ASX:SWN
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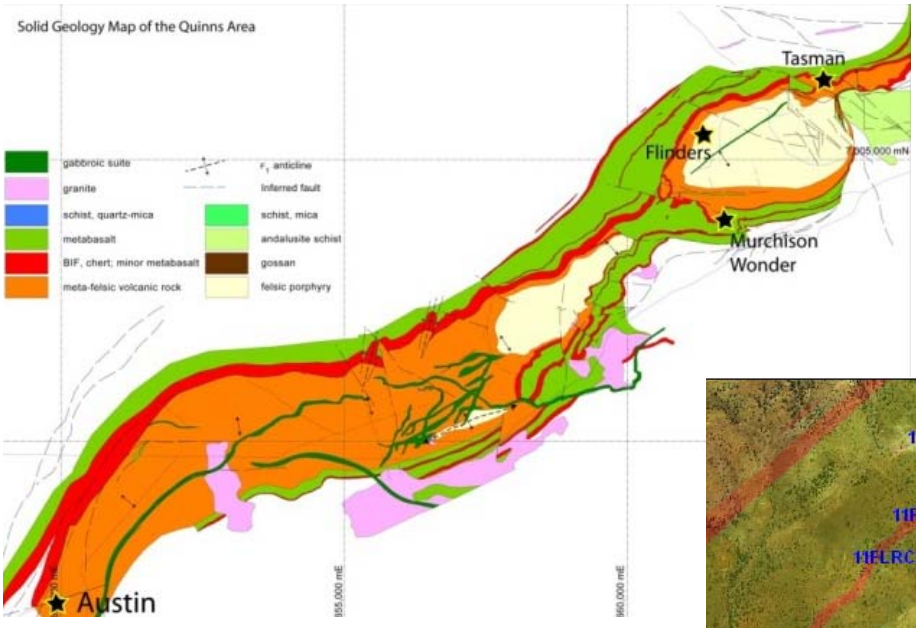
Flinders VMS Prospect, Quinns Project – Drilling Update

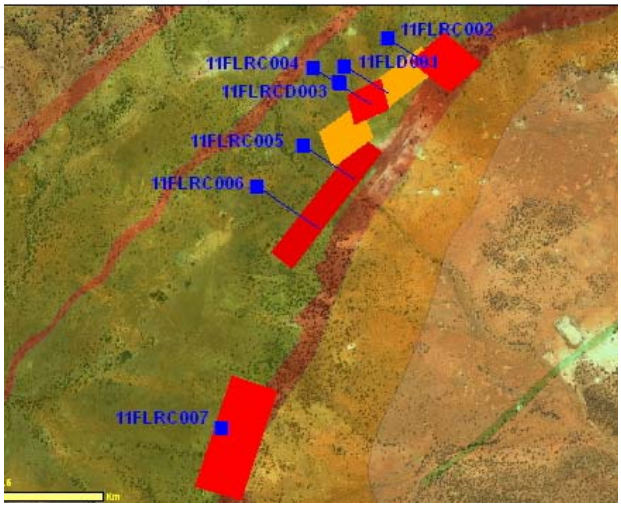
Silver Swan Group Limited ("Silver Swan" or "the Company") is pleased to report further results from the recent drilling activity at its Flinders VMS prospect, within the Quinns Project area, where the Company has been targeting volcanogenic massive sulphide (Zn-Cu-Ag-Au) mineralisation.

Drilling has intersected VMS mineralisation in six of seven holes completed, with the best result comprising **10 metres @ 4.7% Zn** including **6m @ 7.0% Zn and 4m @ 0.5% Cu** (11FLRCD003). One hole (11FLRCD007), returned **1m @ 9.1g/t Au**. This hole is located SW of and along strike of the main Flinders zone and is in an excellent structural location for superposed, late gold mineralisation.

To date, Silver Swan's drilling programme at the Flinders prospect comprises seven relatively deep holes over a strike of ~1km (one RC and six diamond holes with RC pre-collars) for a total of 2,342m. Mineralised intersections have confirmed a new and persistent VMS cell at Flinders; this is another step toward to identifying a cluster of VMS cells that have now been identified at Austin, Flinders and Tasman.

The Flinders prospect is located 50km south of Meekatharra and only 12km NE of Silver Swan's Austin VMS deposit. The Company has drilled seven relatively deep holes over a strike of ~1km.





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Profile of recent results:

11FLRCD003

- 10m @ 4.7 % Zn incl. 6m @ 7.0% Zn (247-257m)
- 4m @ 0.5% Cu (251-255m) & 1m @1.3% Pb (248-249m)
  (These results are from an interval of 10m of semi-massive sulphide including visible sphalerite (Zn), chalcopyrite (Cu) and galena (Pb) and up to 25% pyrrhotite (magnetic FeS))

11FLRCD004

- 5m @ 1.3% Zn (333-338m) & 6m @ 0.3% Cu (336-342m)
  (These results are from an interval of 13m of disseminated to semi-massive sulphides including visible sphalerite, minor chalcopyrite, pyrrhotite, pyrite (FeS) & hydrothermal magnetite).

11FLRCD005

- 2m @ 1.3% Zn (215-217m) & 1m @ 0.2% Cu (216-217m)
  (For tens of metres below the mineralized zone there are pyrite bands with up to 5% py).

11FLRCD006

- 8m @ 1.2% Zn incl. 1m @ 5.1% Zn (252-260m)
- 8m @ 0.3% Cu (252-260m)
- 1m @ 1.3g/t Au (259-260m)
  (These results occur within 45m of disseminated and banded sulphide. Disseminated chalcopyrite (Cu) occurs in almost every metre from 223-263m. Chalcopyrite occurs both above & below main sphalerite zone, with 20-50% pyrrhotite (252-258m) and up to 20% pyrite & hydrothermal magnetite).

11FLRCD007

- 1m @ 9.1g/t Au from 85-86m in the pre-collar.
  The gold is hosted in silica/talc altered undifferentiated massive felsic rhyolite. Structurally, 11FLRCD007 is located near the axis of the Quinns anticline (and where the anticline is doubly plunging). This is an excellent structural location for gold mineralisation.

Previously reported results

11FLD001

- 5m @ 1.18% Zn incl. 1m @ 2.57% Zn (258-263m)
- 11m @ 0.19% Cu incl. 1m @ 0.76% Cu (259-270)
  (These results occur within an 11m intersection of sulphide mineralisation and a 45m zone of intense VMS-related alteration).

11FLRC002

- 1m @ 0.11% Zn (213-214m)
- 1m @ 0.12%Zn, 0.1% Cu (221-222m)
- 2m @ 0.25% Zn (248-250m)
  (These results occur within a 6m zone of disseminated sulphides and a 30m wide zone of intense alteration.

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The Company is encouraged by the intersection of mineralisation in all of the recent holes drilled at Flinders, particularly VMS mineralisation. The results are highlighting a new, well mineralised VMS cell at Quinns lending further evidence to a cluster of potential VMS discoveries. It's early days and a significant amount of additional work needs to be done, including multi-element geochemistry along with analysis of existing drill results and down-hole geophysics results just to hand; the integration of all of these facets will assist with the targeting of future holes. Drilling is expected to recommence during Q1 2012.

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 (Koladbro, 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.

Table of drill-hole co-ordinates

Hole_ID	Hole_Type	Depth	Easting	Northing	RL	DIP	Azimuth	Pre-collar
11FLD001	DDH	349	660915	7005805	488	-60	118	NA
11FLRC002	RC	286	661030	7005879	490	-60	118	NA
11FLRCD003	RCDD	321	660901	7005765	487	-60	118	98m
11FLRCD004	RCDD	444	660836	7005803	490	-60	118	114m
11FLRCD005	RCDD	342	660811	7005603	485	-60	118	113m
11FLRCD006	RCDD	368	660691	7005498	487	-60	118	123m
11FLRCD007	RC	183	660605	7004881	491	-60	118	123m

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