305)	(4,822)
Net finance costs	8	(2,084)	(4,242)
Profit before income tax		6,500	16,186
Income tax expense	9	-	-
Profit for the year		6,500	16,186
Total comprehensive profit for the year		6,500	16,186

		Cents Per Share	Cents Per Share
Basic profit per share	10	1.12	3.21
Diluted profit per share	10	1.11	3.16

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 2019

	Notes	30 June 2019 $'000	30 June 2018 $'000
Current assets			
Cash and cash equivalents	11	125,073	97,959
Trade and other receivables	13	4,497	2,067
Inventories	14	49,661	27,740
Prepayments		630	150
Total current assets		179,861	127,916
Non-current assets			
Inventories	14	1,868	1,868
Exploration evaluation and development expenditure	15	217,600	79,588
Property, plant and equipment	16	75,950	37,366
Investments	17	6,591	8,140
Goodwill	3,18	90,695	-
Total non-current assets		392,704	126,962
Total assets		572,565	254,878
Current liabilities			
Trade and other payables	19	53,650	30,033
Finance lease	20	284	-
Employee benefits	21	3,722	2,013
Total current liabilities		57,656	32,046
Non-current liabilities			
Finance lease	20	431	-
Rehabilitation and restoration provision	23	40,260	16,450
Total non-current liabilities		40,691	16,450
Total liabilities		98,347	48,496
Net assets		474,218	206,382
Equity			
Share capital	24	960,075	699,564
Reserves	25	2,475	1,650
Accumulated losses		(488,332)	(494,832)
Total equity		474,218	206,382

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share Capital $'000	Share Based Payment 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 payments	25	-	430	-	430
Balance at 30 June 2018		699,564	1,650	(494,832)	206,382

	Notes	Share Capital $'000	Share Based Payment Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2018		699,564	1,650	(494,832)	206,382
Total comprehensive profit for the year		-	-	6,500	6,500
Transactions with owners, recorded directly in equity					
Issue of securities (net of costs)	24	260,511	-	-	260,511
Equity settled share based payments	25	-	825	-	825
Balance at 30 June 2019		960,075	2,475	(488,332)	474,218

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 2019

	Notes	30 June 2019 $'000	30 June 2018 $'000
Cash flows from operating activities			
Receipts from sales		302,148	262,950
Payments to suppliers and employees		(230,318)	(182,147)
Net cash from operating activities	12	71,830	80,803
Cash flow from investing activities			
Interest received	8	1,221	580
Acquisition of plant and equipment	16	(8,084)	(10,009)
Cash from acquisition of subsidiary	3	13,333	-
Proceeds from sale of plant and equipment		47	30
Acquisition of investments	17	(2,906)	(498)
Proceeds from divestments		1,314	1,500
Payments for exploration, evaluation and development		(49,605)	(33,440)
Net cash used in investing activities		(44,680)	(41,837)
Cash flows from financing activities			
Stamp duty paid		-	(2,125)
Interest paid		(36)	(78)
Net cash used in financing activities		(36)	(2,203)
Net increase in cash and cash equivalents		27,114	36,763
Cash and cash equivalents at 1 July		97,959	61,196
Cash and cash equivalents at 30 June	11	125,073	97,959

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 2019 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 27 August 2019. 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
  - assets and liabilities acquired as part of the merger with Doray Minerals Limited, which have been measured at fair value (refer Note 3).

The Group has adopted *AASB 9 Financial Instruments* and *AASB 15 Revenue from contracts with customers* from 1 July 2018 with neither standard having a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information has not been restated to reflect the requirements of the new standards.

Other than the adoption of new standards, 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.

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.

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.

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 3 Acquisition of Subsidiary – fair value of the consideration transferred, and fair value of the assets acquired and liabilities assumed, measured on a provisional basis
- Note 9 Income Tax – recognition of deferred tax assets
- Note 15 Exploration, evaluation and development expenditure carried forward – consideration of impairment triggers and recognition of impairment losses
- Note 15 Amortisation of development expenditure – estimation of future mineable inventory and future development expenditure when calculating units of production amortisation
- Note 15 Reserves and Resources – estimating reserves and resources
- Note 18 Impairment testing of goodwill – key assumptions underlying recoverable amounts
- Note 23 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 30.

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. MEASUREMENT 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.

2. SEGMENT REPORTING

The accounting policies used by the Company in reporting segments are in accordance with the measurement principles of the Australian Accounting Standards. Subsequent to the Company's merger with Doray Minerals Limited on 5 April 2019, management has determined that the Group has the following reportable segments, namely:

i. Mount Monger Operation
ii. Deflector Operation

The Group's segments are both located in Western Australia, with the Mount Monger Operation producing gold bullion and Deflector producing gold bullion and gold-copper concentrate.

Financial information for the reportable segments for the year ended 30 June 2019 is as follows:

	Mount Monger $'000	Deflector[3] $'000	Unallocated[2] $'000	Total $'000
Revenues	246,929	54,585	-	301,514
EBITDA (excluding significant items)[1]	67,968	22,013	(9,787)	80,194
Capital expenditure	42,761	2,714	14,948	60,423

[1]A reconciliation between the statutory profit after tax and the Group's EBITDA (excluding significant items) is tabled on page 23

[2]Unallocated items comprise exploration expenditure and corporate costs

[3]Deflector information reported is from the merger date of 5 April 2019

Comparative information for FY18 is not disclosed as the Group only had one reportable segment, the Mount Monger Operation.

3. ACQUISITION OF SUBSIDIARY

On 5 April 2019 the Group obtained control of Doray Minerals Limited ("Doray") by acquiring 100 percent of the shares and voting interests in that company. The merger created a new multi-asset, mid-tier gold producer with the financial strength to become a leading growth focused gold company.

Since acquisition date, Doray contributed revenue of $54.585 million and profit after transaction costs of $1.359 million to the Group's results. If the acquisition had occurred on 1 July 2018, management estimates that Doray would have contributed revenue of $170.114 million and profit after tax of $9.98 million to the Group's annual results. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2018.

The Group incurred acquisition-related costs of $8.675 million on fees associated with the merger, including legal fees, estimated stamp duty and due diligence costs. These costs have been included in the Statement of Profit and Loss under administrative expenses.

The following summarises the consideration transferred, and the fair value of assets and liabilities acquired at the acquisition date:

Consideration transferred

	$'000
Equity Instruments Issued (310,209,934 fully paid ordinary shares)	260,615

The fair value of the fully paid ordinary shares issued was based on the share price of the Company at 5 April 2019 of $0.84 per share, being the date of acquisition.

Identifiable assets acquired and liabilities assumed

	Notes	$'000
Cash and cash equivalents		13,333
Trade and other receivables		2,677
Prepayments		763
Inventories		15,629
Property plant and equipment	16	42,205
Exploration, evaluation and development expenditure	15	136,359
Other assets		357
Trade and other payables		(16,683)
Employee provisions		(1,004)
Interest bearing liabilities		(1,294)
Rehabilitation provision	23	(22,422)
Total net identifiable assets		169,920

Goodwill recognised

	$'000
Total consideration transferred	260,615
Fair value of identifiable net assets	(169,920)
Goodwill	90,695

The value of assets acquired and liabilities assumed has been measured on a provisional basis. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, then the accounting for the acquisition will be revised.

ACCOUNTING POLICIES

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

4. REVENUE

	30 June 2019 $'000	30 June 2018 $'000
Revenue from contracts with customers		
Gold sales	296,112	254,662
Copper	4,762	-
Silver sales	640	911
Total	301,514	255,573

Included in current year gold sales is 98,692 ounces of gold sold (at an average price of A$1,715/ounce) under various hedge programs. At 30 June 2019, the Company has a total of 141,350 ounces of gold left to be delivered under these programs over the next 2 years at an average price of A$1,768/ounce.

ACCOUNTING POLICIES

Gold bullion sales

The Group has applied *AASB 15 Revenue from contracts with customers* from 1 July 2018 with adoption of the standard not having a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information has not been restated to reflect the requirements of the new standards.

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. With the sale of gold bullion, this occurs when physical bullion, from a contracted sale, is transferred from the Company's account into the account of the buyer.

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.

Concentrate sales

Under AASB 15, revenue is recognised upon receipt of the bill of lading when the concentrate is delivered for shipment. Contract terms for concentrate sales allow for a final price adjustment after the date of sale, based on average market prices and final assays in the period after the concentrate is sold. Average market prices are derived from independently published data with material adjustments between the provisional and final price separately disclosed as other revenue. This typically occurs between 60-80 days after the initial date of sale.

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 9 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.

5. COST OF SALES

	Notes	30 June 2019 $'000	30 June 2018 $'000
Mining and processing costs		169,590	133,787
Amortisation	15	48,996	53,964
Depreciation	16	11,657	10,894
Salaries and on-costs		31,169	18,591
Royalties		10,673	8,627
		272,085	225,863

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	7-10 Years
Haul roads	3-5 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.

6. ADMINISTRATION EXPENSES

	30 June 2019 $'000	30 June 2018 $'000
Salaries and on-costs	5,695	4,823
Consultants and contractors	1,389	1,102
Professional fees	612	190
Travel and accommodation	99	138
Rental expense	371	122
Business combination expense (Note 3)	8,676	-
Share based payments	825	430
Other corporate costs	976	30
Total	18,643	6,835

7. PERSONNEL EXPENSES

	30 June 2019 $'000	30 June 2018 $'000
Wages and salaries	33,497	21,932
Other associated personnel expenses	1,466	1,118
Superannuation contributions	2,924	1,909
Total	37,887	24,959

8. FINANCE INCOME AND EXPENSES

	30 June 2019 $'000	30 June 2018 $'000
Interest income	1,221	580
Finance income	1,221	580
Change in fair value of listed investments (Note 17)	(3,269)	(4,744)
Interest expense on interest bearing liabilities	(36)	(78)
Finance costs	(3,305)	(4,822)
Net finance costs	(2,084)	(4,242)

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, unwinding of the discount on provisions and change in the value of investments measured at fair value through the profit and loss. 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.

9. TAXES

A. INCOME TAX

	30 June 2019 $'000	30 June 2018 $'000
Current tax expense		
Current income tax loss	-	(359)
Adjustment for prior years	(50)	(5,504)
	(50)	(5,863)
Deferred income tax expense		
Origination and reversal of temporary differences	50	5,863
Income tax expense reported in profit or loss	-	-

	30 June 2019 $'000	30 June 2018 $'000
Numerical reconciliation between tax expenses and pre-tax profit		
Profit before tax	6,500	16,186
Income tax using the corporation tax rate of 30%	1,950	4,856
Movement due to non-deductible items	(4,221)	(1,141)
Adjustment for prior years	(50)	(5,504)
Changes in unrecognised temporary differences	2,321	1,789
Income tax expense reported in profit or loss	-	-

B. DEFERRED TAX ASSETS AND LIABILITIES

	30 June 2019 $'000	30 June 2018 $'000
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax assets/(liabilities)		
Receivables	2,017	2,017
Inventories	(3,419)	(1,732)
Exploration, evaluation and mining assets	(11,643)	6,521
Property, plant and equipment	4,819	4,735
Accrued expenses	975	481
Provisions	12,291	5,077
Share issue costs	3	6
Tax losses	162,235	129,156
	167,278	146,261
Less deferred tax asset not recognised	(167,278)	(146,261)
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 2019 the Company has $540,784,000 (2018: $430,521,000 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 2019 of $162,000,000 (2018: $129,156,000).

Tax losses carried forward include $62,320,000 of losses transferred into Silver Lake following the merger with Doray Minerals Limited. The rate at which these losses can be utilised by the Group is restricted by an available fraction, which is calculated by reference to the relevant market value of the Silver Lake and Doray tax consolidated groups.

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 unrecognised 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.

10. EARNINGS PER SHARE

	30 June 2019 $'000	30 June 2018 $'000
Profit used in calculating basic and diluted EPS	6,500	16,186

	Number of Shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	580,836,639	503,827,000
Effect of dilution	5,388,008	8,379,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	586,224,647	512,206,000

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 performance rights granted to employees.

11. CASH AND CASH EQUIVALENTS

	30 June 2019 $'000	30 June 2018 $'000
Cash at bank	125,073	97,959

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 26.

12. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 June 2019 $'000	30 June 2018 $'000
Cash flow from operating activities		
Profit after tax	6,500	16,186
Adjustments for:		
Depreciation	11,657	10,894
Amortisation	48,996	53,964
Share based payments	825	430
Write off of investment	38	-
Net finance cost	2,084	4,242
(Profit)/loss from the sale of non-current assets	(153)	(30)
Operating profit before changes in working capital and provisions	69,947	85,686
Change in trade and other receivables	247	7,464
Change in inventories	(6,292)	(8,803)
Change in prepayments and other assets	284	(38)
Change in trade and other payables	7,433	(2,922)
Change in other liabilities	211	(584)
Total	71,830	80,803

13. TRADE AND OTHER RECEIVABLES

	30 June 2019 $'000	30 June 2018 $'000
Current		
Trade receivables	9,122	7,367
GST receivable	2,098	1,423
Provision for doubtful debts	(6,723)	(6,723)
Total	4,497	2,067

The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 26.

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.

14. INVENTORIES

	30 June 2019 $'000	30 June 2018 $'000
Current		
Materials and supplies	11,398	5,780
Ore stocks	28,115	9,214
Gold in circuit	3,192	5,114
Concentrate on hand	1,302	-
Bullion on hand	5,654	7,632
	49,661	27,740
Non-Current		
Ore stocks	1,868	1,868
Total	51,529	29,608

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

Ore stockpiles, concentrate on hand, 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.

15. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

During the year ended 30 June 2019 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

Exploration and evaluation phase	**30 June 2019 $'000**	**30 June 2018 $'000**
Cost brought forward	17,263	15,018
Acquired in a business combination (Note 3)	24,687	-
Expenditure during the year	11,476	7,642
Transferred to development phase	-	(2,734)
Expensed during period	(2,355)	(2,663)
Balance at 30 June	51,071	17,263

Development phase	**30 June 2019 $'000**	**30 June 2018 $'000**
Cost brought forward	10,004	8,886
Transfer from exploration and evaluation phase	-	2,734
Expenditure during the year	-	1,118
Transferred to production phase	(4,814)	(2,734)
Balance at 30 June	5,190	10,004

Production phase	**30 June 2019 $'000**	**30 June 2018 $'000**
Cost brought forward	52,321	75,158
Transfer from development phase	4,814	2,734
Acquired in a business combination (Note 3)	111,672	-
Expenditure during the year	40,863	27,343
Rehabilitation provision adjustment	665	1,050
Amortisation expense	(48,996)	(53,964)
Balance at 30 June	161,339	52,321
Total	217,600	79,588

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 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 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 cash generating unit 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 (FVLCD). In assessing FVLCD, 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.

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 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 15.

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
› recognition of deferred tax assets, including tax losses.

16. PROPERTY, PLANT AND EQUIPMENT

	Note	Land & Building $'000	Plant & Equipment $'000	Capital Work In Progress $'000	Total $'000
Balance 1 July 2017		**1,512**	**35,736**	**1,003**	**38,251**
Additions		-	-	10,009	10,009
Transfers		1,524	5,281	(6,805)	-
Depreciation expense	5	(302)	(10,592)	-	(10,894)
Balance 30 June 2018		**2,734**	**30,425**	**4,207**	**37,366**
Balance 1 July 2018		**2,734**	**30,425**	**4,207**	**37,366**
Additions		-	119	7,965	8,084
Acquisition of subsidiary	3	8,013	32,028	2,164	42,205
Transfers		2,124	7,687	(9,811)	-
Depreciation expense	5	(1,255)	(10,402)	-	(11,657)
Disposals		(23)	(25)	-	(48)
At 30 June 2019		**11,593**	**59,832**	**4,525**	**75,950**

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.

17. INVESTMENTS

	30 June 2019 $'000	30 June 2018 $'000
Investments in listed entities – at fair value	**6,591**	**8,140**
Movements as follows:		
Balance at 1 July	8,140	12,386
Acquisitions	2,906	498
Disposals	(1,186)	-
Change in fair value	(3,269)	(4,744)
Balance at 30 June	**6,591**	**8,140**

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 at fair value through profit or loss if it is classified as held-for-trading or is designated as 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 are measured at fair value and changes 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.

18. GOODWILL

Goodwill of $90.695 million was recorded following the Company's merger with Doray Minerals Limited on 5 April 2019 (refer Note 3). The goodwill was attributable to both financial synergies (as a result of the creation of a mid-tier gold company with two complementary gold camps increasing market presence and liquidity) and operating synergies (expected to be achieved from integrating Doray into the Group's existing mining operations).

Impairment testing

As goodwill does not generate cash flows independently of other assets, its carrying value was apportioned to the Group's two operating CGUs as part of the 30 June impairment testing review. The allocation was made based on the relative market values of the Silver Lake and Doray entities at the date of the merger as follows:

- Mount Monger Operation 68% ($61.673 m)
- Deflector Operation 32% ($29.022 m)

In assessing whether each CGU (including its share of goodwill) has been impaired, its carrying amount is compared with its recoverable amount. In accordance with the Group's accounting policy, recoverable amount is assessed as the higher of fair value less costs of disposal (FVLCD) and value in use. The Group has adopted FVLCD in its assessment, using discounted cash flows.

The key assumptions in addition to the life of mine plans used in the discounted cash flow valuation are the gold price, the Australian dollar exchange rate against the US dollar and the discount rate.

Gold price and AUD:USD exchange rate assumptions are estimated by management, with reference to external market forecasts, and updated at least annually. For this review, the forecast gold price was estimated at US$1,326–US$1,428/oz. and the forecast exchange rate of US$0.69 to US$0.75 per A$1.00, based on a forward curve over the life of the mines. Significant changes to either the forecast gold price or the forecast exchange rate may have an impact on the carrying value of the CGU in future periods.

A discount rate of 8% was applied to the post tax cash flows expressed in nominal terms. The discount rate was derived from the Group's post tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU.

The impairment testing carried out at 30 June 2019 using these assumptions resulted in a nil impairment charge. An impairment would be recognised against the Deflector Operation CGU if the consensus A$ Gold price decreased by 5% or life of mine costs increased by 5%.

ACCOUNTING POLICIES

Goodwill arising on acquisition of subsidiaries is measured at cost less accumulated impairment losses. At each reporting date, the Group tests goodwill for impairment. Where the asset does not generate cash inflows independent from other assets and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs.

The Group considers each of its two segments (Mount Monger and Deflector) to be a separate CGU. If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss recognised in the Statement of Profit or Loss. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

19. TRADE AND OTHER PAYABLES

	30 June 2019 $'000	30 June 2018 $'000
Trade payables	39,053	26,426
Other payables	14,597	3,607
Total	53,650	30,033

The Group's exposure to liquidity risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 26.

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.

20. FINANCE LEASES

	30 June 2019 $'000	30 June 2018 $'000
Current		
Finance leases	284	-
Non-current		
Finance leases	431	-
Total	715	-

ACCOUNTING POLICIES

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Company, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

21. EMPLOYEE BENEFITS

	30 June 2019 $'000	30 June 2018 $'000
Current		
Liability for annual leave	2,872	1,540
Liability for long service leave	850	473
Total	3,722	2,013

ACCOUNTING POLICIES

i. 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.

ii. 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.

iii. 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.

22. SHARE BASED PAYMENTS

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 2018	Granted in FY19	Converted	Lapsed	Balance at 30 June 2019	Vested & exercisable at 30 June 2019
Total	8,379,331	4,059,807	(4,014,708)	(986,173)	7,438,257	1,627,856

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

	FY17 Award	FY18 Award	FY19 Award
Number of performance rights	1,627,856[1]	1,750,594	4,059,807
Exercise price	$0.00	$0.00	$0.00
Grant date	1 July 2016	1 July 2017	1 July 2018
Vesting period	1 July 2016 – 30 June 2019	1 July 2017 – 30 June 2020	1 July 2018 – 30 June 2021
ASX Comparator Group	EVN; GOR; IGO; KCN; MML; NST; OGC; RMS; RRL; SAR; SBM; TAM	AQG; BDR; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; TRY; WGX	AQG; DCN; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SAR; SBM; WGX

	FY17 Award	FY18 Award	FY19 Award
Valuation at grant date	$0.247	$0.257	$0.439
Underlying 20 day VWAP	$0.491	$0.481	$0.581
Volatility	20%	20%	70%
Risk free rate	1.52%	1.94%	2.07%
Expected dividends	-	-	-

Note 1: On completion of the vesting period 83% of the FY17 Performance Rights (1,627,856 rights) had vested in accordance with the relative TSR hurdle attached to them. This included 1,360,917 rights awarded to KMP's.

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 2019 was $825,000 (2018: $430,000).

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.

23. PROVISIONS

	30 June 2019 $'000	30 June 2018 $'000
Closure and rehabilitation		
Opening balance at 1 July	16,450	16,122
Provision acquired on acquisition of subsidiary (Note 3)	22,422	-
Adjustment to provisions during the year	1,388	1,050
Rehabilitation spend	-	(722)
Closing balance at 30 June	40,260	16,450
Current provision	-	-
Non-current provision	40,260	16,450
Closing balance at 30 June	40,260	16,450

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 $1,388,000 (2018: $1,050,000).

ACCOUNTING POLICIES

Provisions

A provision is recognised in the balance sheet when the Group 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.

24. SHARE CAPITAL

	Number	$'000
Movements in issued capital		
Balance as at 1 July 2017	503,707,646	699,564
Movement in the period*	239,868	-
Balance as at 30 June 2018	503,947,514	699,564
Movement in the period*	4,014,708	-
Issue of share capital (note 3)	310,209,934	260,615
Costs associated with issue of shares	-	(104)
Balance as at 30 June 2019	818,172,156	960,075

**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.

25. RESERVES

Movement in share based payment reserve	30 June 2019 $'000	30 June 2018 $'000
Balance as at 1 July	1,650	1,220
Equity settled share based payment expense	825	430
Balance as at 30 June	2,475	1,650

26. 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 and concentrate sales, GST refunds and rental income.

At 30 June 2019, a provision for doubtful debts of $6,723,000 (2018: $6,723,000) has been recorded against rental income receivable as a result of a debtor being placed in liquidation in a prior year. This receivable is therefore not reflected in the trade and other receivables balance in Note 26(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.

iii. 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	
	2019 $'000	**2018 $'000**
Trade and other receivables	4,497	2,067
Cash and cash equivalents	125,073	97,959
Total	129,570	100,026

C. 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 2019, the Company has a total of 141,350 ounces to be delivered under these hedges over the next 24 months at an average of A$1,758/oz. The sale of gold under these hedges is accounted for using the 'own use exemption' under AASB 9 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 2019	**Carrying Amount $'000**	**Contractual Cash Flows $'000**	**12 Months or Less $'000**	**> 12 Months $'000**
Trade and other payables	53,650	53,650	53,650	-
Finance leases	715	759	355	404
Total	54,365	54,409	54,005	404
Trade and other payables	30,033	30,033	30,033	-
Total	30,033	30,033	30,033	-

*The carrying value at balance date approximates fair value

D. MARKET RISK

Market risk is the risk that changes in market prices, such as commodity prices, 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.

i. Commodity risk

The Group's exposure to commodity price risk arises largely from Australian dollar gold price fluctuations. The Group's exposure to movements in the gold price is managed through the use of Australian dollar gold forward contracts. The gold forward sale contracts do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Further information relating to these forward sale contracts is included in note 4. No sensitivity analysis is provided for these contracts as they are outside the scope of AASB 9 Financial Instruments.

ii. 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	
	2019 $'000	2018 $'000
Fixed rate instruments		
Finance leases	715	-
Variable rate instruments		
Cash and cash equivalents	125,073	97,959

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 $1,250,000 (2018: $980,000). This analysis assumes that all other variables remain constant.

iii. Equity price risk

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

E. FAIR VALUES

The carrying value of cash and cash equivalents, trade and other receivables, 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.

F. 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.

27. COMMITMENTS

The Group has $5,137,000 (2018: $2,608,000) of commitments relating to minimum exploration expenditure on its various tenements and $5,440,000 (2018: $3,665,000) of capital commitments at 30 June 2019.

28. OPERATING LEASES

The Company leases assets for operations including plant and office premises. The leases have an average life of 1 to 4 years. At 30 June 2019, the future minimum lease payments under non-cancellable leases were payable as follows.

	30 June 2019 $'000	30 June 2018 $'000
Less than one year	12,390	8,570
Between one and five years	20,902	6,500
	33,292	15,070

29. RELATED PARTIES

A. KEY MANAGEMENT PERSONNEL COMPENSATION

	30 June 2019 $	30 June 2018 $
Short-term employee benefits	3,233,039	2,615,524
Post-employment benefits	175,134	146,814
Other long-term benefits	663,701	358,142
Total	4,071,874	3,120,480

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 2,923,235 performance rights were awarded to key management personnel. See Note 22 and the Remuneration Report for further details of these related party transactions.

30. GROUP ENTITIES

The Company controlled the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Interest 2019	2018
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%
Silver Lake (Doray) Pty Ltd	Australia	100%	-
Doray Gold Operations Pty Ltd	Australia	100%	-
Andy Well Mining Pty Ltd	Australia	100%	-
Murchison Resources Pty Ltd	Australia	100%	-
Meehan Minerals Pty Ltd	Australia	100%	-
Silver Lake (Deflector) Pty Ltd	Australia	100%	-
MYG Tenement Holdings SPV Pty Ltd	Australia	100%	-
MYG Tenement Holdings Pty Ltd	Australia	100%	-
Brandy Hill Iron SPV Pty Ltd	Australia	100%	-
Brandy Hill Iron Pty Ltd	Australia	100%	-
Central Infrastructure SPV Pty Ltd	Australia	100%	-
Central Infrastructure Pty Ltd	Australia	100%	-
Deflector Gold SPV Pty Ltd	Australia	100%	-
Deflector Gold Pty Ltd	Australia	100%	-
Gullewa Gold Project SPV Pty Ltd	Australia	100%	-
Gullewa Gold Project Pty Ltd	Australia	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.

31. 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 2019	2018
Peter's Dam	Exploration	SLR/Rubicon	71.8%	71.3%
Horse Well JV	Exploration	SLR/Alloy Resources	49.0%	-

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 15.

32. AUDITOR'S REMUNERATION

	30 June 2019 $	30 June 2018 $
Audit services		
Audit and review of financial statements	240,000	112,824
Other audit services	2,500	2,500
Non-audit Services		
Taxation services	50,115	28,129
Accounting advisory services	15,000	-
Total	307,615	143,453

33. SUBSEQUENT EVENTS

In July 2019 the Company announced that it had entered into an off market takeover bid for Egan Street Resources Limited (EGA) pursuant to which Silver Lake will acquire all of the issued and outstanding ordinary shares of EGA.

Under the terms of the takeover bid, each EGA shareholder will receive 0.27 Silver Lake shares for every EGA share held which on the announcement date implied a $52 million total transaction enterprise value. The EGA Board of Directors have recommended that their shareholders accept the offer in the absence of a superior proposal. Full details of the offer can be found in the ASX announcement *"Silver Lake Recommended Takeover Offer for Egan"* dated 30 July 2019.

No other events have arisen in the interval between the end of the financial year and the date of this report 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.

34. PARENT ENTITY

As at, and throughout the financial year ended 30 June 2019, the parent company of the Group was Silver Lake Resources Limited.

	30 June 2019 $'000	30 June 2018 $'000
Results of the parent entity		
Profit/(loss) for the year	1,309	(1,430)
Total comprehensive profit/(loss) for the year	1,309	(1,430)
Financial position of parent entity at year end		
Current assets	101,347	100,721
Total assets	486,975	214,214
Current liabilities	40,900	31,921
Total liabilities	46,073	35,957
Total equity of the parent entity comprising of:		
Share capital	960,075	699,564
Reserves	2,475	1,650
Accumulated losses	(521,648)	(522,957)
Total equity	440,902	178,257

The parent entity has $2,569,000 (2018: $2,608,000) of commitments relating to minimum exploration expenditure on its various tenements and $4,800,000 (2018: $3,665,000) of capital commitments at financial year end.

35. 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 summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019 along with the Consolidated Statement of Financial Position at 30 June 2019 for the members of the Deed of Cross Guarantee are disclosed in the tables below:

	30 June 2019 $'000
Current assets	
Cash and cash equivalents	97,813
Trade and other receivables	2,317
Inventories	34,567
Prepayments	87
Total current assets	134,784
Non-current assets	
Inventories	1,868
Exploration evaluation and development expenditure	86,875
Property, plant and equipment	34,258
Intercompany receivables	6,850
Investments	267,042
Total non-current assets	396,893
Total assets	531,677
Current liabilities	
Trade and other payables	38,602
Employee benefits	2,698
Total current liabilities	41,300
Non-current liabilities	
Rehabilitation and restoration provision	17,586
Total non-current liabilities	17,586
Total liabilities	58,886
Net assets	472,791
Equity	
Share capital	960,075
Reserves	2,475
Accumulated losses	(489,759)
Total equity	472,791

	30 June 2019 $'000
Revenue	246,929
Cost of sales	(223,594)
Gross profit	23,335
Profit on sale of assets	153
Exploration expensed	(2,355)
Administrative expenses	(13,945)
Results from operating activities	7,188
Finance income	1,168
Finance expenses	(3,286)
Net finance costs	(2,118)
Profit before income tax	5,070
Income tax expense	-
Profit for the year	5,070

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.

36. NEW ACCOUNTING STANDARDS

The Group has for the first time applied AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers with effect from 1 July 2018. Please refer to Note 4 in relation to the impact of adopting AASB 15 Revenue from Contracts with Customers.

AASB 9 FINANCIAL INSTRUMENTS

AASB 9 Financial Instruments, replaces the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement.* AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. The Group has assessed that the implementation of this standard does not have a material impact on the financial statements.

The financial assets held by the group are detailed as follows:

- Cash and cash equivalents
- Trade receivables currently held at cost, to be measured at amortised cost under the classification conditions for AASB 9
- Investments in equity securities held at fair value through profit and loss

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. There are no expected lifetime credit losses based on zero historical customer default. Therefore, there is no impact on transition to IFRS 9 for trade receivables.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new hedge accounting rules under AASB 9 have no impact as the Group is not currently hedge accounting.

In accordance with the transition provisions in AASB 9, comparative figures have not been restated.

AASB 16 LEASES (NOT YET ADOPTED)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). AASB 16 replaces the previous leases Standard, AASB 117 Leases, and related Interpretations. AASB 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial Position.

The lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. No significant changes have been included for lessors. The Group is not a lessor.

The Group has assessed the estimated impact that initial application of AASB 16 will have on its consolidated financial statements which is described in more detail below. The actual impact of adopting the standard on 1 July 2019 may change because the new accounting policies are subject to change until the Group presents its first consolidated financial statements that include the date of initial application of AASB 16.

Management has compiled a list of all potential leases across the Group and reviewed all related contracts in order to identify and account for all leases in terms of AASB 16 across the Group. The nature of expenses related to these leases will now change because the Group will recognise an amortisation and depreciation charge for the right-of-use assets and finance expense in respect of the lease liabilities once the standard is implemented. Previously, the Group recognised operating lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Based on the information currently available, the Group estimates that it will recognise right-of-use assets and additional lease liabilities in the range of $27 - $32 million at 1 July 2019. The Group plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Group will elect to recognise the right-of-use assets at an amount equal to the lease liability at 1 July 2019 and plans to apply the following practical expedients for AASB 16:

- Leases for which the underlying asset is of low value;
- Arrangements (including mining services contracts) that are subject to grandfathering provisions; and
- Short term leases.

CORPORATE GOVERNANCE STATEMENT

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

SECURITIES

At 11 September 2019 the Company had 818,940,113 fully paid ordinary shares and 6,374,172 performance rights on issue.

DISTRIBUTION OF HOLDERS

			Fully Paid	Ordinary Shares Options	Performance Rights
1	-	1,000	2,249	-	-
1,001	-	5,000	5,096	-	-
5,001	-	10,000	2,276	-	-
10,001	-	100,000	3,466	-	3
100,001	-	and over	388	-	8
Total Holders			13,475	-	11

900 holders held less than a marketable parcel (<$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 11 September 2019 the substantial holders disclosed to the company were:

Registered Holder	Beneficial Owner	Number of Shares	Percentage of Issued Shares
Bank of New York Mellon SA/NV	Ruffer LLP (on behalf of CF Ruffer Gold Fund)	77,555,876	9.48%
HSBC Nominees Aus Ltd; Citicorp Nominees Ltd; National Nominees Ltd; JP Morgan Nominees Aust Ltd	Paradice Investment Management	56,538,472	6.91%
HSBC Custody Nominees (Australia) Limited; Morgan Stanley Australia Securities (Nominee) Pty Limited; Citibank N A Hong Kong; JP Morgan Chase Bank NA; JPMorgan (UK); National Custodian Services	Mitsubishi UFJ Financial Group	53,655,861	6.56%
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)	47,804,665	5.84%

TOP 20 HOLDERS OF QUOTED SECURITIES

	Holder Name	Number Held	Percentage
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	199,935,874	24.41%
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	189,131,674	23.09%
3.	CITICORP NOMINEES PTY LIMITED	88,089,638	10.76%
4.	NATIONAL NOMINEES LIMITED	42,192,889	5.15%
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	14,425,091	1.76%
6.	BNP PARIBAS NOMS PTY LTD <DRP>	7,978,715	0.97%
7.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,486,184	0.79%
8.	BRIKEN NOMINEES PTY LTD <BRIKEN A/C>	4,599,891	0.56%
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,517,663	0.55%
10.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	4,179,969	0.51%
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,028,572	0.49%
12.	JOLEE CORPORATION PTY LTD <JOLEE INVESTMENT A/C>	3,751,688	0.46%
13.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,280,697	0.28%
14.	STL SUPER PTY LTD <STL SUPERANNUATION FUND A/C>	2,031,600	0.25%
15.	HATHOR INVESTMENTS PTY LTD <JOHNSTON SUPER FUND A/C>	1,500,000	0.18%
16.	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	1,473,403	0.18%
17.	STONE PONEYS NOMINEES PTY LTD <CHAPMAN SUPER FUND A/C>	1,400,000	0.17%
18.	PORTA GROUP PTY LTD	1,350,000	0.16%
19.	NATIONAL NOMINEES LIMITED <DB A/C>	1,347,810	0.16%
20.	DR SHERIFF SELIM + MRS AMANI SELIM	1,306,537	0.16%
		582,007,895	**71.07%**

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