

31 July, 2012

Silver Swan Group Limited June 2012 Quarterly Activities Report

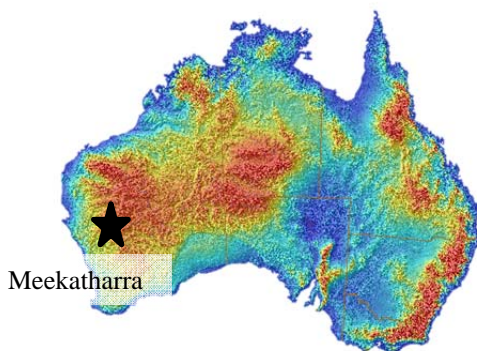
HIGHLIGHTS

- **Gold exploration programme underway at La Codosera Gold Project, Spain; auger orientation programme completed and diamond drilling to commence shortly targeting stacked gold lodes**
- **Diamond drilling at Flinders and Murchison Wonder, Quinns Project near completion**
- **Abbotts soil sampling continues to deliver encouraging gold and base metal anomalies**
- **Project generation activities continues in Spain and Portugal**

Silver Swan Limited (“Silver Swan” or “the Company”) is conducting exploration in the Meekatharra district of Western Australia and the Extremadura Province, Spain. The Company is focused on identifying economic volcanogenic massive sulphide (VMS) (copper-zinc) and high-grade gold mineralisation. The Company has completed an auger orientation survey at La Codosera gold project in Spain. Continuation of a regional auger survey over the project area has commenced and diamond drilling is expected to start in about one week.

Silver Swan’s programmed work during the June quarter comprised:

- International business development activities in Spain and Portugal.
- Geophysics and diamond drilling at Quinns
- Auger drilling at La Codosera
- Two long, gold in soil anomalies outlined in Abbotts



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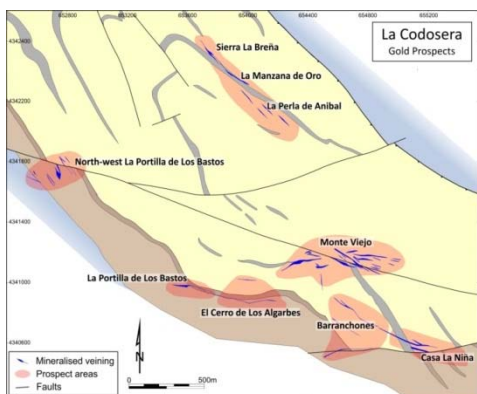
La Codosera Gold Project, Spain

Shear zone & shale-hosted gold mineralisation

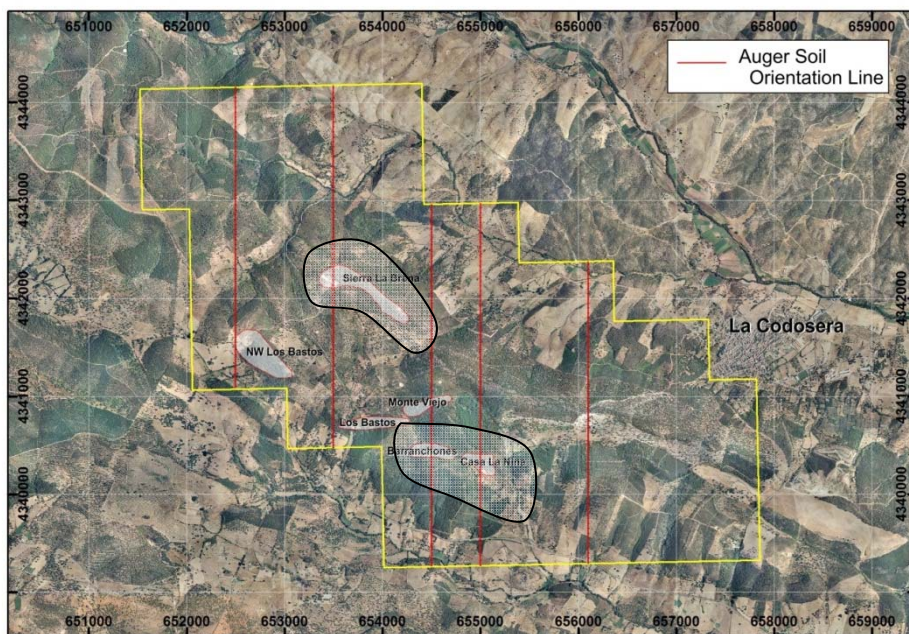
La Codosera gold project is located close to the Portuguese border in the northwestern-most part of the Badajoz Province. Silver Swan is in joint venture with Canadian listed Astur Gold (TSX-V: AST); the Company is earning up to 80% equity upon expenditure of \$3.0M, staggered as 51% upon completing expenditure of \$1.5M and a further 30% upon expenditure of a further \$1.5M.

La Codosera comprises five mineral permits (Afra, Buenavista, Breña, Monte Viejo and Sierra Lugar) covering an area of 1,851 hectares (18.5km²), located 40km from the provincial capital of Badajoz, in the Extremadura region of western Spain. The Extremadura region is known as a leader in mining industry support and one of the most famous historic gold districts in Spain.

Silver Swan has completed its initial geological and structural mapping at La Codosera, including an auger drilling orientation survey comprising five lines and 556 sampling points across Monte Viejo, Casa La Nina, Barranchones, Los Bastos and Sierra La Brena. This initial survey is designed to define geochemical pathfinder elements associated with gold mineralisation. The second phase auger programme currently in progress covers the entire La Codosera tenement area on 200m x 50m centres and 25m centres over selected areas. This survey is to define zones, trends and extent of gold anomalism. Drill holes have been planned for diamond drilling at Monte Viejo and its offset extension of Los Bastos. This drilling is due to commence in the first week of August.

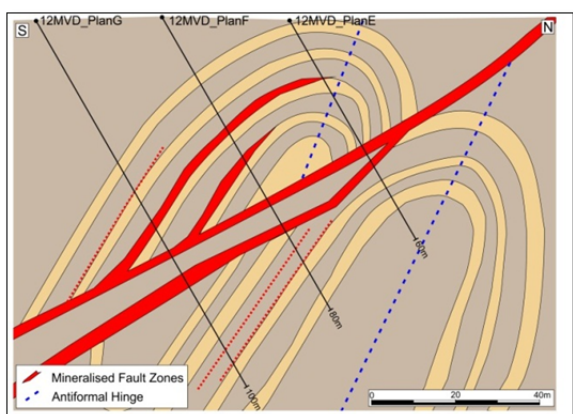


Above: map of the prospect areas at La Codosera.



Right: Tenement boundaries of La Codosera showing the five orientation soil auger lines completed. The areas of Sierra La Brena and Casa La Nina will have detailed auger sampling on 25m centres. This is currently underway. The rest of the tenement areas will be sampled on 200m lines and 50m centres.

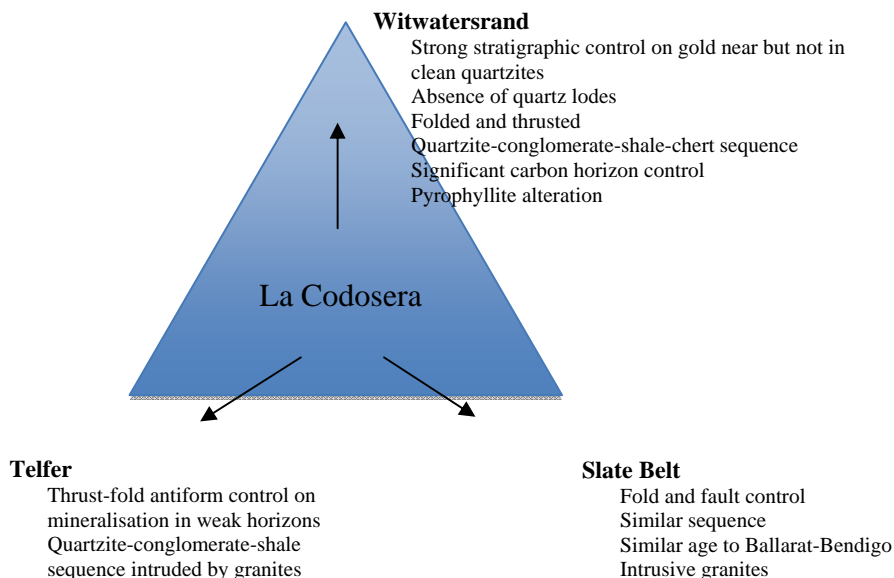
Below: one of three fences of planned diamond drill-holes at Monte Viejo designed to intersect gold mineralisation in quartzite host lithology, quartz veins and breccia.



Diamond drilling has been planned initially for the Monte Viejo and Los Bastos prospect areas. An initial twelve diamond drill holes for a total of 1500m have been designed to target a stacked lode gold system over a strike length in excess of 1km. Monte Viejo and Los Bastos are offset by ~ 200m wide corridor of NW-SE trending faults,

within which there is also untested mineralisation. Fences of shallow holes to be used in the program are designed to assess the number, thickness and continuity of potential gold lodes parallel to or cross cutting a folded slate-quartzite sequence. The initial programme will also inform Silver Swan's current structural model in order to target the potential for the system extending to depth. The initial programme will test mineralisation in the upper 150m from surface.

Deposit similarities for La Codosera include Telfer and the Slate Belt in Australia and the Witwatersrand in South Africa.



Quinns Project **Volcanogenic massive sulphide mineralisation**

Quinns is located 55km south of Meekatharra, covering a tenement area of ~45km². The Austin volcanogenic massive sulphide (VMS) discovery was made in 2009 and is located in the south-western part of the Quinns area.

- **Geophysics:** 7950 line metres of ground-based moving loop electromagnetic (MLEM) surveys were completed over priority targets at Flinders and Tasman with an additional 10,550 line metres completed in July at Tasman and Murchison Wonder. Eight in-loop and three slingram MLEM traverses were carried out at Flinders. The Company is attempting to identify copper-rich zones below both the banded iron formation and the zinc-pyrrhotite mineralisation intersected in previous holes. MLEM conductive zones have been identified at Flinders, Murchison Wonder and Tasman.
- **Drilling:** Diamond drilling commenced at Flinders. Two holes have been completed for a total of 712m. Drill-hole 12FLD008 was drilled to 337m and designed to follow-up on massive sulphide intersections in drill holes 11FLRCD003 & 005. The hole has intersected uneconomic grades of copper and zinc mineralisation. Drill hole 12FLD009 was drilled to 375m to intersect an MLEM conductor at ~ 335m depth, below the Flinders gossan, within felsic volcanic rocks, ~40m below and orthogonal to the BIF. This hole intersected 90m of strong chlorite and talc alteration. Down-hole EM will be carried out next week. Assay results are awaited.

Murchison Wonder diamond drill-hole 12MWD007 is currently in progress. A strong late time, discrete EM conductor (900S) identified over four traverses has been interpreted from the MLEM programme. The conductor source is estimated at 175m depth.

Abbotts Project

Gold and base metals exploration

The Abbotts tenement group comprises ten granted tenements for a total of 292km² (with five Mining Lease applications granted during the quarter). This large group of tenements is strategically located within 50km of the major Meekatharra gold mining district and Doray Minerals recent Andy Well Au discovery (831,000t @ 12.7g/t Au for 331,000oz Au). The Andy Well host structure is interpreted to cut the southern part of the Abbotts tenement package.

During the quarter a 761 sample multi-element surface soils programme was completed across E51/913, E51/1043 and E51/1278. The program was designed to follow-up on potential extensions to significant gold and base metals anomalies highlighted during the preliminary surface soils programme conducted during the March quarter, with a view to defining potential drilling targets.

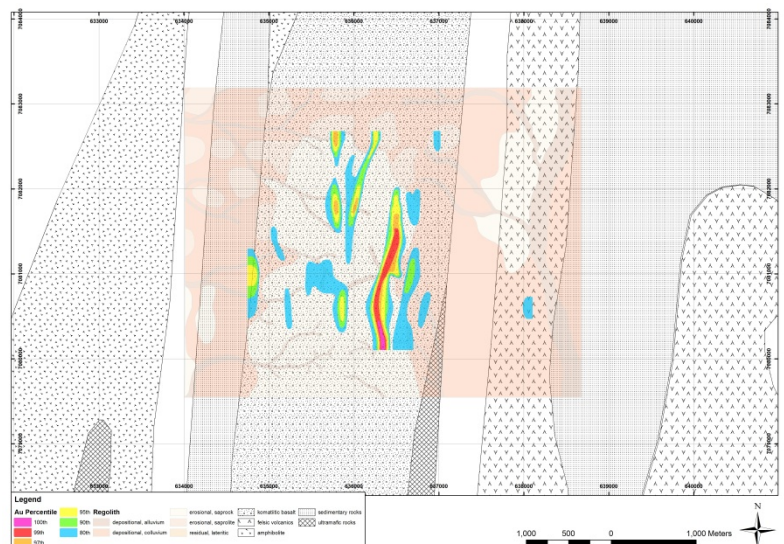
On E51/913 in the northern part of the tenement group, a significant, well defined, linear gold in soil anomaly has been identified over >1.8km strike length. This anomaly appears to be intensifying towards the south where it remains open and untested (and represents a priority follow-up target).

On E51/1043 in the southern part of the tenement group, the recent infill and extension soils program has confirmed another well-defined 2km long NNW trending linear gold in soil anomaly. This anomaly is interpreted to represent a mineralised structure at a high angle to the mafic stratigraphy in this region, while a second more diffuse gold in soil anomaly crosses this trending ENE, parallel to stratigraphy in this area.



Abbotts South: a 2km long gold in soil anomaly. Sample have been collected on 80m sapling centres and 200m line spacing.

Abbotts North: a 1.8km long gold in soil anomaly. Sample have been collected on 80m sampling centres and 200m line spacing.



Activities for the Quarter to September 2012

La Codosera Project (Spain)

Orogenic Slate Belt-hosted Gold

- Regional auger soil sampling programme (953 samples in Stage 1) – focussing initially on the known main mineralisation trend and then covering the entire project area on 200m line spacing and 50m centres.
- First pass diamond drilling (DDH) of Monteviejo prospect in August (13 shallow DDH's for ~1500m). Fresh bedrock is generally intersected at <5m and mineralisation commences from surface. As a result diamond core can be drilled from surface and shallow holes provide an effective assessment of both near surface structure and mineralisation.

Quinns Project (Meekatharra)

VMS - Base Metals

- Diamond drilling and associated down-hole electromagnetic surveys (DHEM) at Flinders and Murchison Wonder

Yagahong Project (Meekatharra)

Gold and Copper

- Exploration focussed on orogenic gold and structurally controlled Cu/Au targets with programmed work including:
 - Targeted surface sampling programme in areas under-cover
 - Follow-up drilling

Abbotts Project (Meekatharra)

Gold and Base Metals

- Complete additional soil sampling programmes to follow-up on gold in soil anomalies defined in earlier programmes which remain open along strike.
- Implement follow-up drilling programmes to test the source of well-defined linear gold in soil anomalies.

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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 styles of mineralization and types 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.

ABOUT SILVER SWAN

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