



Silver
Swan
G R O U P

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED**

31 DECEMBER 2006

CORPORATE DIRECTORY

Registered and Corporate Office

15 Ord Street
West Perth WA 6005
Telephone: (+61 8) 9485 1622
Facsimile: (+61 8) 9485 1633
Internet:
www.silverswangroup.com.au

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (+61 8) 9315 2333
Facsimile: (+61 8) 9315 2233

Stock Exchange listing

Australian Stock Exchange Limited
ASX Code: SWN

Solicitors to the Company

Hardy Bowen Lawyers

Auditor

BDO Chartered Accountants and Advisers

SILVER SWAN GROUP LIMITED

ACN 120 069 089

Contents	Page
DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	3
INCOME STATEMENT	4
BALANCE SHEET	5
STATEMENT OF CHANGES IN EQUITY	6
CASH FLOW STATEMENT	7
NOTES TO THE FINANCIAL STATEMENTS	8
DIRECTORS' DECLARATION	16
AUDITOR'S INDEPENDENT REVIEW REPORT	17

SILVER SWAN GROUP LIMITED

ACN 120 069 089

DIRECTORS' REPORT

Your directors present their report on Silver Swan Group Limited for the period ended 31 December 2006.

The report is for the period since Incorporation (6 June 2006) to 31 December 2006.

The Company listed on ASX on 3 November 2006.

This is the first financial report prepared since incorporation.

DIRECTORS

The names of the directors who held office during or since the end of the period are:

Mr James Harris	(Appointed 6 June 2006)
Mr Paul Trettel	(Appointed 6 June 2006)
Mr Paul Van Loenhout	(Appointed 6 June 2006)
Mr Murray Hodges	(Appointed 6 June 2006)
Mr Dale Ferguson	(Appointed 6 June 2006)

COMPANY SECRETARY

Mr Simon Robertson (Appointed 6 June 2006)

REVIEW AND RESULTS OF OPERATIONS

The net loss of the company after income tax for the period ended 31 December 2006 amounted to \$58,372.

REVIEW OF ACTIVITIES

The company was incorporated on 6 June 2006 to acquire a portfolio of exploration assets and list on ASX.

The company acquired, subject to ASX listing, interests in four exploration tenements being;

- Cocata via a farm-in joint venture agreement
- Mt Watson via a farm-in joint venture agreement
- Jubilee North via an exploration joint venture agreement
- Kiaby Wells via a deed of assignment

The company lodged a prospectus for an initial public offer of up to 15, 000, 000 shares to raise up to \$3, 000, 000 with ASIC on 29 September 2006. The company successfully completed its offering and listed on ASX on 3 November 2006 and completed the acquisition of the tenements.

A summary of the tenements and work undertaken by the company since listing is as follows;

Cocata JV (EL 3462/3463)

This project area consists of two Exploration Licences EL 3462 (723 square kilometres) and EL 3463 (487 square kilometres) in the Cocata area. The prime exploration targets for the Cocata Project are structurally controlled orogenic style lode gold and iron oxide-copper-gold-style (IOCG) mineralisation such as that found at Olympic Dam, Prominent Hill and Carapateena.

A detailed data review has now been conducted of all the past exploration data which has highlighted a number of significant gravity targets within the tenement area which reach up to 4km in strike. These gravity features along with the presence of the Hiltiba granites and crustal scale shear zones are thought to be highly prospective for IOCG style mineralisation

A detailed gravity survey has commenced over much of the tenement holding with a view to developing a number of exploration targets for follow up drill testing.

Mt Watson Joint Venture (EL 3313/3323)

The Watson Project lies just 2 kilometres south of Iluka Resource's Ambrosia Deposit. The project comprises two tenements, EL3313 and EL3323, covering a combined area 1823 square kilometres. The Ambrosia Deposit is a classic beach placer style mineralisation, with a high grade "placer" core and associated overlying mineralised dune sands, which has an indicated resource of 1.3 million tonnes of in-situ zircon as reported by Iluka Resources (August 2006) to the ASX. The reported grade for this deposit is 2.7%, with an average zircon assemblage of 48%.

Jubilee North (E28/753)

The Jubilee North project is a conceptual nickel and gold target, which is largely based on its proximity to the Jubilee Nickel mine. The tenement lies within 5 kilometres of the main Jubilee nickel mining camp, and the suite of mafic to ultramafic rocks that host mineralisation there may extend beneath a thin veneer of granite. Little previous work has been completed on the tenement, providing Silver Swan with an opportunity for a new discovery within the tenement boundary.

A preliminary data review of the past exploration is currently under way with a view to developing a number of structural and stratigraphic targets for follow up exploration.

Kiaby Well (ELA59/934)

The Kiaby Well is considered an advanced exploration project with historical mining in the vicinity of the tenement including gold and tungsten and it is considered prospective for gold, nickel and iron ore.

This tenement is currently an application and negotiations are currently under way with the native title claimants to gain access to the tenement to commence exploration activities.

EVENTS SUBSEQUENT TO BALANCE DATE

There have been no material events subsequent to the period ended 31 December 2006.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the directors of Silver Swan Group Limited on page 3 forms part of the Directors' report for the period ended 31 December 2006.

This report is signed in accordance with a resolution of the Board of Directors.



J Harris, Director

Dated this 16th day of March 2007, Perth, Western Australia.



Chartered Accountants
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000
PO Box 7426 Cloisters Square Perth WA 6850
Tel: (61-8) 9360 4200
Fax: (61-8) 9481 2524
Email: bdo@bdowa.com.au
www.bdo.com.au

16 March 2007

The Directors
Silver Swan Group Limited
15 Ord Street
WEST PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF SILVER SWAN GROUP LIMITED

To the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of this Act in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Yours faithfully

BDO
Chartered Accountants

M Shafizadeh
Partner



SILVER SWAN GROUP LIMITED

ACN 120 069 089

**INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2006**

	Period Ended 31 December 2006
Notes	\$
Revenues from ordinary activities	45 755
Administrative services	(30 000)
Consulting and Directors fees	(13 066)
Compliance and regulatory expenses	(2 010)
Options issue expense	(46 004)
Other expenses from ordinary activities	<u>(13 047)</u>
(Loss) from ordinary activities before income tax expense	(58 372)
Income tax expense relating to ordinary activities	-
(Loss) from ordinary activities after related income tax expense	<u><u>(58 372)</u></u>
Basic Loss per share (cents)	(0.63)

The accompanying notes form part of these financial statements.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Period Ending 31 December 2006
CURRENT ASSETS	\$
Cash and cash equivalents	3 101 294
Trade and other receivables	25 014
TOTAL CURRENT ASSETS	<u>3 126 308</u>
NON-CURRENT ASSETS	
Capitalised exploration and evaluation expenditure	85 000
TOTAL NON-CURRENT ASSETS	<u>85 000</u>
TOTAL ASSETS	<u>3 211 308</u>
CURRENT LIABILITIES	
Trade and other payables	3 320
TOTAL CURRENT LIABILITIES	<u>3 320</u>
TOTAL LIABILITIES	<u>3 320</u>
NET ASSETS	<u>3 207 988</u>
EQUITY	
Issued Capital	3 220 356
Reserves	46 004
Accumulated losses	(58 372)
TOTAL EQUITY	<u><u>3 207 988</u></u>

The accompanying notes form part of these financial statements.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED
31 DECEMBER 2006**

	Share Capital \$	Accumulated Losses \$	Option Reserve \$	Total \$
Balance at 6 June 2006	-	-	-	-
Shares issued during the period	3 470 001			3 470 001
Options issued during period			46 004	46 004
Loss for the period		(58 372)		(58 372)
Net income and expense recognised during the period		(58 372)		(58 372)
Capital raising costs on issue of shares	(249 645)			(249 645)
Balance as at 31 December 2006	3 220 356	(58 372)	46 004	3 207 988

The accompanying notes form part of these financial statements

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**CASHFLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2006**

	Period Ended 31 December 2006
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	45 755
Payments to suppliers and employees	<u>(79 817)</u>
Net cash used for operating activities	<u>(34 062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Mineral Tenements	<u>(15 000)</u>
Net cash used for investing activities	<u>(15 000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	3 400 001
Cost of capital raising	<u>(249 645)</u>
Net cash provided by financing activities	<u>3 150 356</u>
Net increase in cash held	3 101 294
Cash at 6 June 2006	<u>-</u>
Cash at 31 December 2006	<u>3 101 294</u>

The accompanying notes form part of these financial statements.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This is the first financial report prepared for the company.

(a) Basis of preparation of financial statements

The interim financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with any public announcements made by Silver Swan Group Limited during the period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The report for the period does not include full disclosures of the type normally included in an annual financial report.

The report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The significant accounting policies adopted in the preparation of the historical financial information included in this report have been set out below.

(b) Basis of Consolidation

Joint Venture Operations

The proportionate share of the Group's interests in the assets, liabilities, income and expenses of joint venture operations have been incorporated in the financial statements under the appropriate headings.

Joint Venture Entities

Interests in joint venture partnerships/entities are accounted for in the consolidated financial statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of profits or losses of the partnerships/entities are recognised in the consolidated income statement and the share of movements in reserves are recognised in the consolidated balance sheet.

(c) Revenue Recognition

Revenue from the sale of goods or services is recognised when the service is provided.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of Goods and Services

Revenue from sale of goods or services is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(d) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(e) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(f) Cash and Cash Equivalents

“Cash and cash equivalents” includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

(g) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Company commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Held for Trading

Investments held for trading are measured at fair value with gains or losses recognised in the income statement. A financial asset is classified as held-for-trading if acquired principally for the purpose of selling in the short term or if it is a derivative that is not designated as a hedge. Investments held for trading are classified as current assets on the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold-to-maturity and are measured at amortised cost subsequent to initial recognition using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. After initial recognition, these investments are measured at fair value with gains or losses recognised as a separate component of equity (available-for-sale investments revaluation reserve). Where losses have been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss, being the difference between the acquisition cost and current fair value less any impairment loss previously recognised in the income statement, is removed from equity and recognised in the income statement.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through the income statement. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through the income statement where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in the income statement.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable within 366 days of balance sheet date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is credited to the income statement immediately and amortised using the effective interest method.

(h) Fair value estimation

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at balance sheet date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at balance date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at balance sheet date. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

(i) Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Employee Benefits

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the balance sheet date using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at balance sheet date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) Contributed Equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Company is accumulated for each area of interest and recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(1) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and/or

(2) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Company subsequent to acquisition of the rights to explore is expensed as incurred.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(m) Goods and Services Tax

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Share Based Payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options are recognised as an expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value is determined by an independent valuator using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Silver Swan Group Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change. Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the income statement.

However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

NOTE 2: SEGMENT INFORMATION

The Company operates in one business and geographical segment, being mineral exploration in Australia.

NOTE 3: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities at balance date.

NOTE 4: EVENTS SUBSEQUENT TO BALANCE DATE

After the reporting date, there have been no significant events, that would have an effect on the financial statements.

NOTE 5: CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following.

	31 December 2006 \$
Cash at bank and on hand	<u>3 101 294</u>

SILVER SWAN GROUP LIMITED

ACN 120 069 089

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006**

NOTE 6: ISSUED CAPITAL

(a) Movements in ordinary share capital during the period

Date	Details	Number of Ordinary Shares	Issue Price	Amount \$
06/06/2006	Incorporation	1	\$1.00	1
06/09/2006	Share issue	8,000,000	\$0.05	400,000
26/10/2006	Initial public offer	15,000,000	\$0.20	3,000,000
26/10/2006	Issued for acquisition of tenements	350,000	\$0.20	70,000
	Cost of share issue			(249,645)
		<u>23,350,001</u>		<u>3,220,356</u>

(b) Options

The Company has on issue 10,000,000 unlisted options to acquire 10,000,000 ordinary shares.

(c) Movements in options during the period

Date	Details	Number of Options	Exercise Price Per Share cents	Grant Date	Expiry Date
25/08/2006	Options issued	5,000,000	20	25/08/2006	30/06/2009
25/08/2006	Options issued	5,000,000	30	25/08/2006	30/12/2009
		<u>10,000,000</u>			

SILVER SWAN GROUP LIMITED

ABN 74 106 240 475

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 15:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'J Harris', is written over a faint, illegible printed name.

J Harris

Director

Dated this 16th day of March 2007

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF SILVER SWAN GROUP LIMITED

We have reviewed the accompanying interim financial report of Silver Swan Group Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the period ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration in order for the disclosing entity to lodge the interim financial report with the Australian Securities and Investments Commission.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Silver Swan Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Silver Swan Group Limited on 16 March 2007, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Silver Swan Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO

BDO

Chartered Accountants

M Shafizadeh

M Shafizadeh

Partner

Perth, Western Australia

Dated this 16th day of March 2007