
SILVER SWAN GROUP LIMITED
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NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at the Celtic Club 48 Ord Street West Perth, Western Australia on Monday, 29 August 2011 at 12.30PM (WST).

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Silver Swan Group Limited ("**Company**") will be held at the Celtic Club 48 Ord Street West Perth, Western Australia on Monday 29 August 2011 at 12.30PM (WST) ("**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Saturday, 27 August 2011 at 5pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Ratification of Gledich Placement

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,000,000 Shares to Art Gledich & Associates Pty Ltd on 20 May 2011 on the terms and conditions as set out in the Explanatory Memorandum .”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Art Gledich & Associates Pty Ltd , or an associate of Art Gledich & Associates Pty Ltd . However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2 – Approval to issue and allot the Class B Performance Shares to Art Gledich & Associates Pty Ltd

To consider and, if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

“That, subject to and conditional upon the passing of Resolution 3, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 2,000,000 Class B Performance Shares to Art Gledich & Associates Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Variation of Class Rights

To consider and, if thought fit, to pass with or without amendment the following resolution as a special resolution:

"That, subject to and conditional upon the passing of Resolution 2, pursuant to and in accordance with Article 2.3 of the Constitution and sections 246B(1) and 246C(5) of the Corporations Act and for all other purposes, Shareholders approve any variation of the rights attached to each Share already on issue that arises from the issue (and subsequent conversion into Shares in accordance with their terms) of the Class B Performance Shares the subject of Resolution 2 to Art Gledich & Associates Pty Ltd on the terms and conditions set out in the Explanatory Memorandum."

4. Resolution 4 – Ratification of Tranche 1 Placement

To consider, and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, in accordance with Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue of 10,500,000 Shares each at an issue price of \$0.10 raising \$1,050,000 ("**Tranche 1 Placement**") to institutional and professional and sophisticated investors on the terms and conditions outlined in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who participated in the Tranche 1 Placement, or an associate of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval of Tranche 2 Placement

To consider, and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*"That, in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 39,500,000 Shares each at an issue price of \$0.10 to raise up to \$3,950,000 ("**Tranche 2 Placement**") to institutional and professional and sophisticated investors on the terms and conditions outlined in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Approve Employee Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That in accordance with Exception 9 of Listing Rule 7.2 Shareholders approve the issue of securities under the employee option plan known as the "Silver Swan Employee Option Plan", the rules of which are set out in Schedule 3 to the Explanatory Memorandum, as an exception to Listing Rule 7.1".

Voting Exclusion

The Company will disregard any votes cast on this resolution by a director of the Company and any persons associated with those persons except one who is ineligible to participate in any employee incentive scheme in relation to the entity. However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 28 July 2011
By Order of the Board



Company Secretary

SILVER SWAN GROUP LIMITED

ABN 41 120 069 089

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street West Perth, Western Australia on Monday 29 August 2011 at 12.30PM (WST).

1. Background to Resolutions 1, 2 and 3

On 3 May 2011, the Company announced that it had entered into an agreement with Gledich & Associates Pty Ltd and Maryanne Gledich for the purchase of their mining tenements at Quinns, Western Australia ("**Tenements**") ("**Purchase Agreement**"). Further information on the Tenements and the Purchase Agreement is provided in the Company's 3 May 2011 announcement.

Under the Purchase Agreement, consideration for the purchase of the Tenements consists of the following:

- (a) an initial \$200,000 cash payment (which has been paid);
 - (b) 1,000,000 Shares ("**Gledich Placement**");
 - (c) an additional \$200,000 cash payment, conditional upon the Company achieving a 250,000oz gold equivalent indicated resource or better in accordance with the JORC code on the Tenements on or before 30 April 2016; and
 - (d) an issue of 2,000,000 Class B Performance Shares, such Class B Performance Shares to convert into fully paid ordinary Shares in the Company conditional upon the Company achieving a 350,000oz gold equivalent Indicated Mineral Resource or better in accordance with the JORC Code or completion of bankable feasibility on the Tenements on or before 30 April 2016.
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1. Resolution 1 – Ratification of Gledich Placement

1.1 General

The 1,000,000 Shares under the Gledich Placement was made on 20 May 2011 under the Company's 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set out in Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities within the 15% limit during the next 12

months. Resolution 1 will restore the Company's ability to issue securities within the 15% limit, to the extent of the 1,000,000 Shares issued under the Gledich Placement.

1.2 Specific Information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) 1,000,000 Shares were issued to Art Gledich & Associates Pty Ltd, an unrelated party of the Company;
- (b) the Shares were issued as part consideration under the Purchase Agreement, at a deemed issue price of \$0.145;
- (c) the Shares under the Gledich Placement are fully paid ordinary shares in the capital of the Company and rank pari passu with existing ordinary Shares in the Company;
- (d) A voting exclusion statement is included in the Notice; and
- (e) No funds were raised by the Gledich Placement.

2. Resolution 2 – Approval to issue and allot the Class B Performance Shares to Art Gledich & Associates Pty Ltd

2.1 General

Resolution 2 seeks Shareholder approval to issue 2,000,000 Class B Performance Shares to Art Gledich & Associates Pty Ltd as part consideration for the acquisition of the Tenements by the Company under the Purchase Agreement.

Listing Rule 7.1 requires shareholder approval to the proposed issue of securities. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

Resolution 2 is subject to, and conditional upon, Resolution 3 being passed at the Meeting.

2.2 Specific Information required by Listing Rule 7.3

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- (a) the maximum number of Class B Performance Shares the Company can issue is 2,000,000;
- (b) the Company will allot and issue the Class B Performance Shares no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Class B Performance Shares will be allotted and issued on one date;
- (d) the Class B Performance Shares will be issued as part consideration for the acquisition of the Tenements by the Company under the Purchase Agreement. No further cash consideration will be payable for the issue of the Class B Performance Shares;
- (e) the Class B Performance Shares will be issued to Art Gledich & Associates Pty Ltd, an unrelated party of the Company; and

- (f) the full terms of the Class B Performance Shares are set out in Schedule 2 to this Explanatory Memorandum.

3. Resolution 3 – Variation of Class Rights

3.1 General

Resolution 3 seeks Shareholder approval for the Company to be authorised to issue the Class B Performance Shares.

Section 246C(5) of the Corporations Act provides that if a company with a single class of shares issues new shares, the issue is taken to vary the rights attached to the shares already issued if the rights attaching to the new shares are not the same as the rights attached to shares already issued and those rights are not provided for in the company's constitution or a notice, document or resolution that is lodged with ASIC.

Section 246B of the Corporations Act provides that if a company has a constitution that sets out the procedure for varying or cancelling rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with that procedure. Article 2.3 of the Company's Constitution provides that the rights attaching to a class of shares may be varied:

- (a) if authorised by a special resolution passed at a meeting of the holders of the issued shares of the affected class; or
- (b) with the written consent of the holders of three quarters of the issued shares of the affected class.

As noted above, the Company has agreed to issue 2,000,000 Class B Performance Shares to Art Gledich & Associates Pty Ltd as part consideration for the acquisition of the Tenements by the Company under the Purchase Agreement.

The Company currently has 2 classes of shares on issue being:

- (a) fully paid ordinary Shares; and
- (b) performance shares convertible to Shares on 22 April 2013 subject to milestone achievements ("**Class A Performance Shares**").

The terms of the Class B Performance Shares are not the same as terms of the Shares or the Class A Performance Shares. Accordingly, Shareholder approval is being sought for the Company to be authorised to issue the Class B Performance Shares to Art Gledich & Associates Pty Ltd. The Company will also be seeking approval from the holders of the Class A Performance Shares to the issue of the Class B Performance Shares.

ASX has confirmed that the terms of the Class B Performance Shares are appropriate and equitable for the purposes of Listing Rule 6.1 pursuant to Listing Rule 6.2.

Resolution 3 is subject to, and conditional upon, Resolution 2 being passed at the Meeting. Resolution 3 is a special resolution and so requires the approval of 75% of the votes cast by Shareholders.

4. Background to Resolutions 4 and 5

On 22 July 2011, the Company announced that it had received commitments to raise up to \$5 million through the placement of up to 50 million Shares at an issue price of \$0.10 per Share (“**Placement**”). The Placement will take place in two tranches. The first tranche for 10.5 million Shares to raise \$1.05 million will be issued under the Company’s 15% placement capacity (“**Tranche 1 Placement**”). The Tranche 1 Placement will take place after the date of this Notice but before the date of the Meeting. The second tranche for up to 39.5 million Shares to raise up to \$3.95 million is subject to Shareholder approval (“**Tranche 2 Placement**”).

Funds raised under the Placement will be used to accelerate drilling activities at the Company’s Quinns VMS project and Stakewell gold project, and for general working capital. Hartleys Limited (“**Hartleys**”) is acting as broker to the Placement.

5. Resolution 4 – Ratification of Tranche 1 Placement

5.1 General

As noted above, the Tranche 1 Placement will take place after the date of this Notice but prior to the Meeting. Accordingly, Resolution 4 seeks Shareholder approval for the ratification of the Tranche 1 Placement.

5.2 Listing Rule 7.4

The Shares issued under the Tranche 1 Placement will be issued within the 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval. The effect of Shareholders passing Resolution 4 by ratifying the Tranche 1 Placement will be to restore the Company’s ability to issue securities within that limit, to the extent of the 10,500,000 Shares.

5.3 Specific Information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the Shares will be issued to sophisticated and professional investors who are predominantly clients of Hartleys (who are not a related parties of the Company) prior to the Meeting.
- (b) 10,500,000 Shares will be issued prior to the Meeting each at an issue price of \$0.10 to raise \$1,050,000 (prior to costs);
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company;
- (d) a voting exclusion statement is included in the Notice; and
- (e) the funds raised by the Tranche 1 Placement will be used to accelerate drilling activities at the Company’s Quinns VMS project and Stakewell gold project, and for general working capital.

6. Resolution 5 – Authorise Tranche 2 Placement

As noted above, the Tranche 2 Placement is subject to Shareholder approval. Accordingly, Resolution 5 seeks Shareholder approval for the issue of up to 39.5 million Shares at an issue price of \$0.10 per Share to raise up to \$3.95 million pursuant to the Tranche 2 Placement.

6.1 Listing Rule 7.1 – Shareholder Approval

Listing Rule 7.1 requires Shareholder approval for the Tranche 2 Placement. Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

Accordingly, Shareholder approval is sought in accordance with Listing Rule 7.1.

6.2 Specific information required by Listing Rule 7.3

For the purposes of Shareholder approval of the Tranche 2 Placement and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) the maximum number of Shares the Company will issue under the Tranche 2 Placement is 39,500,000 Shares each at an issue price of \$0.10 to raise a maximum of \$3,950,000 (prior to costs);
- (b) the Company will issue the Shares no later than 3 months after the date of the Meeting (or such longer period of time as ASX may, in its discretion, allow pursuant to a waiver of the Listing Rules);
- (c) the Shares will be issued to sophisticated and professional investors who are predominantly clients of Hartleys (and who are not related parties of the Company);
- (d) the Shares to be issued are ordinary fully paid shares in the capital of the Company;
- (e) the funds raised by the Tranche 2 Placement will be used to accelerate drilling activities at the Company's Quinns VMS project and Stakewell gold project, and for general corporate purposes;
- (f) the allotment of Shares may occur progressively; and
- (g) a voting exclusion statement is included in the Notice.

Resolution 6 – Approve Employee Option Plan

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly adopted the Silver Swan Employee Option Plan (“Plan”).

The Directors are not eligible to participate in the Plan.

The two main purposes of the Plan are to give an incentive to eligible employees to provide dedicated and ongoing commitment and effort to the Company aligning the

interests of both employees and Shareholders and for the Company to reward eligible employees for their efforts. The Plan contemplates the issue to eligible employees of Options and Shares upon exercise of the Options.

Shareholder approval is required if any issue of Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within 3 years of the date of issue.

For the purpose of Listing Rule 7.2 Exception 9 the following information is provided:

- (a) terms of the Plan are set out in Schedule 3;
- (b) 1,160,000 Options have been issued under the Plan since the Plan was last approved by Shareholders on 22 April 2008;
- (c) a voting exclusion statement has been included for the purposes of Resolution 6.

7. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Schedule 1 - Definitions

"**Article**" means an article of the Constitution.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

"**Board**" means the board of Directors.

"**Class B Performance Share**" means performance shares in the Company having the terms and conditions set out in Schedule 3 to the Explanatory Memorandum.

"**Company**" means Silver Swan Group Limited ABN 41 120 069 089.

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Director**" means a director of the Company.

"**Explanatory Memorandum**" means this explanatory memorandum to the Notice.

"**Indicated Mineral Resource**" has the meaning given in the JORC Code.

"**JORC Code**" means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004)

"**Hartleys**" means Hartleys Limited.

"**Listing Rules**" means the Listing Rules of ASX.

"**Meeting**" means the general meeting of the Company the subject of the Notice.

"**Notice**" means the notice of meeting which accompanies this Explanatory Memorandum.

"**Option**" means an option to acquire a Share.

"**Proxy Form**" means the proxy form attached to the Notice.

"**Resolution**" means a resolution contained in this Notice.

"**Schedule**" means a schedule to this Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a shareholder of the Company.

"**WST**" means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Terms and conditions of Class B Performance Shares

1. RIGHTS ATTACHING TO THE CLASS B PERFORMANCE SHARES

- (a) (**Performance Shares**) Each Class B Performance Share is a share in the capital of Silver Swan Group Limited a company incorporated in the State of Western Australia and having its registered office at Unit 1, 15 Ogilvie Road, Mt Pleasant, Western Australia ("**Silver Swan**").
- (b) (**General Meetings**) The Class B Performance Shares shall confer on the holder ("**Holder**") the right to receive notices of general meetings and financial reports and accounts of Silver Swan that are circulated to shareholders. The Holder has the right to attend general meetings of shareholders of Silver Swan.
- (c) (**Voting Rights**) The Class B Performance Shares will not entitle the Holder to vote.
- (d) (**No Dividend Rights**) The Class B Performance Shares do not entitle the Holder to any dividends.
- (e) (**Rights on Winding Up**) The Class B Performance Shares do not entitle the Holder to participate in the surplus profits or assets of Silver Swan on winding up of Silver Swan.
- (f) (**Not Transferable**) The Class B Performance Shares are not transferable.
- (g) (**Reorganisation of Capital**) If at any time the issued capital of Silver Swan is reconstructed, all rights of a Holder will be changed in accordance with the Listing Rules of the Australian Securities Exchange at the time of reorganisation.
- (h) (**No Other Rights**) The Class B Performance Shares give the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. CONVERSION OF THE CLASS B SHARES

- (a) (**Conversion**) The Class B Performance Shares will automatically convert into fully paid ordinary shares ("**Ordinary Shares**") on the basis of one (1) Ordinary Share for every one (1) Class B Performance Share held on the Completion of the Milestone by Silver Swan.
- (b) (**Conversion if Milestone not Achieved**) If the Milestone is not achieved by 30 April 2016 then all of the Class B Performance Shares then held by the Holder will automatically convert into one Ordinary Share and that Ordinary Share shall continue in existence as an Ordinary Share. Silver Swan will issue the Holder with a new certificate for the Ordinary Share within 2 Business Days of the conversion. For the avoidance of doubt, if the conversion of the Class B Performance Shares occurs in accordance with this paragraph 2(b), any and all of the rights of conversion referred to in paragraph 2(a) above are automatically extinguished.
- (c) (**Conversion Procedure**) Upon the Milestone being achieved, then each Class B Performance Share will automatically convert into one Ordinary Share in accordance with paragraph 2(a) and Silver Swan will issue the Holder with a new certificate for the Ordinary Shares within 5 Business Days of the occurrence of the Milestone.
- (d) (**Ranking of Shares**) The Ordinary Share(s) into which the Class B Performance Share will convert will rank pari passu in all respects with existing Ordinary Shares.

3. DEFINITIONS

In these terms, the following words are defined as follows:

"Business Day" means a day that is not a Saturday, Sunday or public holiday or bank holiday in the State of Western Australia;

"Completion of Bankable Feasibility" means the point in time when Silver Swan has completed a feasibility study which is of the quality and content that is generally required by a reputable lending institution in Australia for the purpose of determining whether to provide funding for the proposed mining operations; and

"Indicated Resource" means the achievement of a 350,000oz gold equivalent indicated resource determined in accordance with the JORC Code; and

"Milestone" is when either the Completion of Bankable Feasibility in respect of the Tenements occurs or an Indicated Resource is achieved on the Tenements, whichever occurs the earlier.

Schedule 3– Terms and Conditions of Employee Share Option Plan

The Directors are empowered to operate the Plan in accordance with the Listing Rules and on the following terms and conditions:

1. Subject to paragraph 4, the Directors may offer to issue Options to Eligible Employees in accordance with Class Order 03/184, the Plan and in such manner and on such terms and conditions as they in their absolute discretion determine.
2. If the Company has offered you Options, to accept the offer complete the Acceptance Form or accept in such other form as the Directors may in their absolute discretion approve from time to time.
3. The Eligible Employees to participate in the Plan shall be as the Directors in their absolute discretion determine and shall take into account skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances.
4. Options may not be offered under this Plan without the issue of a prospectus in accordance with Chapter 6D of the Corporations Act, if the aggregate of:
 - (a) the number of Options to be issued;
 - (b) the number of Shares which would be issued if all the current Options issued under any employment incentive Plan were exercised;
 - (c) the number of Shares which have been issued as a result of the exercise of Options issued under any employee incentive Plan, where the Options were issued during the preceding five years; and
 - (d) all other Shares issued pursuant to any employee incentive Plan during the preceding five years;but disregarding any offer made, Options or Shares issued by way of or as a result of:
 - (e) an offer to a person situated at the time of receipt of the offer outside Australia;
 - (f) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of schedule 1 of the Corporate Law Economic Reform Program Act 1999;
 - (g) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (h) an offer under a disclosure document,would exceed 5% of the then current number of Shares on issue.
5. The Directors may, in their absolute discretion, offer to Eligible Employees Options under the Plan, notwithstanding that it has previously issued more than the 5% limit in paragraph 4, up to a maximum of 10%, provided that the issue is made in accordance with the requirements of Chapter 6D of the Corporations Act.
6. Options will be issued free of charge to Eligible Employees. The exercise price of the Options shall be as the Directors in their absolute discretion determine, provided that it shall not be less than that amount which is equal to 80% of the average market price of

the Shares in the 5 days in which sales in the Shares were recorded immediately preceding the day on which the Directors resolve to offer the Options.

7. The Directors may limit the total number of Options which may be exercised under the Plan in any year.
8. The Directors, in their absolute discretion, having regard to skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances, shall determine criteria to establish the periods during which the Options may be exercised.
9. All Options with a common expiry date shall have the same exercise price and rights to participate in issues of securities by the Company.
10. Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
 - (a) the expiry of the exercise date;
 - (b) the resignation of the Eligible Employee;
 - (c) the Option holder ceasing to be an Eligible Employee by reason of dismissal, termination of employment, office or services as a result of breach of terms of appointment; and
 - (d) a determination by the Directors that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an Associated Body Corporate;
11. If an Eligible Employee accepts an offer from the Company to participate in the Plan then the Company will evidence the issue of an Option to an Eligible Employee by issuing that Eligible Employee a Certificate for that Option.
12. Each Option entitles the holder to subscribe for and be issued with one Share.
13. Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.
14. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
15. The Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of the Shares issued on the exercise of the Options if the Shares are listed on the ASX at that time.
16. An application to be issued Options may be made by Eligible Employees invited to participate in the Plan in such form and on such terms and conditions concerning the closing date for applications as the Directors in their absolute discretion determine.
17. If at any time the issued capital of the Company is reconstructed, all rights of Option holders are to be changed in a manner consistent with the Listing Rules.

18. Subject to and in accordance with the Listing Rules (including any waiver issued under such Listings Rules), the Directors (without the necessity of obtaining the prior or subsequent consent of shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Terms and Conditions in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Option issued before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained.
19. At the absolute discretion of the Directors, the terms upon which Options will be issued may incorporate performance related factors. Such factors may reflect, inter alia, profitability levels, increases in production or decreases in production costs and may, subject to clause (r) above, be amended from time to time in a manner favourable to the Option holder. However such performance related factors, if included in the Option terms or so amended shall not act in any way to constitute a breach of the Terms and Conditions.
20. Notwithstanding the Terms and Conditions, upon the occurrence of a Trigger Event the Directors may determine:
 - (a) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
 - (b) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.
21. An Option may not be transferred or assigned except that a legal personal representative of a holder of an Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.
22. An Option is exercisable by the holder lodging with the Company a Notice of Exercise of Option together with a cheque for the exercise price of each Option to be exercised and the relevant Option Certificate. If not all of the holder's Options are being exercised, a holder must exercise Options in multiples of 1,000.
23. Neither participation in the Plan by the Company or an Associated Body Corporate or any Eligible Employees or Option holders or anything contained in these Terms and Conditions shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Eligible Employees or Option holder or to vary the terms of employment of any Eligible Employees or Option holder. Nor shall participation or the rights or benefits of an Eligible Employees or Option holder under the Terms and Conditions be relevant to or be used as grounds for granting or increasing damages in any action brought by an Eligible Employees or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.

24. At all times during which Eligible Employees may subscribe for or purchase Shares upon exercise of an Option issued pursuant to the Plan, the Company shall provide, within a reasonable period of a request by Eligible Employees, the current market price of the Shares. Contact the Company Secretary to obtain this information.
25. The Plan shall be administered by the Directors who shall have power to:
- (a) determine appropriate procedures for administration of the Plan consistent with these Terms and Conditions;
 - (b) resolve conclusively all questions of fact or interpretation or dispute in connection with the Plan and settle as the Directors in their absolute discretion determine expedient any difficulties or anomalies howsoever arising with or by reason of the operation of the Plan;
 - (c) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of the Directors' powers or discretions arising under the Plan; and
 - (d) subject to the Listing Rules, waive strict compliance with, amend or add to the Terms and Conditions of the Plan except for the provisions of clause 4, and where such actions are taken such actions shall be conclusive, final and binding on Option holders.
26. Definitions

In this Schedule the following terms shall bear the following meanings:

"Acceptance Form" means the Acceptance Form which will accompany the invitation to the Eligible Employee to participate in the Plan.

"Associated Body Corporate" means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

"ASX" means the Australian Stock Exchange Limited.

"Business Day" means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

"Certificate" means a certificate for any Option issued to Eligible Employees which will include all of the terms and conditions of the Option and the Notice of Exercise of Option or such other evidence of ownership that the Directors may in their absolute discretion determine from time to time.

"Company" means Silver Swan Group Limited.

"Company Group" means the Company and its Associated Bodies Corporate.

"Corporations Act" means the Corporations Act 2001 (Commonwealth).

"Directors" mean the directors from time to time of the Company.

"Eligible Employees" means any full or part time employees of the Company or its Associated Bodies Corporate excluding Directors.

"Listing Rules" means the official listing rules of ASX as amended from time to time.

"Notice of Exercise of Option" means the Notice of Exercise of Option which will accompany the invitation to the Eligible Employee to participate in the Plan.

"Offer Period" means the period referred to in the definition of that expression in Section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of an off-market bidder's statement on the Company in relation to that takeover bid the Offer Period shall be deemed to have commenced at the time of that announcement.

"Option" means an option to acquire a Share issued in accordance with the Plan.

"Plan" means the Silver Swan Group Limited Employee Option Plan in which Eligible Employees may be invited to participate in accordance with the Terms and Conditions.

"Share" means a fully paid ordinary share in the capital of the Company.

"Terms and Conditions" means the terms and conditions of the employee options plan in this Schedule 4, as amended from time to time.

"Trigger Event" means:

- (a) the despatch of a notice of meeting to consider a plan of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the service of a bidder's statement or a like document on the Company; or
- (c) the date upon which a person or a group of associated person becomes entitled, subsequent to the date of issue of the Option, to sufficient Shares to give it or them the ability, in general meeting to replace all, or allow a majority, of Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

SILVER SWAN GROUP LIMITED
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P R O X Y F O R M

The Company Secretary
Silver Swan Group Limited

For information on returning this proxy form please see instructions over the page.

I/We ¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint ² _____

or failing such appointment the chairman of the general meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street West Perth, Western Australia on Monday 29 August 2011 at 12.30PM (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * []%.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

IMPORTANT:

The chairman of the General Meeting intends to vote undirected proxies in favour of the Resolutions.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Ratification of Gledich Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue and allot Class B Performance shares to Art Gledich & Associates Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Variation of Class Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Tranche 1 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approve Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Contact Name	Contact Daytime Telephone	Date

¹Insert name and address of Shareholder ² Insert name and address of proxy *Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting. If the Shareholder is entitled to cast 2 or more votes at the general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting, the representative of the body corporate to attend the general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Return of Proxy Forms

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's address as set out below no later than 10am on 27 August 2011 (being 48 hours prior to the time of commencement of the general meeting (WST)).

Facsimile: +61 (0)8 9316 0799

Post: P O Box 869,
Canning Bridge WA 6153