30 April, 2012

Silver Swan Group Limited
March 2012 Quarterly Activities Report

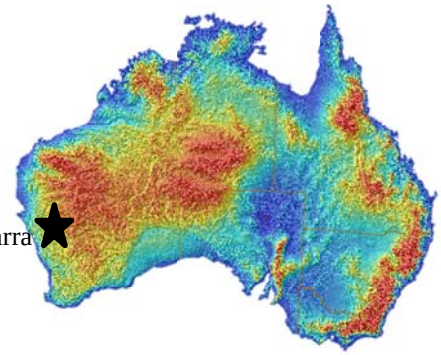
HIGHLIGHTS

- **Silver Swan signs Joint Venture with Canadian-listed Astur Gold over La Codosera Gold project in the Extremadura Region, Spain**
- **Gold exploration programme now underway over La Codosera Project**
- **Studies completed show that the Quinns district hosts an extensive and intensely developed hydrothermal alteration system**
- **Seven high priority VMS targets identified at Quinns**
- **Abbotts soils deliver encouraging gold & base metal anomalies**
- **Gold targets defined and ready for drilling at Stakewell**

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) mineralisation at its Quinns project, as well as high-grade and oxide lode gold at both Stakewell and Abbotts. The Company has also commenced exploration at its La Codosera gold project in Spain.

SWN's programmed work during the March quarter comprised:

- International business development activities resulting in La Codosera Gold joint venture in Spain.
- Completion of detailed alteration geochemistry across the Quinns area, and integration of this data with drilling and mapping results. Selective targets have been determined for a new drilling programme; this includes new targets as a result of the geochemistry.
- Completion of the Abbotts geochemistry programme
- Planning of exploration programmes for 2012.



Head Office
PO Box 869, Carning Bridge WA 6153
Unit 1, 15 Ogilvie Road, Mt Pleasant WA 6153
T +61 8 9316 0766
F +61 8 9316 0799
www.silverswangroup.com.au
info@silverswangroup.com.au
ABN 41 120 069 089

London Office
18 Pall Mall
London SW1Y 5LU UK
T +44 207 389 5015
F +44 207 389 5011

Quinns Project **Volcanogenic massive sulphide mineralisation**

Quinns is located 55km south of Meekatharra, covering a tenement area of ~45km^2. The Austin volcanogenic massive sulphide (VMS) discovery was made during 2009 and is located in the south-western part of the Quinns area. In April 2010 a maiden JORC Mineral Resource Estimate was defined comprising 1.48Mt @ 1.02%Cu, 1.39% Zn, 0.24g/t Au and 3.51g/t Ag, for **contained metal of 15,141 tonnes of copper, 24,376 tonnes of zinc, 167,518 ounces of silver and 11,545 ounces of gold**. Mineralisation occurs in fresh rock from 45m depth.

Drilling within the central to north-eastern part of the Quinns area has been encouraging having intersected three additional zones of massive sulphide mineralisation at Flinders, Murchison Wonder and Tasman. Quinns remains highly prospective, with favourable rock chemistry across the greater Quinns region. This underpins the Company's search for additional VMS deposits within the region. Quinns represents ~25km of strike potential for VMS mineralisation within two stratigraphic levels.

- During the latter part of 2011, the Company completed several drilling programs targeting VMS mineralisation at the Flinders and Murchison Wonder prospects, successfully intersecting multiple massive sulphide intersections containing variable amounts of metal.

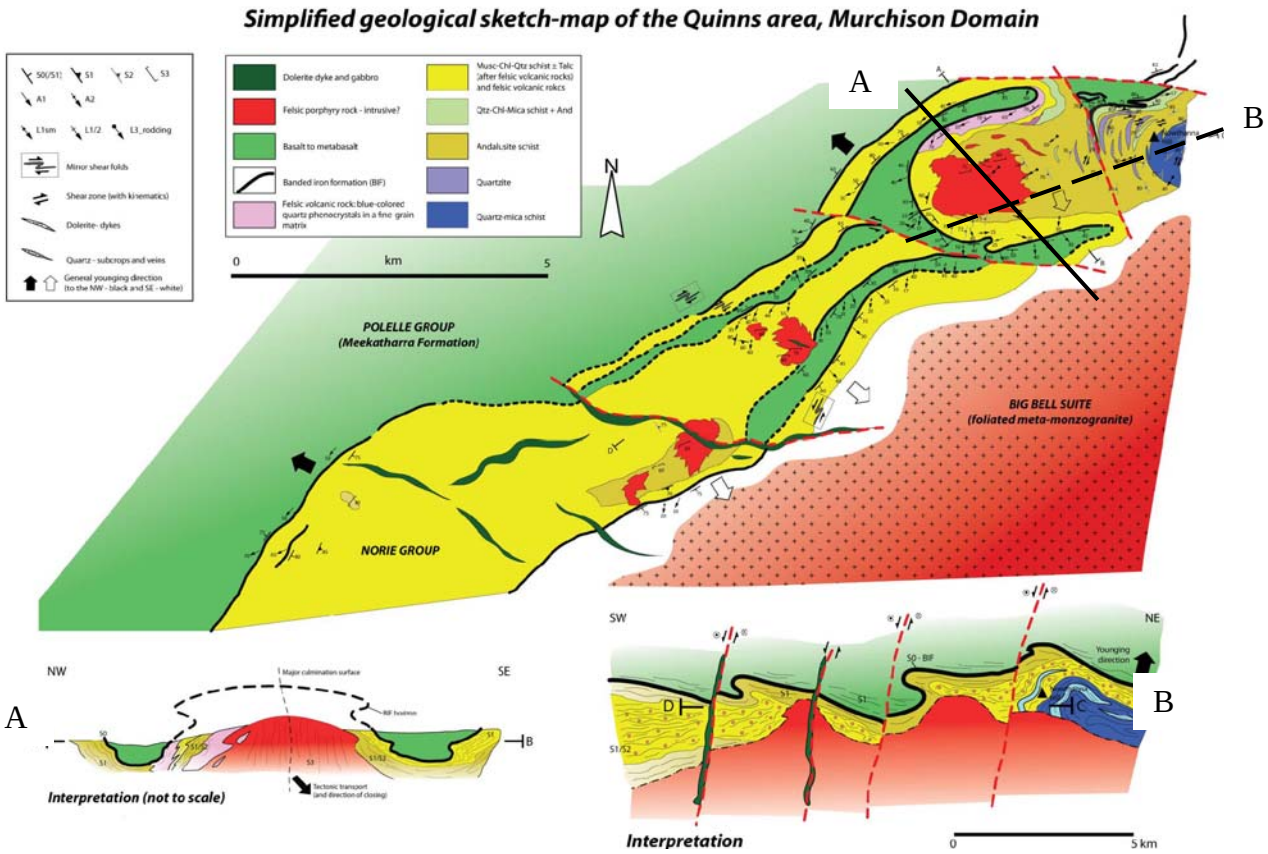
  The best result was recorded in 11FLRCD003 with 10m @ 4.7 % Zn from 247-257m including 6m @ 7.0% Zn, 4m @ 0.5% Cu and 1m @1.3% Pb. Other results included 5m @ 1.3% Zn from 333m & 6m @ 0.3% Cu from 336m in 11FLRCD004 and 8m @ 1.2% Zn including 1m @ 5.1% Zn from 252m in 11FLRCD006. *(ASX announcement of 15 December 2011)*

- Recently completed alteration geochemistry and structural mapping was designed to identify previously unrecognised prospective lithological positions and provide vectoring to VMS mineralisation based on down-hole alteration intensity in areas that have been drilled and where sulphide mineralisation has been intersected. This programme has been successful, highlighting several new prospective zones at Flinders, Murchison Wonder and Tasman.

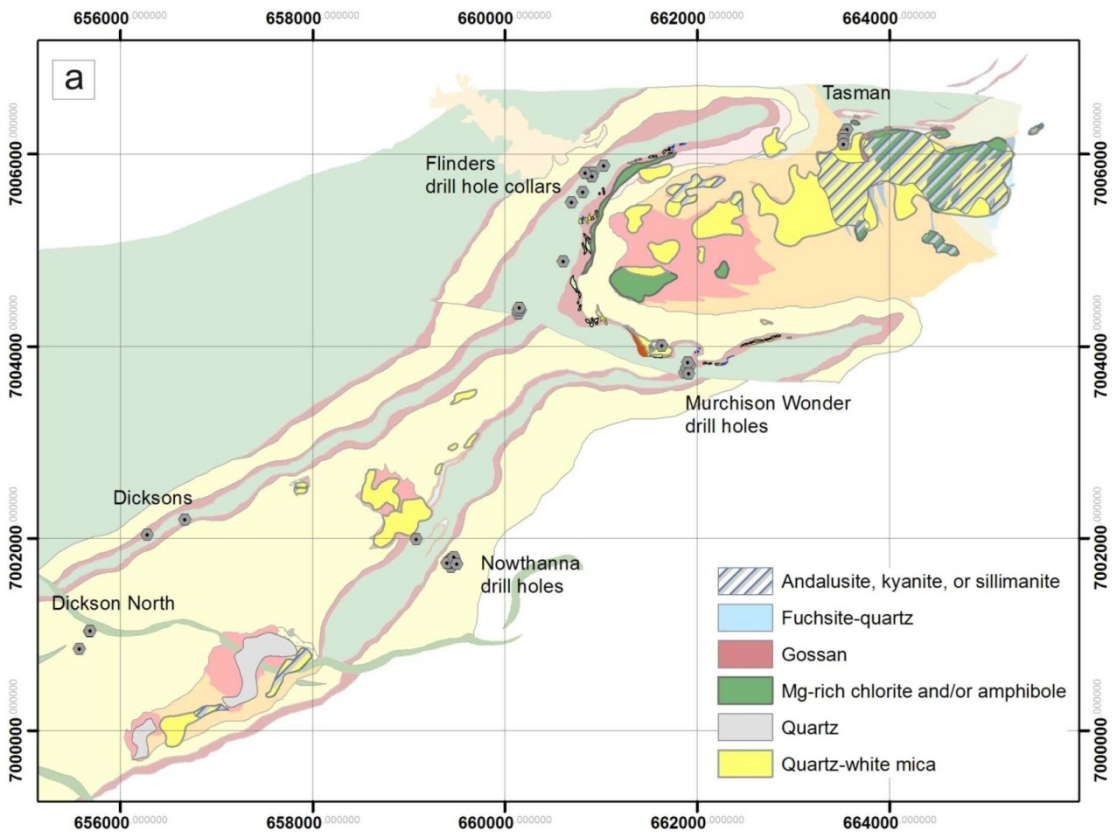
An extensive and multi-faceted alteration geochemistry study was completed during the quarter and has confirmed that the Quinns district is host to a visually extensive and intensely developed sea-floor hydrothermal alteration system, which has underscored the potential for the Quinns Project to deliver further discoveries of additional VMS cells.

In all, 419 surface rock chips and 519 drill sample pulps were analysed for a 47 element suite. Eleven high priority exploration targets have been developed from this work. The targets variously exhibit favourable stratigraphy, areas of folding, co-incident electro-magnetic anomalies and favourable alteration geochemistry and mineralogy.

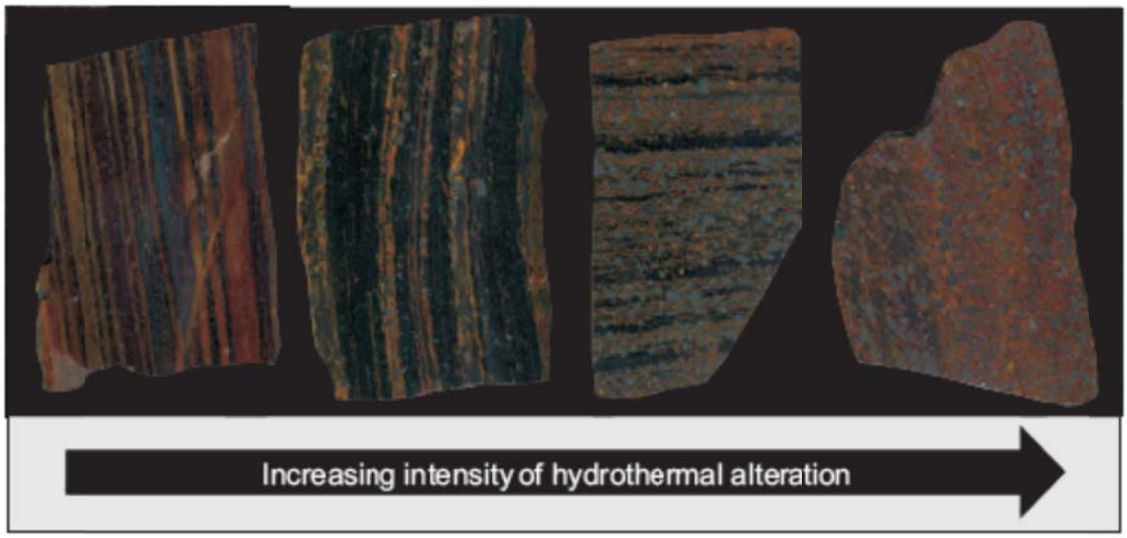
The Silver Swan board will shortly be reviewing recommendations for the 2012 field season.



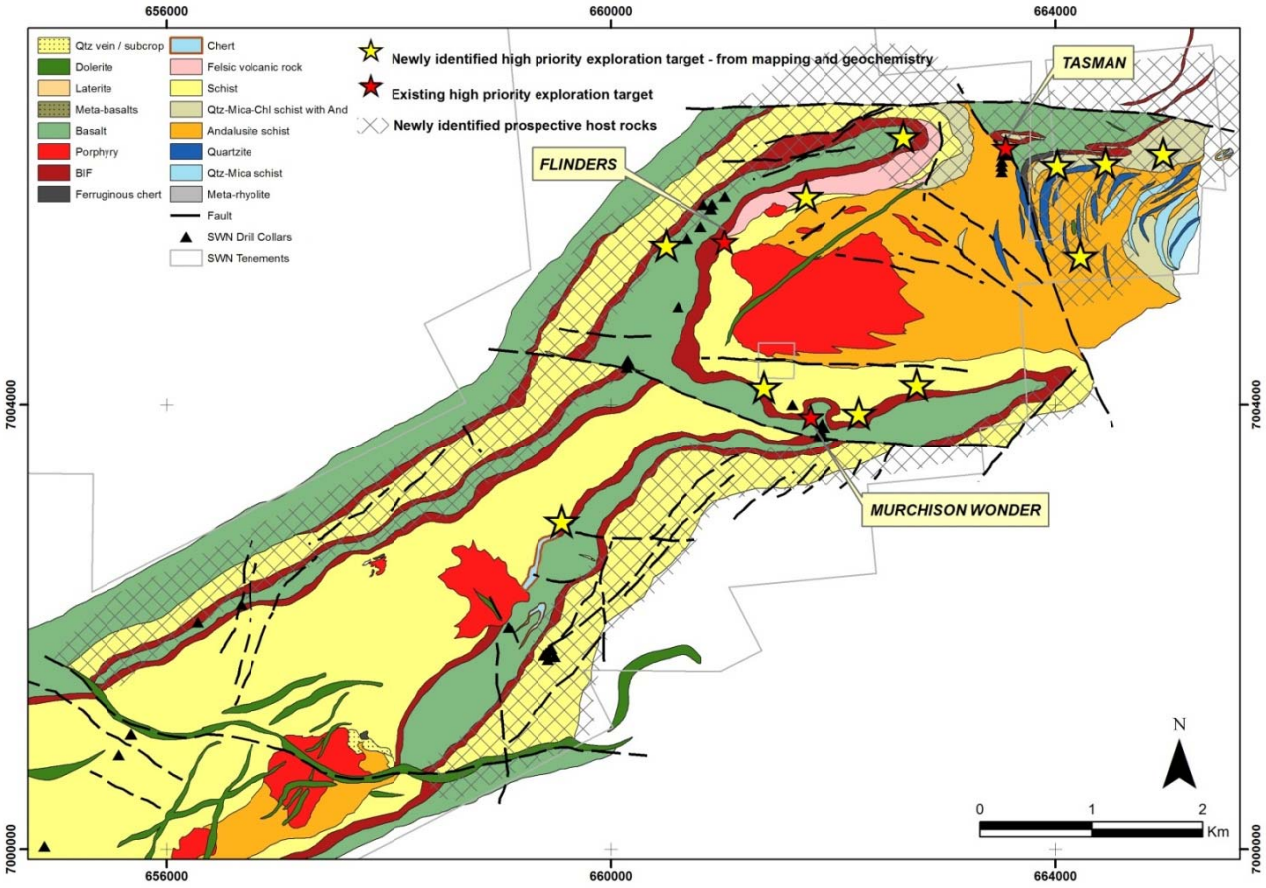
Simplified geology of the Quinns area, showing a NW-SE cross-section (A) and a SW-NE section (B). Austin is off the map to the south. Mapping by M. Zelic.



The areas shaded green are zones of Mg-chlorite alteration. This is a key alteration mineral related to VMS mineralisation and is specific to Tasman, Flinders and Murchison Wonder, as well as to the east of Tasman.



Alteration of BIF is being tracked along all areas of outcropping rock. Zinc mineralisation is located beneath the BIF. Photo & alteration work by P. Duuring.



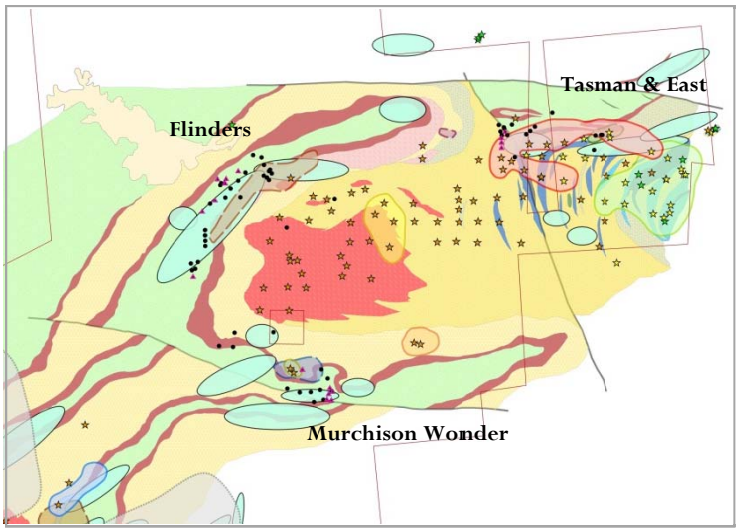
Hachured areas outline the favourable felsic stratigraphy and the yellow stars highlight target areas for further exploration.

Target areas at Quinns:

1. Tasman and Tasman East, in particular the northern basal contact of the BIF and the nearby interpreted fold hinge.

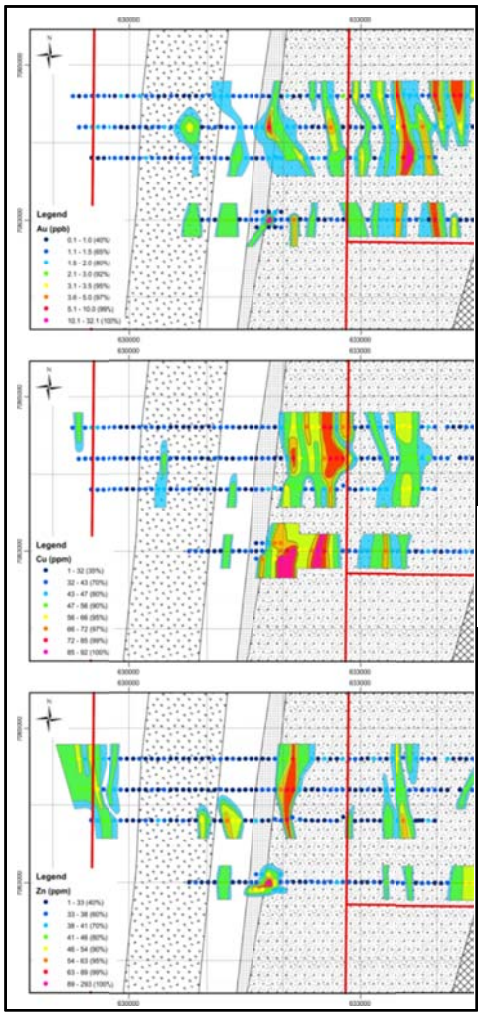
2. Flinders prospect - the footwall contact east towards Finders gossan, and towards the mapped fold hinge.

3. South of Austin where there is an increasing enrichment gradient from east to west of pathfinder elements in RAB drilling south of Austin.



Abbotts Project **Gold and base metals exploration**

The Abbotts tenement group comprises five granted tenements for a total of 265km^2 and five Mining Lease applications totaling 27km^2. This large, contiguous 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 unexplored southern part of the Abbotts tenement package.



The entire tenement package, with the exception of the Mt Vranizan Au system, is considered an important early-stage, greenfields exploration play for gold and base metals.

A preliminary multi-element surface soil sampling programme of 458 samples was completed in December 2011. The programme has successfully identified five coherent gold-in-soil anomalies and six base metals anomalies on an initial sampling grid of 400 x 80m. The anomalies are open along strike, indicating >800m strike length to some zones.

Stakewell Gold Project **Lode-gold mineralisation**

Stakewell is located 50km south of Meekatharra along the Great Northern Highway and has the potential for high grade underground gold beneath and adjacent to the historically mined Kohinoor pit. Stakewell also has untested near-surface oxide gold mineralization potential at ~14 identified anomalies across the tenement group, including historic results from Munara Gully indicating significant shallow-dipping mineralization. Munara Gully is located west of the main Stakewell Tenement Group.

Work completed during the March quarter includes:

- Processing and interpretation of an extensive down-hole portable XRF (pXRF) dataset. This has provided alteration indices and pathfinders for gold mineralization. The programme was successful in identifying a suite of elements that define the alteration haloes around known vein-related basalt-hosted gold mineralization (oxide & fresh). As a result, the pXRF will be routinely used to provide an alteration geochemistry footprint control for on-the-fly assessment of drilling effectiveness leading to greater targeting accuracy and flexibility.

- Confirmation of the priority of two near-surface oxide drilling targets identified during the December quarter, as well as the need to prioritise follow-up shallow-dipping mineralisation reported in historic drilling from the Munara Gully tenement.

- A further 11 geochemical anomalies have been highlighted for further work.

La Codosera Gold Project, Spain **Shear zone & shale-hosted gold mineralisation**

During the quarter, Silver Swan signed a legally binding Joint Venture Heads of Agreement with Toronto-listed Astur Gold Corporation (TSV:AST) to earn up to an 80% interest by expending AUD$3.0M on Astur's La Codosera gold project, situated within the Badajoz Province of the Extremadura Region in Spain.

La Codosera comprises five mineral permits (Afra, Buenavista, Breña, Monteviejo and Sierra Lugar) covering an area of 1,851 hectares (18.5km^2), located 40km from the provincial centre 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.

The area was mined by the Romans about 2,000 years ago and the workings are considered contemporaneous with other Roman mining operations including the Salave project (hosting a 1.68Moz Measured and Indicated Resource) currently being developed by Astur Gold in the Asturias region to the north. The rocks of La Codosera can be correlated with similar sequences elsewhere in Central Spain hosting gold and antimony.

Key terms of the Joint Venture are as follows:
Silver Swan will expend on exploration a total of AUD$3.0M for an 80% interest in the project, staged as follows:

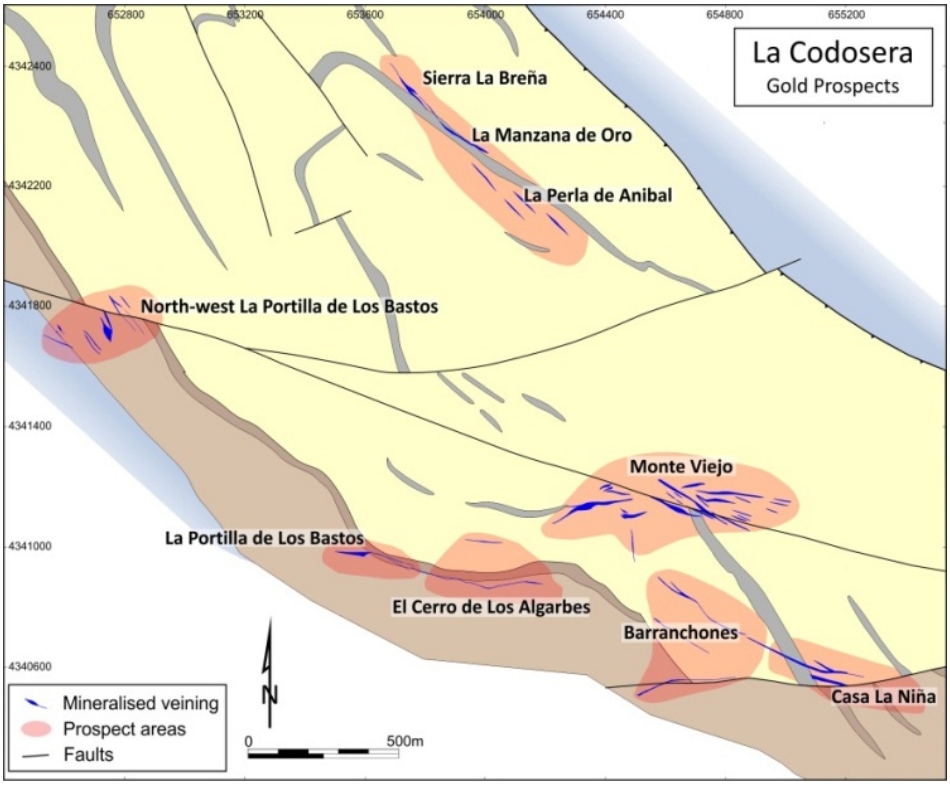
- $1.5M expenditure to earn 51% within a period of three and a half years (including $500,000 minimum expenditure commitment to be expended within a period of 14 months)
- $1.5M expenditure to earn 80% within a period of five years

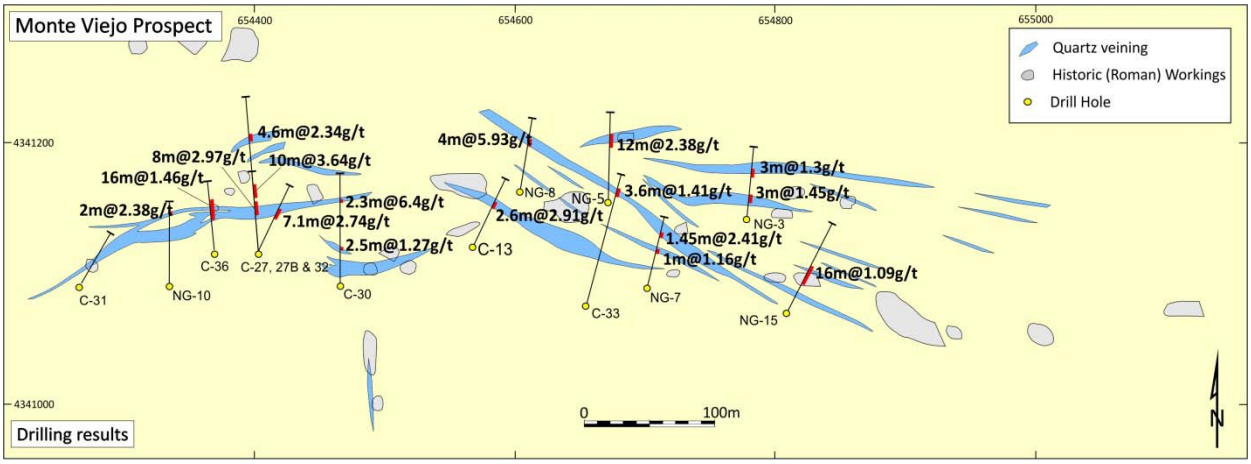
In addition, Silver Swan will issue to Astur up to $1,000,000 worth of Silver Swan shares in $500,000 tranches, conditional upon the project achieving Indicated JORC Resources of 500,000oz gold and 1,000,000oz gold respectively. The value of shares will be calculated on a 10-day VWAP. *(ASX announcement of 27 March 2012)*

At La Codosera, there are at least eight gold occurrences, Roman hard rock and alluvial workings and importantly, large undrilled areas. Gold mineralisation comprises quartz vein systems within Devonian-Carboniferous age quartzites, slates and greywackes, proximal to Permian granites. The most recent exploration activity at La Codosera was carried out by the Spanish Geological Survey approximately 20 years ago. Geological mapping and diamond drilling returned high-grade gold results that are tabled below.

Diamond Drillhole Results

DDH	From (m)	Thickness (m)	Au (g/t)
C-27B	44.1	10.0	3.64
C-27B	71.7	4.6	2.34
NG-11	33.2	2.0	2.49
C-30	25.4	2.3	6.44
C-36	17.0	16.0	1.46
C-27	40.0	8.0	2.97
NG-01	31.5	2.0	3.44
NG-08	19.6	4.0	5.93
C-24	52.5	3.65	3.54
NG-05	27.3	12.0	2.38
C-32	20.4	7.1	2.74
C-30	2.0	2.5	1.27
NG-15	11.35	16.0	1.09





The eight known mineralised prospects within the La Codosera are:

1. Monte Viejo (Old hill) - consists of Roman-era workings exposing gold-bearing veins within the hinge zone of folded stratigraphy. Gold mineralization is associated with silicic alteration of the host rocks and has returned gold values ranging from 1.5 to 6.5 g/t Au.

2. Casa La Niña is the eastern extension of the Monte Viejo zone, with values ranging from 1.2g/t to 4.2g/t Au.

3. Los Bastos is the western extension of the Monte Viejo zone, with values ranging from 1g/t to 3.5g/t Au.

4. Barranchones (Big Ravines, Gully) situated south of Monte Viejo, contain the biggest Roman open pits in the area, of >200 metres length and between 50-100 metres wide. The Romans were mining consolidated colluvium eroded from the main Monte Viejo prospect. Trench results range from 0.5g/t to 8g/t Au.

5. La Breña gold occurrences are associated with (saddle reefs) folded stratigraphy and SE faults, situated about 1 km north of Monte Viejo. Trenching results range from 0.6g/t to 11.4g/t Au.

6. La Perla de Anibal (Hannibal's Pearl) prospect comprises narrow quartz veins exposed over 100 metres in outcrop. Samples of the vein system returned up to 7.2 g/t Au. Higher grade gold is recorded from the intersection of the main vein system and cross-cutting vein bearing structures.

7. El Cerro de los Algarbes (The Algarbes Hill). Gold discovered in the veins reaches 3.4 g/t Au.

8. La Manzana de Oro (The Golden Apple) prospect comprises Roman-era workings along a NE-oriented vein system with gold recorded from the vein up to 9.2 g/t Au.

Geological mapping has commenced on the project area and is expected to take about six weeks to complete. This initial programme will pay particular attention to mineralisation style and vein system control, and the inter-relationship of mineralisation between each of the prospect areas in order to help establish mineralisation continuity.

The primary aim of the initial structural mapping and sampling program will be to define priority drill targets and optimal drilling directions for a major, staged drilling campaign scheduled for the Northern Hemisphere summer.

Development of an exploration operations base in Spain which is capable of supporting a significant exploration program at La Codosera is underway.

For further information please contact:

Mr David Archer
Chairman
Tel: +44 774 7777911

Dr Susan Vearncombe
Managing Director
Tel: +61 8 9316 0766

Email: admin@silverswangroup.com.au
Website: www.silverswangroup.com.au

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.