

SWN ASX Release
27th June

Sulphide mineralisation intersected at the new Flinders Prospect

- **First hole at Flinders intersects sulphide mineralisation within intense hydrothermal alteration**
- **Multiple significant electromagnetic conductors at new Flinders prospect**
- **Strong FLEM VMS-type conductor identified at Murchison Wonder**
- **Strong DHEM conductors at Murchison Wonder**
- **Potential gold target at Murchison Wonder – stacked quartz veins intersected over 80m**

Silver Swan is focusing its current search for new Volcanogenic Massive Sulphide (copper-zinc) mineralisation in the northern part of the Quinns project area, 55km south of Meekatharra (Figure 1).

The Company has completed a substantial, targeted programme of surface fixed loop (FLEM) and down-hole electromagnetic (DHEM) surveys at Quinns. This is motivated by the conjunction of anomalous surface copper-zinc geochemistry, airborne electromagnetic anomalies, historic drilling results and highly-altered surface stratigraphy.

The electromagnetic surveys have covered areas at Flinders, Murchison Wonder, Dicksons North and Nowthanna prospects; this has been followed-up with diamond and RC drilling resulting in extremely encouraging visual results that include:

- intersections of semi-massive sulphide and a wide zone of intense alteration at Flinders; and
- intense alteration, a very strong FLEM and two very strong DHEM conductors at Murchison Wonder.

Assay results from diamond and RC drilling and FLEM results from Flinders are pending.

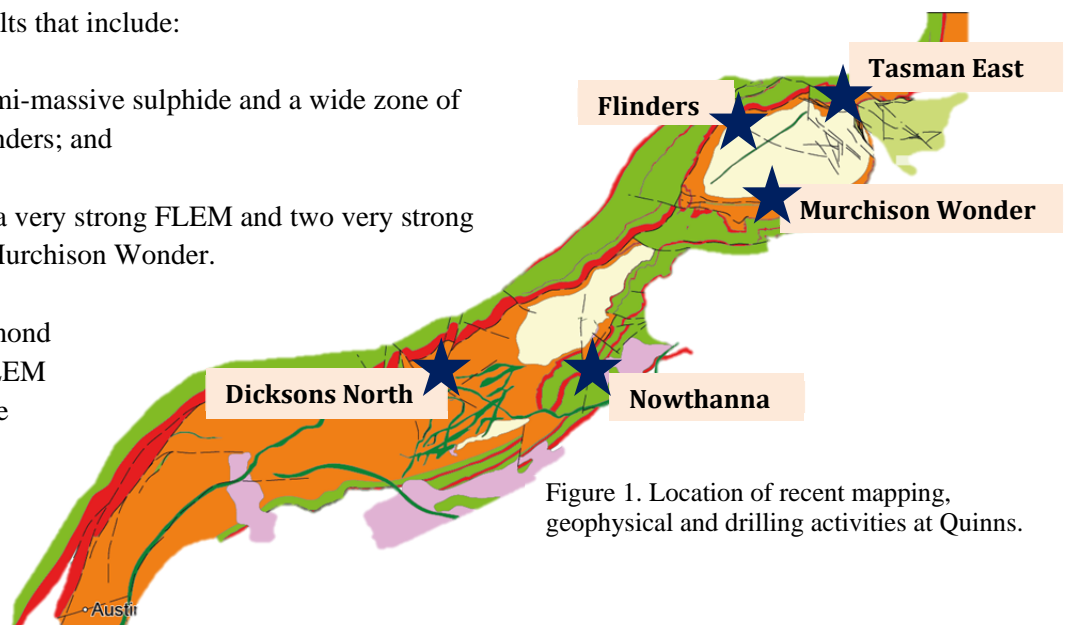
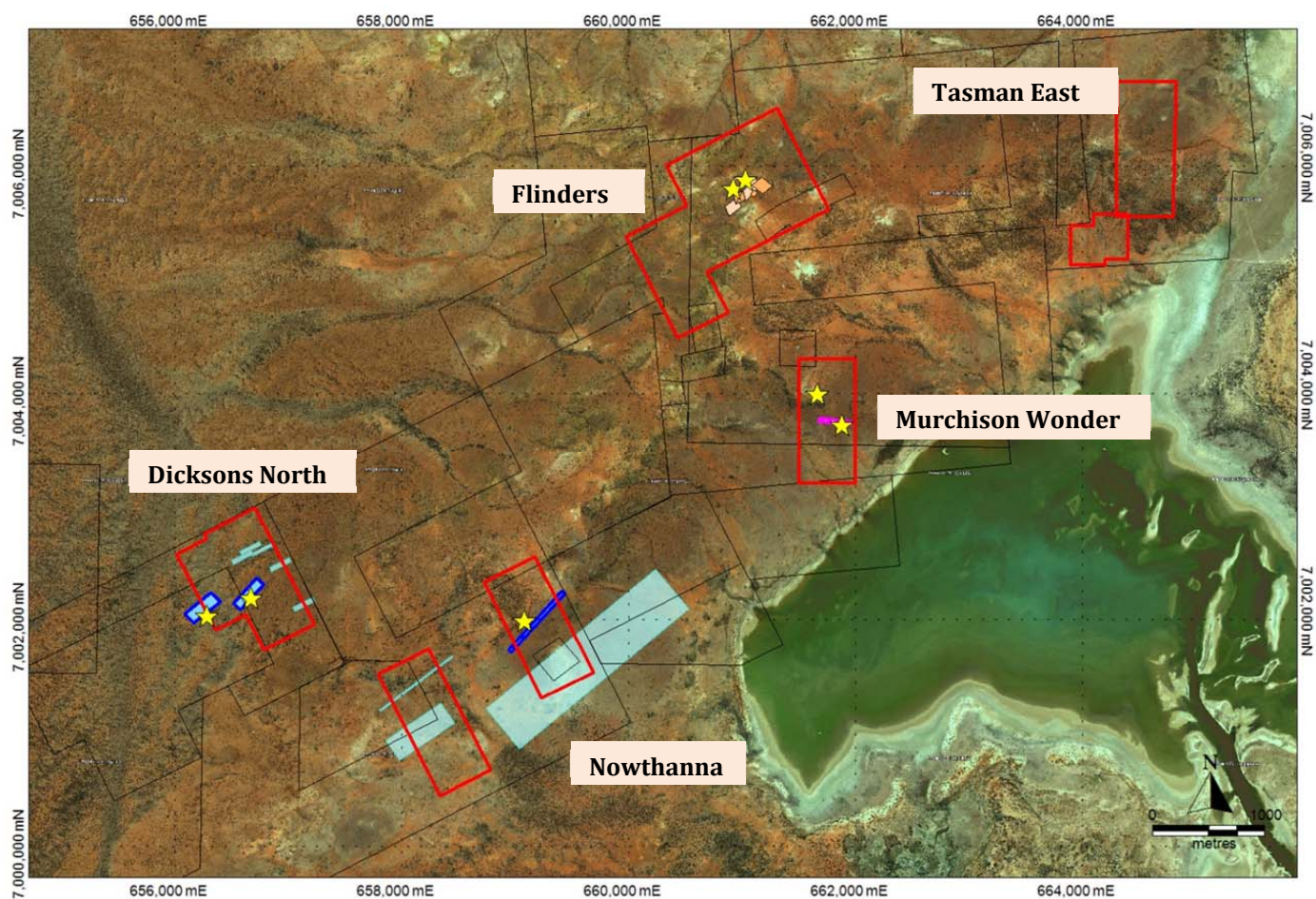


Figure 1. Location of recent mapping, geophysical and drilling activities at Quinns.

Figure 2. Areas of geophysical surveys, drilling locations and geological mapping at Quinns.



2011 SWN Activities

★ SWN Drill Hole

Surface EM Surveys

Red outline FLEM Survey

FLEM Plates

Pink Strong Bedrock
 Blue Low - Moderate Bedrock
 Cyan Weak Bedrock / Cover?

DHEM Geophysics

Orange DHEM Plates

Flinders

The Flinders prospect is located in the northern part of the Quinns project area. This is a lateral position to the Tasman prospect where drilling intersected 6.0m at 3.0% Zn. The Flinders prospect has a surface expression with a large (100m x 30m) gossanous and ferruginous outcrop known as the Flinders Gossan and structural elements indicating a plunge shallowly to the west.

Five historic drill holes (drilled by CRA between 1988 & 1991) intersected low levels of zinc and copper mineralisation. These holes have narrow zones of semi-massive to massive sulphide with sphalerite and chalcopyrite with associated magnetite-pyrrhotite-pyrite alteration. The CRA holes remain open; this has enabled Silver Swan Group to conduct DHEM on four of the holes.

Silver Swan is targeting off-hole conductors that may represent economic massive sulphide mineralisation. Three of the five historic CRA holes surveyed returned significant off-hole conductors. Silver Swan has drilled one diamond hole (11FLD001) that has intersected 30m of intense alteration from 256m with a 12m wide zone of sulphide mineralisation; this hole has returned a strong off-hole conductor (Figure 3).

Importantly, the intensity of alteration and coarse magnetite is similar to that at Austin where such alteration is usually only a few metres away from high-grade sulphide mineralisation.

Recently completed down-hole electromagnetics on the hole returned a strong conductor only 10-15 metres away, down-plunge to the southwest (YELLOW plate) at a depth of ~270-280 metres. This off-hole plate has double the conductive intensity of the other DHEM conductors identified at Austin.

The DHEM all indicate a plunge to the southwest. This is consistent with the trend in the VTEM signatures and the plunge of the Flinders gossan that lies directly northeast.

A further campaign of drilling is required to adequately test these and other conductors.

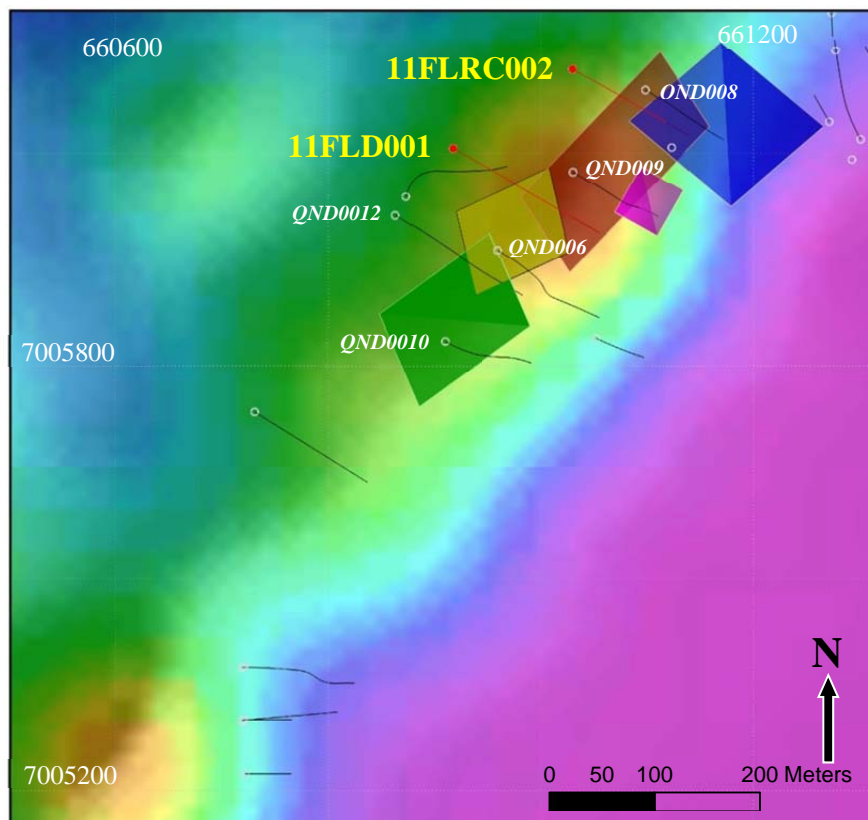


Figure 3. Flinders prospect showing an airborne electromagnetic (VTEM) image overlain by the DHEM conductor plates, two holes drilled by Silver Swan Group (red lines) and historic drill holes (black lines). The historic holes in the SW corner appear to have been collared East of the target stratigraphy and historic holes to the north appear to have been drilled over the top or largely East of the conductive plates.

Holes QND006 and QND012 - off-hole conductors located below the holes and to the NE (red plate; conductor plate plunges -30° SW = the plunge of both the Flinders gossan and a VTEM anomaly.

Hole QND009 - two off-hole conductor responses located below the hole and to the NW and SW (red plate and the partially overlapping maroon plate respectively).

QND008 - on-hole' conductor migrates to a large off-hole conductor, interpreted to be off-end to the hole, near vertical and predominantly below to the NE (blue plate).

QND010 – off-hole conductor located below the hole and towards the southwest (green plate).

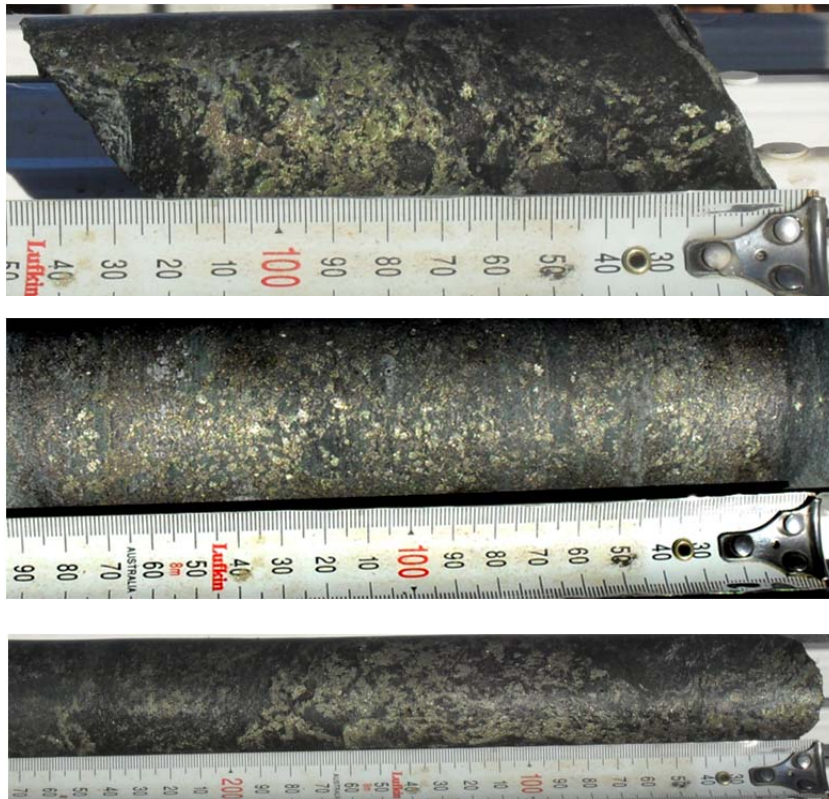


Figure 4. Mineralised core from 11FLD001. The sulphides are not expected to return significant economic intersections. The importance of this intersection is the 30 metre wide zone of intense carbonate-chlorite-talc alteration indicative of proximity to potential economic mineralisation.

Murchison Wonder

Recently completed detailed geological mapping has identified surface alteration indicative of proximal volcanogenic massive sulphide mineralisation (VMS) as seen at the Austin VMS deposit, with a superimposed gold alteration.

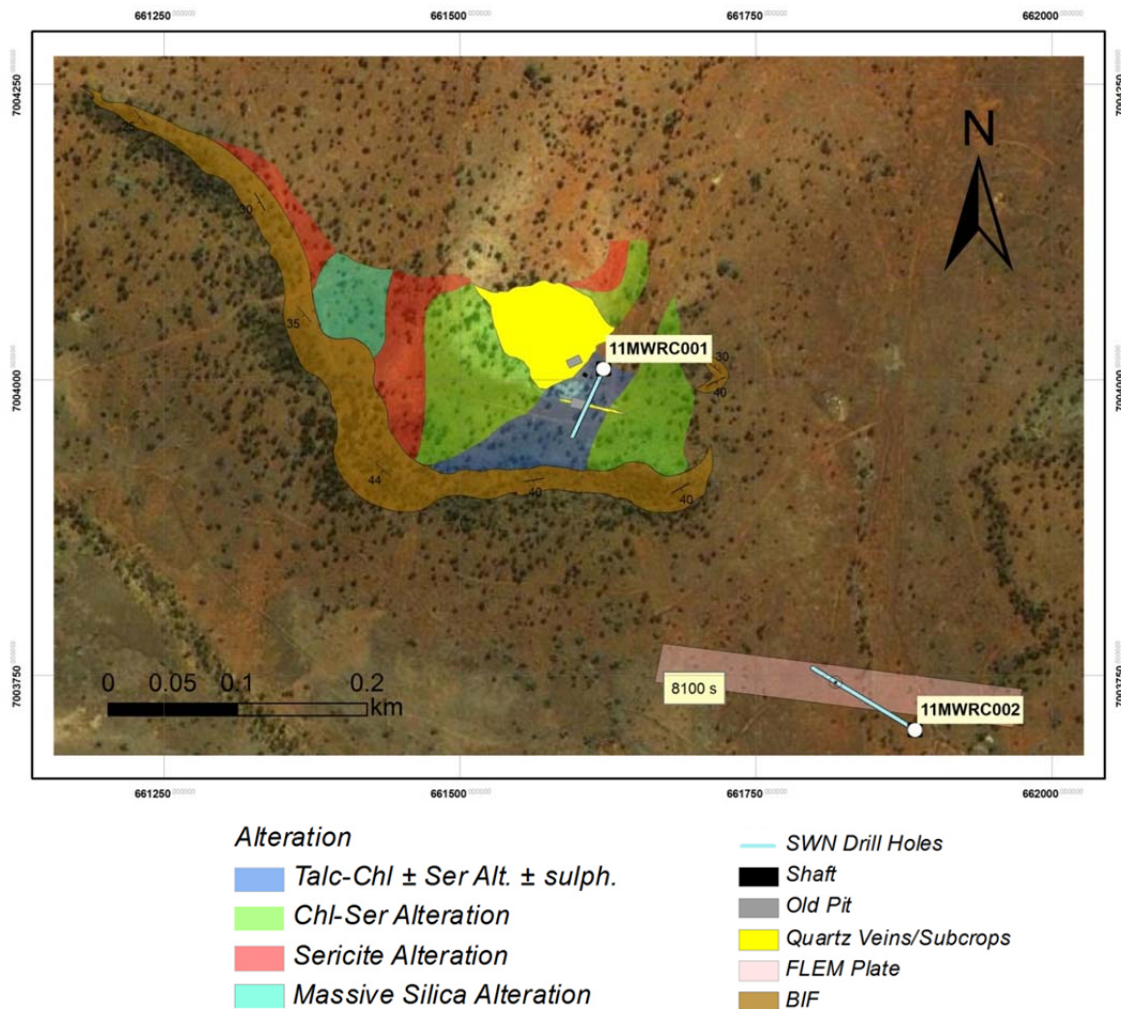
Silver Swan has drilled two RC holes at Murchison Wonder (11MWRC001, 002, Figure 5). The first hole is through a sequence of stacked quartz veins to test gold potential and separately, determine if the gold in the area is related to a gold-rich VMS system. Stacked quartz veins have been intersected from 50 to 130m depth (commonly 10m thickness and up to 20m thickness). Results are awaited.

RC hole 11MWRC002 was drilled into a persistent, highly conductive (8100S) FLEM conductor dipping shallowly south, plunging east. DHEM down this hole has defined two off-hole conductor plates; the larger plate has re-defined more precisely the location of the FLEM plate (~20m to the north). The second highly

conductive plate (8700s) is 15m west of the hole. RC hole 11MWRC002 is drilled ~300m SE of 11MWRC001. Results are awaited.

The DHEM plates at Flinders and Murchison Wonder are priority 1 drill targets.

Figure 5 Intense alteration of sericite, chlorite and talc mapped at surface at the Murchison Wonder prospect. The strong FLEM conductor sits to the SE.



Dicksons North, Nowthanna and Tasman East

Fixed loop programmes and drilling have been carried out on VTEM anomalies across Dicksons North, Nowthanna and Tasman East with follow up work to continue to test for economic mineralisation.

The Company has carried out substantial exploration this quarter; it has developed well-conceived targets at Quinns for new VMS mineralisation and high-grade gold mineralisation at its Stakewell project. The Company is looking forward to further drilling at its Flinders, Murchison Wonder and Stakewell projects as a priority.

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.

Silver Swan Group background

Silver Swan Group Limited, based in Perth, has key projects in the Meekatharra area of the Murchison province, in WA. The company is seeking polymetallic targets with a focus on lode gold, copper-gold and volcanogenic massive sulphides in Archaean and Proterozoic terrains.

In the Meekatharra area, much of the production of the late 1800's came from Silver Swan's tenement area at Stakewell (Kohinoor), 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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