

29th January 2010



Silver Swan Group Limited December Quarterly Activities Report

HIGHLIGHTS

- ✦ **Drilling successfully intersects extensions to massive sulphide mineralisation at Austin**
- ✦ **Downhole electromagnetic conductors continue to suggest depth extensions at Austin**
- ✦ **Downhole electromagnetic conductor located immediately north of Austin**
- ✦ **Drilling of ~80 aircore holes into the Yagahong radiometric U-anomaly is scheduled to commence in February.**
- ✦ **At Quinns six VTEM anomalies have been recognized; drilling is expected to commence in late March.**
- ✦ **At Copper Hills three VTEM anomalies have been recognised including one very prominent feature; drilling is expected to commence in early March.**

Exploration Activities

Silver Swan Group Limited (ASX: SWN) presents its activity report for the quarter ended December 31, 2009. During the quarter, the Company reported further high grade copper and zinc results at Austin, on its Quinns project area, 55 kilometres south of Meekatharra, Western Australia. The results came from seven drill holes (1 diamond and 6 reverse circulation) that revealed extensions of near-surface mineralised boundaries, provided further continuity of the high-grade zinc and copper mineralisation identified from previous assays, and geologically determined fold positions in a heavily deformed environment.

The drilling results (reported in ASX releases 16th December & 18th January 2010) revealed significant continuity of high grade zinc intersections, as well as the intersection of a new high grade copper zone of 6 metres at 6.4% copper, 19.8 g/t silver and 1.74 g/t gold.

Key drilling results included 6 metres at 10.2% zinc, 3 metres at 16.7% zinc, and 11 metres at 3.6% copper, 11 g/t silver and 0.7 g/t gold, including:

09ATRC029: 11m @ 3.6% Cu, 11g/t Ag & 0.7g/t Au; 3m @ 16.7% Zn & 3m @ 6.5% Zn within an overall mineralized intersection of 91m @ 1.2% Cu & 4g/t Ag.

09ATRC031: 6m @ 10.2% Zn & 5m @ 6.8% Zn

09ATRC035: 23m @ 1.35% Cu & 5g/t Ag, including 3m @ 3.2% Cu & 5m @ 2.3% Cu

09ATRC037: 6m @ 6.4% Cu, 19.8g/t Ag & 1.74g/t Au; 11m @ 1.34% Cu, 5.5g/t Ag, 0.32g/t Au; 3m @ 8.4% Zn

Detailed geology at Austin including ore positions, has been plotted on cross-section and flitch plans and interpreted shapes are now being wire-framed in 3D in preparation for an initial resource evaluation. This will determine volume and grade for an initial open-pit scenario and make preliminary comment on resources extending beneath an open pit. Future drilling at Austin will focus on developing the underground extensions of the deposit.

The company drilled three RC holes into the aeromagnetic anomaly located approximately 150m NNW of the Austin anomaly (results reported on 16th December, 2009). Hole, 09ATRC 032 intersected multiple low grade intersections comprising 6m @ 0.34% Cu from 177m including 5m @ 0.2% Zn, 1m @ 2.5% Zn from 191m, 4m @ 0.8% Zn from 191m, 3m @ 0.2% Cu from 192m and 4m @ 0.35g/t Au from 168m. 09ATRC033 intersected 6m @ 0.2% Cu from 30m, 24m @ 0.23% Cu from 41m and 11m @ 0.13% Zn from 61m. These results clearly indicate the presence of anomalous Cu-Zn mineralisation and are proximal to three downhole electromagnetic conductors. At Austin, similar conductors have, to date, indicated successfully, copper mineralisation; they will be drilled in 2010.

Uranium

Drilling of ~80 aircore holes totaling approximately 1500m into the Yagahong radiometric U-anomaly is scheduled to commence in February. The company is targeting a large drainage system containing calcrete with an associated, discrete U-radiometric anomaly that is ~5kms NE-SW and ~800m wide.

Heritage Surveys

Silver Swan has successfully conducted heritage surveys with the Yugungna Nya Claimant Group over all areas planned for drilling in 2010 at Quinns and Yagahong.

Geophysics

In October the company announced the results of its airborne and ground electromagnetic surveys.

At Copper Hills, three strong VTEM conductors were located in the northern part of Copper Hills that correlate on ground with: 1) old copper workings (pre-WWII - Lady Alma) associated with highly sheared gabbro and surface copper mineralisation, 2) ultramafic rocks, specifically dunites and pyroxenites that variously contain magnetite-rich units. A fourth elongate conductor of particular interest with good strike extent, lies to the west of the current area of drilling, coinciding precisely with an highly weathered ultramafic unit that has been mapped as a distinctive unit within the layered intrusive complex. The VTEM conductor is strongest at the northern end of the ultramafic unit, tapering to the south. The zone upon which this conductor lies has received no previous drilling.

Drillholes have been designed to test these conductors and this is scheduled to commence in March.

At Quinns, six VTEM bedrock conductors are recognized. These are spaced across the Quinns area and at key positions stratigraphically, that bode well for volcanogenic massive sulphide mineralisation. Some of these anomalies are bulls-eye features within 'geophysically quiet' felsic volcanic rocks and other conductors occur within interpreted felsic volcanic rocks, subjacent to iron-rich formations. Drilling is planned to test a number of these targets.

On-going and Planned Activities

Silver Swan intends to accelerate its field activities at the beginning of March, commencing with a diamond drilling programme at Copper Hills. Initial activity will test a strong VTEM geophysical anomaly located over the old Lady Alma workings. Diamond drilling will also focus on two other VTEM anomalies at Copper Hills and three VTEM anomalies in the northern part of the Quinns project area. Reverse circulation drilling will initially focus on precollars for deep diamond drilling at Austin, then concentrate on drilling the Cu-Au mineralisation at Copper Hills in the Yagahong project area.

Diamond Drillhole Results

Hole ID	End of hole depth (m)	East MGA94	North MGA94	From (m)	To (m)	Interval (m)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
09ATRC023	261	650062	6997322	196 223	201 226	5 3	0.6	2.6		
09ATRC025 <i>including</i>	216	650028	6997270	190	203	13 6 12	1 1.4			0.3
09ATRC029 <i>including</i>	196	649992	6997214	60 60 71 106 112 125 133 67 77	151 82 82 108 115 151 147 70 80	91 22 11 3 3 26 14 2 3	1.2 2.3 3.6 1.9 1.4 1.14 1.6		4 11	0.7 0.5 0.4
09ATRC031 <i>including</i>	244	650019	6997200	121 121 129 112 114	134 127 134 132 117	13 6 5 20 3	0.4	7.3 10.2 6.6		0.4
09ATRC035 <i>including</i>	160	649954	6997214	68 68 76	91 71 81	23 3 5	1.4 3.2 2.3		5	
09ATRC036	184	649976	6997175	71	72	1	1.3			
09ATRC037	280	650056	6997251	145 187 187 199	151 191 198 202	6 4 11 3	6.4 2.5 1.3		19.8 10 5.5	1.74 0.32
								8.5		

All holes have been drilled on azimuth 190⁰ and declination -60⁰

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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 mineralisation 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.