

ASX:SWN
10 August 2011

Silver Swan to Commence Drilling

- **RC drilling to commence at the high grade Stakewell Gold Project**
- **Three new target areas at Stakewell Gold Project to be tested in addition to testing extensions of existing gold lodes**
- **RC pre-collars to commence, followed by diamond drilling to test EM and off-hole conductor targets at the Flinders and Murchison Wonder prospects, within the Quinns VMS Project**

Silver Swan Group Limited (“Silver Swan” or “the Company”) is pleased to advise that it will commence drilling at the high-grade Stakewell Gold Project early next week. The RC drill rig will also prepare pre-collars to 100m depth for diamond drilling planned for the Flinders and Murchison Wonder VMS prospects in the northern part of the Quinns VMS Project area. The diamond drilling is scheduled to commence in the first week of September. Both Stakewell and Quinns are located ~50km SW and S of Meekatharra respectively.

Stakewell Gold Project

Recent drilling by the Company at Stakewell focused in the area surrounding the historic Kohinoor open cut and underground gold mine, and returned significant results including:

- **8.0m @ 5.7g/t Au, including 5.0m @ 8.6 g/t Au** from 22m
- **7.0m @ 5.8 g/t Au, including 4.0m@ 9.9 g/t Au** from 34m
- **10.0m @ 3.2 g/t Au, including 5.0m @ 5.3 g/t Au** from 259m

The previous drilling was aimed at understanding the structural and lithological controls on gold, determining strike and depth extensions of the existing high-grade gold lode and to the discovery of new ore shoots.

Subsequent to this drilling and receipt of highly successful high-grade gold results, the Company completed detailed structural mapping to assist in targeting other nearby areas that may host high-grade gold mineralisation.

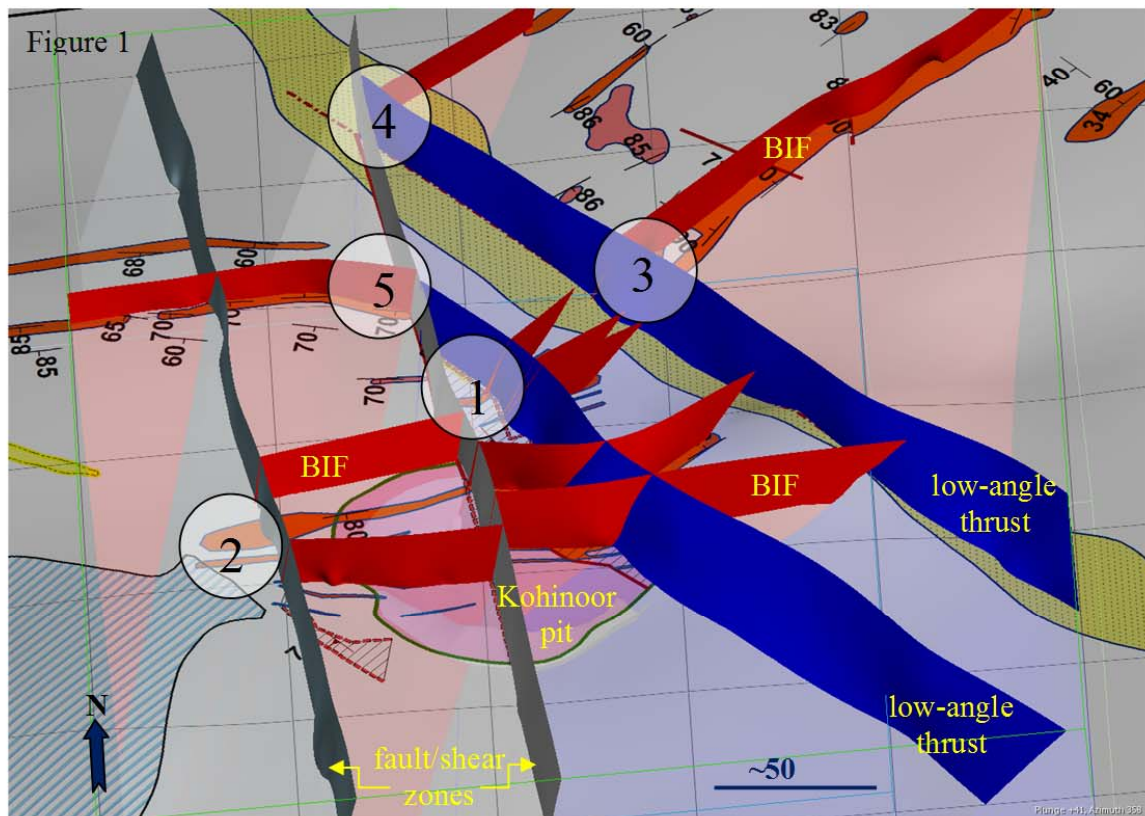
Five areas are now being targeted during the next phase of drilling, which include testing extensions to the new lodes identified and testing new targets north and east of Kohinoor (Figure 1). All drillholes are designed to test primarily down to 100m from surface and have a prioritised order.

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Figure 1: RC drill target areas at Stakewell Gold Project



Quinns VMS Project

At the Quinns VMS project, Silver Swan has recently identified several high-priority VMS targets, which the Company believes have strong potential to evolve into a world-class VMS camp, like the Golden Grove VMS camp also in the Murchison Province.

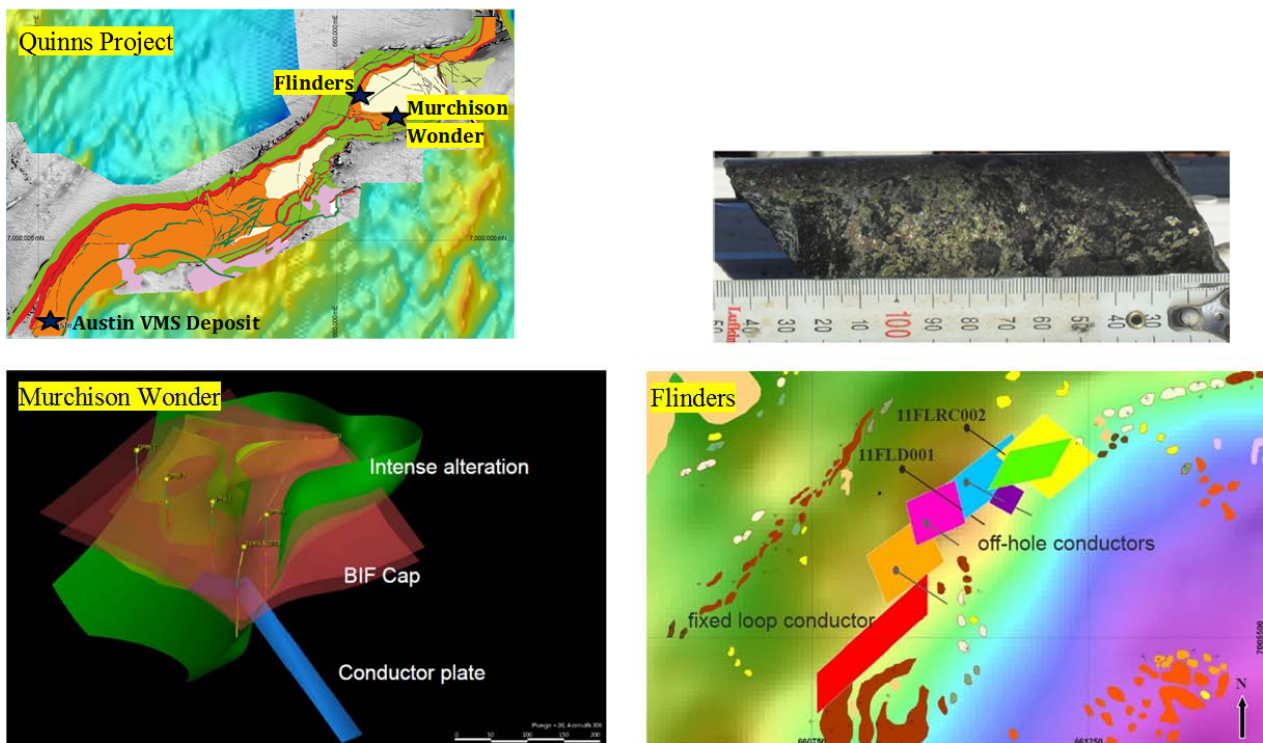
The next phase of drilling will initially focus on the Flinders and Murchison Wonder prospects, located in the northern part of the Quinns project area (Figure 2).

The first diamond hole at Flinders (11FLD001) drilled in the previous quarter, intersected a 12m wide zone of sulphide mineralisation and 30m of intense hydrothermal alteration. The intensity of alteration, and presence of coarse magnetite suggests (at the Austin deposit) close proximity to potential high-grade massive sulphides. Multiple conductors were identified from surface fixed loop and downhole electromagnetic surveys at both Flinders and Murchison Wonder. The Company has planned several holes to test these conductors.

The drilling will test VMS potential at depth and the holes will be drilled to about 450m depth, commencing with RC pre-collars to about 100m followed by diamond ‘tails’ to final hole depth. The initial 3 holes will be drilled into the “red” and “pink” conductor plates at Flinders and the “blue” conductor plate at Murchison Wonder.

Diamond drilling is scheduled to commence in early September.

Figure 2: Quinns VMS Project



Information in this report that relates to Exploration Results is based on information compiled by S. Vearncombe, RPGeo, who is a Member of the Australian Institute of Geoscientists. S. Vearncombe is a full-time employee of Silver Swan Group and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. S. Vearncombe consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.



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ABOUT SILVER SWAN

Silver Swan Group Limited is a polymetallic explorer with tenements in the Murchison Province of the Yilgarn Craton, Western Australia. The Company's current focus is on lode-gold, syn-tectonic copper-gold and volcanogenic massive sulphide (Cu-Zn-Ag-Au) mineralisation in Archaean terranes.

The Company's recent emphasis with geophysics and diamond drilling has been on volcanogenic massive copper-zinc-silver-gold mineralisation at the Quinns VMS Project and lode-gold at Stakewell Gold Project, both of which are 100% owned by the company.

In the Meekatharra area, much of the early historic production of the late 1800's came from Silver Swan's tenement area at Stakewell (the Kohinoor open pit), Abbotts (Mt Vranizan and New Murchison King) and Quinns (Kaladbro, Cornstalk, Parramatta, Nowthanna, Murchison Wonder, Wallaby, Nuggety and Olympic). These areas have received only limited modern exploration despite the proximity to producing gold mines at Bluebird-Yaloginda and Gabanintha.

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