

30th July 2010



Silver Swan Group Limited

June Quarterly Activities Report

JUNE QUARTER HIGHLIGHTS

- ✦ **Diamond-drillhole 10ATD001 at Austin intersects long, high-grade mineralized intervals to 450m downhole including copper up to 17%, and zinc up to 46%. (announcement dated 21st June 2010)**
 - ✦ **Geophysical data (DHEM) supports an expectation that the Austin Cu-Zn body continues and remains open at depth, down the plunge, beyond 450m. (announcement dated 20th July, 2010)**
 - ✦ **Diamond drilling at Austin recommenced on 24th July to test mineralization for a further 300m down plunge, leading to an upgrading of the current JORC resource estimation.**
 - ✦ **New, untested magnetic targets immediately south of Austin have been identified for RAB drill evaluation during the next quarter.**
 - ✦ **Detailed geological mapping and interpretation of the Austin–Quinns area continues, aiming to define new VMS and structural, gold and base metal targets.**
 - ✦ **Banded Iron samples from Stakewell assay between 25% and 65% Fe_{Tot}**
 - ✦ **Earlier phase of reverse circulation and diamond drilling completed at Austin, Quinns, and Yagahong-Copper Hills (targeting VMS and copper-gold mineralization).**
 - ✦ **Exploration team strengthened with 3 experienced exploration geologists joining the Company in the quarter.**
-

Silver Swan Group Limited (ASX: SWN) presents its Activity Report for the Quarter ended June 30, 2010.

Exploration Activities

Quinns Project Area (84km², 100% owned by SWN)

1: Austin Copper-Zinc Deposit

Two deep holes were drilled into the Austin volcanogenic massive sulphide Copper-Zinc deposit this quarter. The holes intersected high grade Cu and Zn zones. Subsequent DHEM geophysical surveys have indicated that sulphide mineralization remains open at depth and may continue beyond 600m down plunge. Summary assays for drillholes 10ATD001 and 10ATRC002 are as follows:

♠ High grade **copper** and **zinc** mineralization in hole **10ATD001**:

58m @ 2% Cu from 148m including:

5m @ 10% Cu, 2m @ 17% Cu

38m @ 14% Zn from 105m including:

2m @ 46% Zn, 6m @ 33% Zn, 2m @ 25% Zn, 2m @ 24% Zn

24m @ 5% Zn from 427m including:

3m @ 10% Zn, 3m @ 8% Zn, 2m @ 7% Zn

♠ High-grade **gold** and **silver** mineralization in hole 10ATD001:

58m @ 8.6g/t Ag & 0.4g/t Au from 148m including 5m @ 36g/t Ag & 2g/t Au

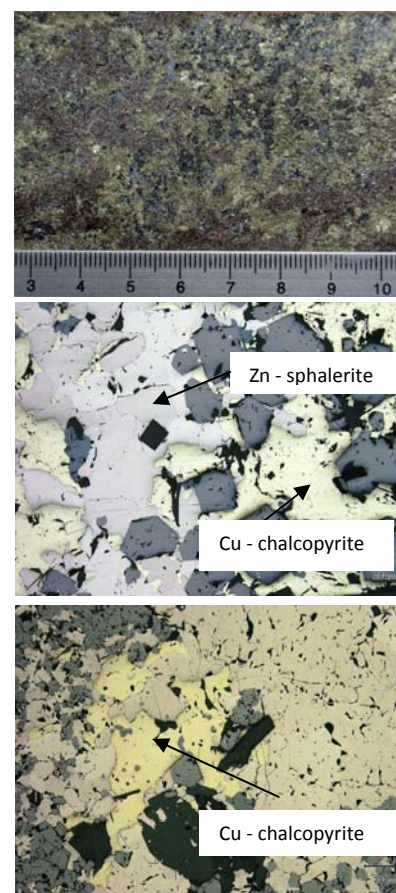
2m @ 62g/t Ag & 3g/t Au

♠ High-grade **copper** and **zinc** mineralization in hole **10ATRC002**:

10m @ 11% Zn from 296m including 4m @ 22%, 2m @ 30% Zn

2m @ 3% Cu, 11g/t Ag, 0.6g/t Au

2m @ 1.3% Cu, 6g/t Ag, 0.4g/t Au



The company is greatly encouraged by the interpretation from a new down-hole EM (DHEM) survey in diamond-drillhole 10ATD001 at Austin, indicating that the Cu-Zn deposit remains open more than 500m down the plunge. The deepest Zn-dominated mineralization intersected in 10ATD001 assays 24m @ 4.7% Zn, which includes 3m @ 10% Zn, 3m @ 8% Zn, and 2m @ 7% Zn. This zinc-rich intersection is not conductive and detectable by the EM surveys. This suggests that EM responses near this intersection are attributed to other conductive sulphide bodies, such as copper, in close proximity. Furthermore, the conductive sources are considered most likely to be thick masses, with variable conductivity along the bodies. Mineralization in higher levels of the deposit has many similarities with this interpretation, with thicker bodies of base metal sulphides present.

The reassurance that conductors are present to depth warrants testing these deeper zones by drilling. The increasing depth to specific targets requires direction-controlled drilling as the deeper zones are targeted. For this reason, SWN intends to employ accurate and directional drilling designed to intersect pre-determined positions, calculated from present geological data and down-hole geophysical results. Multiple intersections are planned using wedging and navi drilling techniques to hit these pre-determined positions. New DHEM surveys will be conducted on the initial holes targeting the deeper mineralization to improve the target definition with the ongoing drilling. The new drilling at Austin commenced on 24th July and is expected to continue through much of the next quarter.

2. Quinns Regional

The recently completed Austin drilling was part of a larger drilling program which targeted regional prospects in the Quinns and Yagahong project areas. During this second quarter of 2010, SWN completed three diamond holes in the Quinns area (and three at Austin), and 16 drillholes in the Yagahong area, with encouraging results in both areas. Table 1 and Table 2 list the prospects and holes drilled at each prospect in these two project areas.

Robert is a magnetic anomaly north of and abutting the Austin magnetic anomaly. Magnetite was encountered in this hole without significant associated base metal assays, while an earlier drillhole either side had encountered anomalous Cu-Zn sulphides. More work, including DHEM is planned for Robert. The drillhole at T & J intersected 2 zones of anomalous copper and zinc, 7m from 46 to 53m and 30m from 65 to 95m. Copper values ranged up to 0.44% and zinc to 1.2% in a partially oxidized section with associated pyritic sulphides.

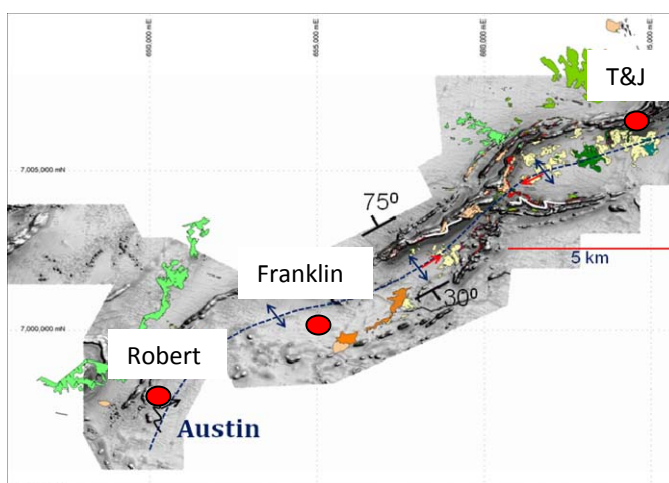


Table 1. Drill holes completed in the Quinns - Austin area.

<i>Prospect area</i>	<i>Hole number</i>	<i>Hole type</i>	<i>Final depth (m)</i>
Robert	10RTRCD001	RC-DDH	267.3
Austin	10ATRC004	RC	130
Austin	10ATD001	DDH	618.1
Austin	10ATRCD002	RC-DDH	354
Franklin	09FKRCD001	RC-DDH	306
T&J	10TJD001	DDH	340

3. Yagahong Project (160km², 100% owned by SWN)

The Yagahong Project encompasses the Copper Hills and Lady Alma prospects; the latter occupy the southern part of the Yagahong tenement area. They are copper-gold prospects, hosting a different style of mineralization to that at Austin. Mineralization encountered to date supports syn-orogenic mineralization with veined and shear-hosted copper-gold mineralization present in the recent drilling. SWN completed a first phase reverse circulation and diamond drilling program at Copper Hills for a total of 3022m, including four diamond drillholes at the Copper Hills prospect and one at Lady Alma.

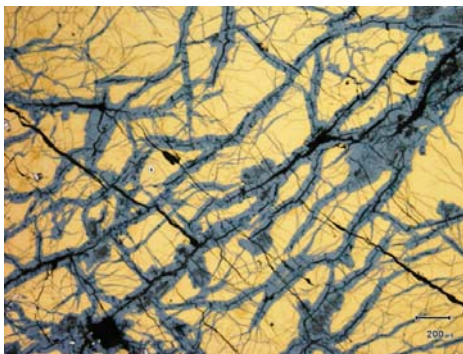
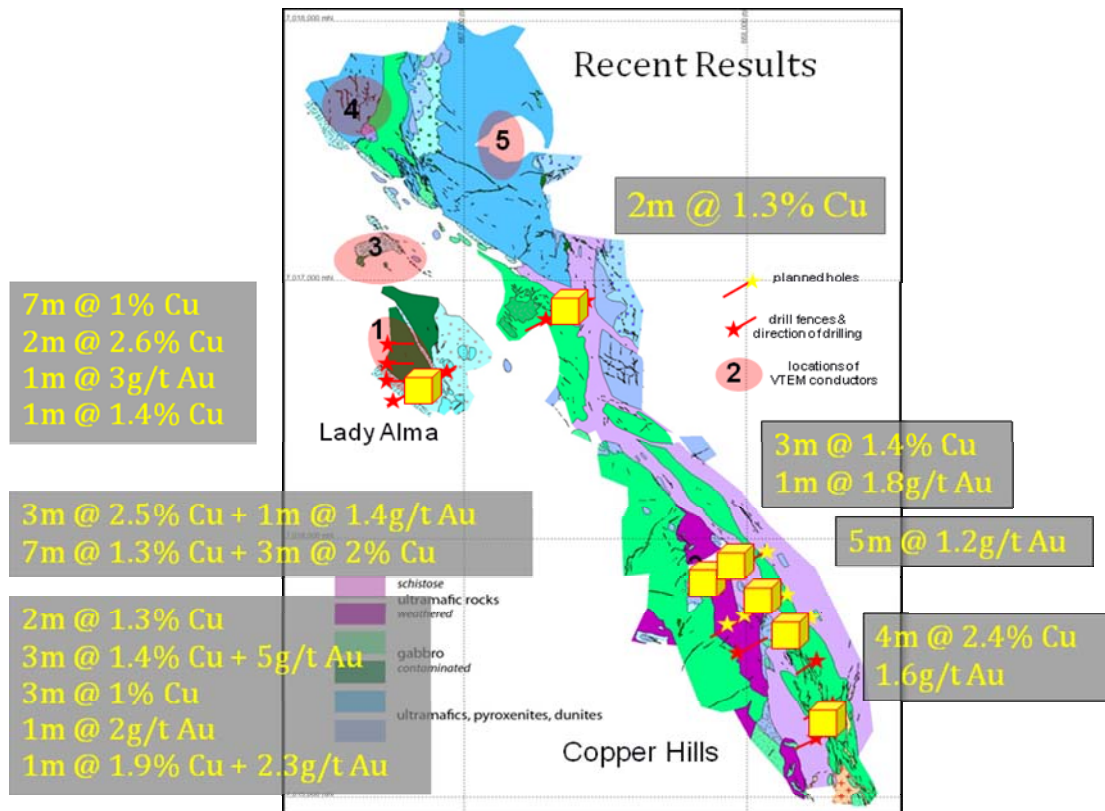
The information gathered during SWN's drilling program during this quarter of 2010 (Table 2) is being used to assess targets for various types of commodities in addition to VMS, Au, and Ni-Cu(-PGE), and to plan further exploration targets.

SWN's drilling in the Yagahong-Copper Hills project area has:

- Authenticated the results of past limited reverse circulation (RC) drilling along a zone of sheared gabbro from which anomalous results of 2.8% Cu were encountered.
- Shown that the mineralization at the Lady Alma prospect is shear-related but with a different host rock association (chalcopyrite-pyrrhotite), to the gabbro-hosted copper-gold in quartz veins at the Copper Hills prospect.
- Shown that the mineralization extends at depth and along strike.
- Shown that the area is prospective for gold and copper, whereas previous work focused primarily on exploration for copper.
- Shown a direct association between Au and Cu, with the highest concentration of Cu containing anomalous values of Au at both the Lady Alma and Copper Hills areas.

<i>Prospect area</i>	<i>Hole number</i>	<i>Hole type</i>	<i>Final depth (m)</i>
Copper Hills	08CHD001	DDH	168.60
Copper Hills	08CHD002	DDH	222.00
Copper Hills	10CHD006	DDH	195.40
Copper Hills	10CHRC001	RC	220.00
Copper Hills	10CHRC002	RC	220.00
Copper Hills	10CHRC003	RC	180.00
Copper Hills	10CHRC004	RC	178.00
Copper Hills	10CHRC005	RC-DDH	258.30
Lady Alma	10LAD009	DDH	247.00
Lady Alma	10LARC001	RC	150.00
Lady Alma	10LARC002	RC	160.00
Lady Alma	10LARC003	RC	150.00
Lady Alma	10LARC004	RC	166.00
Lady Alma	10LARC005	RC	184.00
Lady Alma	10LARC006	RC	150.00
Lady Alma	10LARC007	RC	180.00
Lady Alma	10LARC007B	RC	44.00
Lady Alma	10LARC008	RC	184.00

Table 2. Drill holes completed in the Lady Alma and Copper Hills prospect areas.



Chalcocite and covellite replacing chalcopyrite (copper mineralization at Lady Alma)



Chrome spinel rimming and replacing magnetite at Lady Alma

4. **Stakewell** (22km², 100% owned by SWN)

A total of 40 rock chip grab samples of laminated quartz-magnetite rocks were collected and analysed for gold, silver, base metals and iron content. While all other elements were not anomalous, the Fe content averaged 41% with a peak value of 65%. Results are shown in Table 3 below. This will be followed up further with mapping and sampling as required. A reassessment of the gold potential is in progress and indicates targets may exist in the vicinity of the historic Kohinoor mine. Further detailed geological mapping and compilation of historic drilling data continues, with the aim of defining zones of alteration and gold mineralization that could be further tested.

A Co-Funded Drilling Grant, under the WA Exploration Incentive Scheme, has been awarded to Silver Swan Group Limited for a deep diamond hole at the Austin VMS deposit for matching funding up to \$80,000.

Exploration Team staffing. During the quarter 3 experienced geologists, Ian Herbison (Exploration Manager), Leon Bagas (Senior Geologist) and Toby Wellman (Project Geologist) joined the company.

On-going and Planned Activities

Part of Silver Swan's overall strategy is to establish a large resource inventory for economic development in the Meekatharra area. SWN's work, so far, strongly suggests multiple mineralizing events have taken place in the region with deposition of VMS Cu-Zn deposits followed by a widespread hydrothermal system leading to deposition of base metals and gold.

Quinns: Exploration activity will focus on:

- ◆ RAB drill testing 4 discrete magnetic anomalies located south and west of, and close to Austin. Three targets are interpreted as being definite bedrock sourced anomalies, and although amplitudes are reduced relative to the Austin magnetic response, they are exciting targets if they can be shown to have associated anomalous base metal values. This drilling is expected to commence in early August.
- ◆ Increase the JORC-compliant resources at Austin and further exploring the potential at depth
- ◆ test various targets through the larger Austin - Quinns project area for gold and base metals with RC, diamond and RAB drilling.
- ◆ Complete detailed geological mapping and assessments over all of SWN's project areas and over specific target areas, identifying new targets.
- ◆ Continue downhole EM surveys on drill holes to help to identify adjacent mineralization and possible extensions of intersected mineralization both laterally and at depth.

Yagahong: SWN is reviewing the results of the current program and plans to:

- ◆ Define the next phase of drilling to focus in on areas that are prospective in gold and/or base metals.
- ◆ Conduct downhole EM to help define the extent of mineralized zones.
- ◆ Explore the northern part of the Yagahong tenement area.

Abbotts: Commence detailed geological mapping in the area with the aim to define zones of alteration and gold mineralization. There are several areas of anomalous gold, in particular the area of the old Mt Vranizan workings. These areas will be looked at in detail to put in context of the geology and prospectiveness of the larger tenement area.

Table 3. Surface sampling results at Stakewell.

Sample No.	Al ₂ O ₃	FeT	P ₂ O ₅
	%	%	%
SWRK0001	2.07	63.83	0.042
SWRK0002	0.42	40.34	0.166
SWRK0003	0.8	40.66	0.547
SWRK0004	0.37	42.89	0.314
SWRK0005	1.15	52.71	0.48
SWRK0006	0.67	42.4	0.268
SWRK0007	0.33	43.87	0.144
SWRK0008	0.56	36.91	0.15
SWRK0009	1.57	61.45	0.206
SWRK0010	0.54	50.22	0.472
SWRK0011	1.35	40.41	0.172
SWRK0012	0.17	39.37	0.051
SWRK0013	3.86	52.26	0.861
SWRK0014	0.71	34.43	0.371
SWRK0015	0.28	39	0.2
SWRK0016	1.12	44.99	0.132
SWRK0017	0.36	42.84	0.168
SWRK0018	0.55	35.88	0.164
SWRK0019	1.71	43.22	0.505
SWRK0020	0.49	38.53	0.248
SWRK0021	0.52	36.98	0.174
SWRK0022	0.76	53.1	0.123
SWRK0023	0.58	31.38	0.189
SWRK0024	0.45	40.03	0.132
SWRK0025	0.71	34.38	0.19
SWRK0026	0.61	39.79	0.352
SWRK0027	0.09	32.48	0.082
SWRK0028	0.13	26.78	0.07
SWRK0029	0.23	32.24	0.146
SWRK0030	0.29	23.63	0.242
SWRK0031	2.76	46.14	0.182
SWRK0032	0.41	23.81	0.142
SWRK0033	0.76	36.36	0.405
SWRK0034	3.89	39.17	0.749
SWRK0035	1.59	41.18	0.405
SWRK0036	0.71	50.6	0.348
SWRK0037	0.23	34.83	0.077
SWRK0038	0.44	44.93	0.135
SWRK0039	0.62	64.72	0.57
SWRK0040	0.87	33.79	0.247

For further information please contact:

Silver Swan Group Limited

Dr Susan Vearncombe - Managing Director

Mr James Harris – Non-Executive Chairman

Tel: 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.