

New Copper – Zinc Discovery in Western Australia

Significant copper-zinc mineralisation in a volcanogenic massive sulphide (VMS) system, has been discovered at the Austin prospect, part of the Quinns project owned by Silver Swan Group Ltd (ASX:SWN) in the Murchison belt of Western Australia, about 55 km south of the town of Meekatharra.

Large, high-grade intersections of volcanogenic copper and zinc mineralisation that bears similarities to the Golden Grove base metal mine owned by OZ Minerals, 240km to the southwest has been discovered.

Results include **33.55m @ 1.7% Cu,**
 25.2m @ 13.7% Zn, and
 7m @ 1.3g/t Au and 18.6g/t Ag

Volcanogenic massive sulphide (VMS) is typically Cu-Zn-Au-Ag rich. The diamond drilling was carried out to test conductors detected by a fixed loop electromagnetic (EM) survey previously reported by Silver Swan Group. Mineralisation is associated with highly altered footwall felsic volcanic rock and schists, and hangingwall banded iron formation and amphibolites. The sulphide assemblage of chalcopyrite-sphalerite-pyrrhotite-magnetite±gold±silver is similar to the Golden Grove VMS system.

Silver Swan Group owns 100% of the tenements containing the Austin prospect as part of a package of exploration acreage in the Murchison district covering approximately 700km² within six separate projects.

Volcanogenic massive sulphide mineralisation

Significant copper-zinc mineralisation has been returned in assays from the first of three diamond holes drilled into the Austin prospect previously called Ridgeback. Assays have been received only from the main zone of massive sulphide mineralisation in 08ATD001 (59-195m). The important high-grade intersections are:

Zinc mineralisation:

118m-167.1m 49.1m @ 7.2% Zn
that includes 25.2m @13.7% Zn from 126.4m-151.6m

Copper mineralisation:

120.45m-154.0m 33.55m @ 1.7% Cu
that includes 7m @ 4.2% Cu from 120.45m-127.4m

Gold and silver mineralisation

120.45m – 127.4m 7.0m @ 1.3g/t Au and 18.6g/t Ag

Sulphide mineralisation in 08ATD001 commences at 59m down hole and is largely continuous to 192m down-hole with 133m @ 0.6% Cu, and 2.7% Zn.

Silver Swan Group has further visual indications of copper-zinc mineralisation from two additional diamond holes drilled on a section approximately 40m east of 08ATD001. Hole ATD002 has intersected disseminated sulphide mineralisation variously between 145m and 245m with semi-massive sulphide mineralisation at 165-170m and 215-224.7m. Hole ATD003 has intersected sulphide mineralisation variously between 115.8m and 247m with semi-massive sulphide mineralisation at 120.5m-124.5m and 178-193m. Assay results are yet to be received for these holes and the remainder of 08ATD001.

Current and Future Programme at Austin Prospect

Silver Swan Group has recently completed a down hole electromagnetic (DHEM) programme on the three holes at Austin. Data are currently being interpreted and the results will be announced when this process is complete. Structural data is being interpreted and is critical for the next phase of drilling. A second diamond drilling programme is being planned and Silver Swan hopes to resume drilling shortly. A detailed airborne aeromagnetics programme is scheduled to start at the beginning of September.

Austin Prospect

Silver Swan Group has renamed the area formerly known as Ridgeback, the Austin prospect, to recognise the contribution of the early explorers to the area. Robert Austin was the first person to identify the mineral potential of the Murchison region.

Robert Austin's expedition in 1854 into unknown territory of Western Australia, enduring weeks of mental and physical hardship, ended as did so many of the time, in 'a pierced heart' due to the ungenerous and ungracious behavior of his peers. In a paper prepared for the Royal Geographical Society he remarked that he had discovered "In this hitherto unexplored and imprudently neglected portion of our territory, probably one of the finest goldfields in the world". Austin was correct in his assessment and denied the glory and credit of discovery. (*Ref: H. Edwards; Meekatharra: The Gold Beyond the Rivers*)

Notes on the exploration results

Drill Hole Locations

Hole ID	MGA East	MGA North	Decline	Azimuth	Depth	RL
Hole 08ATD001	649987	6997103	-60°	010°	279.6m	490
Hole 08ATD002	650057	6997275	-60°	190°	255.6m	490
Hole 08ATD003	650047	6997233	-60°	190°	282.6m	490

There are insufficient drill holes to determine accurately true widths, however, structural data indicates that Hole 08ATD001 has been drilled approximately 40° oblique to mineralisation.

The diamond drill hole results are obtained from half NQ or HQ core sampled to geological boundaries where appropriate.

Samples are prepared at Genalysis Laboratory Services' Perth laboratory using single stage pulverization of the entire sample. Samples are analysed at Genalysis' Perth laboratory. Gold assays are obtained using a 50g lead collection fire assay digest and analysed by flame atomic absorption spectrometry. Multi-element analyses (copper, lead, zinc, silver, arsenic, barium, bismuth, cobalt, sulphur, iron, indium, molybdenum, nickel, lead, zinc, antimony, selenium, tin, titanium and tellurium) are obtained using multi-acid digest including hydrofluoric, nitric, perchloric and hydrochloric acids, and analysed by inductively coupled plasma mass spectrometry (MS) and inductively coupled plasma optical (atomic) absorption spectrometry (OES). Full analytical quality assurance - quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, laboratory duplicates, repeats, blanks and grind size analysis.

Silver Swan Group background

Silver Swan Group, based in Perth, has its 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.

SWN holds tenements in the Murchison district of the Yilgarn craton, WA and the Wilgena and Christie domains of the Gawler craton in South Australia. The Murchison district has produced in the order of 18 million ounces of gold from principally Archaean age rocks. The major current and past gold mines in the area include Mt Magnet, Cue, Big Bell, Reedy, Paddys Flat, Yaloginda, Gabanintha and Mt Gibson.

The region hosts operating mines at Golden Grove (base metals), Yaloginda, Hill 50 and Kirkalocka (gold) and Jack Hills (iron ore).

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 (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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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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