

## VMS Exploration Re-commences at Quinns

- ✦ **High priority exploration targets at Tasman, Flinders and Murchison Wonder to be tested**
- ✦ **Electromagnetic geophysical programme commences this week**
- ✦ **Diamond drilling (3000m) to commence mid-June**

**Silver Swan Group Limited ('Silver Swan' or 'the Company') advises that it has commenced its 2012 exploration programme at its Quinns VMS project. Quinns is located 55km south of Meekatharra, Murchison Province, Western Australia and currently hosts a 1.48Mt Mineral Resource grading 1.02% copper, 1.39% zinc, 0.24 g/t gold and 3.3 g/t silver.**

Dr Susan Vearncombe said today "the 2012 exploration programme is directed at making more high-grade discoveries in the area to supplement the Austin deposit and to build a resource inventory sufficient to underwrite a mine development. There will be some 3,000 metres of drill testing of targets identified by geophysics and our multi-element geochemistry. We're looking for Austin repeats and believe the Quinns Project has the potential as a major new VMS camp".

Specifically, the Company will continue exploration of its Flinders, Tasman and Murchison Wonder prospect areas where encouraging massive sulphide mineralisation was intersected during the 2011 drilling programme in all three locations. The mineralisation comprised primarily zinc and subordinate copper associated with broad zones of pyrite-pyrrhotite mineralisation in most holes just below a marker banded iron formation. The drilling demonstrated characteristic hydrothermal alteration, mineral zonation and changes in mineral chemistry associated with copper-zinc mineralisation.

The Company's work programme will target potential copper-rich feeder zones to the upper zinc mineralisation.

Multi-element geochemical analysis of surface and drill-hole samples taken during late 2011, outlined areas of distinct geochemical and metal zonation, strengthened by anomalous pathfinder elements such as indium, bismuth and Mg-chlorite. The conjunction of several independent datasets has highlighted discrete areas that may represent zones of alteration near to economic VMS mineralisation.

## **Exploration Programme**

Moving loop electromagnetic surveys are planned to start this week. The work will comprise 13 high priority traverses at Flinders and Tasman East for a total of 17 line kilometers with provision for a further nine additional traverses for 18 line kilometers. The geophysics will assess further areas of coincident VTEM and geochemistry, and orientation of conductor plates. The information will be used to 'tweak' and prioritise the currently planned diamond drilling programme as well as provide clarity on the veracity of several other VTEM conductors.

In addition, a total of 3000m of diamond drilling is planned and scheduled to commence in mid-June, initially focusing on the Flinders and Tasman prospects.

### **Flinders**

Initially, four diamond drill-holes will target:

1. Down plunge of, and between previous drill-holes 11FLRCD003 and 11FLRCD005 situated 200m apart. Zinc mineralisation was intersected in both drillholes, with a best result of 10m @ 4.7% Zn, (including 6m @ 7% Zn in 11FLRCD003) and a visible increase in disseminated copper mineralisation with depth.
2. Gradients in geochemical pathfinder elements and alteration minerals, indicating a thickening to the east of previous drill-hole 11FLRCD002; i.e., towards the Flinders gossan about 350m away.
3. Coincident multi-element anomalies, highly altered BIF, VTEM and relatively thick, historic Zn/Cu intersections of up to 20m @ 1.4%Zn, south of prior holes 11FLRCD004 & 11FLRCD005.

### **Tasman**

Several independent datasets (comprising zonation in alteration minerals, geochemical gradients and overlying exposures of copper-rich BIF-hosted gossan) support the interpretation that the eastern portion of the Tasman area represents a zone proximal to a VMS-style hydrothermal system.

Initially, four diamond drill-holes will target:

1. Multi-element geochemistry anomalies that have been only newly defined.
2. A fold closure with prospective stratigraphy, coincident RAB drilling copper-zinc anomalies and anomalous multi-element surface geochemistry. There is a significant untested VTEM conductor coincident with the fold hinge.
3. The down plunge component of previous drill-hole 10TSRC002 which returned 6m @ 3%Zn, 12m @ 5.5g/tAg and 6m @ 0.4%Cu.

### **Murchison Wonder**

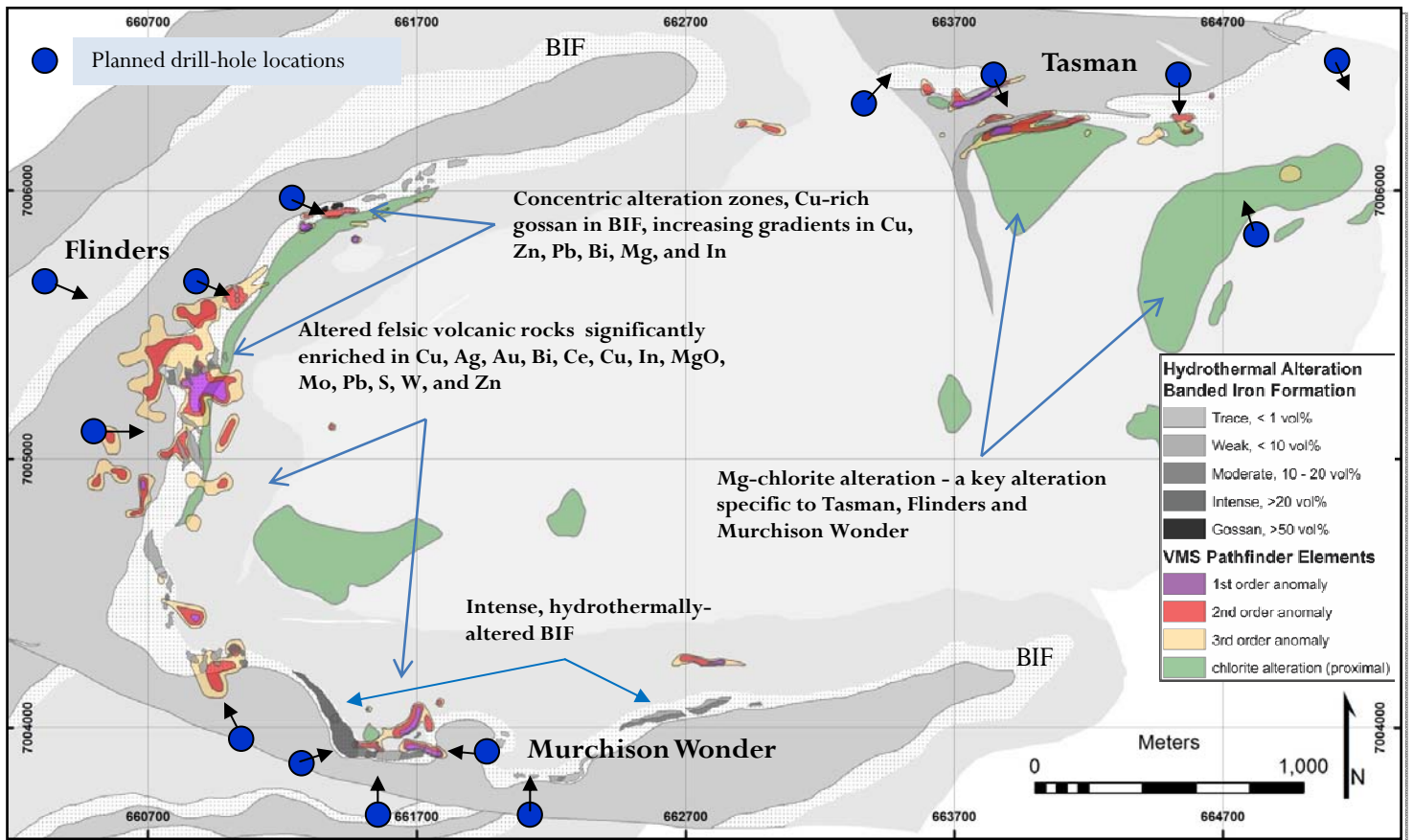
Anomalous pathfinder elements are clearly evident at Murchison Wonder firstly in an apparent hangingwall position adjacent to intensely altered BIF and secondly, straddling the BIF-felsic volcanic contact to the east of the current area of drilling.

Five drill-holes are planned to target:

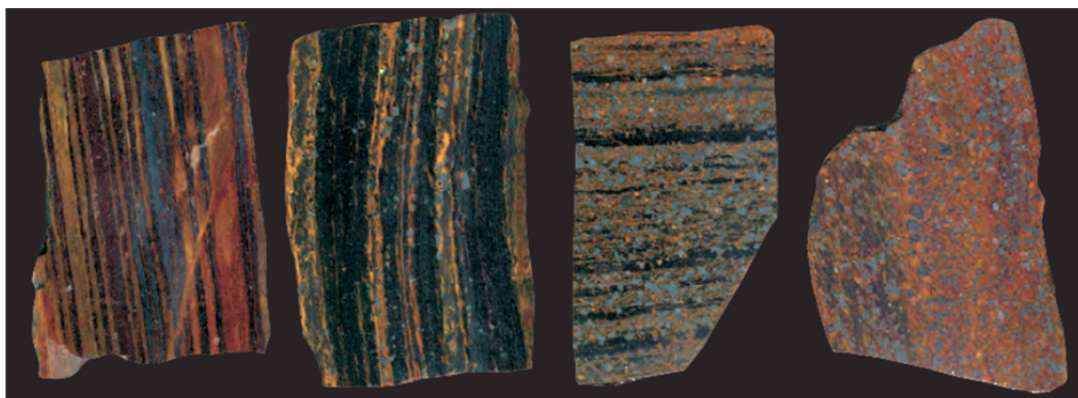
1. Coincident pathfinder element anomalies below zones of intensely altered BIF
2. Complete 2011 pre-collar with diamond tail intersecting a downhole EM anomaly and down plunge extension of mineralisation intersected in previous hole 11MWRC005.

Results will be reported as they come to hand.

**Contoured, normalized metal anomalies at Flinders, Tasman and Murchison Wonder**



Normalised metal anomalies have been calculated using a SQRT Score (square root score). The score is determined using a combination of percentile value, cumulative frequency for each element and sample type, linear relationships, weight given relative to the number of samples in each sample type with highly anomalous values and sample type.



**Increasing intensity of hydrothermal alteration** →

Changes in alteration in banded iron formation associated with VMS mineralisation (Photo: P. Duuring)

*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 and in the Extremadura region of Spain. The Company's current focus is on lode-gold, syn-tectonic copper-gold and volcanogenic massive sulphide (Cu-Zn-Ag-Au) mineralisation.

Silver Swan discovered the Austin Deposit at Quinns in late 2008. Austin contains 1.48Mt @ 1.02% Cu, 1.39% Zn, 0.24g/t Au, 3.31g/t Ag (Measured 463,000t, Indicated 703,000t and Inferred 318,000t).

The Company's recent emphasis has been on the discovery of further volcanogenic massive copper-zinc-silver-gold mineralisation at the Quinns VMS Project, lode-gold at Stakewell Gold Project and saddle reef hosted gold at its La Codosera Project in Spain.

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.

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