

ASX:SWN

21 November 2011

Silver Swan Drilling Update

- **3,309m of drilling completed at Flinders and Murchison Wonder prospects with highly encouraging results. Additional drilling now being planned.**
- **New VMS sulphide mineralisation intersected at the Flinders prospect,**
 - **6 diamond and 1 reverse circulation(RC) holes drilled (assays pending)**
 - **Zn-Cu-Pb mineralisation intersected (grade to be confirmed by assays)**
 - **New EM programme commenced to assist in targeting additional drilling**
- **5 RC holes completed at the Murchison Wonder VMS prospect:**
 - **Up to 5.5% Zn mineralisation intersected in RC drilling**
 - **Diamond hole to be drilled (extending RC collar) designed to intersect target position and EM conductor**

Silver Swan Group Limited (“Silver Swan” or “the Company”) is pleased to provide an update following recent RC and diamond drilling at the Flinders and Murchison Wonder prospects within the Quinns VMS project in the Murchison province of Western Australia.

Silver Swan’s recent activities at the Quinns VMS Project have been focused on the Flinders and Murchison Wonder Prospects which are located only 10-15km NE of Silver Swan’s Austin VMS deposit (Figure 1), and are highly prospective for hosting additional VMS deposits. Based on a substantial programme of surface fixed loop (FLEM) and down-hole electromagnetic (DHEM) surveys completed by Silver Swan, the Company generated a number of strong EM conductor targets that have been the subject of the recent drilling campaign.

Seven holes at the Flinders prospect (including 1 previously announced 11FLD001) have been drilled at Flinders comprising 2,342m in total. At Murchison Wonder a total of 967m has been completed by RC drilling and a diamond tail is pending. Samples are currently with the assaying laboratory.

Flinders VMS Prospect

The company is pleased to report the VMS-style sulphide mineralisation (including zinc-lead-copper) has been intersected in 6 of the 7 holes drilled at the Flinders prospect over mostly 6-10 metre thicknesses and over a 45 metre thickness in hole 11FLRCD006, the most southerly of the Flinders holes. The highest grade mineralisation observed with a hand-held XRF niton analyser was 8% Zn, however assay results for this core are still pending and the final grade may prove to be higher or lower when they are confirmed by the assay process. The seventh hole was located well to the southwest of the main Flinders zone. Refer to drill-core images at the end of this release.

A mineralised zone has been intersected over a strike length of approximately 300m. Currently, 'payable' sulphide is zinc dominant, with interstitial lead and sulphide gangue of pyrrhotite, pyrite and magnetite; copper mineralisation is present as cross-cutting veins, stringers and as remobilised metal into foliation (deformation) planes. Geophysics comprising down-hole electromagnetics is currently underway with the application of a 3-loop method designed to test for higher-angle copper-rich feeder zones in the footwall to the largely strata-bound zinc mineralisation. The mineralisation intersected to date is located directly beneath a banded-iron formation. Results are awaited and likely to be several weeks.

A down-hole electromagnetic geophysical programme at Flinders is now in progress to assist in targeting the next round of drilling at the prospect.

Murchison Wonder VMS Prospect

Five reverse circulation holes have been drilled at Murchison Wonder targeting possible VMS-style mineralisation beneath banded iron formation and within felsic volcanic rocks. Hole 11MWRC006 has an RC pre-collar drilled to 95m and awaits diamond extension to 220m to intersect an electromagnetic conductor that lies beneath a large zone of chlorite alteration.

Results from the initial RC drilling received so far include highly anomalous zinc and copper results:

11MWRC005

3m @ 2.9% Zn & 0.16% Cu from 131m, including 1m @ 5.5% Zn (131m), 1m @ 2.7% Zn (132m)

11MWRC003

9m @ 0.85% Zn from 135m including 1m @ 1.53% Zn from 137m, 1m@1.2% Zn from 140m and 1m@1.3% Zn from 142m.

A diamond tail on 11MWRC006 remains to be drilled to intersect a sulphide target position and EM conductor plate below the indicated mineralisation in the RC holes.

Silver Swan’s Managing Director, Susan Vearncombe said:

“We continue to be encouraged by the exploration results on our Quinns property. History shows that discovering a VMS deposit is never a quick process, however we have a great head start given that we have already discovered the Austin deposit. We’ve built a large bank of technical information through the application of modern exploration techniques at Quinns and now we have the discovery of sulphide mineralisation at Flinders. The style and tenor of mineralisation intersected in our recent drilling at Flinders and Murchison Wonder prospects are typical of what is to be expected in close proximity to a VMS deposit”

Figure 1: Quinns VMS Project

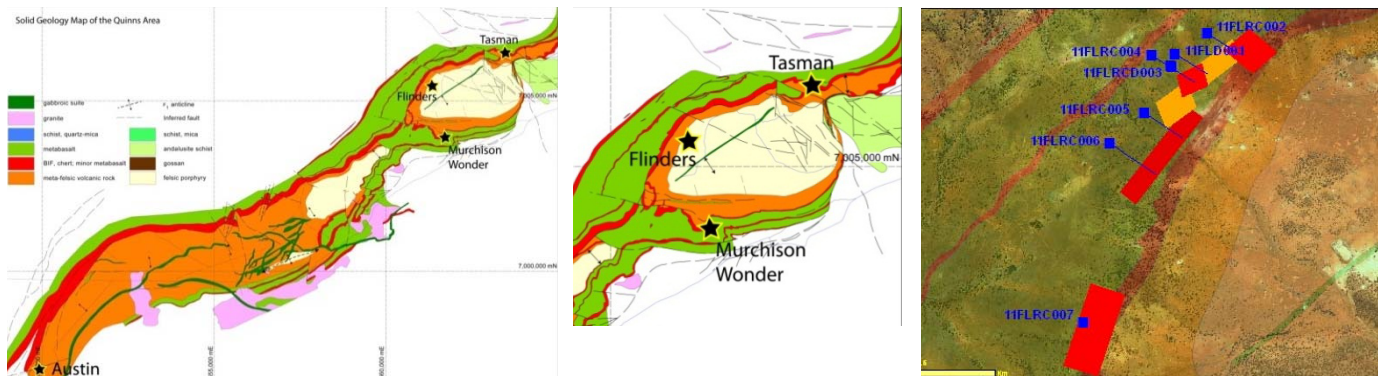


Figure 2 Diamond core from Flinders VMS prospect with XRF point values of mineralisation.

Hand-held XRF values (points taken every metre but not preferential to sulphide bands – only when they occur on the 1m interval sample point).

11FLCD003

248.5m – Massive and banded sulphide. pXRF:
 Fe 12.413% S 33% Zn 7.946% Pb 1.929%

249.5m –Silica – Chlorite altered zone with banded sulphide (XRF point not on sulphide). pXRF:
 Fe 1.17% S 72% Zn 0.44%



Hand-held XRF values (points taken every metre but not preferential to sulphide bands – only when they occur on the 1m interval sample point).

11FLCD003

251.5m Thinly banded sulphide, consistent over metre

Fe 27.73% Zn 3.88% Cu 0.148%

253.5m Banded sulphide (XRF point not on sulphide)

S 1.9% Fe 3.6% Zn 0.02%

250.5m Banded sulphide

S 20.8% Fe 8.8% Zn 5.2%

252.5m Thinly banded sulphide, consistent over metre. pXRF:

S 21% Fe 32% Zn 6.7% Cu 0.05%



Hand-held XRF values (points taken every metre but not preferential to sulphide bands – only when they occur on the 1m interval sample point).

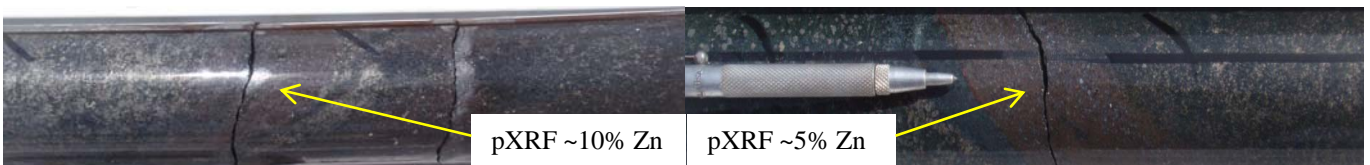
11FLCD006



257.2m Banded sulphide. pXRF:
S 7.7% Fe 12.3% Zn 4.4%



256.12m Banded sulphide. pXRF:
S 7.4% Fe 7.7% Zn 1.3%



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.

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ABOUT SILVER SWAN

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

The Company's recent emphasis with geophysics and diamond drilling has been on volcanogenic massive copper-zinc-silver-gold mineralisation at the Quinns VMS Project and lode-gold at Stakewell Gold Project, both of which are 100% owned by the company.

In the Meekatharra area, much of the early historic production of the late 1800's came from Silver Swan's tenement area at Stakewell (the Kohinoor open pit), Abbotts (Mt Vranizan and New Murchison King) and Quinns (Kaladbro, 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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