APPENDIX 4E

FULL YEAR REPORT

Year ended 30 June 2016

Name of entity: Silver Lake Resources Limited
Current reporting period: 12 months ended 30 June 2016
Previous corresponding reporting period: 12 months ended 30 June 2015

		FY2016 A$'000	FY2015 A$'000
Revenues from ordinary activities	up 13%	209,497	185,956
Profit/(Loss) from ordinary activities after tax attributable to members	*Note 1*	4,413	(94,024)

Note *1 – In the current period, the Group reported a profit after tax of $4.413 million. The Group reported an after tax loss of $94.024 million in the previous reporting period and therefore a percentage movement in profit after tax is not considered meaningful.*

Financial Results

The following Appendix 4E reporting requirements are found in the attached Annual Financial Report which has been audited by KPMG:

Requirement	Title	Reference
Review of results	Directors' Report	Page 7
A statement of comprehensive income	Statement of Profit or Loss & Other OCI	Page 32
A statement of financial position	Statement of Financial Position	Page 33
A statement of cash flows	Statement of Cash Flows	Page 35
A statement of changes in equity	Statement of Changes in Equity	Page 34
Earnings per security	Statement of Profit or Loss & Other OCI	Page 32
Independent audit report	Independent Audit Report	Page 30

Dividend information

The Company has not proposed to pay any dividend in respect of the period.

Net tangible assets per share

	30 June 2016	30 June 2015
Net tangible assets per share	$0.37	$0.36

Control gained or lost over entities during the period

There have been no changes in control over entities in the 12 month period ended 30 June 2016.

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Joint Operations

The Group has the following interests in unincorporated joint operations:

Joint Operation	Joint Operation Parties	SLR Interest 30 June 2016	SLR Interest 30 June 2015
Glandore	SLR/Avoca Minerals Pty Ltd	-*	20.0%
West Tuckabianna	SLR/George Petersons	90.0%	90.0%
Peter's Dam	SLR/Rubicon	69.2%	69.2%
Erayinia	SLR/Image Resources	-*	81.7%
Queen Lapage	SLR/Rubicon	-*	58.0%
Bandalup Gossan	SLR/Traka Resources	80.0%	80.0%

** Terminated during the period*

The joint operations 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.

There are no other associates or joint venture entities.

Silver Lake Resources Limited

(ABN 38 108 779 782)

Annual Financial Report
For the Year Ended 30 June 2016

Corporate Directory

Directors

David Quinlivan	Non-executive Chairman
Luke Tonkin	Managing Director
Les Davis	Non-executive Director
Kelvin Flynn	Non-executive Director
Brian Kennedy	Non-executive Director

Company Secretary

David Berg

Principal Office

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Share Register

Security Transfer Registrars Pty Ltd
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Applecross WA 6153

Auditors

KPMG
235 St George's Terrace
Perth WA 6000

Internet Address

www.silverlakeresources.com.au

ABN 38 108 779 782

ASX Code: SLR

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Directors' Report

The directors submit their report for the year ended 30 June 2016.

Directors

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

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

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

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

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

Mr Tonkin is a Mining Engineering graduate of the Western Australian School of Mines and his extensive operations and management career spans 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 more recently Chief Executive Officer and Managing Director of Reed Resources Ltd. Mr Tonkin is a past director of Mount Gibson Iron Ltd (resigned December 2011) and Reed Resources Ltd (resigned September 2013).

Mr Tonkin joined the Company in October 2013 as Director of Operations and was appointed as Managing Director on 20 November 2014.

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

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

Mr Davis has over 35 years' industry experience including 17 years' hands-on experience in mine development and narrow vein mining. Mr Davis' career incorporates 13 years' senior management experience including roles as Mine Manager, Technical Services Manager, Concentrator Manager, Resident Manager and General Manager Expansion Projects with organisations including WMC Resources Ltd, Reliance Mining Ltd and Consolidated Minerals Ltd. Mr Davis was previously a Director of Phillips River Mining Ltd (until March 2014) and a past Director of Paringa Resources Limited (resigned September 2012).

Mr Davis ceased as Managing Director on 20 November 2014 and was subsequently appointed as Non-executive Director. Mr Davis has held no other Directorships in public listed companies in the last three years.

Directors' Report

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

Mr Flynn is a qualified Chartered Accountant with 25 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 and Head of Private Equity of investment banking and corporate advisory firm Sirona Capital, which is focused in the real estate, metals and mining and agriculture sectors.

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

Brian Kennedy
Cert Gen Eng
Non-executive Director
Appointed 20 April 2004

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

Mr Kennedy was a founding shareholder and Director of Reliance Mining Ltd, before its takeover by Consolidated Minerals Ltd. Mr Kennedy was previously a Director of Phillips River Mining Ltd (until March 2014).

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

Paul Chapman
BCom, ACA, Grad Dip Tax, MAICD, AAusIMM
Non-executive Chairman
Appointed 20 April 2004/Resigned 30 September 2015

Mr Chapman is a Chartered Accountant with over 20 years' experience in the resources sector gained in Australia and the United States. Mr Chapman has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas.

Mr Chapman has held Managing Director and other senior management roles in various public companies and is currently Chairman of West Australian based copper explorer Encounter Resources Ltd (since October 2005). Mr Chapman was previously Chairman of Rex Minerals Ltd (until December 2013) and was also a Director of Phillips River Mining Ltd (until March 2014).

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

Directors' Report

David Griffiths
BBus
Non-executive Director
Appointed 25 May 2007/Resigned 20 November 2015

Mr Griffiths has more than 30 years' management and strategic communications experience developing from an initial focus on human resources and employee relations to broader, group-wide strategic roles. Previously Mr Griffiths was employed by WMC Resources Ltd and held the roles of Group Manager – Employee Relations and more recently, General Manager Corporate Affairs and Community Relations.

Mr Griffiths was previously a Director of Phillips River Mining Ltd (until March 2014). Mr Griffiths is a director (since January 2014) and past Chairman of Paringa Resources Limited (from September 2012 to January 2014).

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

Company Secretaries

David Berg
LLB BComm (General Management)
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.

Peter Armstrong
ACIS, B Bus(Acct)
Appointed 16 January 2009/Resigned 8 April 2016

Mr Armstrong has over 30 years of accounting experience, including the last 25 years in the resources sector. He has extensive experience in senior commercial management roles with Normandy Mining, WMC Resources Ltd and Newcrest. This experience involved working across a wide range of commodity businesses including gold, nickel, copper, coal and iron ore.

Committee Membership

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

Audit	Term	Nomination & Remuneration	Term
Kelvin Flynn (Chairman)	Appointed 26 May 2016	Les Davis (Chairman)	Full Year
Les Davis	Appointed 22 December 2015	Brian Kennedy	Full Year
David Quinlivan	Appointed 21 July 2015	David Quinlivan	Appointed 21 July 2015
Brian Kennedy	Resigned 26 May 2016	David Griffiths	Resigned 20 November 2015
David Griffiths	Resigned 20 November 2015		
Paul Chapman	Resigned 30 September 2015		

Directors' Report

Directors' Meetings

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

	Directors' Meetings		Audit Committee		Nomination & Remuneration Committee	
	A	B	A	B	A	B
David Quinlivan	12	12	3	3	1	1
Luke Tonkin	12	12	-	-	-	-
Les Davis	11	12	1	1	2	2
Kelvin Flynn	4	4	-	-	-	-
Brian Kennedy	12	12	1	1	2	2
Paul Chapman	3	3	2	2	-	-
David Griffiths	3	5	1	2	1	1

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

Directors' Interests

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

Name of Director	Fully Paid Ordinary Shares	Unlisted Options	Unlisted Performance Rights
David Quinlivan	-	-	-
Luke Tonkin	-	2,000,000	3,408,932
Les Davis	4,525,294	-	-
Kelvin Flynn	-	-	-
Brian Kennedy	4,790,746	-	-
Paul Chapman	*	-	-
David Griffiths	*	-	-

* Resigned during the year

Principal Activities

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

Corporate Structure

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

Directors' Report

OPERATING OVERVIEW

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

Group Financial Overview

In FY2016 Silver Lake achieved its gold sales guidance and delivered on its strategy of refocusing its human and investment capital on the Mount Monger Operation to develop lower cost ore sources and deploy a significant exploration program focused on shareholder return.

Measures implemented at Mount Monger to deliver consistent cash generative ounces, together with the restructuring of the cost base to match the mine profile, proved successful and generated FY2016 gold sales of 132,400 ounces (FY2015: 124,209 ounces).

Lower priority, non-core exploration projects at the Murchison and Great Southern were leased, divested or joint ventured to third parties, allowing Silver Lake to focus on high value exploration and development in the highly endowed Mount Monger gold camp.

The Group recorded a net profit after tax for the period of $4,413,000 (2015: loss of $94,024,000) and generated operating cash flow of $54,992,000 (2015: $32,696,000).

A reconciliation between the statutory profit after tax and the Group's underlying operating results is tabled on page 11. This reconciliation is an unaudited non-IFRS measure that, in the opinion of the Board, provides useful information to assess the operating performance of the Group. As noted in the table, the Group's EBITDA (before significant items) was $56,749,000 for the period (2015: $38,004,000).

The increase in EBITDA (excluding significant items) compared with the previous corresponding period is primarily due to:

- an 8% increase in gold production from the Mount Monger Operation (131,109 ounces recovered compared with 121,780 ounces in FY2015) primarily due to an increase in open pit production following commencement of the Lucky Bay and Santa Area open pit mines in FY2016 which together contributed 54,907 ounces of gold in the period. Production from these mines replaced lower grade stockpiles milled in FY2015, resulting in a 6% increase in recovered head grade (3.5 g/t compared with 3.3 g/t);
- a 6% increase in the average realised gold price (A$1,580/oz compared with A$1,497/oz);
- a 4% decrease in the all in sustaining cost (A$1,281/oz compared with A$1,331/oz). This was primarily as a result of introduction of ore from the Lucky Bay and Santa Area open pits replacing lower grade stockpiled ore in the mill feed.

Gold sold for the year totalled 132,400 oz compared with 124,209 oz recorded in FY2015 (previous period included 2,209 oz recovered from the Murchison Operation which was placed on care and maintenance in in FY2015).

Overview of Operations

Mount Monger

A number of new ore sources were introduced at Mount Monger in FY2016 including the Lucky Bay and Santa open pits, with mining activities also occurring at the Daisy Complex and Cock-eyed Bob (CEB) underground mines. Stockpiles from the Salt Creek mine were also processed during the period, primarily

Directors' Report

in the first half of the financial year. All processing occurred at the centralised Randalls Gold Processing Facility, which has capacity of approximately 1.2 million tonnes per annum.

In FY2016 approximately $15 million was invested in a gated and phased exploration program which yielded significant results across all stages of the exploration pipeline, from early stage target delineation through to advanced resource definition drilling. Exploration highlights included a substantial resource increase at Maxwells, resource extensions at CEB, high-grade Dinnie Reggio intersections, strong gold trends identified from air-core drilling of structural targets to the north and west of Daisy, spectacular high-grade gold intersections and extensions to the Daisy Complex gold lodes, and very encouraging high-grade gold intersections from underground positions at Daisy Complex targeting gold veining north of the North Fault.

Mining and production statistics for the Mount Monger Operation for the year ended 30 June 2016 are detailed in Table 1 and Table 2.

Murchison Operation

In October 2015, the Company terminated its dry hire lease arrangement with a private consortium for the Murchison processing facility. A total of $1,494,000 of lease income was received from the lessee since the commencement of the lease in January 2015, which fully covered associated care and maintenance costs over the same period of $250,000.

As at 30 June 2016, lease income of $6,087,000 remains unpaid and due to the uncertainty in recovering this balance, a provision for doubtful debt for the entire amount has been recorded (of which $2,929,000 was recorded during FY2016). The processing facility has been placed on care and maintenance and a process to crystalise value from this asset is underway.

Divestment of non-core assets

On 25 November 2015, the Company announced that it had entered into two transactions in respect of its non-core tenure in the Murchison area of Western Australia. These transactions are consistent with Silver Lake's stated objective of delivering embedded value from its non-core assets. Further detail in respect of the transactions is provided below:

Comet

The Comet tenements (and associated infrastructure) were sold to a wholly owned subsidiary of Metals X Limited for a cash consideration of $3,000,000, resulting in a gain on disposal of $2,930,000. Settlement of this transaction occurred on 4 February 2016.

Cue Project Farm-In and Joint Venture

Silver Lake entered into a Farm-in and Joint Venture Agreement with Musgrave Minerals Limited (ASX:MGV) under which MGV may earn up to an 80% joint venture interest in tenements comprising the Moyagee Gold and Hollandaire Copper Projects ('Cue Project'). In December 2015 all conditions precedent relating to the transaction were satisfied, with MGV issuing Silver Lake with $75,000 in ordinary shares. Furthermore, MGV must now spend a minimum of $900,000 on exploration on the Cue Project tenure over the next 12 months.

The Murchison processing facility and associated core tenements do not form part of either transaction and have been retained by the Company.

Directors' Report

Great Southern Project

In December 2015 Silver Lake entered into a conditional Farm-in and Joint Venture Agreement with ACH Minerals Pty Ltd ("ACH") in respect of the Company's Great Southern Project ("Project"). The agreement substantially covers Silver Lake's tenure in the Great Southern, as well as all mining information, the Ravensthorpe Camp lease and freehold properties held by the Company in the region.

Under the agreement, ACH may earn a 51% joint venture interest in the Project by spending a minimum of $3 million on exploration within three years from the Agreement becoming unconditional ("Stage 1"). Upon earning a 51% joint venture interest, ACH may elect to increase its joint venture interest in the Project to 80% by spending a further $3 million within a further three year period ("Stage 2"). As part of the agreement Silver Lake also granted ACH an option to acquire the Project on an outright basis at any time during the Stage 1 or Stage 2 earn in periods, for a cash consideration of $5 million in excess of any expenditure incurred to that point.

In July 2016 the Company was formally notified by ACH that it had exercised its option to purchase the Project for a cash consideration of $5 million. Completion of the sale of the Project and receipt of the consideration is expected to occur in Q1 FY2017.

Gold Mining and Production Statistics

Mount Monger - Mining	**Units**	**FY 2016**	**FY 2015**
Underground			
Ore mined	Tonnes	419,465	431,670
Mined grade	g/t Au	6.4	6.2
Contained gold in ore	Oz	85,741	86,093
Open Pit			
Ore mined	Tonnes	866,731	256,415
Mined grade	g/t Au	2.0	2.4
Contained gold in ore	Oz	55,424	19,384
Total ore mined	Tonnes	1,286,196	688,085
Mined grade	g/t Au	3.4	4.8
Contained gold in ore	Oz	141,165	105,477

Table 1

Mount Monger - Processing	**Units**	**FY 2016**	**FY 2015**
Ore Milled	Tonnes	1,236,600	1,215,308
Head grade	g/t Au	3.5	3.3
Contained gold in ore	Oz	137,605	127,773
Recovery	%	95	95
Gold produced	Oz	131,109	121,780

Table 2

Directors' Report

Exploration

During the year a total of $15 million was spent on exploration primarily on, or in close proximity to the Daisy Complex, Cock-eyed Bob and Maxwells areas. The exploration was focused on highly prospective, near-term gold targets at Mount Monger, proximal to existing mine and processing infrastructure.

Mount Monger is a highly endowed gold field with a large portfolio of exploration targets, which requires that exploration expenditure be deployed efficiently and effectively. Accordingly, all exploration targets at Mount Monger are assessed and ranked according to their technical strengths, potential economic return, the probability that the target will become a production source and the priority given to the exploration target having regard to the Company's operating strategy.

The success of this program in FY2016 has warranted approval of a $14 million exploration budget for FY2017. Of this budget, 50% will be directed to resource definition to sustain current operations and is concentrated at Daisy Complex, Cock-eyed Bob and Maxwells. The remaining 50% will be directed to multiple growth exploration targets in the Mount Belches BIF units, Salt Creek area and structural corridor to the north and west of the Daisy Complex.

STRATEGY

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

- relentless drive to reduce costs and increase productivity;
- introduction of new, lower cost ore sources into the production schedule, including the Imperial/Majestic open pits and the Maxwells underground in FY2017;
- executing the exploration strategy by directing expenditure to highly prospective priority targets in the Mount Monger area; and
- continue to crystalise value from non-core assets.

Key risks in being able to deliver on the Group's strategy include:

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

Directors' Report

REVIEW OF FINANCIAL CONDITION

The Group recorded an after tax profit for the financial period of $4,413,000 (2015: loss of $94,024,000). This profit includes a number of significant items, that in the opinion of the directors need adjustment to enable shareholders to obtain an understanding of the results from operations. The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding these significant items are outlined in the table below:

Reconciliation of Statutory Profit/(Loss) after Tax to EBITDA (excluding significant items) - unaudited	30 June 2016 $'000	30 June 2015 $'000
Statutory profit /(loss) after tax for the year:	4,413	(94,024)
Adjustments for:		
Depreciation and amortisation	45,386	38,409
Non-current asset impairments	2,825	86,994
Other	4,125	6,625
EBITDA (excluding significant items) *	**56,749**	**38,004**

* Non-IFRS measure

At the end of the financial year the Group had $38,643,000 in cash (2015: $22,538,000), $3,836,000 in gold bullion (2015: $6,387,000) and bonds receivable of $146,000 (2015: $146,000). In addition, the Group had $4,806,000 in ASX listed investments at year end (2015: $7,561,000).

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS

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

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

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

EMPLOYEES

The consolidated entity had 159 employees as at 30 June 2016 (2015: 144). In addition, Silver Lake also engages contractors and consultants as required.

Directors' Report

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 conduct involving a lack of good faith.

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.

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

Proceedings on Behalf of the Company

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

Corporate Governance

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

Subsequent Events

Maxwells Underground Mine ("Maxwells")

In July 2016 the Company announced that development of Maxwells would commence in July 2016. Maxwells will contribute approximately 15,000 ounces towards total production in FY2017, increasing to 30,000 to 40,000 ounces in FY2018 and reinforces the Company's strategy of delivering higher margin ore sources proximal to existing mines and mine infrastructure.

Great Southern

In July 2016 the Company was formally notified by ACH Minerals Pty Ltd that it had exercised its option to purchase the Great Southern project (Project) for cash consideration of A$5 million as per the Farm-in and Joint Venture Agreement. Completion of the sale of the Project and receipt of the consideration is expected to occur in Q1 FY2017.

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

Directors' Report

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 and the Chairman.

A list of all NEDS and Executives for FY2016 is set out below:

Name	Position	Term as KMP
David Quinlivan	Chairman (previously Non-executive Director)	Full year
Luke Tonkin	Managing Director	Full year
Les Davis	Non-executive Director	Full year
Kelvin Flynn	Non-executive Director	Appointed 24 February 2016
Brian Kennedy	Non-executive Director	Full year
David Berg	General Counsel & Company Secretary	Full year
Diniz Cardoso	Chief Financial Officer	Appointed 8 April 2016
Matthew O'Hara	General Manager Mount Monger Operations	Full year
Antony Shepherd	Exploration & Geology Manager	Full year
Peter Armstrong	Chief Financial Officer & Joint Company Secretary	Resigned 8 April 2016
Paul Chapman	Non-executive Chairman	Resigned 30 September 2015
David Griffiths	Non-executive Director	Resigned 20 November 2015

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

Directors' Report

Remuneration Report - Audited

3. Remuneration snapshot

a. FY2016 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. To do this Silver Lake directed operational and financial resources to the Mount Monger area where it is possible to generate a superior financial return from substantially less gold production. Highlights for the year from this strategy included the commencement of mining at the Lucky Bay and Santa Area open pit mines, strong results from the expanded exploration campaign and commencement of development of the Imperial/Majestic open pits and Maxwells underground mine (in the latter part of the year). Further information on the link between company performance and KMP remuneration can be found in section 5 (g).

A number of Board and Executive changes also occurred during the financial year. In September 2015 David Quinlivan (previously Non-executive Director) succeeded Paul Chapman as Chairman of the Company. David Griffiths resigned as Non-executive Director on 20 November 2015 and Kelvin Flynn was appointed as Non-executive Director on 24 February 2016.

On 8 April 2016 Peter Armstrong resigned as Joint Company Secretary and Chief Financial Officer and was replaced by Diniz Cardoso (as Chief Financial Officer). David Berg remains as General Counsel and is now sole Company Secretary.

The Board believes that the Company's remuneration framework is aligned with market practice and that Executive remuneration in FY2016 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	Effective 1 February 2016, Non-executive Director fees increased by 15% whilst the Non-executive Chairman's fee increased by 5%. On an aggregate basis, fixed remuneration for Executives decreased by 4% compared with FY2015, with a number of changes to the roles and personnel comprising the Executive team, as part of the overall Board and Management renewal.
Short-term incentive (**STI**)	STI payments were made to Executives during the period in line with their performance against set targets. Detailed information on STI payments is included in Section 5(c) of this report.
Long-term incentive (**LTI**)	In FY2016, 2,538,329 performance rights were granted to Mr Luke Tonkin and a further 1,708,970 performance rights were granted to other Executives on the terms approved by shareholders at the 2015 AGM and described further in this report.

b. Key changes to remuneration for FY2017

No significant changes are anticipated to the Executive remuneration framework for FY2017.

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.

Directors' Report

REMUNERATION REPORT - AUDITED

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

a) the remuneration arrangements (including base pay, performance targets, bonuses, equity awards, superannuation, retirement rights, termination payments) for senior Executives;

b) the remuneration of Non-executive Directors; and

c) 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 in 2015 when the current remuneration framework was established. This advice was in respect of remuneration reporting and general advice in respect of market practice for long term incentive plans. In addition, the Nomination & Remuneration Committee benchmark KMP salaries using external independent industry reports and data to ensure that remuneration levels are competitive and meet the objectives of the Company.

d. 2015 AGM voting outcome and comments

The Company received more than 90% "yes" votes on its Remuneration Report for the 2015 financial year.

5. FY2016 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.

REMUNERATION REPORT - AUDITED

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;
- short-term incentives **(STI)**; and
- long-term incentives (**LTI**).

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 FY2016 total remuneration packages split between the fixed and variable remuneration is shown below:

Target remuneration mix

Executive	Fixed remuneration	Target STI	Target LTI
Managing Director	45%	22%	33%
Other Executives	62%	19%	19%

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 the 50th percentile of the industry benchmarking report. 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.

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.

Each year the Nomination & Remuneration Committee, in conjunction with the Board, sets KPI targets for Executives. Ordinarily, the KPIs would include measures relating to the Group and the individual, and include financial, production, people, safety and risk measures.

Directors' Report

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For FY2016 the KPIs chosen aligned remuneration with performance and the overall objectives of the Company and included:

- achievement of the FY2016 budget with particular emphasis on safety, cost management, production and cashflow;
- undertaking a comprehensive review of the Company's exploration portfolio and development of a strategic exploration plan with prioritised targets and milestones;
- development of base case and contingency business plans under different assumptions; and
- implementation and execution of specified commercial strategies, including crystallising value from non-core assets.

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

FY2016 STI outcomes

Executive	Maximum STI opportunity	% STI paid#
Luke Tonkin (Managing Director)	50% of base salary	93
David Berg (General Counsel & Joint Company Secretary)	30% of base salary	93
Diniz Cardoso (Chief Financial Officer)**	30% of base salary	93
Matthew O'Hara (General Manager Mount Monger Operations)	30% of base salary	93
Antony Shepherd (Exploration & Geology Manager)	30% of base salary	93
Peter Armstrong (Chief Financial Officer & Joint Company Secretary)*	30% of base salary	Nil

* Resigned 8 April 2016
** Appointed 8 April 2016
# STI not paid is forfeited

d. Long-term incentive (LTI) arrangements

The Board has established the Employee Incentive Plan (Incentive Plan), which replaced the previous 2012 LTI Plan, as a means for motivating senior employees to pursue the long term growth and success of the Company. The Incentive Plan provides the Company with the flexibility to issue Incentives in the form of either options or performance rights which may ultimately vest and be converted into shares on exercise, subject to satisfaction of any relevant vesting conditions. The Incentive Plan was approved by shareholders at the 2015 AGM.

Directors' Report

REMUNERATION REPORT - AUDITED

FY16 LTI outcomes

Executive	Maximum LTI opportunity	Number of Performance Rights granted during FY16	Fair value per Performance Right *
Luke Tonkin (Managing Director)	75% of base salary	2,538,329 (75% of base salary)	$0.11
David Berg (General Counsel & Joint Company Secretary)	30% of base salary	423,055 (25% of base salary)	$0.07
Diniz Cardoso (Chief Financial Officer)***	30% of base salary	351,982 (25% of base salary)	$0.07
Antony Shepherd (Exploration & Geology Manager)	30% of base salary	406,133 (25% of base salary)	$0.07
Peter Armstrong (Chief Financial Officer & Joint Company Secretary)**	30% of base salary	527,800 (25% of base salary)	$0.07

* Independently valued using a hybrid share option pricing model
** Resigned 8 April 2016
*** Appointed 8 April 2016

At the 2015 AGM, the Company sought and obtained shareholder approval to issue 2,538,329 Performance Rights to Mr Tonkin in respect of the LTI component of his remuneration for FY2016. These Performance Rights were subsequently issued in February 2016.

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

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 Company and comparator TSR performances are measured using the 20 day VWAP calculation up to and including the last business day of the financial period immediately preceding the period that the performance rights relate to, and in determining the closing TSR performances at the end of the three year period. Relative TSR performance is calculated at a single point in time and is not subject to re-testing.

The Performance Rights will vest based on the Company's relative TSR ranking 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

The comparator group of companies for the Performance Rights are as follows:

Evolution Mining Ltd; Medusa Mining Ltd; OceanaGold Corporation; Doray Minerals Ltd; Northern Star Resources Ltd; Ramelius Resources Ltd; Kingsgate Consolidated Ltd; Gold Road Resources Ltd; Regis Resources Ltd; Independence Group NL; St Barbara Ltd; Saracen Mineral Holdings Ltd and Tanami Gold NL.

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

Directors' Report

REMUNERATION REPORT - AUDITED

e. Service agreements

A summary of the key terms of service agreements for Executives in FY2016 is set out below. There is no fixed term for Executive service agreements and all Executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate service agreements immediately for cause, in which case the Executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Term of Agreement	Total Fixed Remuneration	Notice Period by Executive	Notice Period by Silver Lake	Termination Payment
Luke Tonkin (Managing Director)	Open	$562,500 plus 12% superannuation STI equivalent to 50% of base salary LTI equivalent to 75% of base salary	6 months	6 months	12 months Total Fixed Remuneration
David Berg (General Counsel & Joint Company Secretary)	Open	$280,000 plus 9.5% superannuation STI equivalent to 30% of base salary LTI equivalent to 30% of base salary	6 months	6 months	6 month Total Fixed Remuneration
Diniz Cardoso (Chief Financial Officer) – appointed 8 April 2016	Open	$300,000 plus 9.5% superannuation STI equivalent to 30% of base salary LTI equivalent to 30% of base salary	6 months	6 months	6 months Total Fixed Remuneration
Matthew O'Hara (General Manager Mount Monger Operations)	Open	$283,000 plus 9.5% superannuation STI equivalent to 30% of base salary LTI equivalent to 30% of base salary	2 months	2 months	As per Legislation
Antony Shepherd (Exploration & Geology Manager)	Open	$240,000 plus 9.5% superannuation STI equivalent to 30% of base salary LTI equivalent to 30% of base salary	3 months	3 months	6 months Total Fixed Remuneration
Peter Armstrong (Chief Financial Officer & Joint Company Secretary) – resigned 8 April 2016	Open	$320,811 plus 12% superannuation STI equivalent to 30% of base salary LTI equivalent to 30% of base salary	6 months	6 months	6 months Total Fixed Remuneration

Directors' Report

Remuneration Report - Audited

f. Executive remuneration paid

		Short Term			Post-employment	Other			
		(A) Base Emolument $	STI/Bonus Payments $	Total Benefits $	Superannuation Benefits $	Options/ Performance Rights $	(B) Other Benefits $	Total $	Proportion of remuneration performance related %
Luke Tonkin (C)	**2016**	**552,971**	**262,688**	**815,659**	**35,282**	**256,406**	**41,144**	**1,148,491**	**45**
Managing Director	2015	480,210	297,753	777,963	34,990	289,363	10,267	1,112,583	53
David Berg (D)	**2016**	**282,153**	**78,120**	**360,273**	**21,539**	**10,435**	**1,063**	**393,310**	**23**
General Counsel & Company Secretary	2015	218,788	62,500	281,288	20,785	-	12,012	314,085	20
Diniz Cardoso (E)	**2016**	**52,952**	**15,131**	**68,033**	**6,154**	**449**	**5,322**	**80,008**	**19**
Chief Financial Officer	2015	-	-	-	-	-	-	-	-
Matthew O'Hara (F)	**2016**	**283,000**	**78,957**	**361,957**	**30,685**	**-**	**(2,053)**	**390,589**	**20**
GM Mount Monger Operations	2015	-	-	-	-	-	-	-	-
Antony Shepherd (G)	**2016**	**240,000**	**66,960**	**306,960**	**28,500**	**10,018**	**6,450**	**351,928**	**22**
Exploration & Geology Manager	2015	189,231	60,000	249,231	17,977	-	13,625	280,833	21
Peter Armstrong (H)	**2016**	**250,204**	**-**	**250,204**	**28,968**	**33,199**	**191,253**	**503,624**	**7**
Chief Financial Officer & Joint Company Secretary	2015	308,863	31,190	340,053	37,064	-	29,822	406,939	8
Les Davis (I)	**2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Managing Director	2015	211,760	61,624	273,384	10,000	-	287,447	570,831	11
Chris Banasik (J)	**2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Director Exploration & Geology	2015	119,942	-	119,942	14,393	-	172,035	306,370	-
Total	**2016**	**1,661,280**	**501,856**	**2,163,136**	**151,128**	**310,507**	**243,179**	**2,867,950**	**28**
Total	2015	1,528,794	513,067	2,041,861	135,209	289,363	525,208	2,991,641	27

(A) Base emoluments may not agree with annual remuneration figures quoted as the amounts depend on the number of fortnightly pay periods during the year.
(B) Represents contractual entitlements (including termination and retirement benefits), annual leave and long service leave entitlements, measured on an accrual basis.
(C) Mr Tonkin commenced employment on 14 October 2013 as Director of Operations. On 20 November 2014 Mr Tonkin was appointed as Managing Director.
(D) Mr Berg commenced employment on 4 August 2014.
(E) Mr Cardoso met the definition of Key Management Personnel from 8 April 2016 following his appointment as Chief Financial Officer. Remuneration in the table above is from the date of his appointment.
(F) Mr O'Hara met the definition of Key Management Personnel from 1 July 2015.
(G) Mr Shepherd commenced employment on 8 September 2014.
(H) Mr Armstrong ceased to meet the definition of Key Management Personnel on 8 April 2016 following his resignation from the Company. Remuneration in the table above is up to the date of resignation.
(I) Mr Davis ceased employment as Managing Director on 20 November 2014 and was subsequently appointed Non-executive Director. The amounts disclosed in this table relate only to payments made to Mr Davis in his capacity as an Executive, NED fee payments are disclosed separately in Section 6(c).
(J) Mr Banasik ceased employment on 14 November 2014.

Directors' Report

Remuneration Report - Audited

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 indices in respect of the current and previous financial years.

	2016	2015	2014	2013	2012
Cash and Bullion on Hand ($m)	42.6	28.9	32.2	19.2	72.1
Profit/(Loss) after tax attributable to shareholders ($m)	4.4	(94.0)*	(170.4)*	(319.3)*	31.2
Cash from operating activities	55.0	29.5	24.5	53.9	62.9
Closing share price at 30 June	$0.52	$0.14	$0.51	$0.59	$2.81

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

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

In assessing KMP performance during the year, the Committee considered the following achievements:

- meeting FY2016 sales guidance (132,400 oz sold compared with guidance of 125,000 – 135,000 oz);
- the successful operating strategy has improved cash flow from operations by 68% and reduced All in Sustaining Costs by 4%;
- successful targeted and phased exploration strategy;
- both the Maxwells underground mine and the Imperial/Majestic open pits are expected to make a significant contribution to Silver Lake's key objective of delivering new ore sources that sustain and enhance margins to drive shareholder returns;
- implementing and managing a transparent, effective hedging strategy to secure future revenue streams;
- delivery of positive exploration results from infill and extensional resource definition drilling to allow further mines to enter production in future periods;
- substantial rationalisation of the Company's tenement base; and
- crystalising value from the non-core Murchison and Great Southern assets.

REMUNERATION REPORT - AUDITED

6. FY2016 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.

FY2016 NED fees

- Chairman $151,950 plus 9.5% superannuation
- NED $84,400 plus 9.5% superannuation

When positioning base pay for NEDs, the Company presently aims to position fees at the 50th percentile of the industry benchmarking report. Effective 1 February 2016, NED fees were increased by 15% to $84,400 per annum, with Chairman fees increasing by 5% to $151,950 per annum.

Directors' Report

REMUNERATION REPORT - AUDITED

c. NED fees paid

Details of the remuneration of each NED for the year ended 30 June 2016 is set out in the following table:

		Short Term	Post-employment	
		Base Emolument $	Superannuation benefits $	Total $
David Quinlivan (A)	**2016**	**129,111**	**12,266**	**141,377**
Non-executive Chairman	2015	-	-	-
Les Davis (B)	**2016**	**77,877**	**7,398**	**85,275**
Non-executive Director	2015	45,555	4,328	49,883
Kelvin Flynn (C)	**2016**	**29,656**	**2,817**	**32,473**
Non-executive Director	2015	-	-	-
Brian Kennedy	**2016**	**77,877**	**7,398**	**85,275**
Non-executive Director	2015	77,955	7,406	85,361
Paul Chapman (D)	**2016**	**42,299**	**4,018**	**46,317**
Non-executive Chairman	2015	172,624	16,399	189,023
David Griffiths (E)	**2016**	**29,383**	**2,791**	**32,174**
Non-executive Director	2015	77,955	7,406	85,361
Peter Johnston (F)	**2016**	**-**	**-**	**-**
Non-executive Director	2015	66,371	6,305	72,676
Total	**2016**	**386,203**	**36,688**	**422,891**
Total	2015	440,460	41,844	482,304

A. Mr Quinlivan appointed as NED on 25 June 2015 and Chairman on 30 September 2015
B. Mr Davis appointed a NED on 20 November 2014
C. Mr Flynn appointed as NED on 24 February 2016
D. Mr Chapman resigned as Chairman on 30 September 2015
E. Mr Griffiths resigned as NED on 20 November 2015
F. Mr Johnston resigned as NED on 30 April 2015

Movement in Options

There were no options granted to KMP during FY2016. The movement, during the reporting period, in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially by KMP, including their related parties, is outlined below:

Key Management Personal	Held at 1 July 2015	Granted	Exercised	Held at 30 June 2016	Vested During The Year	Vested & Exercisable at 30 June 2016
Luke Tonkin *(i)*	2,000,000	-	-	2,000,000	600,000	1,000,000
Total	2,000,000	-	-	2,000,000	600,000	1,000,000

(i) Employee options (equity-settled)

On 14 October 2013 the Group granted Mr Luke Tonkin, (at the time Executive Director of Operations), a total of 2,000,000 employee options as part of his employment agreement which were approved by shareholders at the Annual General Meeting on 15 November 2013. The total expense recognised in the Statement of Profit or Loss for these options for the year ended 30 June 2016 was $150,275 (included within the total $256,406 value reflected in the remuneration table in Section 5(f)).

Directors' Report

REMUNERATION REPORT - AUDITED

Details of the options are summarised in the following table:

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

The inputs used in the measurement of the fair values at grant date were as follow:

	Tranche A	Tranche B	Tranche C
Valuation at grant date	$0.36	$0.34	$0.33
Share price at grant date	$0.67	$ 0.67	$0.67
Volatility	80%	80%	80%
Risk free rate	3.03%	3.03%	3.03%
Expected dividends	-	-	-

The fair value of the options was measured using a binomial option pricing model. A Black Scholes option pricing model was used to validate the valuation prices calculated by the binomial option pricing model. Whilst there are no performance conditions attached to the exercise of these options, the exercise price of the options was set at a premium (between 40%-70%) to the prevailing share price at date of grant.

Movement in Performance Rights

Key Management Person	Issued in FY2015	Issued in FY2016	Rights Exercised	Rights Lapsed	Held at 30 June 2016	Vested during the year	Vested & exercisable at 30 June 2016
Luke Tonkin	870,603	2,538,329	-	-	3,408,932	-	-
Peter Armstrong*	-	527,800	(448,630)#	(79,170)	-	448,630	-
David Berg	-	423,055	-	-	423,055	-	-
Diniz Cardoso*	-	351,982	-	-	351,982	-	-
Matthew O'Hara**	-	-	-	-	-	-	-
Antony Shepherd	-	406,133	-	-	406,133	-	-
Total	870,603	4,247,299	(448,630)	(79,170)	4,590,102	448,630	-

* Diniz Cardoso appointed and Peter Armstrong resigned - 8 April 2016
** Mr O'Hara met the definition of KMP from 1 July 2015
# Vested and excercised at discretion of the Board

The total expense recognised in the Statement of Profit or Loss for all Performance Rights for the period ended 30 June 2016 was $197,556 (included within the total $310,507 value reflected in the remuneration table in Section 5(f)).

Directors' Report

Remuneration Report - Audited

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

	Tranche 1	Tranche 2	Tranche 3
Number of performance rights	870,603	1,708,970	2,538,329
Exercise price	$0.00	$0.00	$0.00
Issue date	20 November 2014	1 July 2015	20 November 2015
Vesting date	30 June 2017	30 June 2018	30 June 2018
Expiry date	1 July 2017	1 July 2018	1 July 2018

The inputs used in the measurement of the fair values at grant date were as follow:

	Tranche 1	Tranche 2	Tranche 3
Valuation at grant date	$0.045	$0.074	$0.110
Underlying 20 day VWAP	$0.274	$0.151	$0.217
Volatility	20%	22%	22%
Risk free rate	2.56%	2.14%	2.14%
Expected dividends	-	-	-

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

Movement in Shares

Key Management Person	Held at 1 July 2015	Shares Acquired	Shares Exercised	Shares Sold	Other **	Held at 30 June 2016
David Quinlivan	-	-	-	-	-	-
Luke Tonkin	-	-	-	-	-	-
Les Davis	4,525,294	-	-	-	-	4,525,294
Kelvin Flynn*	-	-	-	-	-	-
Brian Kennedy	4,790,746	-	-	-	-	4,790,746
David Berg	10,416	-	-	-	-	10,416
Diniz Cardoso*	-	-	-	-	-	-
Matthew O'Hara*	-	-	-	-	-	-
Antony Shepherd	-	-	-	-	-	-
Peter Armstrong	499,959	-	-	-	(499,959)	-
Paul Chapman	5,334,294	-	-	-	(5,334,294)	-
David Griffiths	4,393,671	-	-	-	(4,393,671)	-
Total	19,554,380	-	-	-	(10,227,924)	9,326,456

* Met the definition of KMP during the respective period
** Balance reported is the shareholding on the date of resignation

Directors' Report

REMUNERATION REPORT - AUDITED

Key Management Person	Held at 1 July 2014	Shares Acquired	Shares Exercised	Shares Sold	Other**	Held at 30 June 2015
David Quinlivan*	-	-	-	-	-	-
Luke Tonkin	-	-	-	-	-	-
Les Davis	4,525,294	-	-	-	-	4,525,294
Brian Kennedy	4,790,746	-	-	-	-	4,790,746
Peter Armstrong	499,959	-	-	-	-	499,959
David Berg*	-	10,416	-	-	-	10,416
Antony Shepherd*	-	-	-	-	-	-
Chris Banasik	4,250,294	-	-	-	(4,250,294)	-
Paul Chapman	5,334,294	-	-	-	-	5,334,294
David Griffiths	4,393,671	-	-	-	-	4,393,671
Peter Johnston	4,621,194	-	-	-	(4,621,194)	-
Total	28,415,452	10,416	-	-	(8,871,488)	19,554,380

* Met the definition of KMP during the respective period
** Balance reported is the shareholding on the date of resignation

Directors' Report

Auditor's Independence

Section 307C of the Corporations Act 2001 requires Silver Lake's auditors, KPMG, to provide the Directors of Silver Lake with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2016. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

Non-Audit Services

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

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

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risk and rewards.

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

	2016 $	2015 $
Taxation services	56,760	119,755
Audit and review of financial statements	161,500	225,190
Total paid	**218,260**	**344,945**

Rounding Off

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that Corporations 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
23 August 2016

Directors' Declaration

1. In the opinion of the Directors:

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

i) Giving a true and fair view of the Group's financial position as at 30 June 2016 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 Class Order 98/1418.

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 2016.

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

Luke Tonkin
Managing Director
23 August 2016

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 for the financial year ended 30 June 2016 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

Brent Steedman
Partner

Perth

23 August 2016

Independent auditor's report to the members of Silver Lake Resources Limited

Report on the financial report

We have audited the accompanying financial report of Silver Lake Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, and 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 ended on that date, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is 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 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Silver Lake Resources Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Brent Steedman
Partner

Perth

23 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
Revenue	3	209,497	185,956
Cost of sales	4	(192,396)	(176,994)
Gross profit		17,101	8,962
Other income		3,146	4,874
Profit/(loss) on sale of assets		3,118	(4,549)
Exploration expenditure	14	(3,193)	-
Impairment losses	18	(2,825)	(86,994)
Administrative expenses	5	(8,878)	(11,282)
Results from operating activities		8,469	(88,989)
Finance income		482	201
Finance expenses		(4,538)	(5,236)
Net finance costs	7	(4,056)	(5,035)
Profit/(loss) before income tax		4,413	(94,024)
Income tax expense	8	-	-
Profit/(loss) for the year		4,413	(94,024)
Total comprehensive profit/(loss) for the year		4,413	(94,024)
		Cents Per Share	Cents Per Share
Basic profit/(loss) per share	9	0.88	(18.68)
Diluted profit/(loss) per share	9	0.87	(18.68)

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.

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
Current assets			
Cash and cash equivalents	10	38,643	22,538
Trade and other receivables	12	2,317	4,966
Inventories	13	20,708	18,831
Assets held for sale	17	10,056	-
Prepayments		91	62
Total current assets		71,815	46,397
Non-current assets			
Inventories	13	2,052	-
Exploration evaluation and development expenditure	14	123,893	143,479
Property, plant and equipment	15	50,675	58,394
Investments	16	4,806	7,561
Total non-current assets		181,426	209,434
Total assets		253,241	255,831
Current liabilities			
Trade and other payables	19	30,914	25,172
Interest bearing liabilities	20	3,937	10,320
Liabilities held for sale	17	5,056	-
Rehabilitation and restoration provision	23	1,158	786
Employee benefits	21	1,697	1,613
Total current liabilities		42,762	37,891
Non-current liabilities			
Interest bearing liabilities	20	2,125	6,062
Rehabilitation and restoration provision	23	21,010	29,272
Total non-current liabilities		23,135	35,334
Total liabilities		65,897	73,225
Net assets		187,344	182,606
Equity			
Share capital	24	699,564	699,564
Reserves	25	830	505
Accumulated losses		(513,050)	(517,463)
Total equity		187,344	182,606

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2014		699,564	216	(423,439)	276,341
Total comprehensive loss for the year		-	-	(94,024)	(94,024)
Transactions with owners, recorded directly in equity					
Equity settled share based payment	25	-	289	-	289
Total transactions with owners of the Company		-	289	-	289
Balance at 30 June 2015		699,564	505	(517,463)	182,606

	Notes	Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2015		699,564	505	(517,463)	182,606
Total comprehensive profit for the year		-	-	4,413	4,413
Transactions with owners, recorded directly in equity					
Equity settled share based payment	25	-	325	-	325
Total transactions with owners of the Company		-	325	-	325
Balance at 30 June 2016		699,564	830	(513,050)	187,344

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities			
Receipts from sales		205,837	189,249
Payments to suppliers and employees		(150,845)	(156,553)
Net cash from operating activities	11	54,992	32,696
Cash flow from investing activities			
Interest received		482	201
Acquisition of plant and equipment		(2,562)	(7,041)
Proceeds from sale of assets		3,388	1,500
Exploration, evaluation and development expenditure		(35,575)	(32,557)
Net cash used in investing activities		(34,267)	(37,897)
Cash flows from financing activities			
Refund of bonds		-	1,996
Proceeds from gold prepayment facility		-	10,000
Stamp duty paid		(3,553)	(3,207)
Repayment of borrowings		-	(3,120)
Interest paid		(1,067)	(1,867)
Net cash (used in)/from financing activities		(4,620)	3,802
Net increase/(decrease) in cash and cash equivalents		16,105	(1,399)
Cash and cash equivalents at 1 July		22,538	23,937
Cash and cash equivalents at 30 June	10	38,643	22,538

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

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 2016 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 23 August 2016.

The financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001;
- complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB");
- has been presented on the historical cost basis except for the following items in the statement of financial position:
    - investments which have been measured at fair value.
    - equity settled share based payment arrangements have been measured at fair value.
    - inventories which have been measured at the lower of cost and net realisable value.
    - exploration, evaluation and development assets which have been measured at recoverable value where impairments have been recognised.

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

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

(a) Functional and Presentation Currency

These consolidated financial statements are prepared in Australian dollars, which is the functional currency of the Company and its subsidiaries. The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with that Corporations Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Use of Judgements and Estimates

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

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

- Note 8 Income Tax
- Note 14 Exploration and evaluation expenditure carried forward
- Note 14 Amortisation of development expenditure
- Note 14 Reserves and resources
- Note 18 Impairment of assets
- Note 23 Closure and rehabilitation

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

(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) Determination of Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

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

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

(e) Impairment of Non-Financial Assets

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

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and 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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

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 at balance date using a fair value less cost to sell technique. This is done based on implied market values against their existing resource and reserve base and an assessment on the likelihood of recoverability from the successful development or sale of the asset. The implied market values are calculated based on recent comparable transactions within Australia converted to a value per ounce. This is considered to be a Level 3 valuation technique.

2. Segment Reporting

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

3. Revenue

	30 June 2016 $'000	30 June 2015 $'000
Gold sales	209,124	185,632
Silver sales	373	324
Total	209,497	185,956

Included in current year gold sales is 103,986 ounces of gold sold (at an average price of A$1,566/ounce) under various hedge programs. At 30 June 2016, the Company has a total of 76,327 ounces of gold left to be delivered under these programs.

Accounting Policies

Gold Sales

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

Gold forward contracts

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

4. Cost of sales

	Notes	30 June 2016 $'000	30 June 2015 $'000
Mining and processing costs		124,297	122,918
Amortisation	14	36,063	28,063
Depreciation	15	9,323	10,346
Salaries and on-costs		15,740	12,846
Royalties		6,973	5,703
Adjustment to rehabilitation provision		-	(2,882)
		192,396	176,994

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 profit and 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
Land	Not depreciated
Buildings	10 Years
Haul roads	5 Years
Plant and equipment	3-10 Years
Office furniture and equipment	3-15 Years
Motor vehicles	3-5 Years

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

5. Administration expenses

	30 June 2016 $'000	30 June 2015 $'000
Salaries and on-costs	4,574	5,799
Consultants and contractors	294	378
Professional fees	203	351
Travel and accommodation	121	197
Rental expense	619	495
Provision for doubtful debts (Note 12)	2,929	3,184
Other corporate costs	138	878
Total	8,878	11,282

6. Personnel expenses

	30 June 2016 $'000	30 June 2015 $'000
Wages and salaries	19,945	18,187
Other associated personnel expenses	1,280	2,123
Superannuation contributions	1,849	1,699
Total	23,074	22,009

7. Finance income and expenses

	30 June 2016 $'000	30 June 2015 $'000
Interest income	482	201
Finance income	482	201
Change in fair value of listed investment	(2,695)	(2,209)
Interest expense on interest bearing liabilities	(1,067)	(1,868)
Unwind of discount on provision	(776)	(1,159)
Finance costs	(4,538)	(5,236)
Net finance costs	(4,056)	(5,035)

Accounting Policies

Interest income comprises bank interest on funds invested and is recognised as it accrues, using the effective interest method. Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions. All borrowing costs are recognised in profit and 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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

8. Taxes

(a) Income tax

	30 June 2016 $'000	30 June 2015 $'000
Current tax expense		
Current income tax	(10,089)	(7,611)
Adjustment for prior years	(2,476)	723
	(12,565)	(6,888)
Deferred income tax expense		
Origination and reversal of temporary differences	12,565	6,888
Income tax expense reported in profit or loss	-	-

	30 June 2016 $'000	30 June 2015 $'000
Numerical reconciliation between tax expenses and pre-tax profit/(loss)		
Profit/(loss) before tax	4,413	(94,024)
Income tax using the corporation tax rate of 30% (2015: 30%)	1,323	(28,207)
Increase in income tax expense due to non-deductible items	3,302	810
Adjustment for prior years	(2,476)	723
Changes in unrecognised temporary differences	(2,149)	26,674
Income tax expense reported in profit or loss	-	-

(b) Deferred tax assets and liabilities

	30 June 2016 $'000	30 June 2015 $'000
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax assets/(liabilities)		
Receivables	1,929	990
Inventories	(1,606)	(1,500)
Exploration, evaluation and mining assets	15,535	23,516
Property, plant and equipment	22,884	24,914
Accrued expenses	575	503
Provisions	6,372	9,171
Share issue costs	921	1,700
Interest bearing liabilities	-	2,030
Tax losses	96,529	83,964
	143,139	145,288
Less deferred tax asset not recognised	(143,139)	(145,288)
Net deferred tax assets	-	-

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

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 2016 the Company has $321,763,000 (2015: $282,286,000 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 2016 of $96,529,000 (2015: $84,686,000).

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

i) the provisions of deductibility imposed by law are complied with; and

ii) no change in tax legislation adversely affects the realisation of the benefit from the deductions.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

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

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

9. Earnings per share

	30 June 2016 $'000	30 June 2015 $'000
Profit/(loss) used in calculating basic and diluted EPS	4,413	(94,024)
	Number of Shares	**Number of shares**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	503,234,000	503,234,000
Effect of dilution	4,707,000	-
Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	507,941,000	503,234,000

Accounting Policies

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

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

10. Cash and cash equivalents

	30 June 2016 $'000	30 June 2015 $'000
Cash at bank	38,643	22,538
Total	38,643	22,538

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 27.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

11. Reconciliation of cash flows from operating activities

	30 June 2016 $'000	30 June 2015 $'000
Cash flow from operating activities		
Profit/(loss) after tax	4,413	(94,024)
Adjustments for:		
Depreciation	9,323	10,346
Amortisation	36,063	28,063
Impairment of exploration and development expenditure	2,825	86,994
Share based payments	325	289
Net finance cost	3,471	3,369
(Profit)/loss from the sale of non-current assets	(3,118)	4,549
Operating profit before changes in working capital and provisions	53,302	39,586
Change in trade and other receivables	2,649	7,197
Change in inventories	(3,929)	9,519
Change in prepayments	(29)	93
Change in trade and other payables	2,915	(19,998)
Change in provisions	84	(3,701)
Total	54,992	32,696

12. Trade and other receivables

	30 June 2016 $'000	30 June 2015 $'000
Current		
Trade receivables	7,386	6,883
GST receivable	1,654	1,197
Other receivables	-	388
Provision for doubtful debts (Note 27 (b)(ii))	(6,723)	(3,502)
Total	2,317	4,966

The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 27.

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 and loss statement.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

13. Inventories

	30 June 2016 $'000	30 June 2015 $'000
Current		
Materials and supplies	5,354	4,999
Ore stocks	9,103	6,902
Gold in circuit	2,415	3,924
Bullion on hand	3,836	3,006
	20,708	18,831
Non-Current		
Ore stocks	2,052	-
Total	22,760	18,831

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

Accounting Policies

Inventory

Inventories of ore, gold in circuit, gold bullion and work in progress 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.

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14. Exploration, evaluation and development expenditure

During the year ended 30 June 2016 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

Exploration and evaluation phase	30 June 2016 $'000	30 June 2015 $'000
Cost brought forward	37,078	63,067
Capitalised during the year	10,620	13,276
Decrease in rehabilitation provision	(1,851)	(3,093)
Disposed during the year	(92)	-
Impairment	(2,825)	(32,158)
Transferred to development phase	(16,383)	(4,014)
Transferred to asset held for sale	(9,156)	-
Expensed during period	(3,193)	-
Balance at 30 June	14,198	37,078

Development phase	30 June 2016 $'000	30 June 2015 $'000
Cost brought forward	41,845	76,296
Transfer from exploration and evaluation phase	16,383	4,014
Expenditure during the year	9,914	1,610
Impairment	-	(33,975)
Transferred to production phase	(22,245)	(6,100)
Balance at 30 June	45,897	41,845

Production phase	30 June 2016 $'000	30 June 2015 $'000
Cost brought forward	64,556	94,184
Transfer from development phase	22,245	6,100
Expenditure during the year	14,776	18,272
Disposed during the year	(221)	(5,116)
(Decrease)/increase in rehabilitation provision	(1,495)	40
Amortisation expense	(36,063)	(28,063)
Impairment	-	(20,861)
Balance at 30 June	63,798	64,556
Total	123,893	143,479

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

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

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.

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Mine Properties and Mining Assets

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

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

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

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

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 profit and loss statement may change where such charges are calculated using the units of production basis;
- decommissioning, site restoration and environmental provisions may change due to changes in estimated resources after expectations about the timing or costs of these activities change; and
- recognition of deferred tax assets, including tax losses.

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 tonnes of ore milled.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

15. Property, Plant and Equipment

	Note	Land & Building $'000	Plant & Equipment $'000	Haul Roads $'000	Motor Vehicles $'000	Office Furniture & Equipment $'000	Capital Work In Progress $'000	Total $'000
Cost								
Balance 1 July 2014		13,989	202,852	3,561	2,557	1,945	2,888	227,792
Additions		-	-	-	-		7,065	7,065
Transfers		18	9,322	-	-	38	(9,378)	-
Disposals		(99)	(20,532)	-	(53)	-	(51)	(20,735)
Balance 30 June 2015		13,908	191,642	3,561	2,504	1,983	524	214,122
Additions		-	-	-	-	-	2,564	2,564
Reclassified as held for sale	17	(900)	-	-	-	-	-	(900)
Transfers		94	2,147	-	231	209	(2,681)	-
Disposals		-	-	-	(385)	-	-	(385)
Balance 30 June 2016		13,102	193,789	3,561	2,350	2,192	407	215,401
Depreciation								
Balance at 1 July 2014		10,013	146,045	1,068	1,502	1,246	-	159,874
Depreciation expense	4	487	8,098	712	603	447	-	10,347
Disposal		(30)	(14,414)	-	(47)	-		(14,491)
Balance 30 June 2015		10,470	139,729	1,780	2,058	1,693	-	155,730
Depreciation expense	4	444	7,594	712	320	253	-	9,323
Disposal		-	-	-	(327)	-	-	(327)
Balance 30 June 2016		10,914	147,323	2,492	2,051	1,946	-	164,726
Carrying Amount								
At 30 June 2014		3,976	56,807	2,493	1,055	699	2,888	67,918
At 30 June 2015		3,438	51,913	1,781	446	290	526	58,394
At 30 June 2016		2,188	46,466	1,069	299	246	407	50,675

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Accounting Policies

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

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

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

16. Investments

	30 June 2016 $'000	30 June 2015 $'000
Investments in listed entities – at fair value	4,806	7,561
Movements as follows:		
Balance at 1 July	7,561	9,770
Acquisitions for nil consideration	75	-
Disposals	(135)	-
Change in fair value	(2,695)	(2,209)
Balance at 30 June	4,806	7,561

Accounting Policies

Financial assets at fair value through profit or loss

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

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

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

Notes to the Consolidated Financial Statements

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17. Assets held for sale

In July 2016 the Company was formally notified by ACH Minerals Pty Ltd that it had exercised its option to purchase the Great Southern project (Project) for cash consideration of $5,000,000 as per the Farm-in and Joint Venture Agreement. Completion of the sale of the Project and receipt of the consideration is expected to occur during Q1 FY2017.

As a result of this, the net carrying value of the Project at 30 June 2016 was reduced to $5,000,000, resulting in a $2,825,000 impairment recorded in the profit and loss statement. The net carrying value comprises $10,056,000 of assets and $5,056,000 of liabilities.

Accounting Policies

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

18. Impairment testing for non-current assets

Results of impairment testing

	Notes	30 June 2016 $'000	30 June 2015 $'000
Mount Monger CGU		-	32,445
Long term development and mine assets		-	22,391
Exploration assets	14	2,825	32,158
Total impairment		2,825	86,994

At 30 June 2016, the Group has performed a test for impairment indicators and reversal in accordance with AASB 136 and determined that no factors existed which would require an impairment test. The impairment of exploration assets in 2016 relates to a specific sale transaction (refer Note 17). Impairments in relation to 30 June 2015 were as follows:

Mount Monger CGU

In FY2015 a number of factors represented indicators of impairment, including a reduction in the gold price outlook, the Company's market capitalisation relative to its book value at the time and a reduction in the Mount Monger CGU resource base. As a result, the Company assessed the recoverable amount of the Mount Monger CGU in 2015. There were no indicators of impairment as at 30 June 2016 and therefore no impairment assessment was required in the current year.

Commentary on the FY2015 impairment review is provided below:

- The key assumptions in addition to the life of mine plans used in the discounted cash flow valuation were the gold price, the Australian dollar exchange rate against the US dollar and the discount rate;
- Gold price and AUD:USD exchange rate assumptions were estimated by management, with reference to external market forecasts. For the review, the forecast gold price was estimated at US$1,183–US$1,250/oz and the forecast exchange rate of US$0.74 to US$0.78 per A$1.00, based on a forward curve over the life of the mines.

- A discount rate of 11% 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 2015 resulted in a total impairment charge to the Profit or Loss Statement of $32,445,000.

Long term development and mine assets

As a result of changes to operating and capital cost assumptions, long term development assets were impaired by $22,391,000 in FY2015.

Exploration assets

At 30 June 2015, the recoverable amount of certain assets was assessed as lower than the carrying amount which resulted in an impairment charge of $32,158,000 on exploration and evaluation assets. This was due to the reduction in the gold price outlook at the time and an assessment of future exploration spend on the respective areas of interest.

19. Trade and other payables

	30 June 2016 $'000	30 June 2015 $'000
Trade payables	26,949	21,828
Other payables	3,965	3,344
Total	30,914	25,172

The Group's exposure to liquidity risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 27.

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.

Notes to the Consolidated Financial Statements

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20. Interest bearing liabilities

	30 June 2016 $'000	30 June 2015 $'000
Current liability		
Gold prepay facility	-	6,767
Stamp duty	3,937	3,553
	3,937	10,320
Non-current liability		
Stamp duty	2,125	6,062
Total	6,062	16,382

The stamp duty liability is payable over the next 18 months and incurs interest at the rate of 10.7% per annum.

On 29 December 2014 the Company entered into a secured Gold Prepay Facility ("Facility") with the Commonwealth Bank of Australia ("CBA"), raising $10,000,000. Under the Facility, Silver Lake was contracted to deliver a total of 7,056 ounces of gold to CBA between January 2015 and June 2016 (392 ounces per month). As at 30 June 2016, the Facility has been repaid in full.

The Group's exposure to interest rate and liquidity risk arising from these interest bearing liabilities is disclosed in Note 27.

Accounting Policies

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

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

21. Employee benefits

	30 June 2016 $'000	30 June 2015 $'000
Current		
Liability for annual leave	1,327	1,101
Liability for long service leave	370	512
Total	1,697	1,613

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

Employee options (equity-settled)

On 14 October 2013 the Group granted Mr Luke Tonkin, (at the time Executive Director of Operations), a total of 2,000,000 employee options as part of his employment agreement which were approved by shareholders at the 2013 AGM. The total expense recognised in the Statement of Profit or Loss for these options for the period ended 30 June 2016 was $150,275 (2015: $253,087).

Details of the options are as follows:

	Tranche A	Tranche B	Tranche C
Number of options	400,000	600,000	1,000,000
Exercise price	$0.94	$1.03	$1.14
Issue date	14 October 2013	14 October 2013	14 October 2013
Vesting date	15 January 2015	15 January 2016	15 January 2017
Expiry date	14 October 2017	14 October 2017	14 October 2017

The inputs used in the measurement of the fair values at grant date were as follow:

	Tranche A	Tranche B	Tranche C
Valuation at grant date	$0.36	$0.34	$0.33
Share price at grant date	$0.67	$ 0.67	$0.67
Volatility	80%	80%	80%
Risk free rate	3.03%	3.03%	3.03%
Expected dividends	-	-	-

The fair value of the options was measured using a binomial option pricing model. A Black Scholes option pricing model was used to validate the valuation prices calculated by the binomial option pricing model. Whilst there are no performance conditions attached to the exercise of these options, the exercise price of the options have been set at a premium (between 40%-70%) to the prevailing share price at date of grant.

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

	Weighted Average Exercise Price 2016	Number of Options 2016	Weighted Average Exercise Price 2015	Number of Options 2015
Outstanding at 1 July	$1.07	2,000,000	$1.07	2,000,000
Forfeited during period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at 30 June	$1.07	2,000,000	$1.07	2,000,000
Exercisable at 30 June	$0.99	1,000,000	$0.94	400,000

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:

	FY2015 Rights Granted	FY2016 Rights Granted	Rights Exercised	Rights Lapsed	Held at 30 June 2016	Vested during the year	Vested & exercisable at 30 June 2016
Total	870,603	5,476,750	(473,675)	(179,349)	5,694,329	473,675	-

The fair value of the performance rights was measured using a a hybrid employee share option pricing model (correlation simulation and Monte Carlo model) and was calculated by independent consultants. Details of the valuation and vesting conditions are included in the Remuneration Report.

The total expense recognised in the Statement of Profit or Loss for these rights for the period ended 30 June 2016 was $197,556 (2015 $13,059).

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 2016 $'000	30 June 2015 $'000
Closure and rehabilitation		
Opening balance at 1 July	30,058	40,667
Adjustment to provisions during the year	(2,718)	(5,936)
Disposal of asset	(264)	(5,285)
Unwind of discount	776	1,161
Transferred to liabilities held for sale	(5,056)	-
Rehabilitation spend	(628)	(549)
Closing balance at 30 June	22,168	30,058
Current provision	1,158	786
Non-current provision	21,010	29,272
Closing balance at 30 June	22,168	30,058

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 reduced by $2,718,000 (2015: $5,936,000).

Accounting Policies

Provisions

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

Closure and Rehabilitation

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

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

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

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

Notes to the Consolidated Financial Statements
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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 profit and 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 2014	503,233,971	699,564
Movement in the period	-	-
Balance as at 30 June 2015	503,233,971	699,564
Movement in the period	473,675	-
Balance as at 30 June 2016	503,707,646	699,564

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.

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For the year ended 30 June 2016

25. Reserves

Movement in options reserve	2016 $'000	2015 $'000
Balance as at 1 July	505	216
Equity settled share based payment expense	325	289
Balance as at June	830	505

26. Operating leases

The Company leases assets for operations including plant and office premises. The leases have an average life of 1 to 3 years. At 30 June 2016, the future minimum lease payments under non-cancellable leases were payable as follows.

	2016 $'000	2015 $'000
Less than one year	3,955	4,744
Between one and five years	4,399	9,750
	8,354	14,494

27. Financial risk management

(a) Overview

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

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

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

(b) Credit risk

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

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

i) Cash and cash equivalents

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

ii) Trade and other receivables

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

At 30 June 2016, a provision for doubtful debts of $6,723,000 has been recorded against rental income receivable as a result of a debtor being place in liquidation. This receivable is therefore not reflected in the trade and other receivables balance in Note 27(c).

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For the year ended 30 June 2016

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

(c) Exposure to credit risk

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

	Carrying Amount	
	2016 $'000	2015 $'000
Trade and other receivables	2,317	4,966
Cash and cash equivalents	38,643	22,538
Total	40,960	27,504

(d) Liquidity risk

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

To mitigate large fluctuations in the USD:AUD exchange rate as well as the USD denominated gold price, the Company has entered into hedging programmes whereby future bullion sales are hedged at a predetermined AUD gold price. At 30 June 2016, the Company has a total of 76,327 ounces to be delivered under these hedges over the next 12 months at an average of A$1,655/oz. The sale of gold under these hedges is accounted for using the 'own use exemption' under *AASB 139 Financial Instruments* and as such all hedge revenue is recognised in the Profit and 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 2016	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	More than 5 years $'000
Trade and other payables	30,914	30,914	30,914	-	-	-	-
Stamp duty	6,062	6,568	2,189	2,189	2,190	-	-
Total	36,976**	37,482	33,103	2,189	2,190	-	-

30 June 2015	Carrying Amount $'000	Contractual Cash Flows $'000	6 Months or Less $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	More than 5 years $'000
Trade and other payables	25,172	25,172	25,172	-	-	-	-
Stamp duty	9,615	10,946	2,189	2,189	4,378	2,190	-
Gold prepay facility	6,767*	-	-	-	-	-	-
Total	41,554**	36,118	27,361	2,189	4,378	2,190	-

** The gold prepay facility is settled through the physical delivery of bullion*
*** The carrying value at balance date approximates fair value*

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return. The Group only has exposure to interest rate risk and equity price risk.

(f) 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.

i) Profile

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

	Carrying Amount 2016 $'000	Carrying Amount 2015 $'000
Fixed rate instruments		
Financial liabilities		
Stamp duty liability	(6,062)	(9,615)
Gold prepay facility	-	(6,767)
Total	(6,062)	(16,382)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	38,643	22,538

ii) 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.

iii) 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 $386,000 (2015: $225,000). This analysis assumes that all other variables remain constant.

(g) Equity price risk

Equity investments are long-term investments that have been classified as financial assets at fair value through profit or loss. The Group is exposed to insignificant equity price risk arising from its equity investments.

(h) Fair values

The carrying amounts of financial assets are valued at year end at their quoted market price.

(i) 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.

28. Commitments

The Group has $2,488,000 of capital commitments in the next financial year relating to the acquisition of property plant and equipment (2015: nil) and $4,670,000 (2015: $7,174,000) of commitments relating to minimum exploration expenditure on its various tenements.

29. Related parties

(a) Key Management Personnel Compensation

	30 June 2016 $'000	30 June 2015 $'000
Short-term employee benefits	2,549	3,194
Post-employment benefits	188	177
Other long term benefits	554	103
Total	3,291	3,474

(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 4,247,299 performance rights were awarded to key management personnel. See Note 22 for further details of these related party transactions.

Notes to the Consolidated Financial Statements
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30. Group Entities

The Company controlled the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Interest	
		2016	2015
Cue Minerals Pty Ltd	Australia	100%	100%
Great Southern Minerals Pty Ltd	Australia	100%	100%
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%

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

The Group has the following interests in unincorporated joint operations:

Joint Operation	Principal Activities	Joint Operation Parties	Group Interest	
			2016	2015
Bandalup Gossan	Exploration	SLR/Traka Resources Ltd	80.0%	80.0%
West Tuckabianna	Exploration	SLR/George Petersons	90.0%	90.0%
Peter's Dam	Exploration	SLR/Rubicon	69.2%	69.2%
Glandore	Exploration	SLR/Avoca Minerals Pty Ltd	-*	20.0%
Erayinia	Exploration	SLR/Image Resources	-*	81.7%
Queen Lapage	Exploration	SLR/Rubicon	-*	58.0%

**Terminated during the period*

Accounting Policies

Joint Operation Arrangements

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

32. Auditor's Remuneration

	30 June 2016 $'000	30 June 2015 $'000
KPMG:		
Audit and review of the Company's financial statements	161,500	225,190
Taxation services	56,760	119,755
Other Audit and Assurance Firms:		
Other assurance related services	10,970	15,769
Total	229,230	360,714

33. Subsequent Events

Maxwells Underground Mine ("Maxwells")

In July 2016 the Company announced that development of Maxwells would commence in July 2016.

Great Southern

In July 2016 the Company was formally notified by ACH Minerals Pty Ltd that it had exercised its option to purchase the Great Southern project (Project) for cash consideration of A$5 million as per the Farm-in and Joint Venture Agreement. Completion of the sale of the Project and receipt of the consideration is expected to occur in Q1 FY2017.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

34. Parent Entity

As at, and throughout the financial year ended 30 June 2016, the parent company of the Group was Silver Lake Resources Limited.

	30 June 2016 $'000	30 June 2015 $'000
Results of the parent entity		
Profit/(loss) for the year	1,817	(140,510)
Total comprehensive profit/(loss) for the year	1,817	(140,510)
Financial position of parent entity at year end		
Current assets	42,249	28,669
Total assets	231,078	241,666
Current liabilities	36,548	42,507
Total liabilities	53,055	65,785
Total equity of the parent entity comprising of:		
Share capital	699,564	699,564
Reserves	830	505
Accumulated losses	(522,372)	(524,189)
Total equity	178,022	175,881

The parent entity has $4,670,000 (2015: $7,174,000) of commitments relating to minimum exploration expenditure on its various tenements.

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 Class Order 98/1418 (as amended).

36. New Standards and interpretations not yet adopted

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

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

This standard includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. An assessment of the Group's financial assets and liabilities was performed to determine whether the change in standard would affect the classification and measurement of financial instruments currently held. The new standard is not expected to impact the measurement of the Company's financial assets and liabilities. Additional disclosure requirements will be incorporated on adoption of the standard.

ii. AASB15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaced IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations. The AASB issued the Australian equivalent of IFRS 15, being AASB 15, in December 2014. Currently, these standards are effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted however the IASB and the AASB have proposed a one year deferral to IFRS 15/AASB 15, which if approved, would move the effective date to annual reporting periods commencing on or after 1 July 2018. The core principle of IFRS 15 *Revenue from Contracts with Customers* is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

This new standard is not expected to have an impact on the Group's Financial Statements.

iii. AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations: applicable to annual reporting periods beginning on or after 1 July 2016.

AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

- the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 *Joint Arrangements*; and;
- the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

Adoption of this amendment will not result in a material impact on the Group's financial statements.

iv. AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation: applicable to annual reporting periods beginning on or after 1 July 2016.

AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Currently the Group does not have a revenue-based policy to calculate the depreciation of an asset and adoption of this standard is therefore not expected to impact the financial statements of the Company.