

**SILVER SWAN GROUP LIMITED**  
**ABN 41 120 069 089**

**NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday, 21 November 2011 at 3.00pm (WST).**

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

**SILVER SWAN GROUP LIMITED**  
**ABN 41 120 069 089**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual 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, 21 November 2011 at 3.00PM (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, 19 November 2011 at 5.00pm (WST).

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

**AGENDA**

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**1. Financial, Directors' and Auditor's Report**

To receive the Financial Report, Directors' Report and Auditor's Report of the Company and its controlled entities for the financial year ended 30 June 2011.

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**2. Resolution 1 – Adoption of Remuneration Report**

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

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

In accordance with section 250R of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
- (d) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

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### 3. **Resolution 2 – Re-election of Mr James Harris as a Director**

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

*"That Mr James Harris, who retires in accordance with Article 6.3(c) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### 4. **Resolution 3 – Re-election of Mr Gavin Wendt as a Director**

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

*"That Mr Gavin Wendt, who, having been appointed by the Board as a director since the last annual general meeting, retires in accordance with Article 6.3(j) of the Constitution and, being eligible, offers himself for election, be re-elected as a Director."*

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### 5. **Resolution 4 – Approval of Grant of Options to Mr Gavin Wendt**

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

*"That in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of the following:*

- (a) *500,000 Options each exercisable at the higher of \$0.20 or 1.43 times the five day VWAP of Shares up to and including the date of the Meeting, expiring 3 years from the grant date and vesting on the date of grant; and*
- (b) *500,000 Options each exercisable at the higher of \$0.30 or 1.43 times the five day VWAP of Shares up to and including the date of the Meeting, expiring 3 years from the grant date and vesting on the date of grant,*

*to Mr Gavin Wendt, or his nominees, on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 4 by Mr Wendt, or his nominees, and any of their associates.

However, the Company will 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.

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## 6. Resolution 5 – Approve Placement Facility

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

*"That, in accordance with Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue up to 15,000,000 Shares each at an issue price not less than 80% of the average market price for Shares on the five trading days prior to the date of the issue of the Shares or, if there is a prospectus relating to the issue of the Shares, over the last five trading days prior to the date of the prospectus ("**Placement Facility**") to institutional and professional and sophisticated investors on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 5 by a person who may participate in the Placement Facility issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if Resolution 5 is passed, or any associates 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.

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## 7. Resolution 6 - Ratification of prior issue of \$0.175 Options

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

*"That, in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue by the Company of 10,000,000 Options granted to Zenix Holdings Pty Ltd on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 6 by a person who participated in the Option issue, or any associates of those persons.

However, the Company will 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.

Dated 14 October 2011  
By Order of the Board

A handwritten signature in black ink, reading "S. Robertson." The signature is written in a cursive style with a prominent initial "S" and a trailing flourish.

Simon Robertson  
Company Secretary

## **EXPLANATORY MEMORANDUM**

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### **1. 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, 21 November 2011 at 3.00pm (WST).

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### **2. Financial, Directors' and Auditors Report**

Shareholders will be offered the opportunity to discuss the Financial Report, Directors' Report and Auditor's Report at the Meeting. Copies of these reports can be found on the Silver Swan Group Limited website [www.silverswangroup.com.au](http://www.silverswangroup.com.au) or by contacting the Company on (08) 9316 0766.

There is no requirement for Shareholders to approve the Financial Report, Director's Report and Auditor's Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2011
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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### **3. Resolution 1 – Remuneration Report**

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report for the year ended 30 June 2011 contains the Remuneration Report which sets out the remuneration policy for the Company and reports on the remuneration arrangements in place for the executive and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act (“**Director and Executive Remuneration Act**”) which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, among others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (“**Two Strikes Rule**”).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that all Directors (other than the managing director) are up for re election.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

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#### **4. Resolution 2 – Re-election of Mr James Harris as a Director**

Article 6.3(c) of the Constitution requires that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

Article 6.3(f) provides that a Director who retires under Article 6.3(c) is eligible for re-election.

Pursuant to these Articles, Mr James Harris will retire by rotation and seek re-election.

Mr Harris has had extensive experience in both Government and private enterprise in Australia and overseas. He has worked for ten years with both Alcoa of Australia and the United Group Limited. His qualifications are in Legal Studies and Public Administration and he is a Fellow of the Australian Institute of Company Directors.

The Board believes that Mr James Harris has performed the duties and responsibilities of a Director diligently and professionally, in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr James Harris.

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#### **5. Resolution 3 – Re-election of Mr Gavin Wendt as a Director**

It is a requirement under the Company's Constitution and the Listing Rules that any director appointed by the Board during the year (as an additional director or to fill a

casual vacancy) only holds office until the next Annual General Meeting of shareholders, at which time the Director can offer himself for re-election. On this basis, Mr Gavin Wendt, who was appointed to the Board on 1 July 2011, offers himself for re-election as Director.

Mr Wendt has two decades experience specialising in research and evaluation of Australian and international mining and energy companies. He has a thorough understanding of the resources sector and resource companies and has worked with both resource and financial sector management. He has been consistently been voted one of Australia's top mining analysts. Gavin is experienced in corporate advisory and strategic advice, and capital raisings.

The Board believes that Mr Gavin Wendt has performed the duties and responsibilities of a Director diligently and professionally, in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr Gavin Wendt.

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## **6. Resolution 4 – Approve Grant of Options to Mr Gavin Wendt**

### **6.1 Background**

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 1,000,000 Options to Mr Gavin Wendt (or his nominees) as follows:

- (a) 500,000 Options each exercisable at the higher of \$0.20 or 1.43 times the five day VWAP of Shares up to and including the date of the Meeting, expiring 3 years from the grant date and vesting on the date of grant; and
- (b) 500,000 Options each exercisable at the higher of \$0.30 or 1.43 times the five day VWAP of Shares up to and including the date of the Meeting, expiring 3 years from the grant date and vesting on the date of grant.

The Options are unlisted but are transferable. No application for quotation of the Options will be made by the Company. The Company is a small listed company, which is focused on the exploration and development of its gold and base metals projects. The Company's funds are allocated to specific exploration and development activities.

There are no performance criteria on the Options as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of Mr Wendt and the performance and value of the Company are closely related. As such, the Options granted will generally only be of benefit if Mr Wendt performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Options.

### **6.2 Reason approval required**

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because Mr Wendt, as a Director, is a related party of the Company.

Furthermore, Shareholder approval of the issue of Options means that the grant will not reduce the Company's 15% placement capacity under Listing Rule 7.1.



### 6.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant:

- (a) 1,000,000 Options will be offered to Mr Wendt (or his nominees) as follows:

Number of Options	Exercise price	Vesting date	Expiry Date	Name of Option
500,000	The higher of \$0.20 or 1.43 times the 5 day VWAP of Shares up to and including the date of the Meeting	On grant	3 years from grant	<b>\$0.20 Option</b>
500,000	The higher of \$0.30 or 1.43 times the 5 day VWAP of Shares up to and including the date of the Meeting	On grant	3 years from grant	<b>\$0.30 Option</b>

- (b) Each Option will be granted for nil consideration.
- (c) Each \$0.20 Option entitles the holder to subscribe for one (1) Share at an exercise price the higher of \$0.20 or 1.43 times the 5 day VWAP of Shares up to and including the date of the Meeting, exercisable on or before three years from grant.
- (d) Each \$0.30 Option entitles the holder to subscribe for one (1) Share at an exercise price the higher of \$0.30 or 1.43 times the 5 day VWAP of Shares up to and including the date of the Meeting, exercisable on or before three years from grant.
- (e) The Options are unlisted and transferable. No application for quotation of the Options will be made by the Company. Further terms and conditions of the Options are in Schedule 2.
- (f) The Company will grant the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (g) Mr Wendt has an interest in Resolution 4 and therefore believes it inappropriate to make a recommendation. The other Directors of the Company each recommend the grant of the Options to Mr Wendt as it aligns the interests of the Company and Mr Wendt to maximise Shareholder value.
- (h) The Company is a small listed company. The Company has limited funds, most of which are allocated to specific development activities. As a result, the Board has chosen to issue Options to Mr Wendt as a key component of the incentive portion of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company. The Board considers that Mr Wendt's experience will greatly assist the development of the Company. As such, the Board believes that the number of Options to be granted to Mr Wendt is commensurate with his value to the Company.

Given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of Mr Wendt and the performance and value of the Company are closely related. As such, the Options granted will generally only be of benefit if Mr Wendt performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Options.

- (i) The dilution effect if all of the Options granted are exercised is as follows:

Current number of Shares on issue	131,565,072
Number of Options to be granted under Resolutions 5	1,000,000
Dilution effect if all Options granted are exercised	0.76%

- (j) The current relevant interests in security holdings of Mr Wendt is as follows:

Name of Director	Shares	Options
Gavin Wendt	-	-

- (k) A voting exclusion statement is included in the Notice.

- (l) No funds will be raised by the grant of the Options as they are being granted for nil consideration.

- (m) Amounts to be paid to Mr Wendt for the period from 1 July 2011 to 30 June 2012 are as follows:

	Salary and Fees	Superannuation	Total
	\$	\$	\$
Gavin Wendt	37,750	3,398	41,148

- (n) The valuation of the Options together with the assumptions used to value the Options is set out in the table below:

	\$0.20 Option	\$0.30 Option
Number to be granted	500,000	500,000
Date of valuation	3 Oct 2011	3 Oct 2011
Risk Free Interest Rate	3.47%	3.47%
Share price at date of valuation	\$0.09	\$0.09
Exercise Price	\$0.20	\$0.30
Volatility rate	77.69%	77.69%

Value per Option	\$0.029	\$0.021
Total value of Options Granted	\$14,728	\$10,702

The value of the Options granted may go up or down after the valuation date as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the assumptions in the table above.

(o) The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

(p) Historical share price information for the last twelve months is as follows:

	Price	Date
<b>Highest</b>	\$0.385	27 Oct 2010
<b>Lowest</b>	\$0.085	04 Oct 2011
<b>Last</b>	\$0.085	04 Oct 2011

(q) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 4.

(r) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

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## 7. Resolutions 5 – Approve Placement Facility

### 7.1 General

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the Directors to allot and issue the Shares under the Placement Facility.

The effect of passing Resolution 5 will be to allow the Directors to issue the Shares during the three month period after the Meeting (or a longer period, if allowed by ASX), without using up the Company's 15% placement capacity under Listing Rule 7.1. The Company has not yet made any agreement or arrangement to issue the Shares or the number of Shares to be issued (other than the limit of 15,000,000 Shares), and there is no certainty that it will proceed with the issue.

### 7.2 Specific Information Required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the Placement Facility is provided as follows:

- (a) The maximum number of securities the Company can issue under the Placement Facility is 15,000,000 Shares.
- (b) The Shares under the Placement Facility will be issued no later than three 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 Listing Rule 7.3.2).
- (c) The Shares to be issued under the Placement Facility will be issued by the Company at an issue price per Share calculated in accordance with Listing Rule

7.3.3 of at least 80% of the average market price for Shares on the five trading days prior to the date of the issue of the Shares or, if there is a prospectus relating to the issue of the Shares, over the last five trading days prior to the date of the prospectus.

- (d) As subscriptions to the Placement Facility have not yet been arranged, the allottees will be identified at the Directors' discretion but will not be related parties or associates of related parties of the Company.
- (e) The Shares to be issued will be fully paid ordinary shares in the capital of the Company.
- (f) The funds raised by the Placement will be directed towards increasing exploration activities over several high priority projects for Au, Au-Cu and Cu-Zn-Pb-Ag-Au mineralization in the Meekatharra area, Western Australia and working capital.
- (g) Allotment of the Shares to be issued under the Placement Facility may occur progressively.
- (h) A voting exclusion statement is included in the Notice.

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## **8. Resolution 6 – Ratification of prior issue of \$0.175 Options**

### **8.1 Background**

Zenix Holdings Pty Ltd is a nominee company of Hartleys Limited (**Hartleys**). Hartleys has been appointed by the Company to provide it with corporate advisory services. Options were allotted to Zenix Holdings Pty Ltd as part consideration for Hartleys providing corporate advisory services to the Company.

### **8.2 General**

Resolution 6 seeks Shareholder ratification in accordance with Listing Rule 7.4 for the prior issue of Options to Zenix Holdings Pty Ltd.

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and Shareholders subsequently approve it.

### **8.3 Specific Information Required by Listing Rule 7.4**

For the purposes of Shareholder ratification of the issue of the Options to the Company's consultants and the requirements of Listing Rule 7.4, information is provided as follows:

- (a) The number of \$0.175 Options allotted by the Company was 10,000,000.
- (b) The \$0.175 Options were issued for nil consideration.
- (c) The \$0.175 Option exercise price is \$0.175. The terms and conditions of the \$0.175 Options are contained in Schedule 2.
- (d) The \$0.175 Options were allotted to Zenix Holdings Pty Ltd.
- (e) There were no funds raised from the issue of the \$0.175 Options.

The issue of the Options were within the 15% limit permitted by Listing Rule 7.1 at the time of the issue.

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## **9. Action to be taken by Shareholders**

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

### **9.1 Proxies**

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.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### **9.2 Voting Prohibition by Proxy Holders**

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
- (b) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the person is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of such a member, and

- (b) the appointment does not specify the way the proxy is to vote on Resolution 4.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 4 is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

## Schedule 1 - Definitions

In this Explanatory Memorandum, Notice and Proxy Form:

**"\$0.175 Options"** means the Options granted on the terms in Schedule 2.

**"\$0.20 Options"** means the Options granted on the terms in Schedule 2.

**"\$0.30 Options"** means the Options granted on the terms in Schedule 2.

**"Annual Report"** means the Directors' Report, the Financial Report and the Auditor's Report thereon, in respect of the financial year ended 30 June 2011.

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

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

**"ASX"** means ASX Limited and where the context permits the Australian Securities Exchange operated by ASX Limited.

**"Auditor's Report"** means the auditor's report on the Financial Report.

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

**"Closely Related Party"** has the meaning in section 9 of the Corporations Act.

**"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.

**"Directors' Report"** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

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

**"Financial Report"** means the 2011 annual financial report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**"Key Management Personnel"** means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

**"Meeting"** has the meaning given in the introductory paragraph of the Notice.

**"Notice"** means this notice of meeting.

**"Option"** means an Option granted on the terms in Schedule 2.

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

**"Remuneration Report"** means the remuneration report of the Company contained in the Directors' Report.

**"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.

In this Notice, words importing the singular include the plural and visa versa.



## Schedule 2 – Terms and Conditions of Options

(a) Entitlement

Each Option entitles the holder to subscribe for one (1) Share upon the exercise of each Option.

(b) Exercise Price

\$0.175 Options Exercise Price is \$0.175 per option.

\$0.20 Options Exercise Price is the higher of \$0.20 and 1.43 times the five day VWAP of Shares up to and including the date of the Meeting.

\$0.30 Options Exercise Price is the higher of \$0.30 and 1.43 times the five day VWAP of Shares up to and including the date of the Meeting

(c) Expiry Date

\$0.175 Options Each Option expires 8 September 2013.

\$0.20 Options Each Option expires 3 years from date of grant.

\$0.30 Options Each Option expires 3 years from date of grant.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

(e) Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

(g) Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(h) Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

- (i) issue the Share; and
- (ii) do all such acts matters and things to obtain
  - (A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and
  - (B) receipt of cleared funds equal to the sum payable on the exercise of the Options.

(i) Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holder 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 ten business days after the issue is announced. This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

(l) Adjustments for Reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion

determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.

(n) Options transferable

The Options are transferable.

(o) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

# SILVER SWAN GROUP LIMITED

ABN 41 120 069 089

## PROXY FORM

The Company Secretary  
Silver Swan Group Limited

**By post:**  
PO Box 869, Canning Bridge WA 6153

**By facsimile:**  
(08) 9316 0799

### Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_  
votes in the Company, hereby appoint:

**The Chairman of  
the Meeting (mark  
box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except as provided below).

**Important for Resolutions 1 and 4** - If the Chairman of the Meeting is appointed as your proxy, or may be appointed as your proxy by default, and you have not directed him how to vote on Resolutions 1 and 4 below, please mark the box below. If you do not mark this box and you have not directed your proxy how to vote on Resolutions 1 and 4 in Step 2 below, the Chairman will not cast your votes on Resolutions 1 and 4 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.

If you appoint the Chairman of the Meeting as your proxy, you can direct the Chairman how to vote on Resolutions 1 and 4 by either marking the relevant boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking the box below in this Step 1 (in which case the Chairman will vote in favour of Resolutions 1 and 4).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1 and 4.

**The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 and 4:**

I/We (except where I/we have indicated a different voting intention below):

- (a) direct the Chairman of the Meeting to vote in accordance with the voting intentions of the Chairman on Resolutions 1 and 4 to vote in favour of these Resolutions; and
- (b) authorise, in respect of Resolutions 1 and 4, the Chairman of the Meeting to vote as described even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company and even if the Chairman of the Meeting has an interest in the outcome of Resolutions 1 and 4; and
- (c) acknowledge that votes cast by the Chairman of the Meeting for Resolutions 1 and 4 other than as proxy holder will be disregarded because of that interest.

**Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.**

**Please read the voting instructions overleaf before marking any boxes with an .**

### Step 2 – Instructions as to Voting on Resolutions

#### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Jim Harris as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Gavin Wendt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4	Approval of Grant of Options to Mr Gavin Wendt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approve Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of prior issue of \$0.175 options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Authorised signature/s**

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

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.**

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
_____	_____	_____
Contact Name	Contact Daytime Telephone	Date

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<sup>1</sup>Insert name and address of Shareholder

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Annual General Meeting. If the Shareholder is entitled to cast 2 or more votes at the Annual 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 Annual General Meeting, the representative of the body corporate to attend the Annual 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 Annual 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.

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 address below no later than 48 hours prior to the time of commencement of the Annual General Meeting (WST).

**Postal address:** PO Box 869, Canning Bridge WA 6153.

**Facsimile:** (08) 9316 0799 if faxed from within Australia or +618 9316 0799 if faxed from outside Australia.