

3 May, 2011

## **Quinns Ground-Holding Expanded Further prospective Cu-Zn-Au Targets Acquired**

- **14sqkm of new tenements acquired at Quinns**
- **Includes old mining area of Murchison Wonder**
- **Contains three prospects requiring immediate follow-up**
- **Walk-up drill targets**
- **Copper-zinc & gold targets**

Silver Swan Group (SWN:ASX) has entered into a binding agreement with Gledich & Associates Pty Ltd and Maryanne Gledich (GA) for the purchase of 100% interest in their tenements at Quinns. These tenements are contiguous with and enable a significant consolidation of the company's existing holding (Figure 1).

The tenements purchased by Silver Swan Group have been worked for surficial gold at the prospecting level for several years; this has been primarily alluvial gold and (high-grade) nugget gold associated with quartz veins within a few metres of the surface. The area includes multiple widely distributed shafts of abandoned gold mines. The Quinns area has a recorded historic production of around 17,000oz for the period between 1891 and 1938. This does not include gold mined from alluvials or prospectors since the 1940's; this amount is unknown. As a minimum, gold extracted to 1938 represents \$25M at today's gold price. The immediate cash and share consideration (at current pricing) of \$350,000 for the transaction represents considerable value to Silver Swan Group.

The new tenements represent a significant addition (~14kms<sup>2</sup>) to the company's ground holding comprising both the north and south limbs of the Quinns anticline in the prospective stratigraphy that hosts the Austin VMS discovery. The strata comprise intensely altered bi-modal volcanic rocks beneath banded-iron formation that have been shown chemically to be the favourable host to VMS mineralisation.

Silver Swan Group has collated significant copper, zinc, gold and silver results in historical geochemical data within the new tenements. Figure 2 shows a compilation of historic, albeit sparse drilling and surface regolith sampling.



Murchison Wonder (Figure 1) is an historical working located north of Quinns Lake. The area was worked for gold mineralisation during the early part of the 1900s. Subsequent, albeit limited and widely spaced historic RC drilling has shown substantive base metal mineralisation in the area. Results include:

QMW1 3m @ 5.6% Zn & 7.2g/t Ag, 7m @ 0.94% Cu & 10.2g/t Ag, 2m @ 1.9% Cu & 20.5g/t Ag  
QMW3 7.4m @ 1.6% Zn  
QMW4 1m @ 4% Zn  
QMW5 3m @ 1.4% Cu & 1.3m @ 2.6% Cu  
QMW6 2m @ 2.5% Zn  
QMW7 6m @ 3.8% Zn, 0.3m @ 15% Zn

At Quinns Gossan (Figure 1) anomalous base metal has been recorded from 1988-1990 vintage RC and diamond holes. Results include:

89QNRC04 10m @ 2.6% Zn  
90QND006 5m @ 5.6% Zn  
90QND012 3.6m @ 5.7% Zn, 4.2m @ 2.4% Zn  
91QND014 2m @ 3% Zn

Silver Swan Group will explore the area for volcanogenic massive sulphides and gold mineralisation. The company will commence a field review next week of the area for anticipated “walk-up” drill targets. Detailed geological mapping and ground geophysics will commence over the new area next week. All tenements are in good standing and expenditure requirements have already been met. The expiry dates for the leases are variable, all greater than 2 years.

The terms of the purchase agreement are as follows:

- Cash payment of \$200,000
- Issue of one million fully paid ordinary shares in SWN
- An additional cash payment of \$200,000 **conditional** upon SWN achieving a 250,000oz gold equivalent Indicated Resource or better in accordance with the JORC code on the tenements on or before 30 April 2016.
- Issue of two million performance shares. The performance shares convert to fully paid ordinary shares in SWN **conditional** upon SWN achieving a 350,000oz gold equivalent Indicated Resource or better in accordance with the JORC code or completion of bankable feasibility on the tenements on or before 30 April 2016.



SILVER SWAN  
GROUP

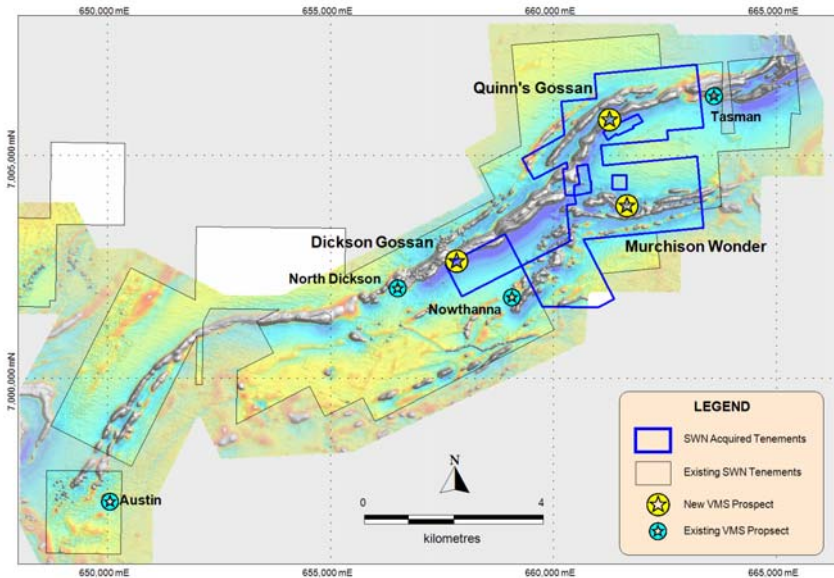


Figure 1



SWN's Quinns region tenement holdings showing the newly acquired tenements in yellow.

Quinns regional tenement holdings showing VMS prospects currently undergoing geophysics and/or drilling (in blue), and new targets within the acquired tenements (in yellow).

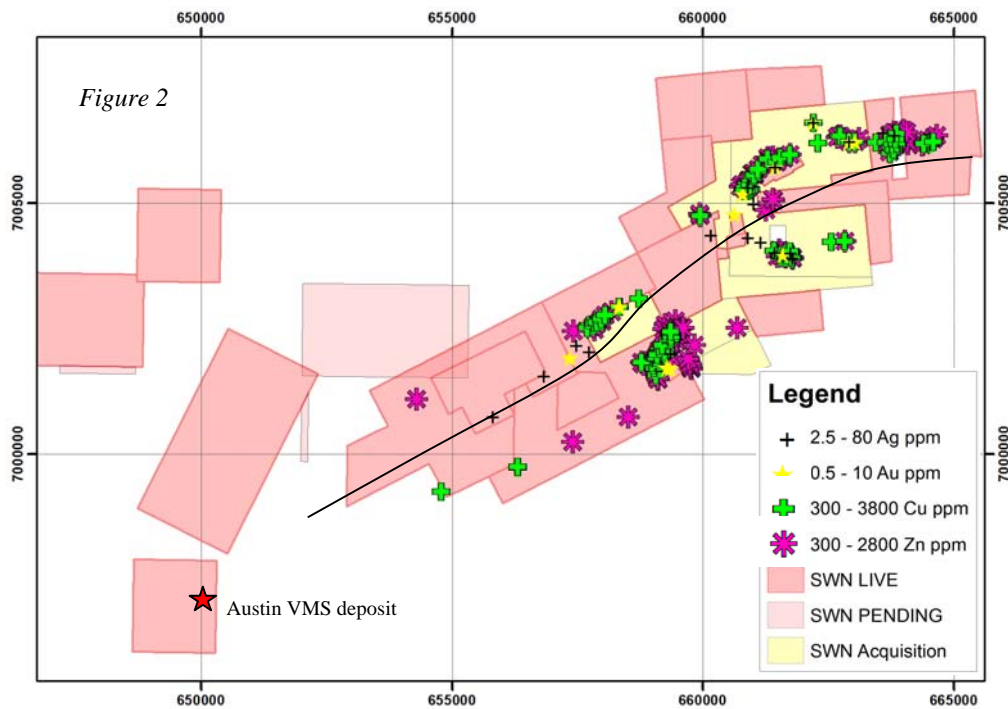


Figure 2

Anomalous gold, silver, copper and zinc mineralization from regolith sampling and sparse drilling results.



*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.

For further information please contact:

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