

SILVER LAKE MAR QTR 09: BUILDING A WAR CHEST

	Mar Qtr	Dec Qtr	Change
Production (oz)	14,385	9,965	44%
Head Grade (g/t)	11.80	8.80	34%
Average Price (A\$/oz)	1,400	1,138	23%
Cash Operating Cost (A\$/oz)	530	718	-26%
Development Cost (A\$/oz)	129	126	2%
Total Cost (A\$/oz)	659	844	-22%
Gross Margin (A\$/oz)	741	294	152%
Other Investment Activities			
Capital Works (A\$/oz)	50.1	24.1	
Exploration/Evaluation (A\$/oz)	38.9	54.2	
Total Other Investment (A\$/oz)	89.0	78.3	
Cash Suplus (Deficit) (A\$/oz)	652.0	215.7	202%
Cash Balance (A\$m)	13.8	5.8	137%
Interest Bearing Loans (A\$m)	-	-	
Hedging Liability (A\$m)	-	-	
Shares Outstanding (m)	153.4	153.4	
Share Price (A\$) (End of Qtr)	0.32	0.26	23%

The March 09 quarter for Silver Lake (ASX:SLR) has seen record production of 14,365 oz at an operating cash cost including royalties of A\$530/oz. The total cost per ounce including development capital was A\$659/oz which was 22% lower than the December quarter. This improvement was largely attributable to an increase in productivity at Daisy Milano, coupled with the continued effective use of selective mining methods. 73% of the ore mined was sourced from stoping material versus just 48% in the previous quarter. This resulted in an increase in head grade of 34% to 11.8g/t and largely explains the 44% increase in production.

The average price received per oz of gold increased 23%, as the gold price in Australian dollars made record highs of close to A\$1,500/oz. This, combined with the lower cash costs, ensured gross margins improved 152% to A\$741/oz. Investment activity for the quarter included capital works largely associated with a 2m tailings dam lift. An underground exploration program at Daisy Milano was also completed to test the strike extent south of the dolerite dyke. The program revealed continuity of the high grade shoot with several holes containing visible gold. Assays were still outstanding at the end of the quarter.

The cash balance increased \$8m during the March quarter, further strengthening Silver Lake's financial position. The company remains debt free with no hedging. Regulatory approval was recently granted to commence mining at the Christmas Flats project with work expected to commence in June 09. Stage 1 will see 10,000 oz produced over a 6 month period. The remaining 41,000 oz resource is part of an ongoing mining study to determine the most viable extraction method. Over at Murchison, the company is presently reviewing milling options following the review of the Pre-feasibility study into a low capital start up project.

Silver Lake has backed up a solid December quarter with an even stronger March quarter. Daisy Milano is now expected to have generated enough cumulative cash during the June quarter 09 to pay back its original cost of \$11.5m. This is less than one year since the project commenced production which is a truly amazing result. With over \$13.5m in the bank and what looks to be a quality portfolio of advanced exploration assets, the next 6-12 months will be a busy and exciting time for Les Davis and his team.

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