

FY16 Exploration Strategy

Background

Silver Lake's FY15 exploration strategy was to advance development projects with near-term open pit and underground mining potential. This resulted in positive exploration results from infill and extensional resource definition drilling at Daisy Milano, Imperial Majestic, Lucky Bay, Santa, Rumbles and Maxwells deposits. The Lucky Bay open pit operation is the first of these development projects to be brought into production, with infrastructure and capital works largely completed and pre-stripping having already commenced in Q4 FY15.

As a result of the stronger current and projected cash position of the Company, exploration expenditure will increase 60% to \$15 million for FY16. This exploration will focus on highly prospective, near-term gold targets at Mount Monger, proximal to existing mine and processing infrastructure.

The two core components of the FY16 exploration strategy comprise:

1. **Resource Development** drilling at Daisy Milano and Cock-eyed Bob to upgrade Inferred Resources to Indicated category, and to define new Inferred Resources with extensions to the current lodes; and
2. **Exploration** drilling in the Daisy Milano area and Randalls mining centre, focussing on discovery of new gold deposits and growth of the known resource zones.

Daisy Milano Resource Underground Resource Development Drilling

In FY16, 22,000m of underground diamond drilling is planned for seven target areas within or adjacent to the Daisy Milano operation (Figure 1). Resource development drilling is designed to upgrade Inferred Resources to an Indicated category and to identify direct extensions to the known zones of Inferred Resources.

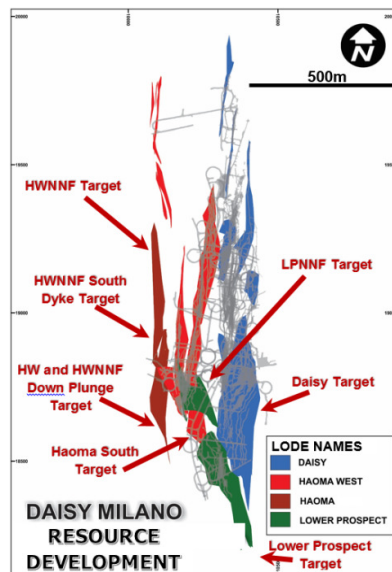


Figure 1: Plan View - Daisy Milano Underground Resource Development Targets.

Haoma West - Lode 25 zone (Figure 2) is an example of a FY16 Resource Development target. A total of 1,200m diamond drilling is targeting the down plunge extensions of andesite and porphyry hosted quartz veins that are currently in production higher in the mine elevation. The FY16 exploration strategy will initially focus on a 125m vertical extension to the Haoma West Lode.

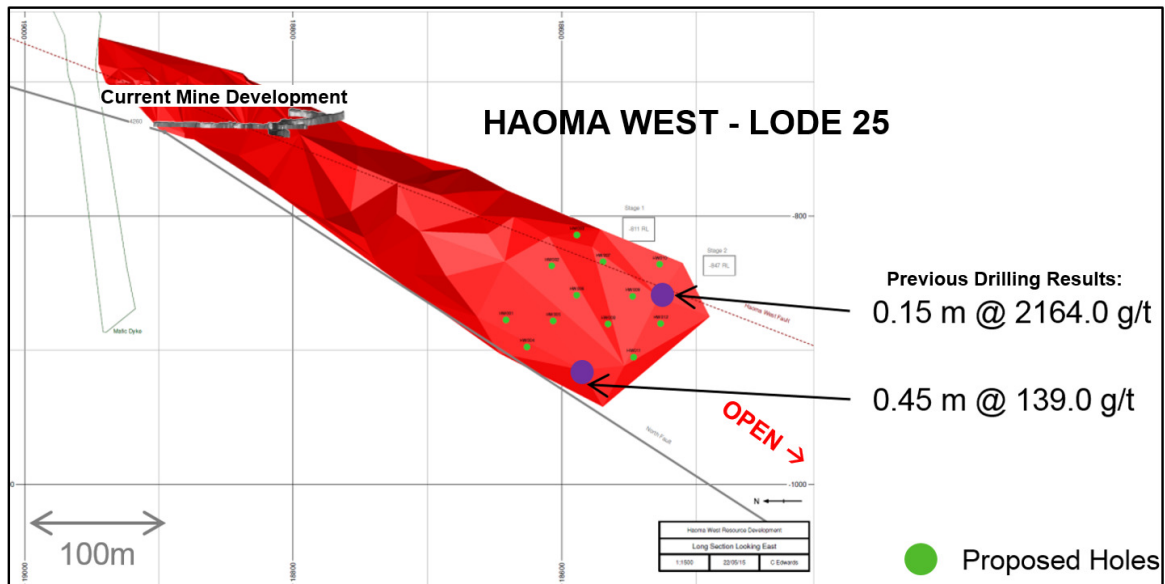


Figure 2: Long Section - Haoma West Resource Development Target.

Cock-eyed Bob Resource Development Drilling

The Cock-eyed Bob underground gold mine is currently developed and mined on 3 levels down to approximately 100m below the base of the remnant open pit. Gold is hosted by BIF units with two parallel lodes (hanging-wall and foot-wall) dipping 70° - 80° to the east. Higher gold grades occur where quartz veins obliquely cross cut the BIF. FY16 exploration at Cock-eyed Bob includes 3,600m of surface RC and diamond drilling to target the next three mining levels below the current development.

In addition, this drilling continues to provide invaluable geological information that can be applied to other BIF hosted gold units in the region.

Mount Monger Operations - Surface Exploration

Mount Monger's FY16 surface exploration strategy is focussed on the Daisy Complex (Figure 3) and the Randalls mining centre (Figure 4). Exploration targets are in known gold deposit trends proximal to current operations that have been identified by recent exploration and geology reviews. Target zones are hosted by extensions to existing mineralised structures and/or within preferential stratigraphic units, supported by broad spaced drilling results, surface geochemical anomalies and magnetic trends.

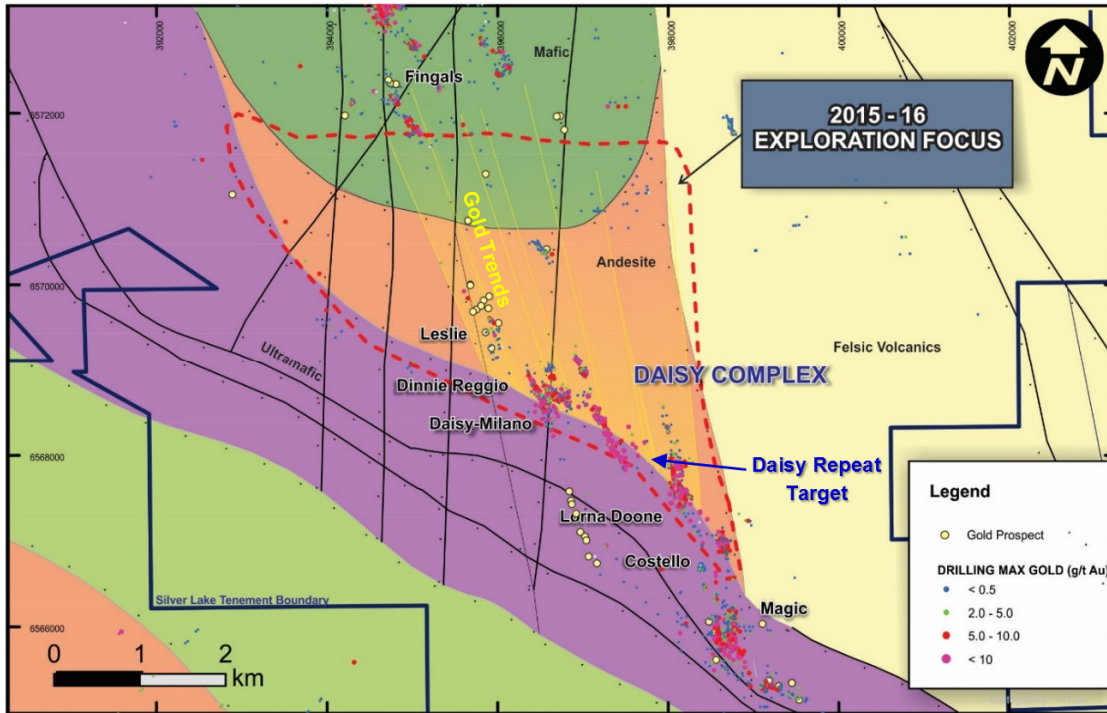


Figure 3: Exploration Focus - Daisy Complex area.

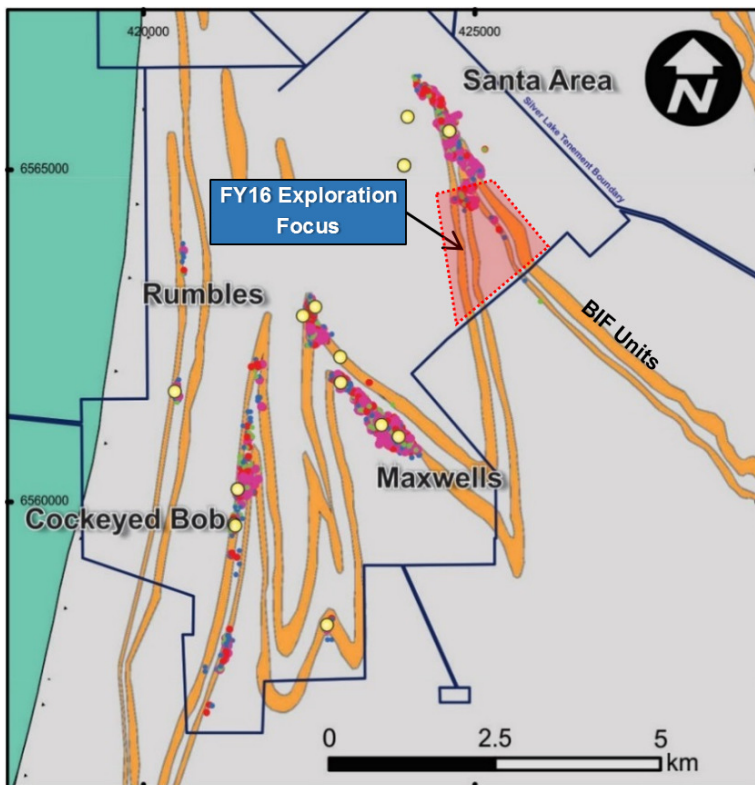


Figure 4: Exploration Focus - Randalls Area.

The FY16 work programmes include 32,000m aircore drilling, 9,600m RC drilling and 8,400m diamond drilling.

An example of the surface exploration work programme is within the Leslie target area (Figure 5). Four “Daisy Milano-style” mineralised trends extend along strike to the North West from the Dinnie Reggio and Christmas Flats deposits and along the Bull/Leslie trend. The overall target zone comprises a 2,000m x 750m zone of prospective andesite stratigraphy. Historical exploration records indicate only limited drilling along target trends.

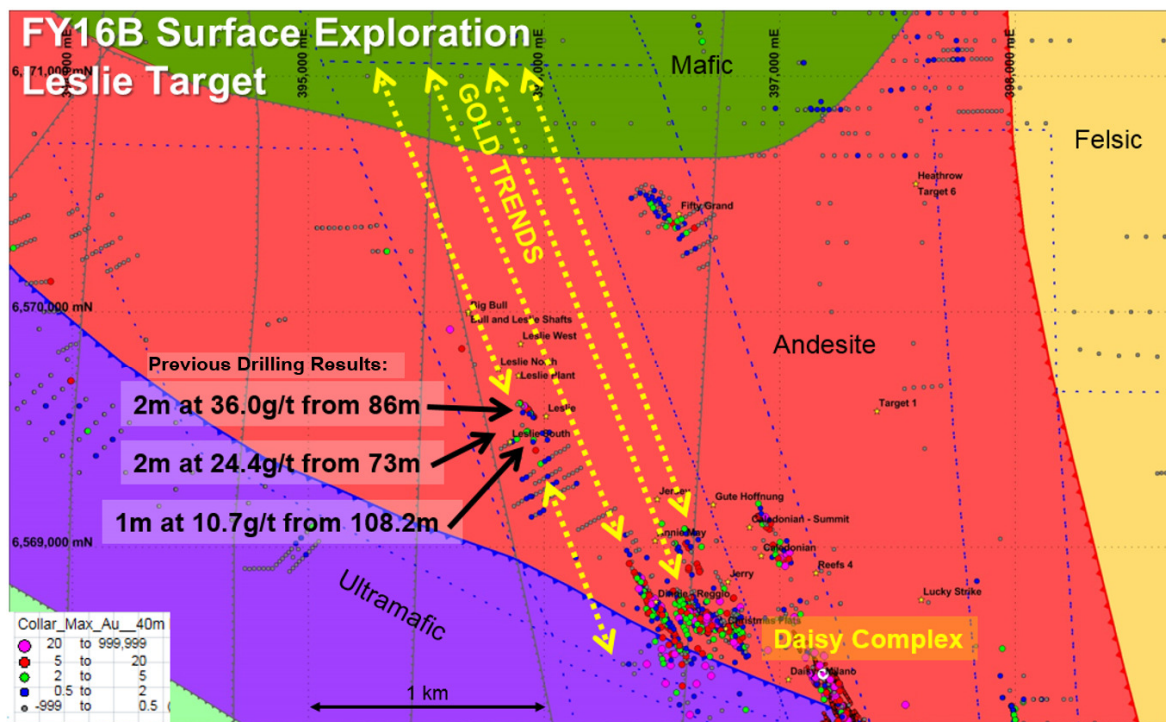


Figure 5: Surface Exploration - Leslie Target.

Previous exploration diamond drilling in the Leslie area intersected 2m @ 36g/t Au and 2m @ 24.4g/t Au in a relatively shallow position (~80m depth). The bulk of the target area is obscured by a surficial drainage system which has inhibited previous reconnaissance exploration along the mineralised trends.

The overall objectives of the Leslie target exploration work programmes are to confirm location of mineralised trends using reconnaissance aircore drilling to penetrate the drainage system, identify high grade lodges along the mineralised zones with RC and diamond drilling, and define inferred resources with infill RC and diamond drilling. The Leslie exploration budget includes staged drilling programs comprising 5,000m AC reconnaissance drilling, 7,500m RC and diamond follow up and infill drilling.

Mount Monger Operations - Underground Exploration

In addition to underground resource development drilling, approximately 6,000m exploration diamond drilling is planned for FY16 targeting new gold zones or confirming significant strike extensions to the known zones that could be accessed from the Daisy Milano mine. This should provide near to medium-term mining opportunities for the Company.

Mount Monger Operations - Daisy Repeat Target

The highest ranked exploration target in the Mount Monger Operations area is “Daisy Repeat”. This target focusses on a significant gap in drilling located immediately east of the Daisy Complex, between the Daisy lodes and the Lorna Doone/Spinifex deposit (Figure 6). The untested target zone is ~500m wide and plunges to the south following the same trends as Daisy/Haoma-style mineralisation. The structural kinematics of target lodes are the same as Daisy/Haoma-style lodes, located between the ultramafic contact and the North Fault. Currently no drilling tests the plunging target zones from either surface or underground.

There is additional potential to extend the target zone to north of North Fault. Both the surface and underground exploration strategy will combine to test this significant target area. A total of 4,000m of diamond drilling is planned to directly intersect high grade south-plunging lodes within the target zone.

An experienced exploration team is in place and surface drilling contractors are ready to mobilise to commence the planned exploration programme in Q1 FY16. Diamond drilling has commenced on the underground resource development drilling programmes at Daisy Milano.

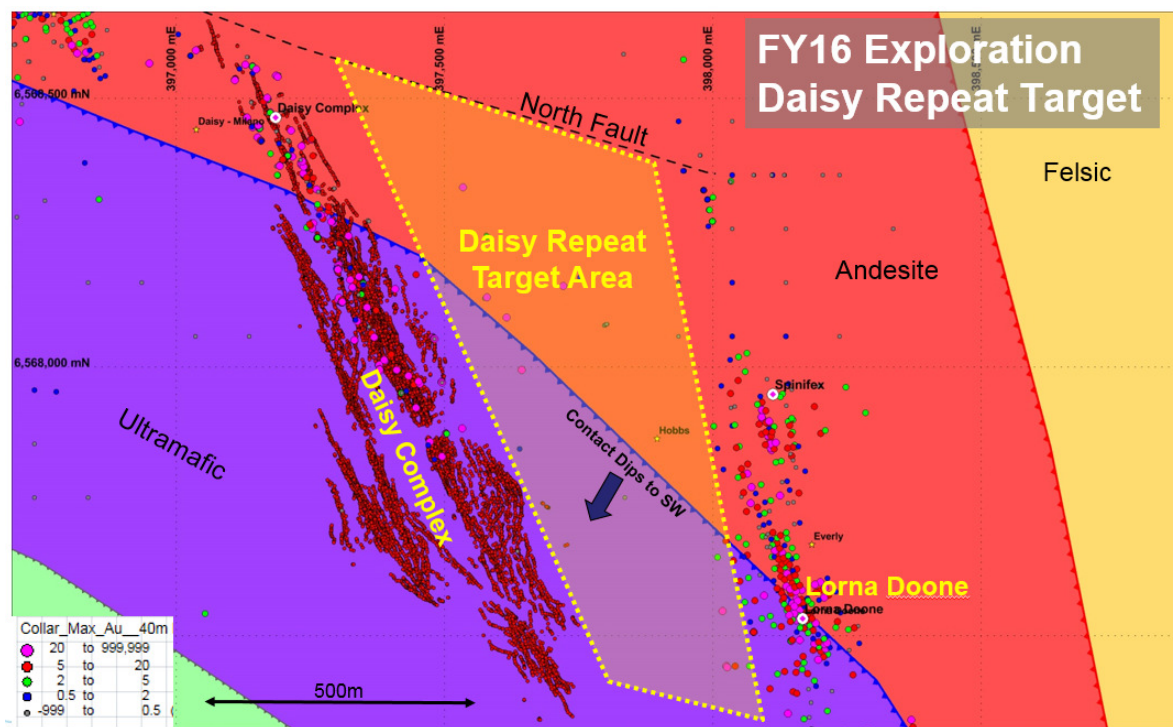


Figure 6: Surface and Underground Exploration: Daisy Repeat Target.

Peter Armstrong



Company Secretary

Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr 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 Silver Lake Resources Ltd and 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 the matters based on his information in the form and context in which it appears.