

ASX Announcement

3rd June 2011

Stakewell, WA: High Grade Gold Results

Silver Swan Group Limited (ASX:SWN) has intersected high-grade gold at its Stakewell gold project in Western Australia. The results confirm depth continuity, strike continuity and the presence of stacked high-grade gold lodes. The results link effectively to high-grade gold mineralisation in historic drilling and confirm the tenor of historic mineralised grades.

- 11SWD005 2.0m @ 4.1g/t from 10m**
8.0m @ 5.7g/t including 5.0m @ 8.6g/t from 22m
- 11SWD003 1.0m @ 6.3g/t from 17m**
7.0m @ 5.8g/t including 4.0m @ 9.9g/t from 34m
- 11SWD002 10.0m @ 3.2g/t including 5.0m @ 5.3g/t from 259m**
- 11SWD001 results awaited**
- 11SWD004 results awaited**

A follow-up drill programme, initially of ~1000m is scheduled to commence in late June.

Stakewell is located 50km south of Meekatharra along the Great Northern Highway. Silver Swan Group has drilled 5 diamond core holes for a total of 836 metres to confirm and expand upon high-grade gold intersections encountered in historic (1980-1990) reverse circulation drilling. The drill holes were designed to test parallel and potential un-mined gold-rich lodes adjacent to the old Kohinoor pit, test deep extensions of the Kohinoor lode beneath the open-pit and test areas in which underground mining activity was planned. The drilling has been successful on each of these aims. *(Results from holes 11SWD001 & 11SWD004 are delayed due to technical issues with core cutting machinery, holding up sample dispatch to the analytical laboratory.)*

Gold mineralisation at Kohinoor is located on the contact between banded iron formation (BIF) and meta-basalts, controlled by shear zones oriented NW-SE and associated with biotite alteration, pyrite and pyrrhotite.



Image of the Kohinoor pit, Silver Swan's recent drilling locations and surrounds in the Stakewell Project area.

The 5 diamond hole collar positions are shown as yellow stars.

11SWD002 targeted deep high grade mineralisation beneath the Kohinoor pit and has returned an intersection of 10m @ 3.2g/t including 5.0m @ 5.3g/t from 259m depth. This mineralised intersection links to 8.5m @ 9.0g/t Au from 207m in historic hole MKR108 and to 6.5m @ 11.7g/t Au from 310m in historic hole MKR116.

11SWD003 targeted a potential BIF-related lode and has returned 1m @ 6.3g/t from 17m and 7m @ 5.8g/t including 4.0m @ 9.9g/t from 34m. The lower intersection correlates well with historic hole MKR037 (7m @ 10.3g/t Au from 30m). MKR037 terminated in mineralisation and is drilled orthogonal to Silver Swan's diamond hole. The upper intersection of 1m @ 6.3g/t in **11SWD003** may transpire to develop into another lode down-dip.

11SWD005 targeted a potential series of four stacked lodes related to shear zones close to the BIF. These lodes may be part of a splay structure extending from the shear zones within the Kohinoor pit. **11SWD005** returned 2.0m @ 4.1g/t from 10m and separately 8.0m @ 5.7g/t including 5.0m @ 8.6g/t from 22m. These results correlate well with historic holes KRC0013 (3m @ 3.6 g/t from 44m) and along strike to KRC0002 (2 m @ 3.1 g/t from 25m), KRC0021 (4m @ 18.4g/t from 22m) and MKR003 (2m @ 7.8g/t from 29m).

Stakewell is being explored and drilled concurrently with the company's focus on volcanogenic massive sulphide mineralisation at Quinns. Diamond and reverse circulation drilling is currently in progress at Quinns and the rig is scheduled to rotate back to Stakewell once the first phase of drilling at Quinns is completed. An update on the current exploration at Quinns is in progress and will be ready for release shortly.

Silver Swan has planned further drill holes at Stakewell. These holes are designed to:

- Test the strike extension of the “main lode” to the east of 11SWD003 (east of the current pit)
- Explore the strike and depth extensions to the second lode associated with 11SWD005 (north of the current pit)
- Drill down-plunge of 11SWD002 and MKR116 testing deep extensions to the “main lode”

Hole	Easting	Northing	Declination	Azimuth	Hole depth
11SWD002	617519E	7010586N	-60 ⁰	010 ⁰	363m
11SWD003	617477E	7010732	-50 ⁰	010 ⁰	107m
11SWD005	617606E	7010803	-700	025 ⁰	112m

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:

Silver Swan Group Limited

Mr James Harris – Non-Executive Chairman

Dr Susan Vearncombe - Managing Director

Tel: 9316-0766

Email: admin@silverswangroup.com.au

Website: www.silverswangroup.com.au