

La Codosera Gold Project - Spain Diamond Drilling and Soil-Auger Results

Highlights

- Stacked, near surface, en-echelon array of multiple gold lodes intersected
- Soil sampling identifies seven, high order drill targets
- Soils geochemistry extends areas of high grade gold anomalism over at least 4kms in cumulative strike length and up to 500m wide

Summary

Reconnaissance drilling has returned additional near-surface gold intersections from holes 5-10 of the 12 hole diamond drilling programme at Silver Swan's Monte Viejo prospect, within its La Codosera project area, Spain.

Four of the drill holes intersected shallow Roman mining galleries/stopes (1-2m wide) resulting in some core loss and waste fill where high grade lodes might otherwise have been expected. As a result, gold grades for these intervals are not indicative of expected grades at depth and along strike where stoping has not occurred.

12MVD005 1m @ 1.2g/t Au & 2m @ 1.4g/t Au (stope affected)
12MVD006 10m @ 0.8 g/t Au, incl. 3m @ 1.5g/t Au (stope affected) & 2m @ 1.2g/t Au
12MVD008 1m @ 1.7g/t Au and 1m @ 4.5g/t Au, & 2m @ 1.8g/t Au, & 1m @ 1.7g/t Au
12MVD009 2m @ 1.0g/t Au, & 2m @ 1.1g/t Au
12MVD010 4m @ 1.6g/t Au (stope affected), & 4m @ 1.4g/t Au

Ongoing auger-soil sampling has defined seven significant gold anomalies with strike lengths of up to 1800m and widths up to 500m. 1775 assays have been returned to date (1932 planned), with 24 samples grading >0.5g/t Au (max 21.6g/t Au). These excellent results define seven high quality drill targets, including Monte Viejo and Los Bastos. Auger soil sampling is ongoing to infill anomalies and test for further extensions to mineralised trends.

Silver Swan Group Limited ("Silver Swan" or "the Company") is pleased to announce results from diamond drill holes 5-10 from the Monte Viejo prospect, as well as additional results from the auger-soil programme, both conducted within La Codosera Gold Project in Spain.

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Silver Swan's Executive Chairman, David Archer said today, "Results from the auger-soil program continue to exceed our expectations in terms of the grade and magnitude of the anomalies. Our drilling is showing a direct correlation between auger soil gold anomalies and sub-surface gold grades. All this suggests that there is a large gold system here at La Codosera."

"Whilst it's still very much early days, the results so far justify the company's strategic decision to refocus its attention on high quality exploration acreage within the Iberian Peninsula".

Diamond core drilling commenced in August, comprising a 15 hole (~1500m) programme to provide a "first pass" test of the near-surface Monte Viejo and Los Bastos gold systems down to 100m depth. Significant initial drilling results were previously reported for the first four holes (12MVD001-12MVD004) on 11 October.

Since that release, assays have been received for a further four diamond drill holes (12MVD005-12MVD008) completing the second drill fence, and two out of four holes on the third fence (12MVD009-010) at Monte Viejo. A further two holes at Monte Viejo are awaiting assays, and three holes at Los Bastos are yet to be completed (see table 1 and figure 1).

Drilling continues to intersect high grade gold. However, six localised historic Roman mining galleries (1-2m wide stopes) have been intersected which potentially adversely affected gold assay values in expected high grade lode positions in four of the new drill holes reported here.

Importantly, however, the width and number of mineralised intervals appears to be increasing in the latest drill holes, providing added confidence in a revised interpretation (based on these drilling results) that Monte Viejo actually comprises a stacked en-echelon array of multiple gold lodes, rather than a single planar lode. Results for the first two holes on fence #3 indicate the presence of a lode (mined out by two Roman Galleries – core loss and backfill with no significant assay result) between 26.7 – 30.3m, as well as 1m@1g/t Au (from 42m) and 2m@1.1g/t Au (from 47m) in 12MVD009. Three wider lodes have been intersected in 12MVD010 including: 4m@1.6g/t Au (from 43m, with assays adversely affected by a 2m wide gallery from 45.5 – 47.5m); and 4m@1.4g/t Au (from 60m).

Fence #2 of DDH drilling was designed to intersect the (originally interpreted) single E-W trending lode structure, however, the ENE-WSW orientation of the stacked en-echelon lodes resulted in a high grade lode being intersected near surface in hole 12MVD006 (3m@1.5g/t Au from 5m) coincident with two Roman galleries totaling 2.6m width which are believed to have significantly impacting the assay result, while another two closely-spaced near-surface lodes were intersected in 12MVD008 (1m@4.5g/t Au from 13m & 2m@1.8g/t Au from 17m).

Table 1: Drilling Results from the Monte Viejo Prospect in La Codosera Project

Hole ID.	Easting	Northing	Dip (°)	Azimuth (°)	m_from	Interval (m)	Au (g/t)	Ag (g/t)	
12MVD005	654310	4340969	-60	265	23	1	1.2	NSR	
					35	2	1.4	2.2	
12MVD006	654388	4340900	-60	010	2	10	0.8	NSR	
					<i>incl.</i>	5	3	1.5	NSR
						22	1	1	NSR
						25	2	1.2	NSR
12MVD007	654382	4340935	-60	010	NSR	NSR	NSR	NSR	
12MVD008	654366	4340875	-60	010	0	1	1.7	NSR	
						13	1	4.5	NSR
						17	2	1.8	NSR
						63	1	1.7	8.4
12MVD009	654556	4340938	-60	280	42	2	1	NSR	
					<i>incl.</i>	42	1	1.5	NSR
						47	2	1.1	NSR
					<i>incl.</i>	48	1	1.6	NSR
12MVD0010	654498	4340888	-60	010	14	4	0.6	NSR	
						43	4	1.6	NSR
					<i>incl.</i>	45	2	2.2	NSR
						60	4	1.4	NSR
					<i>incl.</i>	63	1	2.4	NSR
12MVD0011	654498	4340858	-60	010	Assays Pending				
12MVD0012	654499	4340917	-60	010	Assays Pending				

NSR = no significant results

1m ½ core (HQ) samples were routinely collected for all holes and assayed for Au by 50g fire assay.

Intervals reported in the table above have a lower cut-off grade of 0.5g/t Au, maximum internal waste width of 2m. No top-cut has been applied.

Note: Isolated Roman mining galleries/stopes intersected by drilling (where core loss and/or waste backfill material is prevalent) may impact the accurate interpretation of the grades of these gold lodes where stoping is not present. Galleries have been intersected in the following drill holes:

12MVD001: None

12MVD002: None

12MVD003: None

12MVD004: None

12MVD005: galleries at 25.7 - 26.8m and 34.9 - 36.05m

12MVD006: galleries at 4.5 - 5.3m and 7.5 - 9.2m

12MVD007: None

12MVD008: None

12MVD009: galleries at 26.7 - 28.2m and 29.0 - 30.3m

12MVD010: galleries at 45.5 - 47.5m

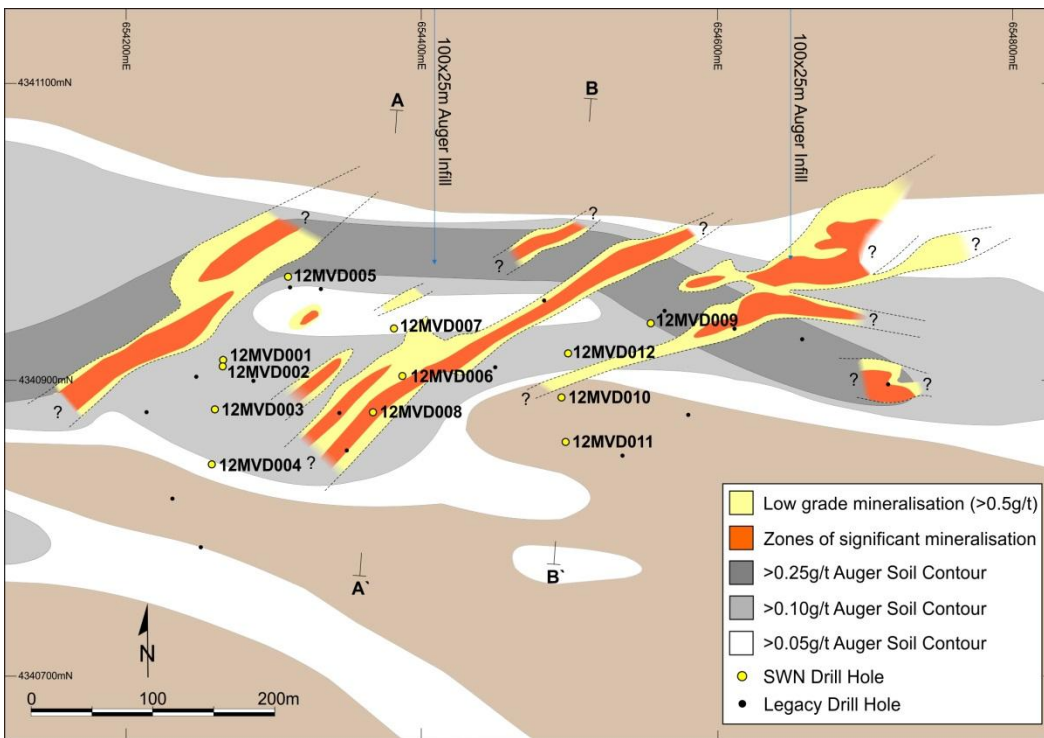


Figure 1 Map-view showing zones of significant primary sub-surface mineralization at Monte Viejo projected up-dip to surface as interpreted from SWN drilling, legacy drill holes and surface trenching, overlaid on auger-soil gold contours with the locations of completed SWN drill holes and legacy drill hole collars.

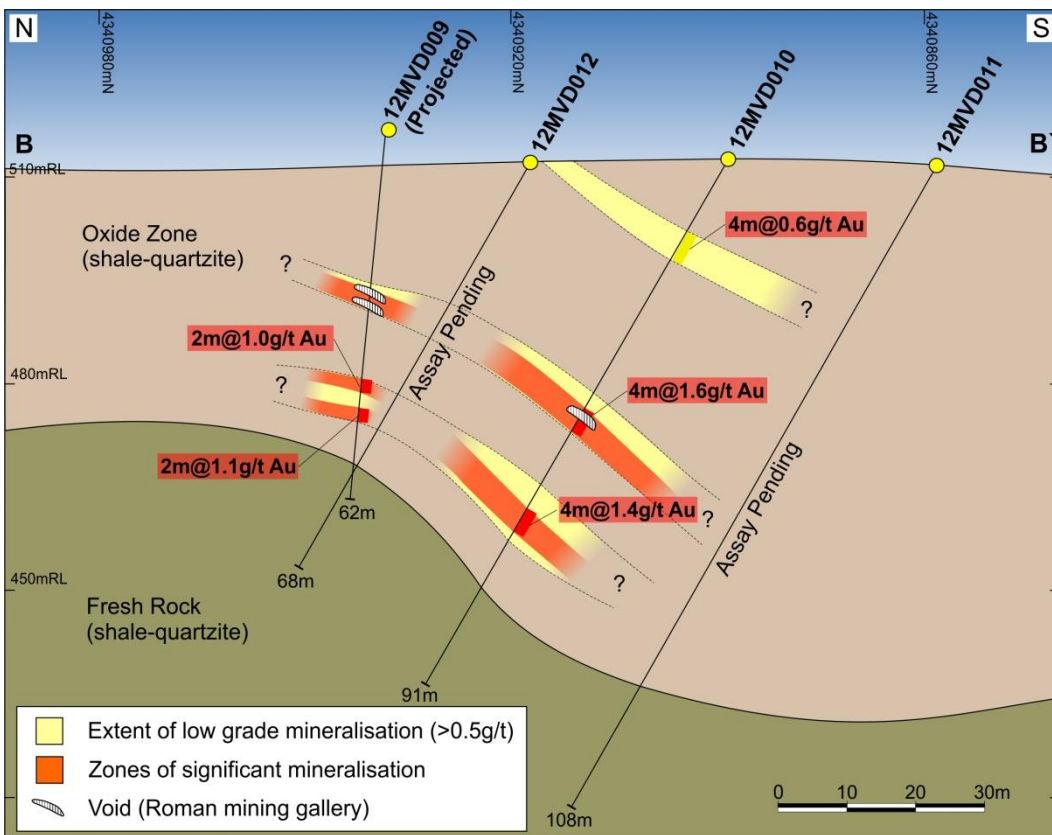


Figure 2 Cross Section of "Fence 3" drill holes 12MVD009 to 12MVD012. Assays are pending for drill holes 12MVD011 & 012. Note: 12MVD009 is drilled towards the West, oblique to the N-S cross-section (designed to intersect the fold hinge). See Fig. 1 for location.

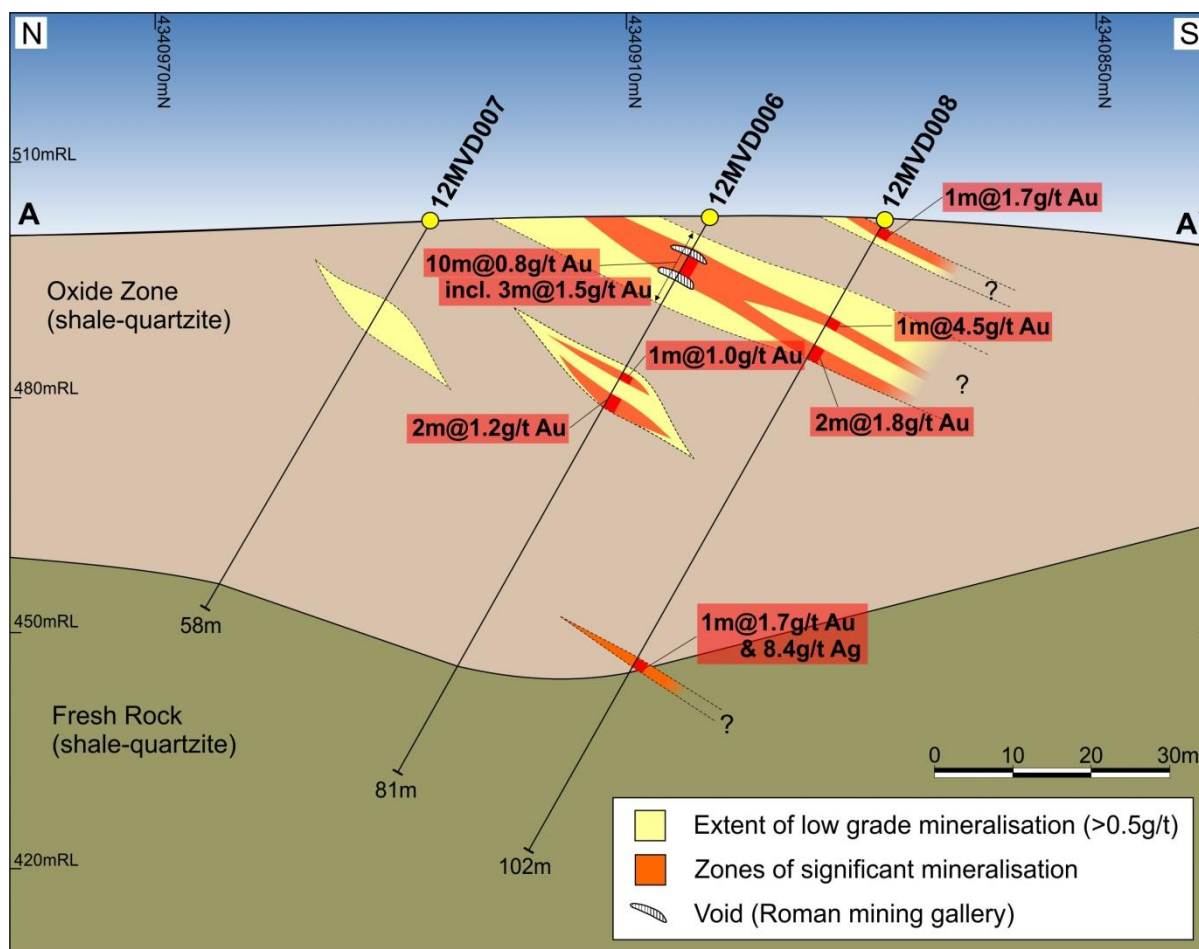


Figure 3 Cross Section of "Fence 2" drill holes 12MVD005 to 12MVD008. See Fig. 1 for location.

Additional high-grade auger-soil assay results continue to expand known prospects and define new drill targets across the La Codosera tenement group. The auger soils program has now defined seven significant gold in auger soil anomalies requiring drill testing (see Fig. 4):

Monte Viejo: 900x500m auger soil anomaly (max soil assay 1.36g/t Au, best legacy drill intersection 11m@3.4g/t Au (hole C-27b), best legacy trench intersection 10m@3.37g/t Au)

Los Bastos: 800x500m auger soil anomaly (max soil assay 2.1g/t Au, best legacy drill intersection 3.1m@3.1g/t Au (hole C-05) best legacy trench intersection 6m@1.5g/t Au)

Sierra la Brena: >1800x400m auger soil anomaly (max soil assay 21.6g/t Au, limited legacy drilling **no drill holes** test the newly defined auger soil anomaly, best historic trench intersection 2m@33.16g/t Au)

Casa la Nina: >1100x200m auger soil anomaly (max soil assay 1.33g/t Au, best legacy drilling intersection 6m@1.3g/t Au (hole CN01) best legacy trench intersection 12m@3.5g/t Au)

La Portilla: 600x500m auger soil anomaly (max soil assay 0.54g/t Au, best legacy drilling intersection 3.7m@2.9g/t Au (hole C-24), best legacy trench intersection 4m@1.6g/t Au)

La Mimosa: >800x300m auger soil anomaly (max soil assay 1.84g/t Au, **no drilling**, best legacy trench intersection 2m@3.4g/t Au)

El Puente: 900x150m auger soil anomaly (max soil assay 2.05g/t Au, **no drilling**, best legacy trench intersection 8m@2.0g/t Au)

The auger-soil sampling has been conducted on a 200x50m pattern with detailed infill of significant anomalies at 100x25m. There is a very good correlation between coherent auger soil anomalies (>0.1g/t Au) and ore grade intersections in drilling at Monte Viejo. This provides strong encouragement for future drilling programs targeting the larger auger soil anomalies including Los Bastos and Sierra la Brena.

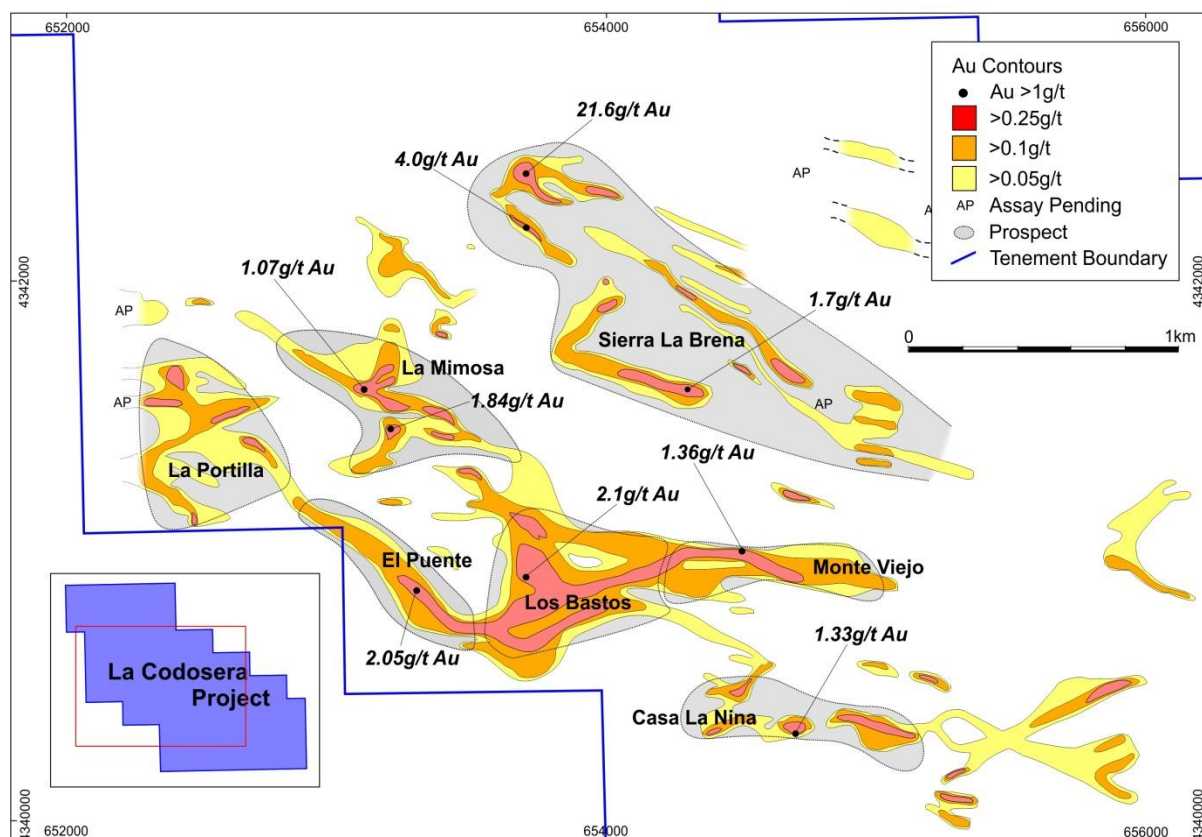


Figure 4. Contoured Auger-Soil Results

Results are pending for an additional 157 samples; not including additional auger soil sampling currently being planned to infill and extend anomalies that remain open following this initial program, and to extend 200x50m auger soil sampling coverage to the remaining unexplored portions of the tenement package.

- Total number of samples collected = 1932
- Total number of assays returned to date = 1775
- Number of Au assays >1.0g/t = 9 (0.5%)
- Number of Au assays >0.5g/t = 24 (1.4%)
- Number of Au assays >0.25g/t = 62 (3.5%)
- Number of Au assays >0.1g/t (100ppb) = 184 (>10.4%)

About La Codosera Project

La Codosera comprises five mineral permits (Afra, Buenavista, Breña, Monte Viejo and Sierra Lugar) covering an area of 1,851 hectares in the Extremadura region of western Spain, a region known as one of the most famous historic gold districts in Spain.

Silver Swan is in joint venture with TSX.V listed Astur Gold Corporation (TSX.V:AST) and can earn up to an 80% interest in La Codosera.

At La Codosera there are at least eight known gold occurrences (further details contained in Silver Swan's announcement dated 28 March 2012), as well as Roman hard rock and alluvial workings, and importantly, large undrilled areas.



ABOUT SILVER SWAN

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

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Information in this report that relates to Exploration Results is based on information compiled by W. Potma, who is a Member of the Australian Institute of Geoscientists. W. Potma 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 he 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'. W. Potma consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.