



Silver
Swan
G R O U P

The Board of Directors of Silver Swan Group Limited (Silver Swan) (ASX: SWN) reports for the quarter ended 31 December 2006 as follows.

This quarter has been a milestone for the company with a successful listing on ASX. Work is now under way on a number of the company's exploration properties with the commencement of exploration activities likely in the first quarter 2007.

SOUTH AUSTRALIA

Cocata JV (EL 3462/3463) – Olympic Dam Style Targets

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 Hiltaba granites and crustal scale shear zones are thought to be highly prospective for IOCG style mineralisation

Silver Swan is currently planning a detailed 1km x 1km gravity survey over much of the tenement holding with a view to developing a number of exploration targets for follow up drill testing. The gravity work is scheduled to commence in February with follow up drilling in March depending on rig availability.

Mt Watson Joint Venture (EL 3313/3323) – Mineral Sands Targets

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%.

No work was completed on this project during the quarter with an exploration data review planned for the coming quarter.

WESTERN AUSTRALIA

Jubilee North (E28/753) – Nickel Targets

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) – Gold, Nickel and Iron Ore Targets

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.