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2021

ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2021



silverlake
RESOURCES

DIRECTORS

DAVID QUINLIVAN

Non-executive Chairman

LUKE TONKIN

Managing Director

PETER ALEXANDER

Non-executive Director – resigned 17 August 2021

KELVIN FLYNN

Non-executive Director

REBECCA PRAIN

Non-executive Director – appointed 17 August 2021

COMPANY SECRETARIES

David Berg

Liz Hough – resigned 4 September 2020

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SHARE REGISTER

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Perth WA 6000

Tel: (03) 9415 4000

AUDITORS

KPMG
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Perth WA 6000

INTERNET ADDRESS

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ABN

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ASX CODE

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CHAIRMAN & MANAGING DIRECTOR'S REPORT

DEAR FELLOW SHAREHOLDER,

It is our pleasure to present the 2021 Annual Report. In what was a challenging year on many fronts, our performance across key operational and financial metrics has consolidated Silver Lake's position as a solid mid-tier gold mining company that has once again delivered on market guidance.

Notwithstanding the challenging operational conditions prevalent in Western Australia throughout FY21, Silver Lake was able to build on its established track record of meeting sales guidance. In addition, Silver Lake commenced production at Rothsay, commenced the Deflector South West decline and completed the Deflector processing facility upgrade in what was a transformational year for the Deflector region.

In FY21 Silver Lake delivered gold sales of 248,781 ounces and copper sales of 1,724 tonnes at an AISC of A\$1,484 per ounce. The FY21 sales result consolidates the step change in production and sales following the successful acquisition and integration of Doray Minerals Limited. FY21 marks the seventh straight year in which Silver Lake has met or exceeded market guidance with FY21 particularly challenging given the adverse consequences of the COVID-19 pandemic.

Silver Lake made a significant investment in growth projects throughout the Group in FY21. Our investment will increase the value of the business through a combination of growth, increased margins and risk mitigation. Growth projects in the Deflector region included an upgrade of the processing facility at Deflector with the addition of a CIP circuit to the existing gravity and float circuits, the commencement of a new decline to access the higher tenor Deflector South West lodes and establishment of the high grade Rothsay mine, which will provide a secondary high grade feed source to the Deflector processing facility.

The Deflector processing facility upgrade was completed and commissioned on schedule and within the \$36 million budget, with Rothsay ore introduced to the Deflector processing facility in June 2021 with planned higher gold recoveries being achieved.

The Resources Industry in WA, given its status of an essential industry, has continued to operate under established frameworks allowing the industry to make a significant contribution to keeping WA and the Country strong. However, COVID-19 restrictions have had a profound adverse effect on access to interstate and overseas labour resources on which the industry relies. The consequence of this have been higher turnover, lower productivity and higher costs across the industry.

Given restricted access to appropriately trained and competent labour, Silver Lake needs to structurally change the way it operates in FY22 to mitigate higher turnover, lower productivity and higher costs. Silver Lake is well placed to achieve this given it has invested heavily in ore stockpiles, particularly at Mount Monger. Mount Monger's ore stockpiles increased 43,000 ounces to 115,500 ounces of gold in FY21 which improves operational flexibility and reduces Silver Lake's exposure to the prevailing operating challenges in Western Australia.

Silver Lake has reported a statutory NPAT of \$98 million for FY21, which includes a non-cash tax expense of \$43 million. Profit before tax was \$141 million, a 6% increase on FY20 (\$133 million).

Silver Lake continued to build on its enviable record of cash generation, following significant capital and exploration investment, with cash and bullion increasing \$61 million to \$330 million, whilst operating cash flow increased 7% to \$268 million. Silver Lake also continued to maintain its debt free balance sheet.

Silver Lake's \$20 million investment in exploration in FY21 delivered an 18% increase in Ore Reserves of 1.36 million ounces, an increase of 61% when accounting for FY21 mine depletion. Ore Reserve growth continues to be accretive for shareholders on a Reserves per share basis and reinforces Silver Lake's exploration strategy of focusing exploration within our proven mineralised corridors to leverage from our extensive installed infrastructure.

Silver Lake's exploration success has allowed it to target sales growth in FY23 and FY24 to 255,000 - 275,000 ounces of gold in FY23 and FY24 following FY22 guidance of 235,000 - 255,000 ounces. Silver Lake continues to invest in exploration with \$25 million, the largest exploration investment in its history, budgeted for FY22. Exploration will target growth and extension opportunities proximal to established mine, services and processing infrastructure within proven mineralised corridors.

Silver Lake regularly assesses its asset base and tenement package, and throughout FY21 divested its interest in the Andy Well and Gnaweeda Projects, the Fingals and Lake Rowe tenement packages and the Horse Well Project.

Silver Lake enters FY22 with two cash generative assets in Western Australia with organic growth and significant Mineral Resource inventory that provide a foundation to extend mine life, whilst its strong balance sheet and forecast free cash flow generation allows Silver Lake to internally fund development and exploration projects. Silver Lake's financial position enables us to continue to approach future capital deployment from a position of strength, as we seek to refresh opportunities, both internally and externally, building on the success and momentum generated over multiple years.

On behalf of the Board, I would like to thank our employees for their contribution to Silver Lake throughout a challenging year and encourage them to continue applying their skills diligently to achieving our objectives for FY22.

We would also like to acknowledge our suppliers, contractors and shareholders who continue to support our strategy of delivering today, developing for tomorrow and discovering for the future.



David Quinlivan
Non-Executive Chairman



Luke Tonkin
Managing Director

RESOURCES & RESERVES REPORT

MINERAL RESOURCE STATEMENT AS AT 30 JUNE 2021

The Company's total Measured, Indicated and Inferred Mineral Resources at 30 June 2021 are 37.8 million tonnes (Mt) @ 4.4 grams per tonne of gold (g/t Au) containing 5.41 million ounces of gold (Moz Au), including 3.0 Mt @ 0.8 percent copper (% Cu) containing 23,000 tonnes of copper (CuT). The Mineral Resources as at 30 June 2021 are estimated after allowing for depletion during FY2021.

June 2021	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources			Total Mineral Resources		
	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)
Mount Monger												
Daisy Mining Centre												
Daisy Complex	75	34.4	83	375	28.9	349	1,438	14.0	648	1,888	17.8	1,079
Mirror/Magic	507	2.6	42	549	2.5	45	663	3.6	77	1,719	3.0	164
Lorna Doone	-	-	-	1,501	2.0	98	785	2.0	51	2,286	2.0	149
Costello	-	-	-	-	-	-	131	3.3	14	131	3.3	14
Sub Total	582	6.7	125	2,425	6.3	492	3,017	8.1	790	6,024	7.3	1,406
Mount Belches Mining Centre												
Maxwells	270	6.7	58	1,619	4.3	223	1,160	3.9	144	3,049	4.3	425
Cock-eyed Bob	411	5.5	73	964	4.1	128	481	3.6	56	1,856	4.3	257
Santa	-	-	-	7,097	2.6	591	1,414	3.0	137	8,511	2.7	728
Rumbles	-	-	-	888	1.9	55	538	1.9	32	1,426	1.9	87
Anomaly A	-	-	-	232	1.9	14	44	1.4	2	276	1.8	16
Sub Total	681	6.0	131	10,800	2.9	1,011	3,637	3.2	371	15,118	3.1	1,513
Aldiss Mining Centre												
Karonie	-	-	-	2,771	1.9	172	1,150	1.6	60	3,921	1.8	232
Tank/Atriedes	-	-	-	1,758	2.3	132	235	1.6	12	1,993	2.2	144
French Kiss	-	-	-	1,112	2.2	80	189	2.0	12	1,301	2.2	92
Harrys Hill	-	-	-	479	2.2	34	415	2.4	32	894	2.3	66
Italia/Argonaut	-	-	-	531	1.6	27	19	1.6	1	550	1.6	28
Spice	-	-	-	136	1.6	7	296	1.4	13	432	1.4	20
Aspen	-	-	-	112	1.7	6	139	1.6	7	251	1.6	13
Sub Total	-	-	-	6,899	2.1	458	2,443	1.7	137	9,342	2.0	595
Randalls Mining Centre												
Lucky Bay	13	4.6	2	34	4.8	5	8	7.2	2	55	5.1	9
Randalls Dam	-	-	-	112	2.4	9	9	1.4	0	121	2.3	9
Sub Total	13	4.6	2	146	3.0	14	16	4.2	2	176	3.2	18
Mount Monger												
Stockpile	2,691	1.3	115	-	-	-	-	-	-	2,691	1.3	115
Sub Total	2,691	1.3	115	-	-	-	-	-	-	2,691	1.3	115
Mount Monger Total	3,967	2.9	373	20,271	3.0	1,975	9,114	4.4	1,300	33,351	3.4	3,648
Deflector												
Deflector	761	17.4	425	1,334	13.5	577	917	9.6	282	3,012	13.3	1,284
Stockpile	27	3.5	3	-	-	-	-	-	-	27	3.5	3
Sub Total	788	16.9	428	1,334	13.5	577	917	9.6	282	3,038	13.2	1,287
Deflector Total	788	16.9	428	1,334	13.5	577	917	9.6	282	3,038	13.2	1,287

June 2021	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources			Total Mineral Resources		
	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)
Rothsay												
Rothsay	-	-	-	787	10.2	259	576	11.1	206	1,363	10.6	465
Stockpile	42	3.3	5	-	-	-	-	-	-	42	3.3	5
Sub Total	42	3.3	5	787	10.2	259	576	11.1	206	1,405	10.4	470
Rothsay Total	42	3.3	5	787	10.2	259	576	11.1	206	1,405	10.4	470
Total Gold Mineral Resources	4,797	5.2	806	22,392	3.9	2,811	10,607	5.2	1,788	37,795	4.4	5,405

June 2021	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources			Total Mineral Resources		
	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)
Deflector												
Deflector	761	1.4%	10,600	1,334	0.7%	9,000	917	0.3%	3,100	3,012	0.8%	22,700
Stockpile	27	0.9%	200	-	-	-	-	-	-	27	0.9%	200
Total Copper Mineral Resources	788	1.4%	10,900	1,334	0.7%	9,000	917	0.3%	3,100	3,038	0.8%	23,000

ORE RESERVE STATEMENT AS AT 30 JUNE 2021

The total Proved and Probable Gold Ore Reserves at 30 June 2021 are 14.5 Mt @ 2.9 g/t Au containing 1.36 Moz Au, including 2.8 Mt @ 0.2 % Cu containing 5,300 CuT. The Ore Reserves at 30 June 2021 are estimated after allowing for depletion over FY2021. Ore Reserves were estimated using a gold price of A\$2,100/oz, except for Santa Open Pit and Tank Underground which used A\$2,200/oz.

June 2021	Proved Ore Reserves			Probable Ore Reserves			Total Ore Reserves		
	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)	Tonnes ('000s)	Grade (g/t Au)	Ounces (Au '000s)
Mount Monger									
Aldiss Mining Centre									
French Kiss	-	-	-	489	1.9	30	489	1.9	30
Karonie	-	-	-	309	2.0	20	309	2.0	20
Tank	-	-	-	769	2.7	67	769	2.7	67
Atreides	-	-	-	271	1.6	14	271	1.6	14
Sub Total	-	-	-	1,838	2.2	131	1,838	2.2	131
Daisy Mining Centre									
Daisy Complex	94	8.1	25	344	8.8	98	438	8.7	122
Sub Total	94	8.1	25	344	8.8	98	438	8.7	122
Mount Belches Mining Centre									
Cock-eyed Bob	151	4.9	24	216	4.3	30	367	4.6	54
Maxwells	97	6.4	20	202	5.0	33	300	5.5	53
Santa	50	2.0	3	5,132	1.6	258	5,182	1.6	261
Sub Total	298	4.9	47	5,551	1.8	320	5,849	2.0	367
Stockpile	2,691	1.3	115	-	-	-	2,691	1.3	115
Total Mount Monger	3,083	1.9	187	7,732	2.2	549	10,816	2.1	736
Deflector									
Deflector OP	-	-	-	140	3.1	14	140	3.1	14
Deflector UG	806	5.9	152	1,824	5.0	293	2,630	5.3	445
Stockpile	27	3.5	3	-	-	-	27	3.5	3
Total Deflector	833	5.8	155	1,964	4.9	307	2,797	5.1	462
Rothsay									
Rothsay	-	-	-	868	5.6	157	868	5.6	157
Stockpile	42	3.3	5	-	-	-	42	3.3	5
Total Rothsay	42	3.3	5	868	5.6	157	910	5.5	161
Total Gold Ore Reserves	3,958	2.7	346	10,565	3.0	1,013	14,523	2.9	1,359

June 2021	Proved Ore Reserves			Probable Ore Reserves			Total Ore Reserves		
	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)	Tonnes ('000s)	Grade (% Cu)	Copper (Tonnes)
Deflector									
Deflector OP	-	-	-	140	0.3%	400	140	0.3%	400
Deflector UG	806	0.1%	1,100	1,824	0.2%	3,500	2,630	0.2%	4,600
Stockpile	27	0.9%	200	-	-	-	27	0.9%	200
Total Deflector	833	0.2%	1,300	1,964	0.2%	4,000	2,797	0.2%	5,300

NOTES TO TABLES MINERAL RESOURCE AND ORE RESERVE TABLES:

1. Mineral Resources are reported inclusive of Ore Reserves.
2. Data is rounded to thousands of tonnes, thousands of ounces gold, and hundreds of tonnes copper. Discrepancies in totals may occur due to rounding.
3. All Mineral Resource and Ore Reserve estimates are produced in accordance with the 2012 Edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves (the 2012 JORC Code) apart from Costello and Randalls Dam Mineral Resource estimates. The Costello and Randalls Dam Mineral Resource estimates were first prepared and disclosed under the 2004 edition of the JORC Code and have not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

MINERAL RESOURCE AND ORE RESERVE GOVERNANCE AND INTERNAL CONTROLS

Silver Lake ensures that the Mineral Resource and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal reviews of Mineral Resource and Ore Reserve estimation procedures and results are carried out through a technical review team which is comprised of highly competent and qualified professionals. These reviews have not identified any material issues. The Company has finalised its governance framework in relation to the Mineral Resource and Ore Reserve estimates in line with the conduct of its business.

Silver Lake reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition (except where stated). Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by Silver Lake are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code. The Mineral Resources and Ore Reserves statements are based upon, and fairly represent, information and supporting documentation prepared by the Competent Persons named below. The Mineral Resources statement as a whole, as presented in this Annual Report, has been approved by Antony Shepherd a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. The Ore Reserves statement as a whole, as presented in this Annual Report, has been approved by Sam Larritt a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy.

COMPETENT PERSON'S STATEMENT

The information in the ASX announcement to which this statement is attached that relates to the Mineral Resources for the Harrys Hill, Santa, Cock-eyed Bob, Maxwells, Anomaly A, Mirror/Magic, Tank/Atreides, Spice, Aspen, French Kiss, Italia/Argonaut, Lorna Doone, Rumbles, and Karonie deposits is based upon information compiled by Aslam Awan, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Awan is a full-time employee of the Company. Mr Awan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Awan consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the ASX announcement to which this statement is attached that relates to the Mineral Resources for the Deflector and Rothsay deposits is based upon information compiled by Matthew Cobb, a Competent Person who is a member of The Australian Institute of Geoscientists. Mr Cobb was a full-time employee of the Company at the reporting date of 30 June 2021. Mr Cobb has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cobb consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the ASX announcement to which this statement is attached that relates to the Mineral Resources for the Daisy Complex deposits is based upon information compiled by Darren Hurst, a Competent Person who is a member of The Australian Institute of Geoscientists. Mr Hurst a full-time employee of the Company. Mr Hurst has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hurst consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the ASX announcement to which this statement is attached that relates to Ore Reserves for Deflector, Daisy, Maxwells, Cock-eyed Bob, Santa, Karonie, Tank, Atreides and French Kiss is based upon information compiled by Sam Larritt, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Larritt is a full-time employee

of the Company. Mr Larritt has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Larritt consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the ASX announcement to which this statement is attached that relates to Ore Reserves for Rothsay is based upon information compiled by Chris Davidson, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Davidson is a full-time employee of the Company. Mr Davidson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davidson consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

All other information in the ASX announcement to which this statement is attached relating to Mineral Resources is based on information compiled by Antony Shepherd, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Shepherd is a full-time employee of the Company. Mr Shepherd has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shepherd consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

This report may contain forward looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, Reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Silver Lake. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast.

DIRECTORS' REPORT

The Directors submit their report, together with the consolidated financial statements of the Group comprising Silver Lake Resources Limited (the Company or Silver Lake) and its subsidiaries for the year ended 30 June 2021.

DIRECTORS

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

DAVID QUINLIVAN

BApp Sci, Min Eng, Grad Dip Fin Serv, FAusImm, FFINSA, MMICA

Non-executive Chairman

Appointed Non-executive Director on 25 June 2015 and Chairman on 30 September 2015

Mr Quinlivan is a Mining Engineer with significant mining and executive leadership experience having 11 years of service at WMC Resources Ltd, followed by a number of high-profile mining development positions. Since 1989, Mr Quinlivan has served as Principal of Borden Mining Services, a mining consulting services firm, where he has worked on multiple mining projects in various capacities. He has previously served as Chief Executive Officer of Sons of Gwalia Ltd (post appointment of administrators), as Chief Operating Officer of Mount Gibson Iron Ltd and President and Chief Executive Officer of Alacer Gold Corporation. More recently, Mr Quinlivan served as Managing Director of Ora Banda Mining Limited until 30 June 2021 before assuming the role of non-executive director.

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

LUKE TONKIN

BEng, Min Eng, MAusImm

Managing Director

Appointed 14 October 2013

Mr Tonkin is a Mining Engineering graduate of the Western Australian School of Mines and his extensive operations and management career spans over 35 years within the minerals and mining industry. He is a past Chairman of the Western Australian School of Mines Advisory Board. Mr Tonkin has held senior management roles at WMC Resources Ltd, Sons of Gwalia Ltd and was Managing Director of Mount Gibson Iron Ltd for 7 years and Chief Executive Officer and Managing Director of Reed Resources Ltd.

Mr Tonkin joined the Company in October 2013 as Director of Operations and was appointed as Managing Director on 20 November 2014. Mr Tonkin has held no other Directorships in public listed companies in the last three years.

PETER ALEXANDER

ASS APPL Geol

Non-executive Director

Appointed 5 April 2019

Mr Alexander is a geologist and has over 40 years' experience in mineral exploration and mining in Australia and overseas.

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

Mr Alexander was a Non-executive Director and former Chairman of Doray Minerals Limited and was appointed to the Silver Lake Board following the Company's merger with Doray Minerals Limited. He is currently a Non-executive Director of Kingsgate Consolidated Limited and was previously Non-executive Chairman of Caravel Minerals Limited. Mr Alexander has held no other Directorships in public listed companies in the last three years.

KELVIN FLYNN

B.Com, CA

Non-executive Director

Appointed 24 February 2016

Mr Flynn is a qualified Chartered Accountant with over 30 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. Mr Flynn was previously a director of privately held Global Advanced Metals Pty Ltd. Mr Flynn is a Non-executive Director of Mineral Resources Limited and is Managing Director of the specialist alternative funds manager Harvis, which focuses on investments and financing in the real estate and real assets sectors.

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

COMPANY SECRETARIES

DAVID BERG

LLB BComm (General Management), FGIS, FCIS

Appointed 4 September 2014

Mr Berg has worked both in the resources industry and as a lawyer in private practice, advising on corporate governance, M&A, capital raisings, commercial contracts and litigation. Mr Berg has previously held company secretarial and senior legal positions with Mount Gibson Iron Limited and Ascot Resources Limited and legal roles with Atlas Iron Limited and the Griffin Group. Prior to this Mr Berg worked in the corporate and resources groups of Herbert Smith Freehills and King & Wood Mallesons.

LIZ HOUGH

LLB, BA (Politics and International Studies), Grad Cert Chinese Law

Appointed 18 December 2019, Resigned 4 September 2020

Ms Hough is a corporate lawyer and was appointed as an additional Company Secretary in December 2019. Prior to joining the Company, Ms Hough held a legal role at Resolute Mining Limited. Ms Hough has previously worked as a lawyer in private practice specialising in energy and resources, mergers and acquisitions, capital raisings and general corporate and commercial matters. Ms Hough resigned as Company Secretary on 4 September 2020.

COMMITTEE MEMBERSHIP

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

Audit Committee	Term	Nomination & Remuneration Committee (NRC)	Term
Kelvin Flynn (Chairman)	Full Year	Peter Alexander (Chairman)	Full Year
Peter Alexander	Full Year	Kelvin Flynn	Full Year
David Quinlivan	Full Year	David Quinlivan	Full Year

DIRECTORS' MEETINGS

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

	Directors' Meetings		Audit Committee		Nomination & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
David Quinlivan	10	10	2	2	2	2
Luke Tonkin	10	10	-	-	-	-
Peter Alexander	10	10	2	2	2	2
Kelvin Flynn	10	10	2	2	2	2

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital at the date of this report is as follows:

Name of Director	Fully Paid Ordinary Shares	Unlisted Performance Rights
David Quinlivan	-	-
Luke Tonkin	528,016	2,353,318
Peter Alexander	18,165	-
Kelvin Flynn	-	-

PRINCIPAL ACTIVITIES

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

OPERATING OVERVIEW

Silver Lake is a multi-asset gold company operating in the Eastern Goldfields and Midwest regions of Western Australia.

The Group's 2 operations, Deflector and Mount Monger, offer significant potential for organic growth from their portfolios of highly endowed and prospective tenement holdings.

The Group's operations over the last 12 months have been disrupted by COVID-19, however the Company has adapted and mitigated, as far as practicable, the risks this infectious disease presents. Given the industry framework in which Silver Lake operates and the Company's strong debt free balance sheet, Silver Lake will continue to actively pursue exploration, production and growth objectives, subject to the evolving and unforeseen impacts of COVID-19.

Tragically in June 2021 an underground contractor passed away at the Company's Mount Monger Daisy Complex. Silver Lake again expresses its deepest sympathy to the worker's family, friends and colleagues.

GROUP FINANCIAL OVERVIEW

The Group recorded a net profit after tax for the year of \$98.2 million (FY20: \$256.9 million) and an EBITDA (before significant items) of \$290.8 million (FY20: \$260.1 million). This resulted in an EBITDA margin for the year of 49% (FY20: 46%). The Board considers that EBITDA is an important metric in assessing the underlying operating performance of the Group. A reconciliation between the statutory profit after tax and the Group's EBITDA is tabled on page 11.

Key movements in year-on-year profit after tax include:

- a \$35 million increase in revenue as a result of stronger commodity prices in FY21;
- a \$9 million increase in mining costs reflecting more open pit operating expenditure during the year and higher labour costs;
- a \$7 million increase in amortisation reflecting different mine production profiles year-on-year;
- a \$14 million increase in depreciation due to recognition of additional fixed assets on mining contracts under AASB 16 Leases;
- a \$5.7 million increase in net finance costs reflecting the impairment of listed investments and the recognition of interest on mining contracts now classified as leases under AASB 16 Leases; and
- a non-cash tax expense of \$43 million has been recorded in FY21 compared with an income tax benefit of \$123.7 million in FY20. The prior year tax benefit was due to the initial recognition of carry forward tax losses. The current year taxable expense will be offset against available tax losses and hence no tax is payable for FY21.

Revenue for the year totalled \$598.3 million from the sale of 255,573 ounces of gold equivalent¹ at an average realised gold sale price of A\$2,315/oz compared with revenue of \$563.4 million from 263,362 ounces (at A\$2,132/oz) in FY20. The increase in revenue reflects improved commodity prices over the past year.

Cost of sales increased to \$436.0 million in the year (FY20: \$398.8 million) reflecting a \$21.2 million increase in depreciation and amortisation charge and a \$9 million increase in mining and processing costs. The Group All-in Sustaining Cost (AISC) for the year increased to A\$1,484/oz (FY20: A\$1,295/oz).

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

Reconciliation of Statutory Profit after Tax to EBITDA (excluding significant items) - unaudited	30 June 2021 \$'000	30 June 2020 \$'000
Statutory profit after tax:	98,205	256,875
Adjustments for:		
Depreciation and amortisation	144,108	122,891
Income tax expense/(benefit)	42,996	(123,742)
Net finance costs (includes change in value of listed investments)	5,691	12
Business combination adjustments	-	4,108
Other	(180)	(56)
EBITDA (excluding significant items)²	290,820	260,088

Operating cash flow for the period was \$268.8 million resulting in a \$60.8 million increase in cash and bullion for the year.

Key cash flow movements for FY21 included:

- Net cash inflow from operations of \$268.8 million
- Acquisition of plant and equipment of \$60.1 million, including \$34.7 million on upgrading the Deflector mill and \$7.1 million on infrastructure spend at Rothsay
- \$87.9 million on mine development and \$19.5 million on exploration
- \$6.8 million payment on stamp duty relating to the merger with Doray Minerals Limited
- Proceeds of \$8.1 million from the sale of assets including the Andy Well and Gnaweeda Gold Projects

Cash and bullion at 30 June 2021 was \$330.2 million (FY20: \$269.4 million) with nil bank debt (FY20: Nil). In addition, the Group had \$11.1 million of gold in circuit and concentrate on hand, and listed investments of \$11.4 million at year end.

During the year the Company added 1 million tonnes of ore to its inventory balance. Ore stocks at 30 June 2021 contain 125,000 oz of gold and are valued at a cost of \$94.6 million on the Company's Balance Sheet.

Property, plant and equipment increased by \$50.7 million in FY21. The increase included asset acquisitions of \$58.4 million and the recognition of \$44.1 million of right of use assets as leases under AASB16 Leases. The largest addition to the fixed asset register related to the construction of a Carbon in Pulp (CIP) circuit at Deflector and associated infrastructure costing \$34.7 million.

During the year the Group divested the following non-core assets:

- Fingals and Rowe's Find Gold Project – sold to Black Cat Syndicate Limited (BC8) for cash consideration of \$50,000 and 8,417,962 fully paid ordinary shares in BC8 valued at \$0.88 per share as at 2 July 2020. The Group recognised a profit on sale of the assets of \$7.5 million
- Andy Well and Gnaweeda – sold to Latitude Consolidated Limited for cash consideration of \$8 million. The Group recognised a loss on sale of the assets of \$3.7 million

Deferred tax assets reduced by \$43.0 million to \$80.7 million at 30 June 2021, with the reduction due to the utilisation of tax losses and recognition of temporary differences between accounting and tax treatment of assets and liabilities. At 30 June 2021 the Company has \$323,335,000 (2020: \$419,898,000) of tax losses remaining for offset against future taxable profits.

As at 30 June 2021, Silver Lake's forward gold hedging program totalled 87,500 ounces, to be delivered over the next 12 months at an average forward price of A\$2,337/oz.

¹ All gold equivalency calculations assume a gold price of A\$2,450/oz, copper price of A\$10,300/t and a 10% payability reduction for treatment and refining charges

² Non-IFRS measure

OVERVIEW OF THE MOUNT MONGER OPERATION

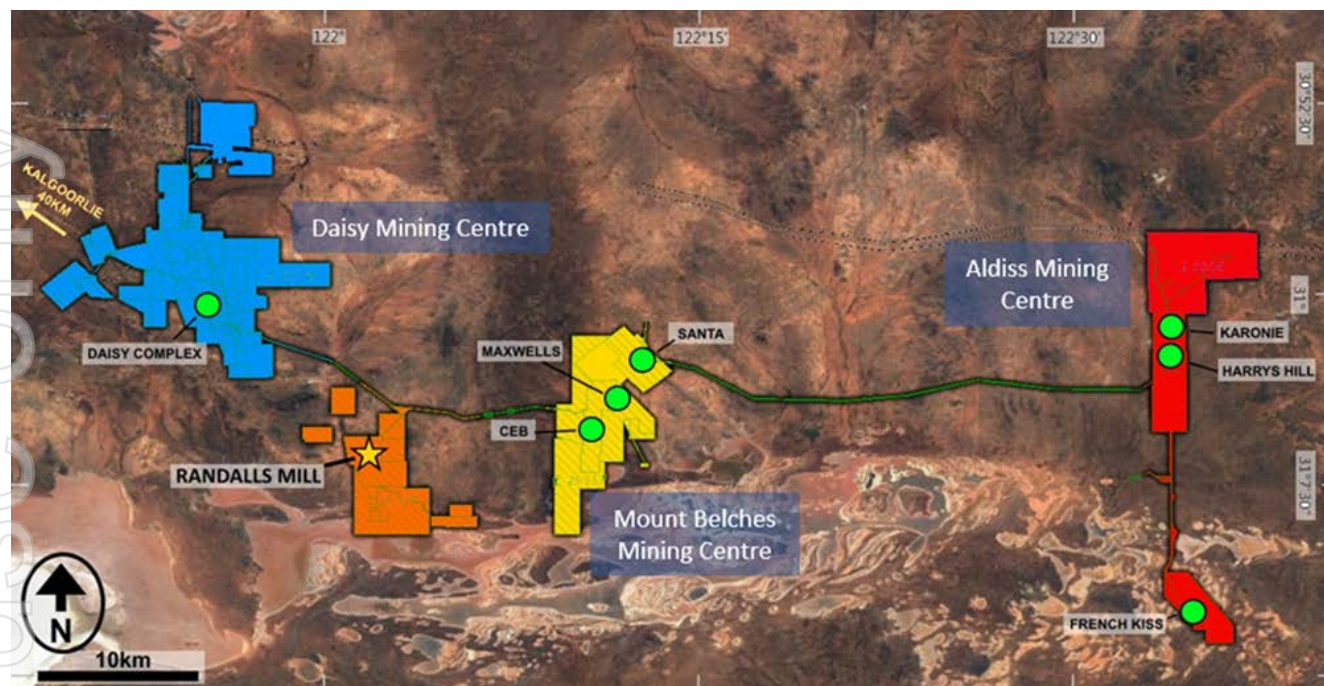


Figure 1: Location of Mount Monger Mining Centres and the Randalls Mill.

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

MINING

Ore mined from the three Mount Monger Mining Centres totalled 2,298,725 tonnes at a grade of 2.6 g/t Au for 194,954 contained ounces (FY20: totalled 1,755,539 tonnes at a grade of 3.5 g/t Au for 197,150 contained ounces).

Underground Mining

Mount Monger underground mine production for the year totalled 901,293 tonnes at 4.3 g/t for 125,000 contained ounces (FY20: 668,039 tonnes at 5.5 g/t for 118,790 contained ounces).

The Daisy Complex produced 256,638 tonnes at 5.7 g/t for 46,792 contained ounces, with production sourced from Haoma West, Lower Prospect, Easter Hollows and remnant mining areas. Access to the Easter Hollows zone (located ~350 metres to the west of other production areas) was established in the first quarter of the year and provides a shallower mining front and a significant exploration opportunity, with 1,000 metres of known plunge extent and improved drill access to target infill and extensional opportunities. In FY22, ore from the Daisy Mining Centre will continue to be sourced from Haoma West and Lower Prospect lodes with an increasing proportion of ore sourced from Easter Hollows as more stoping fronts are progressively brought online.

The Mount Belches underground mines (Maxwells, Cock-eyed Bob and Santa) produced 644,655 tonnes at 3.8 g/t for 78,207 contained ounces, representing 72% of the underground mine production at Mount Monger.

Mining activities were prioritised and focussed primarily at the higher-grade Cock-eyed Bob and Maxwells mines, which combined accounted for 71% and 81% of Mount Belches mined tonnes and ounces respectively. The Santa underground operation will be paused in Q1 FY22 following exploration success which identified a potential cut back to the historical Santa open pits and provided further definition to Santa underground Mineral Resources at depth.

Open Pit Mining

Open pit mining at Aldiss (Karonie, Tank and Atrides) totalled 1,397,432 tonnes at 1.6 g/t for 69,955 contained ounces (FY20: 1,087,500 tonnes at 2.2 g/t for 78,360 contained ounces).

Open pit mining activities focused on Karonie South where a total of 3,299,843 bcm was moved during the year for 1,378,275 tonnes at 1.6 g/t for 69,162 ounces. Mining operations are expected to be completed at Karonie South during Q2 FY22.

Removal of overburden and top soil ramped up at the Atreides and Tank open pits during the last quarter of FY21. Atreides and Tank open pit activity will continue until Q2 FY22. The Tank open pit is the first stage of an integrated open pit/underground operation with portal access to the Tank South underground to be located within the Tank open pit.

PROCESSING

Gold ore from the Mount Monger Operation is treated at the Company's Randalls Gold Processing Facility. Ore milled for the period totalled 1,274,659 tonnes at a blended grade of 3.7 g/t Au for 141,602 recovered ounces. The high-grade underground mines provided ~70% of the mill feed with the balance sourced from the lower grade open pit mines.

Exploration success has created a pipeline of projects at Mount Monger to further leverage established Mining Centre infrastructure and enhance mine life visibility. Two near term projects have the potential to commence development throughout FY22, namely Tank South underground mine and the Santa project area, which includes open pit and underground production opportunities. Silver Lake has created ore source production flexibility through its investment in generating ore stockpiles of approximately 2.7 million tonnes at 1.35 g/t for 115,000 contained ounces. Silver Lake will continue to critically review the commencement of identified mine development opportunities based on easing COVID-19 restrictions, sustainable access to appropriately trained and competent labour, and prevailing economic parameters, which will limit operating and financial risk exposures that currently exist.

Mining and production statistics for the Mount Monger Operation for the year ended 30 June 2021 are detailed in Table 1 and Table 2.

OVERVIEW OF THE DEFLECTOR OPERATION

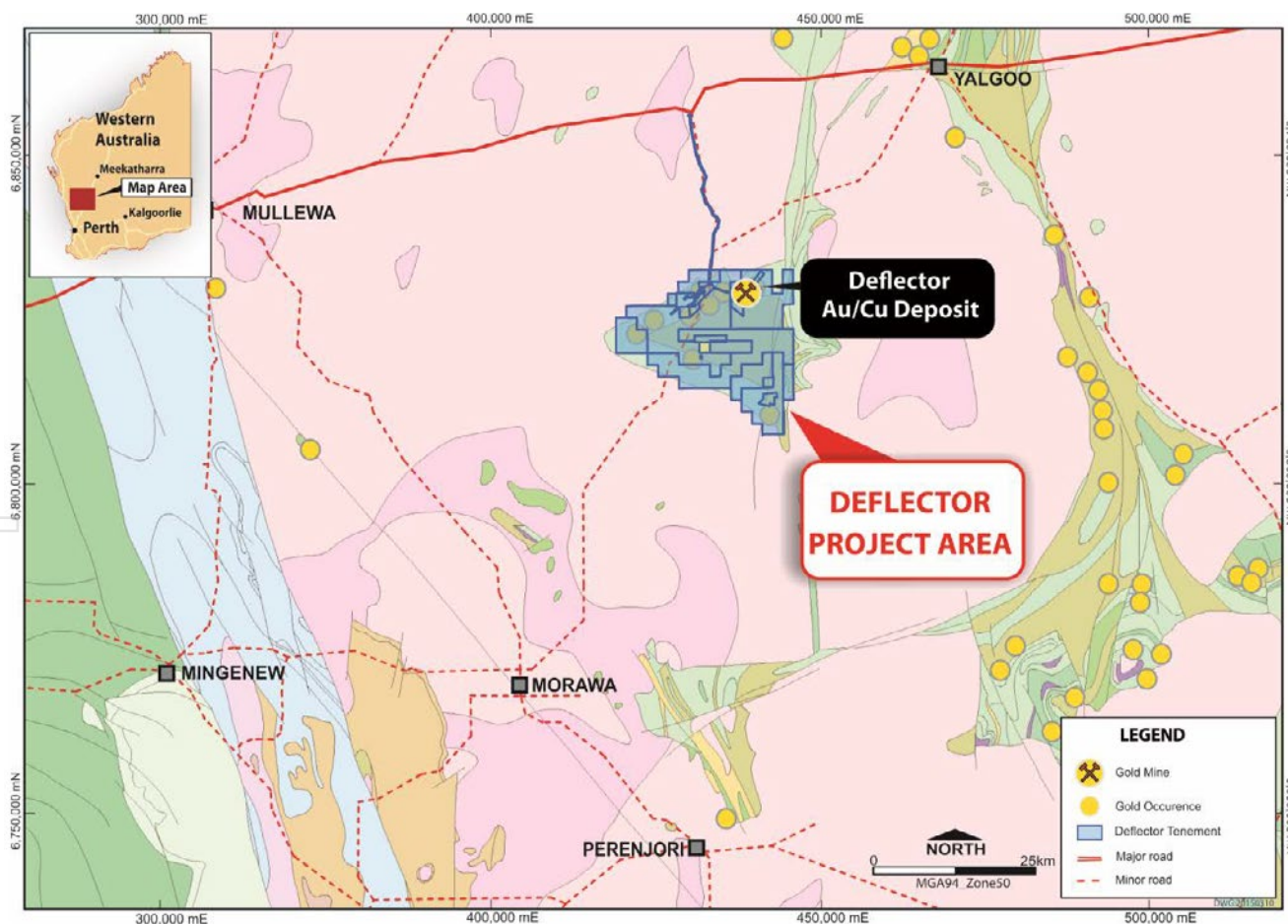


Figure 2: Location of the Deflector Mining Operation.

For personal use only

The Deflector Operation is in the midwest region of Western Australia and is a shallow, narrow vein, high-grade gold and copper underground mine. FY21 was a transformational year for the Deflector Operation with the successful construction and commissioning of the Deflector CIP circuit and associated infrastructure, in parallel with the development and ramp up of a secondary high grade ore source at Rothsay.

The investment to upgrade the plant is expected to deliver a 4-5% improvement in gold recoveries, in addition to providing a viable processing route to treat a broader range of gold mineralisation, including Rothsay, and creating additional exploration opportunities to target several historical mines, known gold occurrences and prospects on Silver Lake's wholly owned tenement package within a 5km radius of the Deflector plant.

MINING

Deflector mine production for the period totalled 627,579 tonnes at 5.4 g/t gold and 0.3% copper for 108,249 contained ounces. Production was sourced from the Link, da Vinci, Central and Western Lodes, with ~67% of mined ore tonnes sourced from stoping.

Development work to access the Deflector South West (DSW) lodes commenced in Q2 FY21, with the decline advanced 900 metres by year end. The new DSW lode underpins a longer life, higher margin operation and further enhances returns from the Deflector processing plant CIP upgrade. First development ore from the upper levels of the DSW lodes is expected in Q2 FY22.

PROCESSING

Deflector mill throughput was 660,994 tonnes at an average gold grade of 5.4 g/t and copper grade of 0.3%. Total gold recovery was 87.7% with copper recovery of 89.4%. Production for the year totalled 100,875 ounces gold and 1,690 tonnes copper.

Concentrate production for FY21 totalled 10,145 tonnes at an average gold grade of 90 g/t gold and 17% copper.

Rothsay ore was introduced into the mill feed blend in late June 2021 with 6,680 tonnes processed during commissioning of the new CIP circuit. To date the plant has performed to specification with the expected improvement in gold recovery evident.

Gold recoveries are expected to increase between 4% - 5% on recoveries achieved in FY21 driven by the addition of the CIP circuit which was commissioned in June 2021.

ROTHSAY

The Rothsay mine is located 85 kilometres south-east of the Deflector mine. Underground development continued during FY21 with 3,644 metres of development completed and commercial production declared from July 2021.

Mine production for the year totalled 47,443 tonnes at 3.8 g/t for 5,739 ounces with ore development progressing across 5 levels accessed from the South decline. The link drive to access the North decline position will continue to be advanced throughout FY22.

The ramp up of Rothsay throughout FY22 is expected to drive a 10% increase in milled grade and combined with the benefit of higher gold recoveries is expected to support a 10-20% increase in Deflector gold sales in FY22. Combined underground development advance will increase approximately 38% from both sites in FY22 establishing access to multiple levels and associated production areas, which underpin further production growth and increased free cashflow in FY23 based on the prevailing gold price.

The ramp up of Rothsay as a secondary high grade ore source will result in a stockpile build for the first time in the history of the Deflector operation through FY22. This will provide a level of feed flexibility that the Deflector operation has not previously enjoyed and allow Silver Lake to maximise feed grade to the upgraded Deflector mill.

GROUP MINING AND PRODUCTION STATISTICS

Mount Monger Mining	Units	FY21	FY20
Underground			
Ore mined	Tonnes	901,293	668,039
Mined grade	g/t Au	4.3	5.5
Contained gold	Oz	125,000	118,790
Open Pit			
Ore mined	Tonnes	1,397,432	1,087,500
Mined grade	g/t Au	1.6	2.2
Contained gold	Oz	69,955	78,360
Deflector Mining			
Underground			
Ore mined	Tonnes	627,579	707,899
Mined grade	g/t Au	5.4	5.4
Contained gold	Oz	108,249	122,243
Copper grade	%	0.3%	0.4%
Contained copper	Tonnes	1,752	2,596
Rothsay Mining			
Underground			
Ore mined	Tonnes	47,443	-
Mined grade	g/t Au	3.8	-
Contained gold	Oz	5,739	-
Group Mining			
Total ore mined	Tonnes	2,973,747	2,463,438
Mined grade	g/t Au	3.2	4.0
Contained gold	Oz	308,943	319,393
Copper grade	%	0.3%	0.4%
Contained copper	Tonnes	1,752	2,596

Table 1

Mount Monger Processing		Units	FY21	FY20
Ore milled		Tonnes	1,274,659	1,233,922
Head grade		g/t Au	3.7	4.4
Recovery		%	93%	92%
Gold produced		Oz	141,602	160,214
Gold sold		Oz	145,623	154,900
Deflector Processing				
Ore milled		Tonnes	660,994	659,354
Gold grade		g/t Au	5.4	5.5
Copper grade		%	0.3%	0.4%
Gold recovery		%	87.7%	89.3%
Copper recovery		%	89.4%	92.6%
Gold produced		Oz	100,875	104,376
Gold sold		Oz	103,158	100,633
Copper recovered		Tonnes	1,690	2,356
Copper sold		Tonnes	1,724	2,175
Group Processing				
Ore milled		Tonnes	1,935,653	1,893,276
Gold grade		g/t Au	4.3	4.8
Copper grade		%	0.3%	0.4%
Gold produced		Oz	242,478	264,590
Gold sold		Oz	248,781	255,533
Copper recovered		Tonnes	1,690	2,356
Copper sold		Tonnes	1,724	2,175

Table 2

EXPLORATION

Silver Lake invested \$19.5 million in exploration activities during the year to advance high-grade projects within established and proven mineralised corridors proximal to established infrastructure.

Mount Monger

Drilling during the year focused on Mineral Resource definition and extensions at established underground mines targeting lode infill and extensions proximal to current underground development.

Exploration at the Daisy Mining Centre focused on the newly accessed Easter Hollows zone with the combination of grade control drilling and ore development increasing Silver Lake's confidence in the Mineral Resource. Encouragingly, the drilling intersected mineralisation immediately beyond the Mineral Resource limits and in new lode positions, demonstrating the potential of the Easter Hollows area to become a high grade and shallower production front at the Daisy Complex.

Growth exploration activities during FY21 focused on infill drilling of the Santa Mineral Resource within a potential open pit shell at the Mount Belches Mining Centre and target generation and refinement on the SATA trend at the Aldiss Mining Centre.

Exploration on the SATA trend builds on Silver Lake's exploration success in validating and extending historical Mineral Resources and the discovery of the broad, high-grade Tank South deposit. The SATA trend is characterised by areas of significant transported cover which limit the effectiveness of traditional first pass exploration vectors, accordingly the historical discoveries and focus of drilling are limited to areas with little or no transported cover. As a result, a large portion of the SATA trend remains effectively untested.

Silver Lake commenced a program of broad spaced reconnaissance aircore drilling at the Harkonnen Fold target, with the aim of defining areas of coherent gold anomalism to identify potential extensions and repeats of the SATA Trend deposits. The Harkonnen Fold target is a SATA trend analogue/repeat target immediately to the east of the SATA Trend. Robust targeting criteria have been developed, incorporating leading exploration technologies that have identified lithological and structural features not defined in the historical exploration work across this area. The proximity of the SATA trend to existing infrastructure significantly reduces the commercialisation threshold of potential discoveries.

Deflector

Since the acquisition of Doray Minerals in April 2019, Silver Lake has aggressively advanced exploration drilling, targeting immediate strike extensions to the Deflector Mineral Resource within the broader Deflector corridor, which remains open in multiple directions. Following successful exploration drilling throughout FY20 which delivered significant Mineral Resource and Ore Reserve growth at Deflector through the higher gold and copper tenor South West lodes, in FY21 Silver Lake extended the 1033 exploration drive to 150m beyond the limits of Deflector mine development to facilitate further underground drilling. The results supported the continuity of mineralisation and facilitated Silver Lake's investment decision to commence development of a dedicated decline to access the Deflector South West lodes during Q2 FY21.

Growth exploration programs in the Deflector region focused on delineation of new mineralisation within proven, prospective and inadequately tested mineralised corridors, including Rocky Ridge to the north of the Woodleys Lode at Rothsay and to west of the ultra-mafic contact at Deflector.

The successful completion of the CIP plant at the Deflector processing facility provides a viable processing route to treat a broader range of gold mineralisation, thereby creating additional exploration opportunities to target several historical mines, known gold occurrences and prospects on Silver Lake's wholly owned tenement package within a 5km radius of the Deflector plant.

In FY22 Silver Lake has budgeted a record \$25 million of expenditure and demonstrates the Company's confidence in continued organic growth potential to leverage the significant installed infrastructure at both the Mount Monger and Deflector operations.

STRATEGY

The Group's short to medium term strategy is to deliver superior returns for shareholders by positioning Silver Lake as a leading gold stock on the ASX with a balanced portfolio of operations and growth projects. To achieve this strategic objective, the Company must become larger, longer life and lower cost. This will be achieved by:

- Pursuing and unlocking the full potential of existing operations;
- Attracting and retaining an experienced team to enable Silver Lake to be an effective operator and developer of mining assets;
- Developing a balanced growth profile through exploration and targeted M&A programs;
- Maintaining the appropriate balance sheet strength and scale to achieve long term growth through the cycle; and
- A returns driven capital management strategy.

Key risks associated with delivering on the Group's strategy include:

- **Gold price and FX currency:** The Company is exposed to fluctuations in the Australian dollar gold price which can impact on revenue streams from operations. To mitigate downside in the gold price, the Board has implemented a hedging program to assist in offsetting variations in the Australian dollar gold price. Hedging is an agenda item at each Board meeting to ensure it continues to fit within the Company's hedging strategy and is deemed appropriate;
- **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;
- **Government charges:** The gold mining industry is subject to a number of Government taxes, royalties and charges. Changes to the rates of taxes, royalties and charges can impact on the profitability of the Company. The Company maintains communications with relevant parties to mitigate potential increases;
- **Operating risk:** The Group's gold mining operations are subject to operating risks that could result in decreased production, increased costs & reduced revenues. To manage this risk the Company seeks to attract and retain high calibre employees and implement suitable systems and processes to ensure production targets are achieved;
- **Exploration success:** No assurance can be given that exploration expenditure will result in future profitable operating mines;
- **Environmental:** The Company has environmental liabilities associated with its tenements which arise as a consequence of mining operations, including waste management, tailings management, chemical management, water management and energy efficiency. The Company monitors its ongoing environmental obligations and risks, and implements rehabilitation and corrective actions as appropriate, through compliance with its environmental management system;
- **People risks:** The Company seeks to ensure that it provides a safe workplace to minimise risk of harm to its employees and contractors. It achieves this through an appropriate safety culture, safety systems, training and emergency preparedness; and
- **COVID-19:** COVID-19 restrictions have had an adverse effect on Silver Lake's access to interstate and overseas labour resources on which it relies. The consequence of this have been higher turnover, lower productivity, and higher costs. It appears unlikely the mobility of skilled labour will improve significantly in FY22, however, Silver Lake's historical stockpile build, and mill constrained operating plan provides the Company with operating flexibility to deliver FY22 guidance.

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed elsewhere in this report, there have been no material events that have occurred between the reporting date and the date of signing this report.

LIKELY DEVELOPMENTS

The Company will continue to pursue maximising free cashflow and increasing operating margins from its Mount Monger and Deflector operations. This will include directing exploration expenditure to high priority, cash generative projects.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current Directors and Officers against any liability that may arise from their position as Directors and Officers of the Company except where the liability arises out of the improper use of position, or committing of any criminal, dishonest, fraudulent or malicious act.

During the financial year the Company has paid Directors' & Officers' insurance premiums in respect of liability of any current and future Officers, and senior executives of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

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

SUBSEQUENT EVENTS

No events have arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for both Executives and Non-executive Directors of Silver Lake Resources Limited.

Contents:

1. Basis of preparation
2. Key management personnel (KMP)
3. Remuneration snapshot
4. Remuneration governance
5. FY21 Executive remuneration
6. FY21 Non-executive director (NED) remuneration
7. KMP Shareholdings

1. BASIS OF PREPARATION

This remuneration report has been prepared and audited in accordance with the requirements of the Corporations Act 2001 and the applicable accounting standards. All references to dollars in this remuneration report are to Australian Dollars unless otherwise specified.

2. KEY MANAGEMENT PERSONNEL

Key management personnel (KMP) comprise those persons with authority and responsibility for planning, directing and controlling the activities of the Company. This includes the Executives and Non-executive directors (NEDs) of the Company. In this report, 'Executives' refers to individuals identified as KMP, excluding NEDs.

A list of all NEDS and Executives for FY21 is set out below:

Name	Position	Term as KMP
David Quinlivan	Non-executive Chairman	Full year
Luke Tonkin	Managing Director	Full year
Peter Alexander	Non-executive Director	Full year
Kelvin Flynn	Non-executive Director	Full year
David Berg	General Counsel & Company Secretary	Full year
Diniz Cardoso	Chief Financial Officer	Full year
Steven Harvey	General Manager Mount Monger Operations	Full year
Antony Shepherd	Exploration & Geology Manager	Full year
David Vemer	General Manager Deflector Operations	Full year

3. REMUNERATION SNAPSHOT

FY21 REMUNERATION IN REVIEW

During the year the Company continued its focus on delivering new ore sources that sustain and enhance margins to drive shareholder returns. Highlights for the year from this strategy included:

- sales of 248,781 ounces gold, at the top end of market guidance range;
- cash & bullion increased 23% to \$330.2 million at 30 June 2021 with no debt;
- successfully completed the Deflector CIP project on schedule and within budget. This plant upgrade will enhance future returns from the Deflector Operation by increasing gold recoveries and broaden potential ore sources;
- commenced decline access to and development of Deflector South West, which will underpin a longer life, higher margin operation;
- development and ramp up of Rothsay, a secondary high grade ore source for the Deflector mill;
- created operating flexibility at Mount Monger through the generation of ore stockpiles of approximately 2.7 million tonnes at 1.35 g/t for 115,000 contained ounces;
- exploration success has created a pipeline of projects at Mount Monger to further leverage from the established infrastructure and enhance mine life visibility. Two near term projects have the potential to commence development throughout FY22, namely Tank South underground mine and the Santa project area, which includes open pit and underground production opportunities; and
- strong results from the FY21 exploration campaign with near term targets that have the potential to enhance the future production and margin profile of the Group.

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

The Board believes that the Company's remuneration framework is aligned with market practice and that Executive remuneration in FY21 was reasonable, having regard to the performance of the Company, the platform established for ongoing performance improvement and the experience of the Executives.

Key remuneration outcomes for FY21 are summarised in the table below:

Remuneration element	Details
Fixed remuneration	No change to fixed remuneration structure.
Short-term incentive (STI)	STI payments were made to Executives during the period in line with their performance against set targets. Further information on STI payments is included in Section 5(c) of this report.
Long-term incentive (LTI)	In FY21, 423,621 performance rights were granted to the Managing Director on the terms approved by shareholders at the 2018 AGM and a further 873,557 performance rights were granted to other Executives as described further in this report.

4. REMUNERATION GOVERNANCE

A. BOARD AND NOMINATION & REMUNERATION COMMITTEE RESPONSIBILITY

The Nomination & Remuneration Committee is a subcommittee of the Board. It assists the Board to ensure that the Company develops and implements remuneration policies and practices that are appropriate for the nature, size and standing of the Company.

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

- the remuneration arrangements (including base pay, performance targets, bonuses, equity awards, superannuation, retirement rights, termination payments) for Executives;
- the remuneration of Non-executive Directors; and
- the establishment of employee incentive and equity-based plans and the number and terms of any incentives proposed to be issued to Executives pursuant to those plans, including any vesting criteria.

B. REMUNERATION PRINCIPLES

The Company's remuneration strategy and structure is reviewed by the Board and the Nomination & Remuneration Committee for business appropriateness and market suitability on an ongoing basis.

KMP are remunerated and rewarded in accordance with the Company's remuneration policies (outlined in further detail below).

C. ENGAGEMENT OF REMUNERATION CONSULTANTS

During the period, the Company did not engage remuneration consultants to provide a "remuneration recommendation" (as that term is defined in the Corporations Act 2001). However, the Nomination & Remuneration Committee has benchmarked KMP remuneration using external independent industry reports and data to ensure that remuneration levels are competitive and meet the objectives of the Company.

D. 2020 AGM VOTING OUTCOME AND COMMENTS

The Company received more than 98% votes in favour of the adoption of its Remuneration Report for the 2020 financial year.

5. FY21 EXECUTIVE REMUNERATION

A. EXECUTIVE REMUNERATION STRATEGY AND POLICY

In determining Executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance, and is simple to administer and understand by Executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives.

The Company's reward structure provides for a combination of fixed and variable pay with the following components:

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

The table below provides a summary of the structure of executive remuneration:

FIXED REMUNERATION

- Base salary
- Superannuation
- Other benefits

VARIABLE REMUNERATION

- STI (Cash Bonuses)
- LTI (Performance Rights)

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of Executives' remuneration is placed "at risk". The relative proportion of target FY21 total remuneration packages split between the fixed and variable remuneration is shown below:

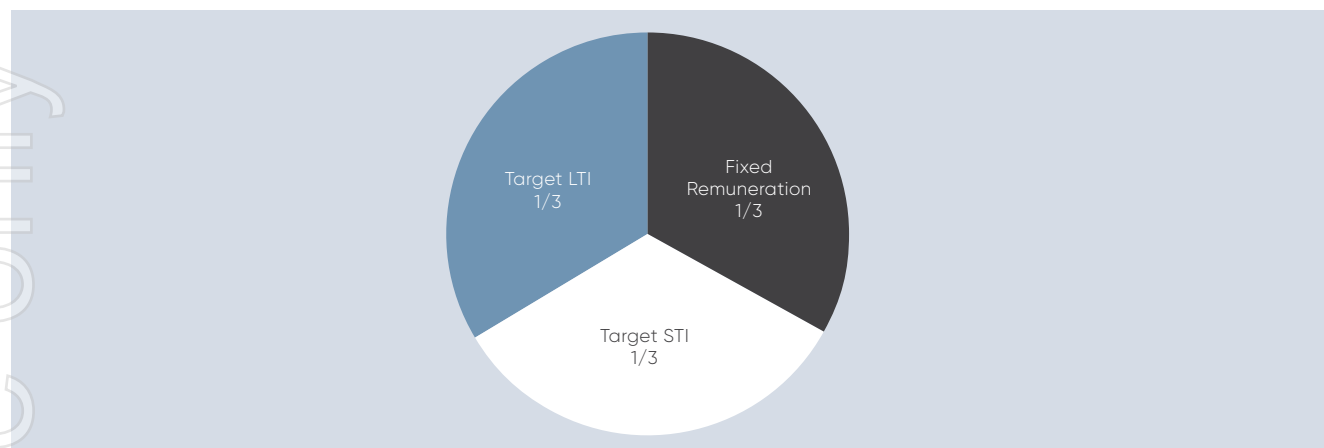


Figure 3: FY21 Target remuneration mix

B. FIXED REMUNERATION

Fixed remuneration is set at a level that is aligned to market benchmarks and reflective of Executives' skills, experience, responsibilities and performance.

When positioning base pay, the Company presently aims to position aggregate fixed remuneration at approximately the 62.5 percentile of the industry benchmark AON McDonald Report (an independent, industry recognised report on the gold and mining industry). This is to ensure that the Company's remuneration arrangements remain competitive against peer companies to assist with the retention and attraction of key talent.

Executive remuneration is benchmarked annually to ASX-listed companies of similar size (by market capitalisation), revenue base, employee numbers and complexity. Specific reference is also made to peer companies within the gold mining sector.

Executives' base salaries for the 2021 financial year were:

Executive	Base Salary FY21 ¹	Base Salary FY20 ¹	Movement
Luke Tonkin	\$750,000	\$695,000	8%
David Berg	\$324,500	\$311,400	4%
Diniz Cardoso	\$349,600	\$326,700	7%
Steven Harvey	\$318,900	\$306,000	4%
Antony Shepherd	\$276,300	\$268,250	3%
David Vemer	\$312,600	\$300,000	4%

¹ Base Salary as at 30 June of each respective year

C. SHORT-TERM INCENTIVE (STI) ARRANGEMENTS

The purpose of the STI plan is to link the achievement of key short term 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 and non-financial key performance indicators (KPIs) are achieved. The Board has determined that the Company must be cash-flow positive from normal operating and sustaining capital activities (excluding enhancement activities) for the applicable performance period, for any STI to be paid.

All Executives are eligible to participate in the STI plan with awards capped at 100% of the target opportunity. The target opportunity for KMP in FY21 was 100% of TFR.

Each year the Nomination & Remuneration Committee, in conjunction with the Board, sets KPI targets for Executives. For FY21 the KPIs included non-discretionary targets for safety and environment, production and processing and costs, each of which was measured relative to budget, and a relative TSR target versus a comparator peer group of companies. The Nomination & Remuneration Committee also considered and evaluated the Executives' ongoing review, response and modification of safety, environment, production and cost plans during the year, and the execution and success of the operating, business development and growth strategies.

FY21 PERFORMANCE AGAINST STI MEASURES

A summary of the KPI targets set for FY21 and their respective weightings are as follows:

KPI *	Weighting	Measure	% of KPI achieved
1. Safety/Environment	9%	<ul style="list-style-type: none"> Lagging EH&S indicators Environmental management effectiveness Safety management effectiveness 	38%
2. Mine production & processing	45%	Production and processing from each operating site relative to FY21 budget	64%
3. Costs	18%	Costs for each cost centre relative to FY21 budget	63%
4. Operating strategy & execution	9%	Execution and success of Operating Strategy	100%
5. Business development & growth	9%	Implementation and execution of Corporate Strategy	50%
6. Company performance	10%	TSR performance against comparator group	40%

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

In assessing discretionary components of the KPI, the Committee considered the following achievements against objectives set at the start of the year:

- achieving OH&S objectives;
- achieving environmental objectives;
- achieving FY21 sales and AISC sales guidance;
- achieving production KPIs from each operating site versus FY21 stretch targets;
- achieving cost KPIs for each cost centre versus FY21 stretch targets;
- execution and success of operating strategy;
- implementation and execution of the Company's corporate strategy;
- exceeding the targeted end of year cash and bullion balance;
- successful completion of the Deflector CIP project on schedule and within budget;
- development and ramp up of Rothsay mine; and
- delivery of positive exploration results from infill and extensional resource definition drilling to allow further mines to enter production in future periods.

The Committee also discussed the recent passing of an underground contractor at the Daisy Complex for reasons unknown and noted that, whilst tragic, his sudden and unexpected passing was not as a result of a workplace accident or other workplace industrial event.

Based on the above assessment, STI payments for FY21 to Executives were as follows:

Executive	Maximum STI opportunity	% STI awarded	STI awarded
Luke Tonkin	100% of TFR	60%	\$504,000
David Berg	100% of TFR	60%	\$214,000
Diniz Cardoso	100% of TFR	60%	\$230,000
Steven Harvey	100% of TFR	50%	\$175,000
Antony Shepherd	100% of TFR	60%	\$182,000
David Vemer	100% of TFR	60%	\$206,000

D. LONG-TERM INCENTIVE (LTI) ARRANGEMENTS

The Board has established the Employee Incentive Plan (Incentive Plan) as a means for motivating senior employees to pursue the long term growth and success of the Company. The Incentive Plan provides the Company with the flexibility to issue incentives in the form of either options or performance rights which may ultimately vest and be converted into shares on exercise, subject to satisfaction of any relevant vesting conditions. The Incentive Plan was approved by shareholders at the 2018 AGM.

KEY FEATURES OF THE INCENTIVE PLAN

Under the terms of the Incentive Plan, the Board may determine which employees are eligible to participate. In FY21, all Executives were eligible and were invited to participate. The number of Performance Rights awarded to each Executive was determined by dividing the Executives' maximum LTI opportunity by the 20 day VWAP of the Company shares as traded on the ASX up to 30 June 2020. Performance Rights which were granted will not vest (and therefore will lapse) unless a hurdle, based on relative total shareholder return (TSR), has been satisfied. TSR measures the growth for a financial year in the price of shares plus dividends paid. The NRC believes that a single hurdle is appropriate as it is transparent, simple to administer and directly links Executive remuneration to the Company's share price relative to its peers.

Relative TSR will be measured by comparing the Company's TSR with that of a comparator group of companies over the respective 3 year vesting period. The TSR metric measures the share price movement and dividends over this period for both the Company and the comparator group. The Performance Rights will vest based on the Company's relative TSR ranking on the relevant vesting date as follows:

Relative TSR Performance	Vesting Outcome
Less than 50 th percentile	0% vesting
Between the 50 th percentile and 75 th percentile	Pro rata straight line from 50% to 100%
At or above the 75 th percentile	100% vesting

Relative TSR performance is calculated at a single point in time and is not subject to re-testing. The comparator group of companies for Performance Rights on issue is listed in the table on page 25.

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

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

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

FY21 LTI OUTCOMES

During the year the Company issued 1,297,178 Performance Rights to Executives in respect of the LTI component of their FY21 remuneration. The quantum of Performance Rights issued was determined by reference to the 20 day VWAP to 30 June 2020 of \$1.98 per share.

Executive	Maximum LTI opportunity	20 Day VWAP	Number of Performance Rights granted during FY21	Fair value per Performance Right *
Luke Tonkin	100% of TFR	\$1.98	423,621	\$0.917
David Berg	100% of TFR	\$1.98	179,196	\$0.917
Diniz Cardoso	100% of TFR	\$1.98	193,056	\$0.917
Steven Harvey	100% of TFR	\$1.98	176,103	\$0.917
Antony Shepherd	100% of TFR	\$1.98	152,578	\$0.917
David Vemer	100% of TFR	\$1.98	172,624	\$0.917

* Independently valued using a hybrid share option pricing model

PERFORMANCE RIGHTS

During the year the Company issued 1,895,078 Performance Rights to employees (including 1,297,178 Performance Rights to Executives) in respect of the LTI component of their FY21 remuneration.

Executive	Balance at 1 July 2020	Granted in FY21	Converted	Lapsed	Balance at 30 June 2021	Vested & exercisable at 30 June 2021
Luke Tonkin	2,853,542	423,621	(923,845)	-	2,353,318	1,233,645
David Berg	1,046,437	179,196	(179,091)	-	1,046,542	548,968
Diniz Cardoso	1,095,068	193,056	(187,203)	-	1,100,921	573,844
Steven Harvey	401,431	176,103	-	-	577,534	88,574
Antony Shepherd	908,467	152,578	(156,002)	-	905,043	478,204
David Verner	456,461	172,624	(67,081)	-	562,004	82,657
Total	6,761,406	1,297,178	(1,513,222)	-	6,545,362	3,005,892

The total expense recognised in the Statement of Profit or Loss for all KMP Performance Rights for the period ended 30 June 2021 was \$1,447,017.

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

	FY19 Award	FY20 Award	FY21 Award
Number of performance rights	3,820,978	3,053,776	1,895,078
Exercise price	\$0.00	\$0.00	\$0.00
Grant date	1 July 2018	1 July 2019	1 July 2020
Vesting period	1 July 2018 – 30 June 2021	1 July 2019 – 30 June 2022	1 July 2020 – 30 June 2023
ASX Comparator Group	AQG; DCN; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SBM; WGX	AQG; DCN; EVN; GOR; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SBM; WGX	DCN; EVN; GOR; MML; NCM; NST; OGC; PRU; RMS; RRL; RSG; SBM; WGX

	FY19 Award	FY20 Award	FY21 Award
Valuation at grant date	\$0.439	\$0.817	\$0.917
Underlying 20 day VWAP	\$0.581	\$1.071	\$1.98
Volatility	70%	65%	65%
Risk free rate	2.07%	0.98%	0.13%
Expected dividends	-	-	-

Note 1: On completion of the vesting period 100% of the FY19 Performance Rights had vested in accordance with the relative TSR hurdle attached to them. This included 3,005,892 rights awarded to Executives

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

E. SERVICE AGREEMENTS

A summary of the key terms of service agreements for Executives in FY21 is set out below. There is no fixed term for Executive service agreements and all Executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate service agreements immediately for cause, in which case the Executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Term of Agreement	Notice Period by Executive	Notice Period by Silver Lake	Termination Payment
Luke Tonkin	Open	6 months	6 months	12 months TFR
David Berg	Open	6 months	6 months	6 months TFR
Diniz Cardoso	Open	6 months	6 months	6 months TFR
Steven Harvey	Open	9 weeks	9 weeks	as per Legislation
Antony Shepherd	Open	6 months	6 months	6 months TFR
David Vemer	Open	9 weeks	9 weeks	as per Legislation

F. EXECUTIVE REMUNERATION PAID

Executive	Year	Fixed Remuneration			Variable Remuneration		Total	Performance Related Remuneration %
		Salary & Fees \$	Other Benefits ¹ \$	Superannuation \$	STI Cash Payments \$	Rights ² \$		
Luke Tonkin	2021	815,000	89,766	25,000	504,000	499,568	1,933,334	52
	2020	753,400	80,990	25,000	364,000	449,224	1,672,614	49
Diniz Cardoso	2021	357,812	26,892	25,000	230,000	233,948	873,652	53
	2020	332,737	25,131	25,000	168,000	190,975	741,842	48
Antony Shepherd	2021	277,549	21,254	25,000	182,000	191,306	697,108	54
	2020	268,734	20,635	25,000	138,000	158,032	610,400	48
David Berg	2021	330,328	24,962	25,000	214,000	221,812	816,101	53
	2020	315,983	23,954	25,000	160,000	182,379	707,316	48
David Vemer	2021	317,297	24,046	25,000	206,000	148,392	720,735	49
	2020	303,500	23,077	25,000	148,000	95,626	595,203	41
Steve Harvey	2021	324,196	24,531	25,000	175,000	151,992	700,718	47
	2020	310,070	23,538	25,000	159,000	98,163	615,771	42
Total	2021	2,422,181	211,451	150,000	1,511,000	1,447,018	5,741,649	52
	2020	2,284,423	197,324	150,000	1,137,000	1,174,399	4,943,146	47

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

² These are valuations required under accounting standards and have not actually been paid during the year

G. LINK BETWEEN COMPANY PERFORMANCE, SHAREHOLDER WEALTH GENERATION AND REMUNERATION

The Nomination & Remuneration Committee considers a number of criteria to assess the performance of the Company. Criteria used in this assessment include maximising of cash flows, managing risk, using a stronger balance sheet to undertake cash accretive investments in core assets, execution of development projects, exploration success as well as the following metrics in respect of the current and previous financial years.

	2021	2020	2019	2018	2017
EBITDA	290.8	260.1	80.2	87.9	70.0
Profit after tax (\$m)	98.2	256.9	6.5	16.2	2.0
Cash and bullion (\$m)	330.2	269.4	130.7	105.7	69.1
Cash from operating activities (\$m)	268.8	252.3	71.8	80.8	64.0
Closing share price at 30 June	\$1.66	\$2.13	\$1.26	\$0.60	\$0.47

The Company's remuneration practices reflect the achievement of certain of the Company's and Executive's performance objectives. The Company's overall objective has been to maximise cash flow, increase operating margins and create new opportunities that compete for capital.

6. FY21 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:

- fees paid to NEDs are within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
- NEDs are remunerated by way of fees (in the form of cash and superannuation benefits);
- NEDs are not provided with retirement benefits other than statutory superannuation entitlements; and
- 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.

FY21 NED FEES

NED	Fees FY21 ¹	Fees FY20 ¹	Movement
David Quinlivan	\$220,000	\$200,000	10%
Peter Alexander	\$120,000	\$115,000	4%
Les Davis	-	\$48,654	Note 2
Kelvin Flynn	\$131,400	\$125,925	4%
Leigh Junk	-	\$4,423	Note 3

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

² Mr Davis resigned from the Board on 22 November 2019

³ Mr Junk resigned from the Board on 12 July 2019

C. NED FEES PAID

Details of the remuneration of each NED for the year ended 30 June 2021 is set out in the following table:

Non-executive Director	Year	Short Term Base Fee \$	Superannuation benefits \$	Total \$
David Quinlivan	2021	220,000	20,900	240,900
	2020	200,000	19,000	219,000
Peter Alexander	2021	120,000	11,400	131,400
	2020	115,000	10,925	125,925
Kelvin Flynn	2021	131,400	-	131,400
	2020	125,925	-	125,925
Les Davis	2021	-	-	-
Leigh Junk	2020	48,654	4,622	53,276
	2021	-	-	-
Total	2020	4,423	420	4,843
	2021	471,400	32,300	503,700
	2020	494,002	34,967	528,969

7. KMP SHAREHOLDINGS

Key Management Person	Balance at 1 July 2020	Acquired	Conversion of Performance Rights	Sold	Balance at 30 June 2021
David Quinlivan	-	-	-	-	-
Luke Tonkin	528,016	-	923,845	(923,845)	528,016
Peter Alexander	18,165	-	-	-	18,165
Kelvin Flynn	-	-	-	-	-
David Berg	205,475	-	179,091	(384,566)	-
Diniz Cardoso	183,299	-	187,203	(183,299)	187,203
Steven Harvey	-	-	-	-	-
Antony Shepherd	146,640	-	156,002	(302,642)	-
David Vemer	31,500	-	67,081	(18,954)	79,627
Total	1,113,095	-	1,513,222	(1,813,306)	813,011

AUDITOR'S INDEPENDENCE

Section 307C of the Corporations Act 2001 requires Silver Lake's auditors, KPMG, to provide the Directors with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2021. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The Board is satisfied that the provision of non-audit services is compatible with, and did not compromise the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

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

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

	2021 \$	2020 \$
Audit services		
Audit and review of financial statements	225,500	246,370
Other audit services	3,848	-
Non-audit services		
Taxation services	59,160	52,430
Accounting advisory services	-	-
Total paid	288,508	298,800

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

The Directors' Report is signed in accordance with a resolution of the Directors.



Luke Tonkin
Managing Director
18 August 2021

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 2021 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 36 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and that Group entity pursuant to ASIC Corporations (wholly owned companies) Instruments 2016/785.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2021.

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



Luke Tonkin
Managing Director
18 August 2021

AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Silver Lake Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Silver Lake Resources Limited for the financial year ended 30 June 2021 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

A handwritten signature in black ink, appearing to read 'Derek Meates'.

Derek Meates
Partner

Perth

18 August 2021

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INDEPENDENT AUDIT REPORT



Independent Auditor's Report

To the shareholders of Silver Lake Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Silver Lake Resources Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statements of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

- Valuation of Goodwill; and
- Recoverability of Deferred Tax Assets.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of Goodwill (\$90.7million)

Refer to Note 18 to the Financial Report

The key audit matter

The Group made a significant acquisition of Doray Minerals Limited (Doray) on 5 April 2019 which resulted in the recognition of \$90.7 million of goodwill.

A key audit matter for us was the Group's impairment testing of goodwill, given the size of the balance. We focused on the significant and judgemental forward-looking assumptions the Group applied in their fair value less costs of disposal models, including:

- Forecast sales, production output, production costs and capital expenditure;
- Forecast gold prices;
- Discount rate;
- Life of mineral reserves and resources; and
- Resources multiples.

These assumptions require management to apply significant estimates and judgments, which contributes to our conclusion that the valuation of goodwill is a key audit matter

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

How the matter was addressed in our audit

Our procedures included:

- We examined the documentation prepared by management including consideration of the appropriateness of adopting fair value less cost of disposal methodology.
- We assessed the integrity of the fair value less costs of disposal model
- We evaluated the sensitivity of the valuation of goodwill by considering reasonably possible changes to the key assumptions
- We assessed the reasonableness of key assumptions used in the model, using our knowledge of the Group, their past performance, and our industry experience.
- We compared the forecast cash flows and capital expenditure in the model to Board approved forecast
- We compared expected commodity prices and foreign exchange rates to published views of the market commentator on future trends
- We compared resource multiples to publicly available market data for comparable entities
- We compared the life of mineral reserves and resources in the model to the reserves and resources statement commissioned by the Group for consistency with the cash flow forecasts
- Working with our valuation specialists, we independently developed a discount rate considered comparable, using publicly available market data for comparable entities
- We assessed the disclosures in the financial report and against the requirements of the accounting standards.

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Recoverability of Deferred Tax Assets (\$80.7 million)	
Refer to Note 9 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group recognised deferred tax assets of \$97 million during 30 June 2021 arising from tax losses carried forward. The closing net deferred tax asset carried forward as at 30 June 2021 is \$80.7 million.</p> <p>Accounting standards state that Deferred tax assets are only recognised if certain conditions under Australian tax law are satisfied and if it is probable that sufficient taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits.</p> <p>The recoverability of Deferred Tax Assets was a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of these assets recognised by the Group; the significant judgment required to assess the probability that sufficient taxable profits can be generated the risk of the Group applying the requirements of the accounting standards and Australian tax law to recognise deferred tax assets for tax losses incorrectly, which could result in a substantial effect on the Group's statement of profit or loss and other comprehensive income 	<p>Working with our specialists, our procedures included:</p> <ul style="list-style-type: none"> We examined the documentation prepared by the Group supporting the availability of tax losses that were recognised in accordance with Australian tax law. We compared the forecasts included in the Group's estimate of future taxable profits used in their deferred tax asset recoverability assessment to those used in the Group's assessment of the value of goodwill. Our approach to testing these forecasts was consistent with the approach detailed in relation to the valuation of goodwill. We challenged the differences between forecast cash flows and taxable profits by evaluating the adjustment of cash flows, for differences between accounting profits, as presented in the Group's forecasts, to taxable profits, against Australian tax law. Understanding the timing of future taxable profits and considering the consistency of the timeframes of expected recovery to our knowledge of the business and its plans and Australian tax law requirements. We placed increased skepticism where there was a longer timeframe of expected recovery. We assessed the Group's disclosures in the financial report using the results from our testing and against the requirements of the accounting standards. We involved tax specialists to supplement our senior team members in assessing this key audit matter



Other Information

Other Information is financial and non-financial information in Silver Lake Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chairman and Managing Director's Report, Project Report, Exploration Report, Reserves & Resources report and ASX additional information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Silver Lake Resources Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 19 to 28 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

A stylized signature logo for KPMG, where the letters 'KPMG' are written in a cursive, handwritten style.

KPMG

A handwritten signature in black ink, appearing to read 'Derek Meates'.

Derek Meates
Partner

Perth

18 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Revenue	4	598,293	563,435
Cost of sales	5	(435,954)	(398,764)
Gross profit		162,339	164,671
Other income		252	225
Exploration expensed/impaired		(3,639)	(10,306)
Profit on sale of assets	33	3,818	-
Administration expenses	6	(15,879)	(21,445)
Results from operating activities		146,891	133,145
Finance income		978	1,516
Finance expenses		(6,669)	(1,528)
Net finance costs	8	(5,691)	(12)
Profit before income tax		141,200	133,133
Income tax (expense)/benefit	9	(42,995)	123,742
Profit for the year		98,205	256,875
Total comprehensive income for the year		98,205	256,875
		Cents Per Share	Cents Per Share
Basic earnings per share	10	11.14	31.09
Diluted earnings per share	10	11.06	30.77

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 BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Current assets			
Cash and cash equivalents	11	328,890	256,993
Trade and other receivables	13	6,767	6,652
Inventories	14	69,584	69,456
Prepayments		235	274
Total current assets		405,476	333,375
Non-current assets			
Inventories	14	52,568	14,119
Exploration, evaluation and development expenditure	15	268,160	268,855
Property, plant and equipment	16	181,831	131,139
Investments	17	11,391	6,352
Deferred tax assets	9	80,745	123,742
Goodwill	18	90,695	90,695
Total non-current assets		685,390	634,902
Total assets		1,090,866	968,277
Current liabilities			
Trade and other payables	19	73,831	70,730
Lease liabilities	20	30,294	22,457
Employee benefits	21	6,303	5,057
Rehabilitation and restoration provision	23	250	800
Total current liabilities		110,678	99,044
Non-current liabilities			
Lease liabilities	20	39,731	30,783
Rehabilitation and restoration provision	23	44,679	42,823
Total non-current liabilities		84,410	73,606
Total liabilities		195,088	172,650
Net assets		895,778	795,627
Equity			
Share capital	24	1,023,106	1,023,106
Reserves	25	5,924	3,978
Accumulated losses		(133,252)	(231,457)
Total equity		895,778	795,627

The Consolidated Balance Sheet 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 2021

	Share Capital \$'000	Option Reserve \$'000	Accumulated Losses \$'000	Non- Controlling interests \$'000	Total Equity \$'000
Balance at 1 July 2019	960,075	2,475	(488,332)	-	474,218
Total comprehensive income for the period	-	-	256,875	-	256,875
Transactions with owners, recorded directly in equity					
Issue of securities	52,883	-	-	-	52,883
Equity settled share based payment	-	1,503	-	-	1,503
Total contributions	52,883	1,503	-	-	54,386
Changes in ownership interests					
Acquisition of subsidiary with NCI (Note 3)	-	-	-	10,308	10,308
Acquisition of non-controlling interest	10,148	-	-	(10,308)	(160)
Total transactions with owners of the Company	63,301	1,503	-	-	64,534
Balance at 30 June 2020	1,023,106	3,978	(231,457)	-	795,627
Balance at 1 July 2020	1,023,106	3,978	(231,457)	-	795,627
Total comprehensive income for the period	-	-	98,205	-	98,205
Transactions with owners, recorded directly in equity					
Equity settled share based payment	-	1,946	-	-	1,946
Balance at 30 June 2021	1,023,106	5,924	(133,252)	-	895,778

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 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Cash flows from operating activities			
Receipts from sales		589,650	560,640
Payments to suppliers and employees		(320,809)	(308,333)
Net cash from operating activities	12	268,841	252,307
Cash flow from investing activities			
Interest received		976	1,516
Acquisition of plant and equipment		(60,123)	(24,877)
Proceeds from disposal of subsidiary		8,098	-
Cash from acquisition of subsidiary		-	32
Acquisition of investments		(1,493)	(503)
Proceeds from divestments		-	668
Payments for exploration, evaluation and development		(107,351)	(82,748)
Net cash used in investing activities		(159,893)	(105,912)
Cash flows from financing activities			
Repayment of finance leases		(27,327)	(12,998)
Payment of stamp duty		(6,830)	-
Interest paid		(2,894)	(1,477)
Net cash used in financing activities		(37,051)	(14,475)
Net increase in cash and cash equivalents		71,897	131,920
Cash and cash equivalents at 1 July		256,993	125,073
Cash and cash equivalents at 30 June	11	328,890	256,993

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 2021

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 2021 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 18 August 2021. 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 balance sheet:
 - 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

Other than the adoption of new standards, there have been no material changes to accounting policies for the periods presented in these consolidated financial statements. Significant accounting policies specific to one note are included in that note. Accounting policies determined non-significant are not included in the financial statements.

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

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded off to the nearest thousand dollars, unless otherwise stated.

A. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are prepared in Australian dollars, which is the functional currency of the Company and its subsidiaries.

B. USE OF JUDGEMENTS AND ESTIMATES

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

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

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

C. BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is disclosed in Note 30.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

D. MEASUREMENT OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have a significant impact on the Group.

3. ACQUISITION OF EGAN STREET RESOURCES IN FY20

On 21 November 2019 the Group obtained control of Egan Street Resources Limited ("EGA") by acquiring 84.1% of the shares and voting interests in that company. On 8 January 2020, the Group completed the compulsory acquisition process for EGA.

The following summarises the consideration transferred, and the fair value of assets and liabilities on acquisition:

CONSIDERATION TRANSFERRED

	\$'000
Equity Instruments Issued (50,481,300 fully paid ordinary shares)	52,883

The fair value of the fully paid ordinary shares issued was based on the share price of the Company at 21 November 2019 of \$1.05 per share, being the date of acquisition.

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

	\$'000
Cash and cash equivalents	32
Trade and other receivables	205
Prepayments	19
Property, plant and equipment	201
Exploration and evaluation expenditure	64,527
Trade and other payables	(802)
Employee provisions	(991)
Total net identifiable assets	63,191

	\$'000
Total consideration on acquisition	52,883
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of Egan Street	10,308
Fair value of identifiable net assets	63,191

ACQUISITION OF NON-CONTROLLING INTEREST

During the period from 21 November 2019 to 8 January 2020, the Group increased its interest in EGA from 84.1% ownership to 100%. This increase resulted in the issue of an additional \$10.1 million of equity in Silver Lake.

Accounting Policies**Business combinations**

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

4. REVENUE

	30 June 2021 \$'000	30 June 2020 \$'000
Gold sales	575,997	543,995
Copper	21,297	18,087
Silver sales	999	1,353
Total	598,293	563,435

Included in current year gold sales is 68,068 ounces of gold sold (at an average price of A\$1,903/ounce) under various hedge programs. At 30 June 2021, the Company has a total of 87,500 ounces of gold left to be delivered under these programs over the next 12 months at an average price of A\$2,337/ounce (FY20: 155,568 ounces at A\$2,147/ounce).

Accounting Policies**Gold bullion sales**

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

Concentrate Sales

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

Gold forward contracts

The Group uses derivative financial instruments such as gold forward contracts to manage the risks associated with commodity price. The sale of gold under such hedge instruments is accounted for using the 'own use exemption' under AASB 9 Financial Instruments and as such all hedge revenue is recognised in the Statement of Profit or Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

5. COST OF SALES

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Mining and processing costs		220,083	210,800
Amortisation	15	97,556	90,425
Depreciation	16	46,552	32,467
Salaries and on-costs		52,154	44,904
Royalties		19,609	20,168
		<u>435,954</u>	<u>398,764</u>

Accounting Policies**Mining and processing costs**

This includes all costs related to mining, milling and site administration, net of costs capitalised to mine development and production stripping. This category also includes movements in the cost of inventory and any net realisable value write downs.

Amortisation

The Group applies the units of production method for amortisation of its mine properties, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements. These estimates and assumptions are reviewed annually and changes to these estimates and assumptions may impact the amortisation charge in the Statement of Profit or Loss and asset carrying values.

The Group uses ounces mined over mineable inventory as its basis for depletion of mine properties. In the absence of reserves, the Group believes this is the best measure as evidenced by historical conversion of resources to reserves. The Group applies applicable factoring rates when adopting the units of production method to reflect the risk of conversion from the inferred and indicated categories to mineable inventory.

Depreciation

Depreciation is calculated on either a reducing balance basis or on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful life while processing plants are depreciated on the life of the mine basis. Capital work in progress is not depreciated until it is ready for use. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The estimated useful lives for the current and comparative period are as follows:

	Period
Buildings	7-10 Years
Haul roads	3-5 Years
Plant and equipment	3-10 Years
Office furniture and equipment	3-15 Years
Motor vehicles	3-5 Years

6. ADMINISTRATION EXPENSES

	30 June 2021 \$'000	30 June 2020 \$'000
Salaries and on-costs	9,103	10,562
Consultants and contractors	1,562	1,409
Rental expense	241	546
Business combination expense	128	4,108
Share based payments	1,946	1,503
Other corporate costs	2,899	3,317
Total	15,879	21,445

7. GROUP PERSONNEL EXPENSES

	30 June 2021 \$'000	30 June 2020 \$'000
Wages and salaries	55,429	47,127
Other associated personnel expenses	1,134	1,785
Superannuation contributions	4,695	4,125
Total	61,258	53,037

8. FINANCE INCOME AND EXPENSES

	30 June 2021 \$'000	30 June 2020 \$'000
Interest income	978	1,516
Finance income	978	1,516
Interest expense	(16)	-
Change in fair value of listed investments (Note 17)	(3,914)	(52)
Interest expense on lease liabilities	(2,739)	(1,476)
Finance costs	(6,669)	(1,528)
Net finance costs	(5,691)	(12)

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, leases, unwinding of the discount on provisions and change in the value of investments measured at fair value through the profit and loss. All borrowing costs are recognised in the Statement of Profit or Loss using the effective interest method in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case, borrowing costs are capitalised as part of the qualifying asset.

9. TAXES

A. INCOME TAX

	30 June 2021 \$'000	30 June 2020 \$'000
Current tax expense		
Current income tax	28,969	34,668
Adjustment for prior years	1,350	(248)
	<u>30,319</u>	<u>34,420</u>
Deferred income tax expense		
Origination and reversal of temporary differences	-	248
Recognition of previously unrecognised tax losses	-	(161,987)
Movement in temporary differences	12,676	3,577
Income tax expense/(benefit) reported in profit or loss	<u>42,995</u>	<u>(123,742)</u>
	30 June 2021 \$'000	30 June 2020 \$'000
Numerical reconciliation between tax expenses and pre-tax profit		
Profit before tax	141,200	133,133
Income tax using the corporation tax rate of 30%	42,360	39,940
Adjustment for prior years	1,350	-
Movement due to non-deductible items	700	1,882
Recognition of tax effect of previously unrecognised tax losses	-	(161,987)
Other movements	(1,415)	(3,577)
Income tax expense/(benefit) reported in profit or loss	<u>42,995</u>	<u>(123,742)</u>

B. DEFERRED TAX ASSETS AND LIABILITIES

	30 June 2021 \$'000	30 June 2020 \$'000
Deferred tax assets and liabilities are attributable to the following:		
Receivables	2,017	2,017
Inventories	(4,364)	(3,475)
Exploration, evaluation and mining assets	(42,511)	(36,472)
Property, plant and equipment	13,250	19,703
Accrued expenses	1,518	1,299
Provisions	13,835	13,349
Share issue costs	-	2
Tax losses	97,000	127,319
Net deferred tax assets	<u>80,745</u>	<u>123,742</u>

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

The Group utilised \$96,560,000 of tax losses during the current year by offsetting them against taxable income. At 30 June 2021 the Company has \$323,335,000 (2020: \$419,898,000) of tax losses remaining for offset against future taxable profits.

As a result of the strong gold price environment and ongoing cash flow generation from the Mount Monger and Deflector Operations, management have considered it probable that future taxable profits would be available for offset against these tax losses. As a result, the Company has recognised a deferred tax asset at 30 June 2021 of \$80,745,000 (2020: \$123,742,000).

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.

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unrecognised tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgments about commodity prices, ore resources, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

10. EARNINGS PER SHARE

	30 June 2021 \$'000	30 June 2020 \$'000
Profit used in calculating basic and diluted EPS	98,205	256,875
	Number of Shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	881,285,990	826,101,988
Effect of dilution	6,874,745	8,660,139
Weighted average number of ordinary shares used in calculating diluted earnings per share	888,160,735	834,762,127

Accounting Policies

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

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

11. CASH AND CASH EQUIVALENTS

	30 June 2021 \$'000	30 June 2020 \$'000
Cash at bank	328,890	256,993

Accounting Policies

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. The Group ensures that as far as possible it maintains excess cash and cash equivalents in short-term high interest bearing deposits. The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 26.

12. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	30 June 2021 \$'000	30 June 2020 \$'000
Cash flow from operating activities		
Profit after tax	98,205	256,875
Adjustments for:		
Depreciation	46,552	32,467
Amortisation	97,556	90,425
Exploration expenditure & impairment	7,326	10,306
Share based payments	1,946	1,503
Write off of investments	3,844	52
Net finance costs	(961)	(39)
Profit from the sale of non-current assets	(8,374)	(58)
Operating profit before changes in working capital and provisions	246,094	391,531
Change in trade and other receivables	(115)	(2,155)
Change in inventories	(38,577)	(32,046)
Change in prepayments and other assets	41	356
Change in deferred tax assets	42,996	(123,742)
Change in trade and other payables	5,428	5,359
Change in finance leases	15,528	14,254
Change in other liabilities	(2,554)	(1,250)
Total	268,841	252,307

13. TRADE AND OTHER RECEIVABLES

	30 June 2021 \$'000	30 June 2020 \$'000
Current		
Trade and other receivables	9,466	9,368
GST receivable	4,024	4,007
Provision for doubtful debts	(6,723)	(6,723)
Total	6,767	6,652

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

Accounting Policies

Trade receivables are recognised initially at the value of the invoice sent to the counterparty and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding change to the profit or loss statement.

14. INVENTORIES

	30 June 2021 \$'000	30 June 2020 \$'000
Current		
Materials and supplies	15,171	12,492
Ore stocks	42,019	34,546
Gold in circuit	9,648	6,764
Concentrate on hand	1,438	3,256
Bullion on hand	1,308	12,398
	69,584	69,456
Non-Current		
Ore stocks	52,568	14,119
Total	122,152	83,575

During the year the Company added 1 million tonnes of ore to its inventory balance. Stockpiles that are not forecast to be processed over the next 12 months are classified as non-current inventory. At the reporting date the Group carried out an impairment review of inventory and assessed that all inventory was carried at the lower of cost and net realisable value and that no impairment was required.

Accounting Policies**Inventory**

Ore stockpiles, concentrate on hand, gold in circuit and gold bullion are physically measured or estimated and valued at the lower of cost and net realisable value. The cost comprises direct materials, labour and transportation expenditure in bringing such inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure based on weighted cost incurred during the period in which such inventories were produced.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to perform the sale. Inventories of consumable supplies and spare parts that are expected to be used in production are valued at cost. Obsolete or damaged inventories of such items are valued at net realisable value.

Consumables and spare parts are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified.

Bullion on Hand

Bullion on hand comprises gold that has been delivered to the Perth Mint prior to period end but which has not yet been delivered into a sale contract.

15. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

During the year ended 30 June 2021 the Group incurred and capitalised the following on exploration, evaluation and development expenditure:

	30 June 2021 \$'000	30 June 2020 \$'000
Exploration and evaluation phase		
Cost brought forward	36,791	49,597
Acquired in a business combination (Note 3)	-	64,527
Expenditure during the year	8,126	16,238
Divested during the year	(11,862)	-
Impaired during the year	(593)	-
Transferred to development phase	(18,380)	(83,265)
Expensed during year	(2,310)	(10,306)
Balance at 30 June	11,772	36,791
Development phase		
Cost brought forward	66,726	5,190
Transfer from exploration and evaluation phase	18,380	83,265
Expenditure during the year	30,217	-
Expensed during the year	(1,329)	-
Rehabilitation provision adjustment	838	2,199
Transferred to production phase	(18,380)	(23,928)
Balance at 30 June	96,452	66,726
Production phase		
Cost brought forward	165,338	162,813
Transfer from development phase	18,380	23,928
Divested during the year	(5,529)	-
Expenditure during the year	72,511	67,414
Rehabilitation provision adjustment	6,792	1,608
Amortisation expense	(97,556)	(90,425)
Balance at 30 June	159,936	165,338
Total	268,160	268,855

Accounting Policies

Exploration and evaluation expenditure

Exploration and evaluation expenditures are those expenditures incurred in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; and
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or relating to, this area are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. If costs do not meet the criteria noted above, they are written off in full against the profit and loss statement.

Exploration and evaluation assets are transferred to Development Phase assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are tested for impairment, and any impairment loss is recognised, prior to being reclassified.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

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

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

Impairment testing of assets in the development or production phase

The carrying amounts of assets in the development or production phase are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Long term development and production phase assets that relate to unmined resources are assessed in light of current economic conditions. Assumptions on the economic returns on and timing of specific production options may impact on the timing of development of these assets. The carrying values of these assets are assessed where an indicator of impairment exists using a fair value less cost to sell technique. This is done based on implied market values against their existing resource and reserve base and an assessment on the likelihood of recoverability from the successful development or sale of the asset. The implied market values are calculated based on recent comparable transactions within Australia converted to a value per ounce. This is considered to be a Level 3 valuation technique.

Exploration expenditure commitments

Exploration expenditure commitments represent tenement rentals and minimum spend requirements that are required to be met under the relevant legislation should the Group wish to retain tenure on all its current tenements.

Mine properties and mining assets

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

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

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

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

Deferred Stripping Costs

Stripping is the process of removing overburden and waste materials from surface mining operations to access the ore.

Stripping costs are capitalised during the development of a mine and are subsequently amortised over the life of mine on a units of production basis, where the unit of account is ounces of gold mined. Stripping costs capitalised at year end are included in the Production phase in Note 15.

Reserves and Resources

Resources are estimates of the amount of gold product that can be economically extracted from the Group's mine properties. In order to calculate resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of resources requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore resources under the Australian Code of Reporting for Mineral Resource and Ore Reserves (2004 and 2012), known as the JORC Code. The JORC Code requires the use of reasonable assumptions to calculate resources. Due to the fact that economic assumptions used to estimate resources change from period to period, and geological data is generated during the course of operations, estimates of resources may change from period to period. Changes in reported resources may affect the Group's financial results and financial position in a number of ways, including:

- asset carrying values may be impacted due to changes in estimates of future cash flows
- amortisation charged in the Statement of Profit or Loss may change where such charges are calculated using the units of production basis
- decommissioning, site restoration and environmental provisions may change due to changes in estimated resources after expectations about the timing or costs of these activities change
- recognition of deferred tax assets, including tax losses.

16. PROPERTY, PLANT AND EQUIPMENT

	Note	Land & Buildings \$'000	Plant & Equipment \$'000	Capital Work In Progress \$'000	Total \$'000
Balance 1 July 2019		11,593	59,832	4,525	75,950
Additions		594	415	21,796	22,805
Transfers		-	10,125	(10,125)	-
Right-of-use lease assets		-	65,657	-	65,657
Depreciation expense	5	(2,587)	(29,880)	-	(32,467)
Disposals		-	(806)	-	(806)
Balance 30 June 2020		9,600	105,343	16,196	131,139
Balance 1 July 2020		9,600	105,343	16,196	131,139
Additions		28	79	58,303	58,410
Disposal of subsidiary		-	(783)	-	(783)
Transfers		825	9,382	(14,517)	(4,310)
Right-of-use lease assets	16(a)	-	44,114	-	44,114
Depreciation expense	5	(2,963)	(43,589)	-	(46,552)
Disposals		(81)	(106)	-	(187)
At 30 June 2021		7,409	114,440	59,982	181,831

A. RIGHT-OF-USE ASSETS

The Group leases mining equipment for the purposes of production and exploration activities. These leases run for a period of approximately 1-3 years, with an option to renew the lease after that date. Leases that contain extension options are exercisable by the Group and not the lessor. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group has estimated that exercising of the extension options would result in an increase in lease liabilities and right-of-use assets of \$3.6 million.

Some leases provide for additional rent payments that are based on changes in local price indices. These are factored into the calculation of minimum lease payments in determining the value of the right-of-use assets only when these changes become effective.

Information about leases for which the Group is a lessee is presented below:

Property, plant and equipment	\$'000
Balance 1 July 2020	52,274
Additions to right-of-use assets	44,114
Depreciation charge for the year	(28,110)
Balance 30 June 2021	68,278

Accounting Policies

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

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

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

17. INVESTMENTS

	30 June 2021 \$'000	30 June 2020 \$'000
Investments in listed entities – at fair value	11,391	6,352
Movements as follows:		
Balance at 1 July	6,352	6,591
Acquisitions	8,953	503
Disposals	-	(690)
Change in fair value	(3,914)	(52)
Balance at 30 June	11,391	6,352

Accounting Policies

Financial assets at fair value through profit or loss

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

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

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

18. GOODWILL

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

IMPAIRMENT TESTING

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

- Mount Monger Operation 67% (\$60.8 million)
- Deflector Operation 33% (\$29.9 million)

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

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

Gold price and AUD:USD exchange rate assumptions are estimated by management, with reference to external market forecasts, and updated at least annually. For this review, the forecast gold price was estimated at US\$1,700–US\$1,800/oz. with a forecast exchange rate of US\$0.74 to US\$0.78 per A\$1.00, based on broker consensus forecasts over the life of the mines. A discount rate of 8% was applied to the post tax cash flows expressed in nominal terms. The discount rate was derived from the Group's post tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU. The impairment testing carried out at 30 June 2021 using these assumptions resulted in a nil impairment charge.

Significant changes to either the forecast A\$ gold price or future costs may have an impact on the carrying value of a CGU in future periods. For example, a 5% increase in life of mine costs would result in a \$6.7 million impairment to the Mount Monger CGU. Similarly a 5% decrease in forecast gold prices would result in a \$17 million impairment, assuming all other assumptions remain constant. A 5% increase in costs or a 5% decrease in gold price would not result in any impairment to the Deflector CGU.

Accounting Policies

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

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

19. TRADE AND OTHER PAYABLES

	30 June 2021 \$'000	30 June 2020 \$'000
Trade payables	54,605	48,846
Stamp duty and other accruals	19,226	21,884
Total	73,831	70,730

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

Accounting Policies

Trade payables are recognised at the value of the invoice received from a supplier. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and generally paid between 30–45 days of recognition.

20. LEASE LIABILITIES

	30 June 2021 \$'000	30 June 2020 \$'000
Current		
Lease liabilities	30,294	22,457
Non-current		
Lease liabilities	39,731	30,783
Total	70,025	53,240

Payments made during the year under lease arrangements qualifying under AASB 16 but were variable by nature and therefore not included in the minimum lease payments used to calculate lease liabilities, totalled \$105.7 million (FY20: \$32.3 million). These include payments for services, including labour charges, under those contracts that contained payments for the right-of-use of assets.

For the period ended 30 June 2021, the Group recognised \$27.3 million of lease liability repayments, \$28.1 million of depreciation charges and \$2.7 million of interest costs in relation to these leases. Total cash outflows for leases recognised under AASB 16 totalled \$29.8 million for the year.

Accounting Policies

The Group leases assets including properties and equipment. As a lessee, the Group previously classified leases as operating or financial leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right of use assets and lease liabilities for some of these leases – i.e. they are on-Balance Sheet. The Group presents right-of-use assets in 'Property, plant and equipment' together with assets that it owns. The Group presents lease liabilities separately in the Balance Sheet.

In accordance with AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group recognises right-of-use assets at the commencement date of the lease and is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for any changes to lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification to an index or rate, a change in the residual value guarantee, or changes in the assessment of whether a purchase, extension or termination option will be exercised.

The lease payments include fixed monthly payments, variable lease payments and amounts expected to be paid under residual value guarantees less any incentives received. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period it was incurred. The lease payment also includes the exercise price, or termination price, of a purchase option in the event the lease is likely to be extended, or terminated, by the Group. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of these options will impact the lease term and therefore affects the amount of lease liabilities and right-of-use assets recognised.

21. EMPLOYEE BENEFITS

	30 June 2021 \$'000	30 June 2020 \$'000
Current		
Liability for annual leave	4,750	3,957
Liability for long service leave	1,553	1,100
Total	6,303	5,057

Accounting Policies

i. Defined Contribution Superannuation Funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are incurred.

ii. Other Long-Term Employee Benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs. The benefit is discounted to determine its present value using a discount rate that equals the yield at the reporting date on Australian corporate bonds that have maturity dates approximating the terms of the Group's obligations.

iii. Short-Term Benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs.

22. SHARE BASED PAYMENTS

PERFORMANCE RIGHTS (EQUITY SETTLED)

Performance rights have been issued to the Managing Director and other eligible employees in accordance with long term incentive plans approved by shareholders. Movements in Performance Rights are summarised as follows:

	Balance at 1 July 2020	Granted in FY21	Converted	Lapsed	Balance at 30 June 2021	Vested & exercisable at 30 June 2021
Total	8,660,139	1,895,078	(1,731,206)	(54,188)	8,769,823	3,820,978

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

	FY19 Award	FY20 Award	FY21 Award
Number of performance rights	3,820,978	3,053,767	1,895,078
Exercise price	\$0.00	\$0.00	\$0.00
Grant date	1 July 2018	1 July 2019	1 July 2020
Vesting period	1 July 2018 – 30 June 2021	1 July 2019 – 30 June 2022	1 July 2020 – 30 June 2023
ASX Comparator Group	AQG; DCN; EVN; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SBM; WGX	AQG; DCN; EVN; GOR; MML; MOY; NCM; NST; OGC; PRU; RMS; RRL; RSG; SBM; WGX	DCN; EVN; GOR; MML; NCM; NST; OGC; PRU; RMS; RRL; RSG; SBM; WGX

	FY19 Award	FY20 Award	FY21 Award
Valuation at grant date	\$0.439	\$0.817	\$0.917
Underlying 20 day VWAP	\$0.581	\$1.071	\$1.98
Volatility	70%	65%	65%
Risk free rate	2.07%	0.98%	0.13%
Expected dividends	-	-	-

Note 1: On completion of the vesting period 100% of the FY19 Performance Rights had vested in accordance with the relative TSR hurdle attached to them. This included 3,005,892 rights awarded to KMP's

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

The total expense recognised in the Statement of Profit or Loss for all performance rights for the period ended 30 June 2021 was \$1,946,000 (2020: \$1,503,000).

Accounting Policies

Share-Based Payment Transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

23. PROVISIONS

	30 June 2021 \$'000	30 June 2020 \$'000
Closure and rehabilitation		
Opening balance at 1 July	43,623	40,260
Divestment of asset	(6,276)	-
Adjustment to provisions during the year	7,630	3,807
Rehabilitation spend	(48)	(444)
Closing balance at 30 June	44,929	43,623
Current provision	250	800
Non-current provision	44,679	42,823
Closing balance at 30 June	44,929	43,623

At year end a review of the Group's closure and rehabilitation provision was undertaken using updated cost assumptions and life of mine plans. As a result of this review the provision was increased by \$7,630,000 (2020: \$3,807,000), with the increase primarily related to the commencement of new open pits and construction of new tailings facilities.

Accounting Policies**Provisions**

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

Closure and Rehabilitation

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

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

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

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

Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value. Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows.

When provisions for closure and rehabilitation are initially recognised, to the extent that it is probable that future economic benefits associated with the rehabilitation, decommissioning and restoration expenditure will flow in the entity, the corresponding cost is capitalised as an asset. The capitalised cost of closure and rehabilitation activities is recognised in exploration evaluation and mine properties and is amortised accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance expenses.

Closure and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the unamortised capitalised cost of the related assets, where it is probable that future economic benefits will flow to the entity, in which case the capitalised cost is reduced to nil and the remaining adjustment is recognised in the Statement of Profit or Loss.

Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those changes include:

- revisions to estimated reserves, resources and lives of operations;
- regulatory requirements and environmental management strategies;
- changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates;
- movements in interest rates affecting the discount rate applied; and
- the timing of cash flows.

At each reporting date, the rehabilitation and restoration provision is remeasured to reflect any of these changes.

24. SHARE CAPITAL

	Number	\$'000
Movements in issued capital		
Balance as at 1 July 2019	818,172,156	960,075
Movement in the period *	1,627,856	-
Issue of share capital (Note 3)	60,044,097	63,191
Costs associated with issue of shares	-	(160)
Balance as at 30 June 2020	879,844,109	1,023,106
Movement in the period *	1,731,206	-
Balance as at 30 June 2021	881,575,315	1,023,106

* Movement relates to the vesting of performance rights issued for nil consideration.

Accounting Policy

Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

25. RESERVES

	30 June 2021 \$'000	30 June 2020 \$'000
Movement in share-based payment reserve		
Balance as at 1 July	3,978	2,475
Equity settled share-based payment expense	1,946	1,503
Balance as at 30 June	5,924	3,978

26. FINANCIAL RISK MANAGEMENT

A. OVERVIEW

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

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

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

B. CREDIT RISK

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

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

I. CASH AND CASH EQUIVALENTS

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

II. TRADE AND OTHER RECEIVABLES

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

At 30 June 2021, a provision for doubtful debts of \$6,723,000 (2020: \$6,723,000) has been recorded against rental income receivable as a result of a debtor being placed in liquidation in a prior year. This receivable is therefore not reflected in the trade and other receivables balance in Note 26(c).

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

III. EXPOSURE TO CREDIT RISK

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

	Carrying Amount	
	2021 \$'000	2020 \$'000
Trade and other receivables	6,767	6,652
Cash and cash equivalents	328,890	256,993
Total	335,657	263,645

C. LIQUIDITY RISK

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

To mitigate large fluctuations in the USD:AUD exchange rate as well as the USD denominated gold price, the Group has entered into hedging programmes whereby future bullion sales are hedged at a predetermined AUD gold price. At 30 June 2021, the Company has a total of 87,500 ounces of gold left to be delivered under these programs over the next 12 months at an average price of A\$2,337/ounce. The sale of gold under these hedges is accounted for using the 'own use exemption' under AASB 9 Financial Instruments and as such all hedge revenue is recognised in the Statement of Profit or Loss and no mark to market valuation is performed on undelivered ounces.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2021	Carrying Amount \$'000	Contractual Cash Flows \$'000	12 Months or Less \$'000	1-2 years \$'000	2-5 years \$'000
Trade and other payables	73,831	73,831	73,831	-	-
Lease liabilities	70,025	74,245	32,076	21,528	20,641
Total	143,856	148,076	105,907	21,528	20,641

30 June 2020	Carrying Amount \$'000	Contractual Cash Flows \$'000	12 Months or Less \$'000	1-2 years \$'000	2-5 years \$'000
Trade and other payables	70,730	70,730	70,730	-	-
Lease liabilities	53,240	56,228	24,544	18,780	12,904
Total	123,970	126,958	95,274	18,780	12,904

* The carrying value at balance date approximates fair value

D. MARKET RISK

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

I. COMMODITY RISK

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

II. INTEREST RATE RISK

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents and its interest-bearing liabilities), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

PROFILE

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

	2021 \$'000	2020 \$'000
Fixed rate instruments		
Lease liabilities	70,025	53,240
Variable rate instruments		
Cash and cash equivalents	328,890	256,993

FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED RATE INSTRUMENTS

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE RATE INSTRUMENTS

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss after tax by \$3,289,000 (2020: \$2,570,000). This analysis assumes that all other variables remain constant.

III. EQUITY PRICE RISK

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

E. FAIR VALUES

The carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing liabilities is considered to be a fair approximation of their fair values. The carrying amounts of equity investments are valued at year end at their quoted market price.

F. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business through future exploration and development of its projects. There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

27. COMMITMENTS

The Group has \$3,332,000 (2020: \$5,545,000) of commitments relating to minimum exploration expenditure on its various tenements and \$338,000 (2020: \$6,052,000) of capital commitments at 30 June 2021.

28. OPERATING LEASES

The Company leases assets for operations including plant and office premises. As at 1 July 2019, with the adoption of AASB 16, operating leases as previously defined under AASB 117 have, for the most part, been recognised and included as lease liabilities with future commitments disclosed in Note 26(c). Any leases that did not meet the definition of finance leases were either short-term in nature or did not meet the recognition requirements (these totalled \$123,000).

29. RELATED PARTIES

A. KEY MANAGEMENT PERSONNEL COMPENSATION

	30 June 2021 \$	30 June 2020 \$
Short-term employee benefits	4,616,031	4,112,749
Post-employment benefits	182,300	184,967
Other long-term benefits	1,447,018	1,174,399
Total	6,245,349	5,472,115

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 1,297,178 performance rights were awarded to key management personnel. See Note 22 and the Remuneration Report for further details of these related party transactions.

30. GROUP ENTITIES

The Company controlled the following subsidiaries:

Subsidiaries	Country of Incorporation	Ownership Interest	
		2021	2020
Silver Lake (Integra) Pty Ltd	Australia	100%	100%
Backlode Pty Ltd	Australia	100%	100%
Loded Pty Ltd	Australia	100%	100%
Paylode Pty Ltd	Australia	100%	100%
Cue Minerals Pty Ltd	Australia	100%	100%
Silver Lake (Doray) Pty Ltd	Australia	100%	100%
Doray Gold Operations Pty Ltd	Australia	100%	100%
Andy Well Mining Pty Ltd	Australia	-	100%
Murchison Resources Pty Ltd	Australia	100%	100%
Meehan Minerals Pty Ltd	Australia	100%	100%
Silver Lake (Deflector) Pty Ltd	Australia	100%	100%
MYG Tenement Holdings SPV Pty Ltd	Australia	100%	100%
MYG Tenement Holdings Pty Ltd	Australia	100%	100%
Brandy Hill Iron SPV Pty Ltd	Australia	100%	100%
Brandy Hill Iron Pty Ltd	Australia	100%	100%
Central Infrastructure SPV Pty Ltd	Australia	100%	100%
Central Infrastructure Pty Ltd	Australia	100%	100%
Deflector Gold SPV Pty Ltd	Australia	100%	100%
Deflector Gold Pty Ltd	Australia	100%	100%
Gullewa Gold Project SPV Pty Ltd	Australia	100%	100%
Gullewa Gold Project Pty Ltd	Australia	100%	100%
Silver Lake (Egan Street) Pty Ltd	Australia	100%	100%
Silver Lake (Rothsay) Pty Ltd	Australia	100%	100%
Egan Street Victoria Bore 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

During the year the Group divested its 40% interest in the Horse Well Joint Venture. As at 30 June 2021, the Group had no interest in any joint venture.

Accounting Policies

Joint Operation Arrangements

The Group has investments in joint operations, but they are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint operations are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint operation assets. The joint operations do not hold any assets and accordingly the Group's share of exploration evaluation and development expenditure is accounted for in accordance with the policy set out in Note 15.

32. AUDITOR'S REMUNERATION

	30 June 2021 \$	30 June 2020 \$
Audit services		
Audit and review of financial statements	225,500	246,370
Other audit services	3,848	-
Non-audit services		
Taxation services	59,160	52,430
Total	288,508	298,800

33. DIVESTMENT OF ASSETS

During the year the Group divested non-core assets including:

- Fingals and Rowe's Find Gold Project – sold to Black Cat Syndicate Limited (BC8) for cash consideration of \$50,000 and 8,417,962 fully paid ordinary shares in BC8 valued at \$0.88 per share as at 2 July 2020. The Group recognised a profit on sale of the assets of \$7.5 million.
- Andy Well and Gnaweeda – sold to Latitude Consolidated Limited for cash consideration of \$8 million. The Group recognised a loss on the sale of \$3.7 million.

34. PARENT ENTITY

As at, and throughout the financial year ended 30 June 2021, the parent company of the Group was Silver Lake Resources Limited.

	30 June 2021 \$'000	30 June 2020 \$'000
Results of the parent entity		
(Loss)/profit for the year	(45,560)	127,622
Total comprehensive (loss)/profit for the year	(45,560)	127,622
Balance Sheet of parent entity at year end		
Current assets	152,785	138,696
Total assets	676,285	736,546
Current liabilities	68,706	97,291
Total liabilities	86,841	103,487
Total equity of the parent entity comprising of:		
Share capital	1,023,106	1,023,106
Reserves	5,924	3,979
Accumulated losses	(439,586)	(394,026)
Total equity	589,444	633,059

The parent entity has \$1,738,000 (2020: \$2,536,000) of commitments relating to minimum exploration expenditure on its various tenements and nil (2020: \$1,464,000) capital commitments at financial year end.

35. SEGMENT REPORTING

The accounting policies used by the Company in reporting segments are in accordance with the measurement principles of the Australian Accounting Standards. The Group has the following reportable segments:

- i. Mount Monger Operation
- ii. Deflector Operation (including the Rothsay Project)

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

Financial information for the reportable segments for the years ended 30 June 2021 and 30 June 2020 is as follows:

30 June 2021	Mount Monger \$'000	Deflector \$'000	Unallocated ² \$'000	Total \$'000
Revenues	322,488	275,805	-	598,293
EBITDA (excluding significant items) ¹	135,049	172,472	(16,701)	290,820
Capital expenditure ³	63,380	153,113	-	216,493
30 June 2020	Mount Monger \$'000	Deflector \$'000	Unallocated ² \$'000	Total \$'000
Revenues	322,069	241,366	-	563,435
EBITDA (excluding significant items) ¹	144,479	133,445	(17,836)	260,088
Capital expenditure	137,385	36,759	-	174,144

¹ A reconciliation between the statutory profit after tax and the Group's EBITDA (excluding significant items) is tabled on page 11

² Unallocated items primarily comprise administration expenses

³ FY21 Capital expenditure includes \$44 million of Right of Use asset additions as required under AASB 16 Leases

36. DEED OF CROSS GUARANTEE

The Company and its wholly owned subsidiary Silver Lake (Integra) Pty Ltd have entered into a Deed of Cross Guarantee under which each company guarantees the debts of the other. By entering into the Deed of Cross Guarantee, Silver Lake (Integra) Pty Ltd has been relieved from the Corporations Act 2001 requirement to prepare, audit and lodge a financial report and Directors' report under ASIC Corporations (wholly owned companies) Instrument 2016/785. The Consolidated Balance Sheet at 30 June 2021 for the members of the Deed of Cross Guarantee is disclosed in the table below:

	30 June 2021 \$'000	30 June 2020 \$'000
Current assets		
Cash and cash equivalents	154,215	134,160
Trade and other receivables	5,444	3,258
Inventories	52,879	46,044
Prepayments	234	274
Total current assets	212,772	183,736
Non-current assets		
Inventories	52,568	14,119
Exploration evaluation and development expenditure	79,971	96,206
Property, plant and equipment	59,517	86,006
Investments	333,267	328,349
Deferred tax asset	80,746	123,742
Total non-current assets	606,069	648,422
Total assets	818,841	832,158
Current liabilities		
Trade and other payables	55,268	44,014
Lease liabilities	17,747	22,457
Employee benefits	4,073	3,210
Rehabilitation and restoration provision	250	800
Total current liabilities	77,338	70,481
Non-current liabilities		
Lease liabilities	11,939	28,055
Rehabilitation and restoration provision	20,683	18,837
Total non-current liabilities	32,622	46,892
Total liabilities	109,960	117,373
Net assets	708,881	714,785
Equity		
Share capital	1,023,106	1,023,106
Reserves	5,924	3,979
Accumulated losses	(320,149)	(312,300)
Total equity	708,881	714,785

The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021 for the members of the Deed of Cross Guarantee is disclosed in the table below:

	30 June 2021 \$'000	30 June 2020 \$'000
Revenue	322,488	322,069
Cost of sales	(268,133)	(233,977)
Gross profit	54,355	88,092
Other income	7,918	163
Exploration expensed	(2,080)	(8,893)
Administration expenses	(19,805)	(23,867)
Results from operating activities	40,388	55,495
Finance income	467	1,118
Finance expenses	(5,708)	(1,463)
Net finance costs	(5,241)	(345)
Profit before income tax	35,147	55,150
Income tax (expense) / benefit	(42,996)	123,742
(Loss) / profit for the year	(7,849)	178,892

37. SUBSEQUENT EVENTS

No events have arisen in the interval between the end of the financial year and the date of this report of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

ASX ADDITIONAL INFORMATION

CORPORATE GOVERNANCE STATEMENT

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

SECURITIES

At 28 September 2021 the Company had 885,325,509 fully paid ordinary shares and 4,924,507 performance rights on issue.

DISTRIBUTION OF HOLDERS

			Fully Paid Ordinary Shares	Options	Performance Rights
1	-	1,000	4,040	-	-
1,001	-	5,000	6,765	-	-
5,001	-	10,000	2,792	-	-
10,001	-	100,000	3,921	-	12
100,001	-	over	390	-	9
Total Holders			17,908	-	21

1318 holders held less than a marketable (<\$500) of fully paid shares.

VOTING RIGHTS OF SECURITIES

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there is only one class of Shares), at meetings of Shareholders of Silver Lake:

- each Shareholder entitled to vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder, in respect of each Share held by him or in respect of which he is appointed a proxy, attorney or representative, has one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

Options and performance rights do not carry any voting rights.

SUBSTANTIAL SHAREHOLDERS

As at 28 September 2021 the substantial holders disclosed to the Company were:

Registered Holder	Beneficial Owner	Number of Shares	Percentage of Issued Shares
Bank of New York Mellon	VanEck Vectors Gold Miners ETF (GDX) Van Eck Vectors Junior Gold Miners ETF (GDXJ) VanEck Vectors Global Mining UCITS ETF (UCTGDIG) VanEck Vectors Gold Miners UCITS ETF (UCTGDX) and Van Eck Vectors Junior Gold Miners UCITS ETF (UCTGDXJ)	94,524,077	10.72%
HSBC Nominees Aus Ltd; Citicorp Nominees Ltd; National Nominees Ltd; JP Morgan Nominees Aust Ltd	Paradice Investment Management Pty Ltd	56,538,472	6.91%

TOP 20 HOLDERS OF QUOTED SECURITIES

	Holder Name	Number Held	Percentage
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	288,949,499	32.64
2.	CITICORP NOMINEES PTY LIMITED	103,651,992	11.71
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	75,429,546	8.52
4.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	39,718,792	4.49
5.	NATIONAL NOMINEES LIMITED	27,785,058	3.14
6.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	24,526,940	2.77
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	14,188,784	1.60
8.	BNP PARIBAS NOMS PTY LTD <DRP>	13,771,051	1.56
9.	MCCUSKER HOLDINGS PTY LTD	9,000,000	1.02
10.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,974,698	1.01
11.	NATIONAL NOMINEES LIMITED <DB A/C>	6,528,664	0.74
12.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,309,281	0.49
13.	BRIKEN NOMINEES PTY LTD <BRIKEN A/C>	4,000,000	0.45
14.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,242,409	0.25
15.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,790,673	0.20
16.	HATHOR INVESTMENTS PTY LTD <JOHNSTON SUPER FUND A/C>	1,500,000	0.17
17.	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	1,481,394	0.17
18.	WESTMINEX PTY LTD	1,400,000	0.16
19.	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	1,273,885	0.14
20.	VALBONNE II	1,269,910	0.14
		631,792,576	71.36

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