APPENDIX 4D
HALF YEAR REPORT
Period ended 31 December 2016

Name of entity: Silver Lake Resources Limited
Current reporting period: 6 months ended 31 December 2016
Previous corresponding reporting period: 6 months ended 31 December 2015

		31 Dec 2016 A$'000	31 Dec 2015 A$'000
Revenues from ordinary activities	up 2%	107,296	104,996
Profit from ordinary activities after tax attributable to members	up 4,071%	8,259	198

Key points:

- Profit after tax of $8.26 million (2015: $0.20 million)
- EBITDA (excluding significant items*) up 19% to $30.66 million (2015: $25.81 million)
- Cash and Bullion up 3% to $44.04 million (June 2016: $42.63 million)
- Revenue up 2% to $107.30 million (2015: $105.00 million)
- Gold sales of 64,416 ounces (2015: 67,540 ounces)
- Average realised gold price of A$1,665/oz (2015: A$1,555/oz)
- All in sustaining cash cost of A$1,389/oz (2014: A$1,281/oz)
- Successful ramp up of Imperial/Majestic open pits and Maxwells underground projects
- Strong results from drilling campaigns continue to support strategy of investing in Mount Monger exploration to target lower cost discoveries proximal to existing mines and mine infrastructure
- Hedge book at 31 December 2016 totals 48,332 ounces at an average forward price of A$1,686/oz

Revenue for the period totalled $107.30 million from the sale of 64,416 ounces of gold at an average realised gold sale price of A$1,665/oz compared with revenue of $105.00 million from 67,540 ounces (@ A$1,555/oz) in the previous corresponding period. The lower sales result arose from the delayed delivery of high-grade Majestic ore to the Randalls Gold Processing Facility towards the end of December and as a result was not fed to the processing plant by period end. This material will be reflected in the second half sales numbers.

Cost of sales for the period were marginally higher at $98.19 million (2015: $96.37 million). The cost result includes pre-strip and establishment costs associated with the ramp up of the Imperial/Majestic open pits and Maxwells underground mine including amortisation and depreciation costs on these new mines. As a result, the All-in Sustaining Cost (AISC) for the period increased to A$1,389/oz (2015: A$1,281/oz).

The YTD cost profile is consistent with the Company's forecasts and reflects the investment in developing the Maxwells, Cock-eyed Bob and Majestic mines over the past six months and the planned increase of higher grade stockpiles during the period. The AISC is expected to fall during H2 FY17 as the new mines reach target production rates and the benefits of higher grade production is realised in the mill blend.

The cash and bullion balance of $44.04 million at 31 December 2016 represents a strong operating cashflow result which allowed Silver Lake to invest $22.55 million on new mines and $6.71 million on exploration expenditure to increase the value of the Mount Monger asset base for shareholders, while maintaining a prudently strong financial position.

** EBITDA (excluding significant items) is an unaudited, non-IFRS measure. A reconciliation between the statutory profit after tax and the Group's underlying operating result is tabled on page 8 of the Interim Financial Report.*

Dividend information

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

Net tangible assets per share

	31 Dec 2016	30 June 2016
Net tangible assets per share	$0.39	$0.37

Control gained or lost over entities during the period

There have been no changes in control over entities in the 6 month period ended 31 December 2016.

Joint Operations

As at 31 December 2016, the Group has the following interests in unincorporated joint operations:

Joint Operation	Joint Operation Parties	SLR Interest 31 Dec 2016	SLR Interest 30 June 2016
West Tuckabianna	SLR/George Petersons	90.0%	90.0%
Peter's Dam	SLR/Rubicon	69.2%	69.2%
Bandalup Gossan	SLR/Traka Resources	-	80.0%

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.

Financial results

This report is based on the attached Interim Financial Report which has been reviewed by the Group's auditors, KPMG.

Silver Lake Resources Limited

(ABN 38 108 779 782)

Interim Financial Report
For the Six Months Ended 31 December 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

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Share Register

Security Transfer Australia
PO Box 52
Collins Street West VIC 8007

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 present their report for the half year ended 31 December 2016.

DIRECTORS

The names and details of the Company's Directors in office during the six months and until the date of this report are as follows. The Directors were in office for the entire period unless otherwise stated.

David Quinlivan	Non-executive Chairman	Appointed 25 June 2015
Luke Tonkin	Managing Director	Appointed 14 October 2013
Les Davis	Non-executive Director	Appointed 25 May 2007
Kelvin Flynn	Non-executive Director	Appointed 24 February 2016
Brian Kennedy	Non-executive Director	Appointed 20 April 2004

PRINCIPAL ACTIVITIES

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

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.

Silver Lake has JORC Resources and JORC Ore Reserves (as at 30 June 2016) containing:

- 4.9 million ounces of gold inclusive of 0.8 million ounces of reserve;
- 10.5 million ounces of silver; and
- 136,000 tonnes of copper.

GROUP FINANCIAL OVERVIEW

The Group recorded a net profit after tax for the period of $8.259 million (2015: $0.198 million). Operating cash flow for the period was $23.474 million (2015: $22.161 million).

A reconciliation between the statutory profit after tax and the Group's underlying operating results is tabled on page 8. 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 (excluding significant items) increased 19% to $30.657 million for the period (2015: $25.813 million).

Revenue for the period totalled $107.296 million from the sale of 64,416 ounces of gold at an average realised gold sale price of A$1,665/oz compared with revenue of $104.996 million from 67,540 ounces (@ A$1,555/oz) in the previous corresponding period. Sales in the December 2016 quarter were impacted by the delayed delivery of high-grade Majestic ore to the Randalls Gold Processing Facility and as a result were not fed to the processing plant by period end.

Cost of sales increased to $98.186 million in the period (2015: $96.369 million) reflecting the commencement of production from the Imperial/Majestic open pits and the Maxwells underground mines as well as the associated increase in amortisation and depreciation costs associated with these new mines. As a result, the All-in Sustaining Cost (AISC) for the period was A$1,389/oz (2015: A$1,281/oz). The YTD AISC is consistent with the Company's forecast and reflects the investment in development of the Maxwells, Cock-eyed Bob and Majestic mines over the past six months and the planned increase of higher grade

Directors' Report

stockpiles during the period. The AISC is forecast to fall during H2 FY17 as higher grade feed from Majestic and Maxwells is increased in the mill blend with Daisy Complex continuing to maintain similar head grades to H1 FY17.

The cash and bullion balance of $44.036 million at 31 December 2016 is after $22.546 million of capital expenditure on new mines at Maxwells and Imperial/Majestic, and $6.710 million of exploration expenditure.

Overview of Operations

Mount Monger Operation

Mining

Ore mined from the Mount Monger Operation totalled 597,956 tonnes at a grade of 3.5 g/t Au for 68,099 contained ounces. The production was sourced from the Daisy Complex, Cock-eyed Bob and Maxwells underground mines and the Santa Area and Majestic open pit mines. In the prior period production totalled 499,292 tonnes at a grade of 4.2 g/t Au for 66,941 contained ounces and was sourced from the Daisy Complex and Cock-eyed Bob underground mines and the Santa Area and Lucky Bay open pit mines. The commencement of the Imperial/Majestic and Maxwells mines in the current period is a key component of the Company's operating strategy of enhancing margins by introducing lower cost ore sources into the production plan that are proximal to existing mines and mine infrastructure.

The Daisy Complex underground mine continued its consistent operating performance, contributing 146,474 tonnes at a grade of 7.3 g/t Au for 34,598 contained ounces. The Daisy Complex is expected to maintain its production performance in the second half of FY17.

At Cock-eyed Bob decline development from the 345 level to the 330 level was completed during the period, resulting in production of 23,677 tonnes at a grade of 4.1 g/t Au for 3,114 contained ounces. Economic evaluation of the recent phase two diamond drilling results has been completed, justifying a third phase of exploration drilling which will be completed in H2 FY17. The drilling programs aim to define mining blocks 155 metres below the 330 metre level to generate a long-term mining plan.

Ore production at Maxwells underground commenced in October 2016, contributing 12,024 tonnes at a grade of 3.3 g/t Au for 1,271 contained ounces. Production was sourced from ore development headings with long hole stoping activities scheduled to commence in Q3 FY17. Year-to-date development of 1,800 metres has exceeded plan and has provided multiple ore development horizons and stoping blocks for H2 FY17 and beyond.

Mine production from the open pits for the period totalled 415,781 tonnes at 2.2 g/t Au for 29,116 contained ounces. This comprised ore sourced from the Majestic pit (290,305 tonnes at 2.1 g/t Au for 19,612 contained ounces) where production commenced in July 2016, and from Santa Area (125,476 tonnes at 2.4 g/t Au for 9,504 contained ounces) which was completed in September 2016. Mining at Majestic is forecast to reach maximum production rates in Q3 FY17. Mining from the Imperial open pit (adjacent to the Majestic open pit) is forecast to commence in Q3 FY17.

Processing

Gold ore from the Mount Monger Operation is transported to the Randalls Gold Processing Facility, located 65 km south east of Kalgoorlie. Mill feed during the period was sourced from the Daisy Complex, Maxwells and Cock-eyed Bob underground mines, the Majestic open pit and Santa stockpiles. Ore milled for the period totalled 652,152 tonnes at a blended grade of 3.2 g/t Au for 63,603 recovered ounces.

Milling rates at Randalls are expected to be marginally lower in H2 FY17 however mill feed grade is expected to increase with 35% of mill feed tonnes and 53% of mill feed ounces sourced from underground operations. The remaining feed will be comprised of open pit ore and available ore stockpiles.

Directors' Report

Mining and production statistics for the Mount Monger Operation for the period ended 31 December 2016 are detailed in Table 1 and Table 2.

Murchison Operation

During the period a total of $85k was incurred on care and maintenance costs at the Tuckabianna processing facility in the Murchison. The Company continues to evaluate opportunities to crystalise value from this asset.

The majority of exploration costs relating to the Group's Murchison tenements were incurred and paid for by Musgrave Minerals Limited under the farm-in and joint venture arrangement described below.

Cue Project Farm-in and Joint Venture

In November 2015 Silver Lake announced that it had 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.

In February 2017, the Company was notified by MGV that it had met the minimum expenditure required ($2.7 million) to earn an initial 60% interest in the joint venture. MGV has elected to increase its interest in the Cue Project to 80% by spending a further $1,800,000 within a further 2 years and will therefore continue to incur all exploration costs on these tenements during this time.

Further details of the arrangement are set out in the Company's announcement dated 25 November 2015.

Great Southern

In July 2016 ACH Minerals Pty Ltd ("ACH") exercised its option to purchase the Great Southern Project ("Project") from Silver Lake for a cash consideration of $5 million. The acquisition 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. Completion of the transaction and receipt of the proceeds occurred in August 2016.

Directors' Report

Gold Mining and Production Statistics

Mount Monger - Mining	Units	1H FY2017	1H FY2016
Underground			
Ore mined	Tonnes	182,175	219,532
Mined grade	g/t Au	6.7	6.3
Contained gold in ore	Oz	38,983	44,357
Open Pit			
Ore mined	Tonnes	415,781	279,760
Mined grade	g/t Au	2.2	2.5
Contained gold in ore	Oz	29,116	22,584
Total ore mined	Tonnes	597,956	499,292
Mined grade	g/t Au	3.5	4.2
Contained gold in ore	Oz	68,099	66,941

Table 1

Mount Monger - Processing	Units	1H FY2017	1H FY2016
Ore Milled	Tonnes	652,152	608,862
Head grade	g/t Au	3.2	3.6
Contained gold in ore	Oz	67,737	70,800
Recovery	%	94	95
Gold produced	Oz	63,603	67,438
Gold sold	Oz	64,416	67,540

Table 2

EXPLORATION

A total of $6.710 million was spent on exploration during the period that form part of the A$13.2 million FY17 exploration program. The exploration strategy is focused on the Mount Monger mining centre, and targets near-term resource definition and project development opportunities across the two key mining centres in the Mount Monger Operation area (Daisy and Mount Belches gold camps) and regional exploration proximal to existing mine and processing infrastructure. Exploration campaigns during the period included:

- Daisy Complex – resource development drilling within the existing underground mine to upgrade Inferred Resources to an Indicated category, and to identify extensions to the known zones of Inferred Resources
- Maxwells Underground – infill and extensional diamond drilling aimed at infilling and extending the Maxwells deposit
- Santa Area – RC and diamond drilling to identify high grade ore shoots beneath the current open cut mine, for a potential new underground mine
- Cock-eyed Bob – Phases 1 and 2 of resource definition drilling aimed at upgrading existing Inferred Resources to Indicated Resources and targeting resource extensions below the current underground mine development

Directors’ Report

- Regional Exploration – surface exploration drilling in the Daisy Complex area, focussing on discovery of new gold deposits and growth of the known mineral resources.

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:

- a relentless drive to reduce costs and increase productivity;
- the 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
- continuing 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 $8.259 million (2015: $0.198 million). This profit includes a number of significant items, such as depreciation/amortisation and change in fair value of ASX listed investments that, in the opinion of the directors, need adjustment to enable shareholders to obtain an understanding of the results from operations. The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding these significant items are outlined in the table below:

Reconciliation of Statutory Profit after Tax to EBITDA (excluding significant items) - Unaudited	**31 Dec 2016 $'000**	**31 Dec 2015 $'000**
Statutory profit after tax for the period:	8,259	198
Adjustments for:		
Net finance (income)/costs (includes change in fair value of listed investments)	(5,861)	2,356
Depreciation & amortisation	28,174	23,055
Care & maintenance costs (Murchison Operation)	85	204
EBITDA (excluding significant items)	**30,657**	**25,813**

At 31 December 2016, the Group had $35.845 million in cash (30 June 2016: $38.643 million) and $8.045 million in gold bullion (30 June 2016: $3.836 million). In addition, the Group had $10.013 million in ASX listed investments at period end (30 June 2016: $4.806 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than noted elsewhere in this report, there were no significant changes in the state of affairs of the Group that occurred during the period under review.

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 interim financial report for the six months ended 31 December 2016. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

SUBSEQUENT EVENTS

Other than the Cue Project Farm-in and Joint Venture arrangement discussed on page 5, there have been no material events that have occurred between the reporting date and the date of signing this report.

Signed in accordance with a resolution of the Directors.

Luke Tonkin
Managing Director
21 February 2017

Directors' Declaration

In the opinion of the Directors:

a) The consolidated financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:

   i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the six month period then ended; and
   ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Luke Tonkin
Managing Director
21 February 2017

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 review for the half year ended 31 December 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Brent Steedman

Partner

21 February 2017

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

Report on the financial report

We have reviewed the accompanying interim financial report of Silver Lake Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 9 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 half-year's end or from time to time during the half-year.

Responsibility of the Directors for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Silver Lake Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Silver Lake Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Brent Steedman
Partner

Perth

21 February 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2016

	Notes	31 December 2016 $'000	31 December 2015 $'000
Revenue		107,296	104,996
Cost of sales		(98,186)	(96,369)
Gross profit		9,110	8,627
Other income		50	55
Profit on sale of assets		33	16
Exploration expenditure	6	(1,355)	(1,512)
Administrative expenses		(5,440)	(4,632)
Results from operating activities		2,398	2,554
Finance income		6,148	137
Finance expenses		(287)	(2,493)
Net finance income/(costs)	4	5,861	(2,356)
Profit before income tax		8,259	198
Income tax expense		-	-
Profit for the period		8,259	198
Total comprehensive profit for the period		8,259	198

Earnings per share	Cents Per Share	Cents Per Share
Basic earnings per share	1.64	0.04
Diluted earnings per share	1.63	0.04

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	31 December 2016 $'000	30 June 2016 $'000
Current Assets			
Cash and cash equivalents		35,845	38,643
Trade and other receivables		9,801	2,317
Inventories		19,242	20,708
Assets held for sale	5	-	10,056
Prepayments		112	91
Total Current Assets		65,000	71,815
Non-Current Assets			
Inventories		1,868	2,052
Exploration, evaluation and development expenditure	6	120,913	123,893
Property, plant and equipment		54,317	50,675
Investments		10,013	4,806
Total Non-Current Assets		187,111	181,426
Total Assets		252,111	253,241
Current Liabilities			
Trade and other payables		27,973	30,914
Interest bearing liabilities	7	4,235	3,937
Liabilities held for sale	5	-	5,056
Employee benefits		1,835	1,697
Rehabilitation and restoration provision		1,715	1,158
Total Current Liabilities		35,758	42,762
Non-Current Liabilities			
Interest bearing liabilities	7	75	2,125
Rehabilitation and restoration provision		20,454	21,010
Total Non-Current Liabilities		20,529	23,135
Total Liabilities		56,287	65,897
Net Assets		195,824	187,344
Equity			
Share capital		699,564	699,564
Reserves		1,051	830
Accumulated losses		(504,791)	(513,050)
Total Equity		195,824	187,344

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2016

	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 period	-	-	198	198
Transactions with owners, recorded directly in equity				
Equity settled share based payment	-	115	-	115
Balance at 31 December 2015	699,564	620	(517,265)	182,919

For the six months ended 31 December 2016

	Share Capital $'000	Option Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2016	699,564	830	(513,050)	187,344
Total comprehensive profit for the period	-	-	8,259	8,259
Transactions with owners, recorded directly in equity				
Equity settled share based payment	-	221	-	221
Balance at 31 December 2016	699,564	1,051	(504,791)	195,824

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2016

	Notes	31 December 2016 $'000	31 December 2015 $'000
Cash flow from operating activities			
Cash receipts from customers		99,068	100,993
Cash paid to suppliers and employees		(75,594)	(78,832)
Net cash from operating activities		23,474	22,161
Cash flow from investing activities			
Interest received		333	137
Proceeds from sale of non-current assets		6,011	16
Acquisition of plant and equipment		(6,232)	(1,243)
Exploration, evaluation and development expenditure		(24,065)	(14,379)
Net cash used in investing activities		(23,953)	(15,469)
Cash flow from financing activities			
Stamp duty paid	7	(1,918)	(1,731)
Repayment of finance lease		(114)	-
Interest paid		(287)	(630)
Net cash from financing activities		(2,319)	(2,361)
Net (decrease)/increase in cash and cash equivalents		(2,798)	4,331
Cash and cash equivalents at 1 July		38,643	22,538
Cash and cash equivalents at 31 December		35,845	26,869

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

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 December 2016

1. Basis of Preparation

Silver Lake Resources Limited ("Silver Lake" or "the Company") is a for profit entity domiciled in Australia. The condensed consolidated financial statements of the Company as at and for the six months ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group Entities").

The condensed consolidated financial statements were approved by the Board of Directors on 21 February 2017.

(a) Statement of Compliance

The condensed consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting,* the Corporations Act 2001 and with IAS34 *International Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2016.

(b) Functional and Presentation Currency

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

(c) Use of Judgements and Estimates

The preparation of these interim 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. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016.

2. Significant Accounting Policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2016.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. 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 Australia. The Board of Directors review internal management reports on a monthly basis that is 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 what is used by the Board to make strategic decisions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2016

4. Finance Income and Expenses

	31 December 2016 $'000	31 December 2015 $'000
Interest income	333	137
Change in fair value of investments	5,815	-
Finance Income	6,148	137
Accretion of rehabilitation provision	-	(388)
Change in fair value of listed investments	-	(1,475)
Interest expense on financial liabilities	(287)	(630)
Finance Costs	(287)	(2,493)
Net Finance Income/(Costs)	5,861	(2,356)

The $5.815 million fair value adjustment in the current period relates to "mark-to-market" adjustments to ASX listed investments at 31 December 2016.

5. Assets Held for Sale

In July 2016 ACH Minerals Pty Ltd ("ACH") exercised its option to purchase the Great Southern Project ("Project") from Silver Lake for a cash consideration of $5 million. The acquisition 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. Completion of the transaction and receipt of the proceeds occurred in August 2016.

At 30 June 2016, the net carrying value of the Project comprised $10,056,000 of assets and $5,056,000 of liabilities.

silverlake RESOURCES

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6. Exploration, Evaluation and Development Expenditure

During the period ended 31 December 2016 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

	31 December 2016 $'000	30 June 2016 $'000
Exploration and evaluation phase		
Cost brought forward	14,198	37,078
Capitalised during period	5,140	10,620
Decrease in rehabilitation provision	-	(1,851)
Disposed during the year	-	(92)
Impairment	-	(2,825)
Expensed during period	(1,355)	(3,193)
Transferred to development phase	-	(16,383)
Transferred to asset held for sale	-	(9,156)
Balance at period end	17,983	14,198
Development phase		
Cost brought forward	45,897	41,845
Transfer from exploration and evaluation phase	-	16,383
Expenditure during the period	684	9,914
Transferred to production phase	(38,326)	(22,245)
Balance at period end	8,255	45,897
Production phase		
Cost brought forward	63,798	64,556
Transfer from development phase	38,326	22,245
Expenditure during the year	18,225	14,776
Disposed during the year	-	(221)
Decrease in rehabilitation provision	-	(1,495)
Reclassified to Plant and Equipment	(2,063)	-
Amortisation expense	(23,611)	(36,063)
Balance at period end	94,675	63,798
Total	120,913	123,893

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7. Interest Bearing Liabilities

	31 December 2016 $'000	30 June 2016 $'000
Current Liability		
Finance lease	91	-
Stamp duty	4,144	3,937
Total Current Liability	4,235	3,937
Non-Current Liability		
Finance lease	75	-
Stamp duty	-	2,125
Total Non-Current Liability	75	2,125
Total Liability	4,310	6,062

8. Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2016.

Hedging

At 31 December 2016, the Company had a total of 48,332 ounces left to be delivered under its hedging programmes (at an average forward price of A$1,686/ounce).

Subsequent to period end the Company added 18,000 ounces to its hedge book at an average forward price of A$1,600/ounce. As a result, the hedge book at the date of this report totals 60,434 ounces at at an average forward price of A$1,664/ounce.

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.

9. Subsequent Events

In February 2017, the Company was notified by Musgrave Minerals Limited (MGV) that it had met the minimum expenditure required ($2.7 million) to earn an initial 60% interest in the Cue Project joint venture. MGV has elected to increase its interest in the Cue Project to 80% by spending a further $1,800,000 within a further 2 years.

No other material events have occurred between the reporting date and the date of signing this report.