



ANNUAL FINANCIAL REPORT

30 June 2008

ACN 120 069 089

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Corporate Directory

Directors

Mr Michael Elias – Non-Executive Chairman
Mr James Harris – Non-Executive
Dr Susan Vearncombe – Managing Director
Mr Paul Trettel – Non-Executive

Company Secretary

Mr Simon Robertson

Registered and Principal Office

15 Ogilvie Road
Mt Pleasant WA 6153

Telephone: +61 8 9316 0766

Facsimile: +61 8 9316 0799

Internet:

www.silverswangroup.com.au

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333

Facsimile: +61 8 9315 2233

Securities Exchange Listing

Australian Securities Exchange Limited
Home Branch – Perth
2 The Esplanade
Perth WA 6000

ASX Code

SWN - Fully paid ordinary shares

Solicitors

Hardy Bowen Lawyers
Level 1, 28 Ord Street
West Perth WA 6005

Auditor

BDO Kendalls Audit and Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008

Directors' Report

The Directors of Silver Swan Group Limited present their report on "the Company" or "Silver Swan" for the period ended 30 June 2008.

Directors

The names of directors in office at any time during or since the end of the financial year are:

Mr James Harris
Dr Susan Vearncombe (appointed 23 April 2008)
Mr Paul Trettel
Mr Michael Elias (appointed 23 April 2008)
Mr Murray Hodges (resigned 23 April 2008)
Mr Paul Van Loenhout (resigned 23 April 2008)
Mr Dale Ferguson (resigned 23 April 2008)

Unless otherwise indicated, all directors and executives held their positions from the beginning of the year to the date of this report.

Qualifications, Experience and Special Responsibilities of Directors

JAMES HARRIS, FAICD

***Non-Executive Director (from 23 April 2008)
Chairman and Managing Director (to 23 April 2008)***

Mr Harris has had extensive experience in both Government and private enterprise in Australia and overseas. He has worked for ten years with both Alcoa of Australia and the United Group Limited. His qualifications are in Legal Studies and Public Administration and he is a Fellow of the Australian Institute of Company Directors. He is currently managing director of Swanline Developments and its associated companies. He is non executive chairman of Integrated Project Solutions Pty Ltd and non executive director of Hagglands Drives Pty Ltd and Biodiesel Producers Ltd.

SUSAN VEARNCOMBE, B.SOC.SCI, MSc(HONS), PHD, RPGeo, MAIG

Managing Director (appointed 23 April 2008)

Dr Vearncombe is a geologist with more than 20 years experience in the mining/exploration industry and has worked internationally in Australasia, Africa, Indonesia, North and South America on a range of geological environments and mineralised systems. Dr Vearncombe has also published articles in international journals.

Dr Vearncombe was a founding member of Mercator Gold plc, and General Manager – Geology. She has also developed key spatial analysis technology. Dr Vearncombe does not currently hold any directorships of other listed companies, nor has she done in the past three years.

PAUL TRETTEL, B.COMM. (PROPERTY)

Non-Executive Director

Mr Trettel holds a Bachelor of Commerce degree. He has worked for Swanline Developments Pty Ltd, a private company, since its inception in 1998 where he currently holds the position of director of the company. He has extensive experience in all aspects of the property & small business arenas, specialising in property marketing, development feasibility and project management. Mr Trettel does not currently hold any directorships of other listed companies, nor has he done in the past three years.

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**DIRECTORS' REPORT
(Continued)**

**MICHAEL ELIAS, BScHONS, FAUSIMM, CPGEO
Chairman (Appointed 23 April 2008)**

Mr Elias has more than 30 years experience in the mining industry including working as a consultant, as Chief Geologist – Resource Development, Nickel Division at WMC Resources Ltd and at the Geological Survey of WA.

Mr Elias is currently a director of CSA Global Pty Ltd and a non-executive director of Mercator Gold plc, Braemore Resources plc and Australian Mines Ltd.

**MURRAY HODGES BSc.
Director (resigned 23 April 2008)**

Mr Hodges was involved for 15 years in his early working life exclusively in the mineral exploration industry, initially working as exploration geologist for major companies, then in a consultancy capacity. His primary experience is in base metal and gold exploration. Mr Hodges is currently a director of Crusader Holdings NL.

**PAUL VAN LOENHOUT
Director (resigned 23 April 2008)**

Mr Van Loenhout is owner/managing director of Mt Magnet Drilling, a mid tier exploration drilling company established in Western Australia in 1981. Paul has more than 25 years experience in the resource industry generally and the mineral exploration industry specifically. Mr Van Loenhout does not currently hold any directorships of other listed companies, nor has he done in the past three years.

**DALE FERGUSON B.APP.SC (GEOL) HONS, MAUSIMM
Director (resigned 23 April 2008)**

Mr Ferguson has an extensive industry background developed over fourteen years, having worked previously with Thundelarra Exploration, Resource Exploration and Resource Service Group and Hillgrove Resources Limited where he is currently the General Manager - Exploration and Operations. Mr Ferguson does not currently hold any directorships of other listed companies, nor has he done in the past three years.

Interests in the Shares and Options of the Company

	Interest in Securities at the date of this Report	
	Shares	Unlisted Options
James Harris	400,001	1,333,334
Susan Vearncombe (appointed 23 April 2008)	-	3,000,000
Paul Trettel	2,060,000	1,750,000
Michael Elias (appointed 23 April 2008)	-	1,000,000
Murray Hodges (resigned 23 April 2008)	-	-
Paul Van Loenhout (resigned 23 April 2008)	-	-
Dale Ferguson (resigned 23 April 2008)	-	-

**SIMON ROBERTSON B. BUS MAPP FIN.
Company Secretary**

Mr Robertson is a member of the Institute of Chartered Accountants and the Institute of Chartered Secretaries. He has over 15 years corporate experience and has held senior executive positions in a number of listed Australian Companies in the industrial and resources sectors.

Principal Activities

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**DIRECTORS' REPORT
(Continued)**

The principal activities of the Company during the year to 30 June 2008 consisted of mineral exploration.

Dividends

No dividends have been declared, provided for or paid in respect of the period ended 30 June 2008.

Review of Operations and Activities

Silver Swan Group Limited is a polymetallic explorer with tenements in the Murchison District of the Yilgarn Craton, Western Australia and the Wilgena and Christie Domains of the Gawler Craton, South Australia. The Company's current focus is on lode-gold, copper-gold and volcanogenic massive sulphide (Cu-Zn-Ag-Au) mineralisation in Archaean and Proterozoic terranes.

During the year ended 30 June 2008, Silver Swan Group Limited acquired a substantial exploration portfolio of tenements in the Meekatharra District of Western Australia from Mercator Gold Australia Pty Ltd, a subsidiary of Mercator Gold plc. This has given the Company a 100% interest in the Abbots, Bourkes Find, Quinns, Stakewell and Yagahong projects (collectively "the Meekatharra projects") and a new impetus.

The Company has established a balance of commodity styles in its portfolio, as well as a substantial and largely focused tenement holding. Initial exploration emphasis has been on two project areas, namely Quinns and Yagahong. These two areas contain three distinctly different mineralisation styles – lode gold, syn-tectonic copper-gold and volcanogenic massive sulphide (Cu-Zn-Ag-Au) mineralisation. Volcanogenic massive sulphide mineralisation has been intersected at Austin (within the Quinns project area) and on-going diamond drilling to establish the geometry and potential size of the mineralisation is in progress. Diamond drilling at Copper Hills South in the Yagahong project area has also been highly encouraging, albeit, no assay results to hand at the time of writing. The Company is now consolidating its activities at Yagahong and Quinns as well as directing attention to the other project areas.

In summary, the current year has seen Silver Swan Group Limited restructure and move forward aggressively with exploration. Significant events are as follows:

- Purchased a substantial tenement portfolio in the Murchison District of Western Australia from Mercator Gold plc;
- Undertaken surface and downhole electromagnetic surveys;
- Diamond drilling in the Quinns and Yagahong project areas;
- Detailed geological mapping over the Copper Hills prospect at Yagahong; and
- Announced ore-grade Cu-Zn-Ag-Au mineralisation at the Austin prospect at Quinns.

Corporate and Financial Position

The Company lodged its IPO Prospectus on 29 September 2006 for an initial public offering of 15 million shares at an issue price of A\$0.20 to raise A\$3,000,000 before costs which was successfully completed. The Company's securities officially listed on the Australian Securities Exchange on 3 November 2006.

The Company's net loss from operations for the year was \$1,686,975 (2007: \$269,915).

At 30 June 2008 the Company had a cash balance of \$2,077,022 (2007: \$2,975,030).

Business Strategies and Prospects

The Company currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to maximise the value of the Company through successful exploration activities;
- (ii) Expand the Company's portfolio of exploration assets; and
- (iii) Continue to examine other new business development opportunities in mining and resources sector

DIRECTORS' REPORT
(Continued)

Significant Changes in the State of Affairs

Other than as disclosed below, there were no significant changes in the state of affairs of the Company during the period.

- (i) On 22 April 2008 the Company issued 10,000,000 ordinary shares and 4 million Performance Shares to Mercator Gold Australia Pty Ltd to acquire the Meekatharra Project.

Significant Post Balance Date Events

On 1 July 2008, the Company completed a private placement of 3,800,000 ordinary shares at an issue price of \$0.23 per share for gross proceeds of \$874,000.

On 13 August 2008, subsequent to shareholder approval, the Company completed a placement of 1,200,000 ordinary shares to former directors of the Company at an issue price of \$0.23 per share for gross proceeds of \$276,000.

At the date of this report there are no other matters or circumstances, which have arisen since 30 June 2008 that have significantly affected or may significantly affect:

- (i) the operations, in financial years subsequent to 30 June 2008, of the Company;
- (ii) the results of those operations, in financial years subsequent to 30 June 2008, of the Company; or
- (iii) the state of affairs, in financial years subsequent to 30 June 2008, of the Company.

Environmental Regulation and Performance

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the Company during the financial period.

Likely Developments and Expected Results

It is the Board's current intention that the Company will seek to progress exploration at current projects. The Company will also continue to examine new opportunities in the mining and resources sector.

These activities are inherently risky and there can be no certainty that the Company will be able to successfully achieve the objectives. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Company and the expected results of these operations in subsequent financial years may prejudice the interests of the Company and accordingly further information has not been disclosed.

Meetings of Directors

The following table sets out the number of meetings of the Company's directors held during the period ended 30 June 2008, and the number of meetings attended by each director.

	Board Meetings Number eligible to attend	Board Meetings Number attended
Current Directors		
James Harris	15	15
Susan Vearncombe (appointed 23 April 2008)	6	6
Paul Trettel	15	15
Michael Elias (appointed 23 April 2008)	6	6

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**DIRECTORS' REPORT
(Continued)**

Murray Hodges (resigned 23 April 2008)	9	8
Paul Van Loenhout (resigned 23 April 2008)	9	6
Dale Ferguson (resigned 23 April 2008)	9	7

Insurance of Officers and Auditors

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$3,597 exclusive of GST.

Share Options on Issue at the Date of this Report

UNISSUED SHARES

At the date of this report, the unissued ordinary shares of Silver Swan Group Limited under option are as follows

Grant Date	Expiry Date	Exercise Price	Number under option
1 September 2006	30 June 2009	\$0.20	5,000,000
1 September 2006	30 June 2012	\$0.30	5,000,000
23 April 2008	31 March 2013	\$0.20	1,000,000
23 April 2008	31 March 2013	\$0.30	1,000,000
23 April 2008	31 March 2013	\$0.50	1,000,000
23 April 2008	31 March 2013	\$0.20	750,000
23 April 2008	31 March 2013	\$0.30	750,000
5 September 2008	31 August 2013	\$0.75	350,000
			<hr/> 14,850,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the financial year, employees and executives did not exercise any options to acquire ordinary shares.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services during the period ended 30 June 2008 by the auditor (BDO Kendalls Audit and Assurance (WA) Pty Ltd ("BDO")) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, as:

- (i) The only non-audit service provided by a related practice of BDO was an Independent Accountants Report for the Company's acquisition of the Meekatharra Project notice of meeting; and
- (ii) Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 23 to the Financial Statements.

Based on the above, the Board is satisfied that the nature and scope of the non-audit service provided did not compromise the auditor's independence.

Auditor's Independence Declaration

The auditor's independence declaration is on page 19 of the Annual Financial Report.

Remuneration Report

(Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Company are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the company. Based on this definition the KMP of Silver Swan Group Limited are the directors and the company secretary.

Details of Key Management Personnel

Directors

Mr Michael Elias.....	Non-Executive Chairman (appointed 23 April 2008)
Dr Susan Vearncombe	Managing Director (appointed 23 April 2008)
Mr James Harris	Non-Executive Director (from 23 April 2008)
	Chairman and Managing Director (to 23 April 2008)
Mr Paul Trettel	Non-Executive Director
Mr Murray Hodges	Non-Executive Director (resigned 23 April 2008)
Mr Paul Van Loenhout	Non-Executive Director (resigned 23 April 2008)
Mr Dale Ferguson	Non-Executive Director (resigned 23 April 2008)

Executives

Mr Simon Robertson.....	Company Secretary
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There were no changes in KMP after the reporting date and before the date the financial report was authorised for issue.

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value

Due to the early stage of development which the Company is in, shareholder wealth is directly affected by the Company share price, as the Company is not in a position to pay dividends. By remunerating Directors and Executives in part by share based payments, the Company aims to align the interests of Directors and Executives with Shareholder wealth, thus providing individual incentive to perform and thereby improving overall Company performance and associated value.

As the Company has only been incorporated since June 2006 and is in the development stage of an inherently risky industry, the remuneration policy does not currently take into account current or prior year earnings or shareholder wealth.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

NON-EXECUTIVE DIRECTOR REMUNERATION

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors to the highest calibre, whilst incurring a cost which is acceptable to shareholders.

REMUNERATION REPORT
(Continued)

Structure

The Constitution and the ASX Listing Rules specify that the aggregate directors' fees payable to non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. Shareholders' have most recently approved aggregate directors' fees payable of \$250,000 per year.

The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Company or shareholder wealth. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and have in limited circumstances received options. This effectively links directors' performance to the share price performance and therefore to the interests of shareholders.

For this reason there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

During the financial year ended 30 June 2008, following shareholder approval, the Company granted options to the non-executive Chairman. Options granted to the non-executive Chairman were one off issues made upon joining the Board:

- The Company agreed to issue the relevant incentive options to Mr Elias on 23 April 2008 as part of his total remuneration package. The value of options granted is being expensed over the vesting period. Refer to Table 3 set out on page 11 of this report for full details of the number, fair value and vesting conditions of these options.

The remuneration of non-executive directors for the periods ended 30 June 2008 and 30 June 2007 are detailed in Tables 1 and 2 respectively on page 10 of this report.

EXECUTIVE DIRECTOR REMUNERATION

Objective

The Company aims to reward executives (both directors and company executives) with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company performance;
- Align the interest of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Structure

The remuneration policy for executives is to provide a fixed remuneration component and a specific equity related component. The board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director objectives with shareholder and business objectives.

The remuneration policy going forward in regard to setting the terms and conditions for the executive directors has been developed by the board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration.

Fixed remuneration is to be reviewed annually and the process consists of a review of company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

REMUNERATION REPORT
(Continued)

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration policy going forward in regard to setting the terms and conditions for the executive directors has been developed by the board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The remuneration of executive directors for the periods ended 30 June 2008 and 30 June 2007 are detailed in Tables 1 and 2 respectively on page 10 of this report.

Variable Remuneration

Objective

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

Variable remuneration may be delivered in the form of options or cash bonus. No cash bonuses were granted during the year ended 30 June 2008 or in the prior period.

During the financial year ended 30 June 2008, following shareholder approval, the Company granted incentive options to the Managing Director and options to the Company Secretary. This effectively links executives' performance to the share price performance and therefore to the interests of shareholders. For this reason there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders. Incentive options granted to the managing director were a one off issue made in accordance with the individual employment agreement entered into upon joining the Board:

- The Company agreed to issue the relevant incentive options to Dr Vearncombe on 23 April 2008 as part of her total remuneration package. The value of options granted is being expensed over the vesting period. Refer to Table 3 set out on page 11 of this report for full details of the number, fair value and vesting conditions of these options.
- The Company agreed to issue the relevant options to Mr Robertson on 23 April 2008 as part of his total remuneration package. The value of options granted is being expensed over the vesting period. Refer to Table 3 set out on page 11 of this report for full details of the number, fair value and vesting conditions of these options.

There were no other incentive options issued to executives during the year ended 30 June 2008.

Directors receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefit. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors is valued at cost to the Company and expensed.

Employment Contracts

Managing Director

The employment conditions of the managing director, Dr Vearncombe, are formalised in a contract of employment with no fixed term, which commenced on 1 May 2008. The total remuneration package is \$270,000 per annum inclusive of a 9% superannuation contribution.

Notice of at least three months is required for either party to terminate the contract. If the Company terminates the contract within the first two years of the commencement date, the Company will make an

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REMUNERATION REPORT
(Continued)

additional termination payment equivalent to six months of the total remuneration package in addition to the three months notice period.

Key Management Personnel Remuneration

TABLE 1: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2008

	Short Term Salary, Fees & Commissions	Post- employment Superannuation	Share Based Payments Options	Total	Remuneration consisting of options
	\$	\$	\$	\$	%
Executive Directors					
James Harris	18,359	1,585	-	19,944	-
Susan Vearncombe (i)	62,109	35,525	491,600	589,234	83%
Non-Executive Directors					
Paul Trettel	14,154	1,207	-	15,361	-
Michael Elias (i)	6,792	600	173,100	180,492	96%
Murray Hodges (ii)	9,787	-	-	9,787	-
Paul Van Loenhout (ii)	9,787	-	-	9,787	-
Dale Ferguson (ii)	9,787	-	-	9,787	-
Other KMP					
Simon Robertson	13,167	-	86,550	99,717	87%
Total	143,942	38,917	751,250	934,109	

(i) Appointed 23 April 2008.

(ii) Resigned 23 April 2008.

TABLE 2: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2007

	Short Term Salary, Fees & Commissions	Post- employment Superannuation	Share Based Payments Options	Total	Remuneration consisting of options
	\$	\$	\$	\$	%
Executive Directors					
James Harris	8,028	722	6,134	14,884	41%
Non-Executive Directors					
Murray Hodges	5,833	-	4,601	10,434	44%
Paul Van Loenhout	5,833	-	8,050	13,883	58%
Dale Ferguson	5,833	-	8,050	13,883	58%
Paul Trettel	5,352	482	8,050	13,884	58%
Total	30,879	1,204	34,885	66,968	

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REMUNERATION REPORT
(Continued)

TABLE 3: COMPENSATION OPTIONS – GRANTED AND VESTED DURING THE YEAR

As discussed above under “Remuneration structure”, options granted to KMP are not linked to either individual performance or the performance of the Company, but are instead issued as an incentive to align the goals of KMP with those of all shareholders.

There are no performance conditions prior to vesting and all options were issued for nil consideration.

2008	Granted		Terms & Conditions of each Grant:					Vested	
	Name	Grant date	Number granted	Value per option at grant date	Exercise price per option	Expiry date	First exercise date		Last exercise date
	S Vearncombe	23-Apr-08	1,000,000	\$0.1804	\$0.20	31-Mar-13	23-Apr-08	31-Mar-13	1,000,000
	S Vearncombe	23-Apr-08	1,000,000	\$0.1658	\$0.30	31-Mar-13	23-Apr-08	31-Mar-13	1,000,000
	S Vearncombe	23-Apr-08	1,000,000	\$0.1454	\$0.50	31-Mar-13	23-Apr-08	31-Mar-13	1,000,000
	M Elias	23-Apr-08	500,000	\$0.1804	\$0.20	31-Mar-13	23-Apr-08	31-Mar-13	500,000
	M Elias	23-Apr-08	500,000	\$0.1658	\$0.30	31-Mar-13	23-Apr-08	31-Mar-13	500,000
	S Robertson	23-Apr-08	250,000	\$0.1804	\$0.20	31-Mar-13	23-Apr-08	31-Mar-13	250,000
	S Robertson	23-Apr-08	250,000	\$0.1658	\$0.30	31-Mar-13	23-Apr-08	31-Mar-13	250,000
			<u>4,500,000</u>						<u>4,500,000</u>

2007	Granted		Terms & Conditions of each Grant:					Vested	
	Name	Grant date	Number granted	Value per option at grant date	Exercise price per option	Expiry date	First exercise date		Last exercise date
	J Harris	1-Sep-06	1,333,334	\$0.0092	(i)	(i)	1-Sep-06	(i)	1,333,334
	M Hodges	1-Sep-06	1,000,000	\$0.0092	(i)	(i)	1-Sep-06	(i)	1,000,000
	P van Loenhout	1-Sep-06	1,750,000	\$0.0092	(i)	(i)	1-Sep-06	(i)	1,750,000
	D Ferguson	1-Sep-06	1,750,000	\$0.0092	(i)	(i)	1-Sep-06	(i)	1,750,000
	P Trettel	1-Sep-06	1,750,000	\$0.0092	(i)	(i)	1-Sep-06	(i)	1,750,000
			<u>7,583,334</u>				1-Sep-06		<u>7,583,334</u>

- (i) 50% of options held are exercisable at \$0.20 by 30 June 2009 and 50% exercisable at \$0.30 by 31 December 2012.

TABLE 4: OPTIONS GRANTED AS PART OF REMUNERATION

Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Percentage of total remuneration for the year that consists of options
S Vearncombe	\$491,600	-	-	83%
M Elias	\$173,100	-	-	96%
S Robertson	\$86,550	-	-	87%

For details on the valuation of the options, including models and assumptions used, please refer to Note 20.

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**REMUNERATION REPORT
(Continued)**

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

There were no forfeitures or cancellations during the period.

The maximum grant, which will be payable assuming that all service criteria are met, is equal to the number of options granted multiplied by the fair value at the grant date. The minimum grant payable assuming that service criteria are not met is zero.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No compensation options were exercised during the year.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read "Michael Elias".

Michael Elias
Chairman
Perth 24 September 2008

Corporate Governance Statement

The Board of Directors of Silver Swan Group Limited (“the Company”) is responsible for its corporate governance, that is, the system by which the Company is managed.

Board of Directors

Role of the Board and Management

The Board represents shareholders’ interests in developing and then continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Company is managed in such a way to best achieve this desired result. Given the early development stage of this business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Company.

The Board has sole responsibility for the following:

- Protection and enhancement of shareholder value.
- Formulation, review and approval of the objectives and strategic direction of the Company.
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results.
- Approving all significant business transactions including acquisitions, divestments and capital expenditure.
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained.
- The identification of significant business risks and ensuring that such risks are adequately managed.
- The review of performance and remuneration of executive directors and key staff.
- The establishment and maintenance of appropriate ethical standards.
- Evaluating and, where appropriate, adopting with or without modification the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company seeks to follow the best practice recommendations for listed companies as outlined in the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations where appropriate for its size and the complexity of its operations.

None of the members of the board are considered independent in terms of the ASX Corporate Governance Council’s definition of independent director. However the board believes that the Directors are able and do bring quality and independent judgement to all relevant issues falling within the scope of their roles as Directors.

As the Company’s activities increase in size, scope and/or nature the Company’s corporate governance principles will be reviewed by the Board and amended as appropriate.

Composition of the Board and New Appointments

The Company currently has the following Board members:

Michael Elias
Susan Vearncombe
James Harris

CORPORATE GOVERNANCE STATEMENT
(Continued)

Paul Trettel

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed and the optimum number of Directors required for the Board to properly perform its responsibilities and functions assigned.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director, regardless of whether this is a joint or singular position) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Committees of the Board

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time including audit, remuneration or nomination committees preferring at this stage to manage the Company through the full board of Directors.

The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

**CORPORATE GOVERNANCE STATEMENT
(Continued)**

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision making by the Directors. The Code is based on a Code of Conduct for Directors prepared by the Australian Institute of Company Directors.

Code of Ethics and Conduct

The Company has established a Code of Conduct (Code) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the directors, officers, employees and contractors (collectively, the Employees) in carrying out their roles for the Company. Through this Code, the Company seeks to encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business operator and "corporate citizen". The Code is designed to broadly outline the ways in which the Company wishes to conduct its business. The Code does not cover every possible situation that Employees may face, but is intended to provide Employees with a guide to taking a commonsense approach to any given situation, within an overall framework.

Dealings in Company Securities

The Company has established a Security Trading Policy that is provided to all Directors and employees on commencement.

The constitution permits directors to acquire shares or options in the Company. The Company's policy prohibits Directors from dealing in shares or options whilst in possession of price sensitive information. Directors must notify the company secretary once they have bought or sold shares or options in the Company or exercised options over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, the Company on behalf of the directors must advise the Australian Securities Exchange of any transactions conducted by them in shares and / or options in the Company.

Disclosure of Information

Disclosure of Information Policy

The Disclosure of Information Policy requires all executives and Directors to inform the Managing Director or the Company Secretary when the Managing Director is not available, of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

- a) A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and
- b) The information is confidential; and
- c) One of the following applies:
 - i. It would breach a law or regulation to disclose the information;
 - ii. The information concerns an incomplete proposal or negotiation;
 - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

CORPORATE GOVERNANCE STATEMENT
(Continued)

- iv. The information is generated for internal management purposes;
- v. The information is a trade secret;
- vi. It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
- vii. It would harm the Company's potential application or possible patent application; or
- viii. The information is scientific data that release of which may benefit the Company's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The company secretary is responsible for all communications with ASX.

Communication with Shareholders

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

Risk Management

Overview of the Risk Management System

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing operational, financial reporting, and compliance risks for the consolidated entity. The consolidated entity is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls. Instead, a director, in accordance with company policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other directors at the directors' meetings.

Risk Profile

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Major risks arise from such matters as actions by competitors, government policy changes, difficulties in sourcing raw materials, the robustness of the technologies being used or proposed to be used, environment, occupational health and safety, financial reporting and the purchase, development and use of information systems.

Risk Management, Compliance and Control

The board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

**CORPORATE GOVERNANCE STATEMENT
(Continued)**

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements will be put in place by the Board to monitor the performance of the Company's executives to include:

- a review by the Board of the Company's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual.

Remuneration Arrangements

The Company's Remuneration Policy is set out in the Remuneration Report Section of the Director's Report, and also included in the 2008 Financial Statements.

Compliance with ASX Corporate Governance Recommendations

During the Company's 2007/2008 financial year ("Reporting Period") the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Principle No	Best Practice Recommendation	Reasons for Non-compliance
2.1, 2.2	No independent directors, including Chairman.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of independent non-executive directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion of the topic.
2.4	A separate Nomination	The Board considers that the Company is not currently of

CORPORATE GOVERNANCE STATEMENT
(Continued)

Principle No	Best Practice Recommendation	Reasons for Non-compliance
	Committee has not been formed.	a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
9.2	There is no separate Remuneration Committee.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.



25 September 2008

The Board of Directors
Silver Swan Group Limited
PO Box 869
CANNING BRIDGE WA 6153

Dear Sirs

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF SILVER SWAN GROUP LIMITED

As lead auditor of Silver Swan Group Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Silver Swan Group Limited and the entities it controlled during the period.

BG McVeigh
Director

BDO Kendalls
BGMcV

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia

Income Statement
For the Year Ended 30 June 2008

	Note	2008 \$	Period from incorporation on 6 June 2006 to 30 June 2007 \$
Revenue	4(a)	227,453	103,626
Administration costs		(433,148)	(149,864)
Business development costs		(7,507)	(15,811)
Employee costs	4(b)	(871,144)	(50,964)
Exploration expenditure		(507,232)	(156,902)
Impairment of capitalised exploration expenditure		(85,000)	-
Depreciation		(10,397)	-
Loss before income tax expense		(1,686,975)	(269,915)
Income tax expense	7	-	-
Net loss attributable to members of Silver Swan Group Limited		(1,686,975)	(269,915)
Basic and diluted loss per share (cents per share)	5	(6.68)	(1.90)

The Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet
As at 30 June 2008

	Note	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents	8(a)	2,077,022	2,975,030
Trade and other receivables	9	32,699	13,410
Other current assets	10	65,440	3,965
Total Current Assets		2,175,161	2,992,405
Non-Current Assets			
Plant and equipment	11	179,850	-
Exploration and evaluation expenditure	12	2,112,522	85,000
Total Non-Current Assets		2,292,372	85,000
TOTAL ASSETS		4,467,533	3,077,405
Current Liabilities			
Trade and Other Payables	13	296,245	90,669
Provisions	14	120,277	-
Total Current Liabilities		416,522	90,669
TOTAL LIABILITIES		416,522	90,669
NET ASSETS		4,051,011	2,986,736
EQUITY			
Contributed equity	15	5,221,766	3,221,766
Reserves	16	786,135	34,885
Accumulated losses	17	(1,956,890)	(269,915)
TOTAL EQUITY		4,051,011	2,986,736

The Balance Sheet should be read in conjunction with the accompanying notes.

Cash Flow Statement
For the Year Ended 30 June 2008

	Note	2008 \$	Period from incorporation on 6 June 2006 to 30 June 2007 \$
Cash flows from operating activities			
Interest received		227,453	103,626
Payments to suppliers and employees		(595,141)	(168,682)
Payments for exploration and evaluation expenditure		(340,073)	(111,680)
Net cash used in operating activities	8(b)	(707,761)	(176,736)
Cash flows from investing activities			
Payments for plant and equipment		(190,247)	-
Net cash used in investing activities		(190,247)	-
Cash flows from financing activities			
Proceeds from issue of shares		-	3,400,001
Share issue costs		-	(248,235)
Net cash inflow from financing activities		-	3,151,766
Net (decrease)/increase in cash and cash equivalents held		(898,008)	2,975,030
Cash and cash equivalents at the beginning of the financial period		2,975,030	-
Cash and cash equivalents at the end of the financial period	8(a)	2,077,022	2,975,030

The Cash Flow Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the Year Ended 30 June 2008

	Issued Capital \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
As at 1 July 2007	3,221,766	34,885	(269,915)	2,986,736
Net income and expense recognised directly in equity	-	-	-	-
Net loss for the year	-	-	(1,686,975)	(1,686,975)
Total recognised income and expenditure for the year attributable to members of Silver Swan Group Limited	-	-	(1,686,975)	(1,686,975)
Issue of shares	2,000,000	-	-	2,000,000
Cost of share based payments	-	751,250	-	751,250
As at 30 June 2008	5,221,766	786,135	(1,956,890)	4,051,011

	Issued Capital \$	Other Reserves \$	Accumulated Losses \$	Total Equity \$
As at date of incorporation on 6 June 2006	-	-	-	-
Net income recognised directly in equity	-	-	-	-
Net loss for the period	-	-	(269,915)	(269,915)
Total recognised income and expenditure for the period attributable to members of Silver Swan Group Limited	-	-	(269,915)	(269,915)
Issue of shares	3,470,001	-	-	3,470,001
Share issue costs	(248,235)	-	-	(248,235)
Cost of share based payments	-	34,885	-	34,885
As at 30 June 2007	3,221,766	34,885	(269,915)	2,986,736

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes To and Forming Part of the Financial Statements

1. CORPORATE INFORMATION

The financial report of Silver Swan Group Limited (the Company) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 24 September 2008.

Silver Swan Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

Comparative information reflects the financial performance of the Company from the date of incorporation on 6 June 2006 to 30 June 2007.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of asset and the settlement of liabilities in the normal course of business.

Whilst the company has achieved some exploration success to date the directors recognize that the company will have to seek additional funding in order to continue to exploit its exploration assets to obtain their full potential.

If additional funding cannot be obtained there is uncertainty as to whether the Company will be able to continue as a going concern. Should the Company be unable to continue as a going concern it may be required to realize its assets and extinguish its liabilities other than in the normal course of business at amounts different to those noted in the financial report.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis is appropriate.

Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New Accounting Standards and Interpretations

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Company's accounting policies.

SILVER SWAN GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB Int. 4 (Revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. In addition, the amendments may have an impact on the Company's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	The Company has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Company's financial report.	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Company's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 July 2009

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Company has share-based payment arrangements that may be affected by these amendments. However, the Company has not yet determined the extent of the impact, if any.	1 July 2009
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

*Designates the beginning of the applicable annual reporting period unless otherwise stated.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

Adoption of new accounting standard

The Company has adopted AASB 7 *Financial Instruments: Disclosures* and all consequential amendments which became applicable on 1 July 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

Change in accounting policy

The Company has changed its policy of accounting for exploration and evaluation expenditure incurred subsequent to acquisition. In the prior period, such costs were capitalised until an area of interest was proved to contain economically recoverable reserves or not. In the current period, the Company has decided that more relevant and reliable information will be provided to the users of the financial statements if exploration and evaluation expenditure incurred subsequent to acquisition of an area of interest is expensed in the income statement. In accordance with Accounting Standards, this change in policy has been applied retrospectively with the following impact on prior period amounts reported in the financial statements:

	As reported in the financial statements for the period ended 30 June 2007 \$	Impact of change in accounting policy \$	As reported in these financial statements for the period ended 30 June 2007 \$
Income Statement			
Exploration expenditure	-	(156,902)	(156,902)
Net loss for the period before income tax expense	(113,013)	(156,902)	(269,915)
Net loss for the period	(113,013)	(156,902)	(269,915)
Basic and diluted loss per share (cents)	(0.79)	(1.11)	(1.90)

Balance Sheet	As reported in the	Impact of change in	As reported in these
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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	financial statements for the period ended 30 June 2007	accounting policy	financial statements for the period ended 30 June 2007
Exploration and evaluation expenditure	241,902	(156,902)	85,000
Net assets	3,143,638	(156,902)	2,986,736
Accumulated losses	(113,013)	(156,902)	(269,915)
Total equity	3,143,638	(156,902)	2,986,736

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying value amount of the financial asset.

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 bases 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 temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Cash and cash equivalents

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

“Cash and cash equivalents” includes cash on hand, deposits held at call with financial institutions and 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. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

Trade and other receivables

Trade receivables are initially recognised and carried at original invoice amount less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition. A provision for impairment is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rate used for plant and equipment is 30%.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

Derecognition

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

Impairment of assets

Silver Swan Group Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which 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 purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Company as a lessee

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for the goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days.

Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Share based payments

The Company provides benefits to Directors, employees, consultants and other advisors of the Company in the form of share-based payments, whereby the Directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the market price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

NOTES TO THE FINANCIAL STATEMENTS
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If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share (EPS)

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Exploration and evaluation expenditure

Exploration and evaluation costs are expensed as incurred as an operating cost of the Company. Costs related to the acquisition of properties that contain mineral resources are capitalised and allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the 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 as applicable; and
- 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 components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Determination of mineral resources

The determination of mineral resources impacts the accounting for asset carrying values. Silver Swan Group Limited estimates its mineral resources in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004* (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Significant accounting estimates and assumptions

Impairment of capitalised exploration and evaluation expenditure

It is the Company's policy to capitalise costs related to the acquisition of properties that contain mineral resources. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised in relation to an area of interest where activities have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

Share-based payment transactions

The Company measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined by an external valuer using a Black-Scholes model, with the assumptions detailed in Note 20. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the

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carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	Note	2008 \$	2007 \$
4. REVENUE AND EXPENSES			
<i>(a) Revenue</i>			
Interest revenue		227,453	103,626
<i>(b) Employee Expenses</i>			
Salaries and wages		(69,549)	(13,379)
Superannuation		(42,590)	(1,204)
Annual leave		(7,755)	-
Fringe benefits tax		-	(1,496)
Share based payments expense		(751,250)	(34,885)
		(871,144)	(50,964)

5. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Net loss used in calculating basic and diluted earnings per share

(1,686,975)	(269,915)
-------------	-----------

Weighted average number of ordinary shares and potential ordinary shares used in calculating basic earnings per share

2008 No. of Shares	2007 No. of Shares
25,235,247	14,231,553
-	-

Effect of dilutive securities (see below)

Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share

25,235,247	14,231,553
------------	------------

Non-dilutive securities

As at balance date, 14,500,000 (2007: 7,583,334) unlisted options (which represent potential ordinary shares) were not dilutive as they would decrease the loss per share.

Conversions, calls, subscriptions or issues after 30 June 2008

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

See Note 24 for details regarding post balance date events.

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	Note	2008 \$	2007 \$		
6. SEGMENT INFORMATION					
The company operates solely in the mineral exploration sector in Australia.					
7. INCOME TAX					
<i>(a) The major components of income tax are:</i>					
Current income tax					
Current income tax benefit		(895,593)	(107,406)		
Current income tax benefit not recognised		895,593	107,406		
Deferred income tax					
Relating to the origination and reversal of temporary differences		616,375	37,343		
Deferred tax assets not brought to account as their realisation is not regarded as probable		(616,375)	(37,343)		
Income tax (benefit)/expense recorded in the income statement		-	-		
<i>(b) A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Company's applicable income tax rate is as follows:</i>					
Accounting loss before income tax		(1,686,975)	(269,915)		
At the Company's statutory income tax rate of 30% (2007: 30%)		(506,093)	(80,975)		
Non-deductible expenses		1,500	446		
Share based payments		225,375	10,466		
Deferred tax assets not brought to account as their realisation is not regarded as probable		279,218	70,063		
Income tax expense reported in the income statement		-	-		
<i>(c) Deferred income tax</i>					
Deferred income tax at 30 June relates to the following:					
Deferred Tax Liabilities					
Exploration and evaluation assets		(633,757)	(25,500)	608,257	25,500
Recognition of losses to offset future taxable income		633,757	25,500	(608,257)	(25,500)
		-	-		
Deferred Tax Assets					
Accruals		7,500	3,051	(4,449)	(3,051)
Provisions		2,327	-	(2,327)	-
Section 40-880 deductions		44,682	59,576	14,894	14,894
Losses available to offset against future taxable income		1,002,998	107,406	(895,592)	(107,406)
Recognition of losses to offset future taxable income		(633,757)	(25,500)	608,257	25,500
Deferred tax assets not brought to account as their realisation is not regarded as probable		(423,750)	(144,533)	279,217	70,063
		-	-	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit.

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(Continued)

	Note	2008 \$	2007 \$
8. CASH AND CASH EQUIVALENTS			
<i>(a) Reconciliation to the balance sheet and cash flow statement</i>			
Cash at bank and on hand		2,077,022	975,030
Deposits ⁽¹⁾		-	2,000,000
		2,077,022	2,975,030
<i>(1) The deposit is bearing an interest rate of 6.47%.</i>			
<i>(b) Reconciliation of net loss after income tax expense to net cash outflow from operating activities</i>			
Net loss after income tax expense		(1,686,975)	(269,915)
<i>Adjustment for non-cash income and expense items</i>			
Share based payments		751,250	34,885
Impairment of capitalised exploration expenditure		85,000	-
Depreciation expense		10,397	-
<i>Changes in assets and liabilities</i>			
(Increase) in receivables		(19,289)	(13,410)
(Increase) in other current assets		(61,475)	(3,965)
Increase in payables		205,576	75,669
Increase in provisions		7,755	-
Net cash outflow from operating activities		(707,761)	(176,736)
<i>(c) Significant Non-Cash Investing Activities</i>			
During the year ended 30 June 2008, the Company issued 10 million ordinary shares and 4 million Performance Shares to acquire the Meekatharra Project. Refer to Note 12 for further details.			
During the period ended 30 June 2007, the Company issued 350,000 shares with a deemed value of \$70,000 for the acquisition of exploration assets.			
<i>(d) Credit Standby Arrangements with Banks</i>			
At balance date, the Company had no used or unused financing facilities (2007: nil).			
9. TRADE AND OTHER RECEIVABLES			
GST receivable		31,799	13,410
Other receivables		900	-
		32,699	13,410
10. OTHER CURRENT ASSETS			
Prepayments		55,440	3,965
Security deposits		10,000	-
		65,440	3,965

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(Continued)

	Note	2008 \$	2007 \$
11. PLANT AND EQUIPMENT			
Computer equipment – at cost		99,340	-
Accumulated depreciation		(6,069)	-
Net carrying amount		93,271	-
Vehicles – at cost		62,414	-
Accumulated depreciation		(1,751)	-
Net carrying amount		60,663	-
Office equipment – at cost		2,313	-
Accumulated depreciation		(88)	-
Net carrying amount		2,225	-
Software – at cost		26,180	-
Accumulated depreciation		(2,489)	-
Net carrying amount		23,691	-
Total plant and equipment		190,247	-
Accumulated depreciation		(10,397)	-
Net carrying amount		179,850	-
<i>(a) Reconciliations</i>			
Computer equipment			
At 1 July		-	-
Additions		99,340	-
Depreciation expense		(6,069)	-
At 30 June		93,271	-
Vehicles			
At 1 July		-	-
Additions		62,414	-
Depreciation expense		(1,751)	-
At 30 June		60,663	-
Office equipment			
At 1 July		-	-
Additions		2,313	-
Depreciation expense		(88)	-
At 30 June		2,225	-
Software			
At 1 July		-	-
Additions		26,180	-
Depreciation expense		(2,489)	-
At 30 June		23,691	-

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Note	2008 \$	2007 \$
12. EXPLORATION & EVALUATION EXPENDITURE			
The Company has exploration costs carried forward in respect of areas of interest:			
Areas of interest:			
Jubilee North		-	15,000
Cocata		-	30,000
Mt Watson		-	20,000
Kiaby Well		-	20,000
Meekatharra Project	(a)	2,112,522	-
		2,112,522	85,000

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

(a) Acquisition of the Meekatharra Project

On 19 February 2008, the Company and Mercator Gold Australia Pty Ltd (Mercator) entered into a Heads of Agreement whereby the Company agreed to purchase the Meekatharra Project, which is prospective for gold and base metals.

Consideration for the purchase of the Meekatharra Project comprised:

- (i) 10 million ordinary shares of the Company; and
- (ii) 4 million Performance Shares.

The terms and conditions of the Performance Shares are set out in Note 15(b).

In accordance with Accounting Standards, the Meekatharra Project has been recognised at the independent expert's fair value of \$2,000,000 plus transaction costs, being the estimated Stamp Duty payable on the purchase.

(b) Reconciliation:

Balance at the beginning of period		85,000	-
Acquisition of interests in new mining leases		2,112,522	85,000
Impairment of capitalised exploration and evaluation	(i)	(85,000)	
Balance at end of period		2,112,522	85,000

(i) Costs capitalised in relation to Jubilee North, Cocata, Mt Watson and Kiaby Well were impaired during the year as the Company will be dedicating its resources to advancing the Meekatharra Project to the exclusion of other projects.

13. TRADE AND OTHER PAYABLES

Trade payables (a)		271,245	80,499
Accruals		25,000	10,170
		296,245	90,669

(a) Terms & Conditions

Trade creditors are non interest bearing and are normally settled on 30 days terms.

14. PROVISIONS

Employee benefits	(i)	7,755	-
Stamp duty payable on acquisition of Meekatharra Project	(ii)	112,522	-
		120,277	-

(i) The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

(ii) The provision for stamp duty payable on acquisition of the Meekatharra Project is estimated based on the capitalised acquisition cost recognised on the balance sheet. The Company has not yet received an assessment of the actual liability.

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	Note	2008 \$	2007 \$
15. CONTRIBUTED EQUITY			
<i>(a) Issued and paid up capital:</i>			
33,350,001 (2007: 23,350,001) fully paid ordinary shares		5,221,766	3,221,766
Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.			
<i>(b) Movement in shares on issue</i>			
		No.	\$
<i>Ordinary Shares</i>			
Balance – 6 June 2006 (date of incorporation)		1	1
Seed capital		8,000,000	400,000
Initial public offering		15,000,000	3,000,000
Share issue costs		-	(248,235)
Farm in joint venture		350,000	70,000
Balance – 30 June 2007		23,350,001	3,221,766
Balance – 1 July 2007		23,350,001	3,221,766
Acquisition of Meekatharra Project		10,000,000	2,000,000
Balance – 30 June 2008		33,350,001	5,221,766
<i>Performance Shares</i>			
Balance – 6 June 2006 (date of incorporation)		-	-
Balance – 30 June 2007		-	-
Balance – 1 July 2007		-	-
Acquisition of Meekatharra Project		4,000,000	-
Balance – 30 June 2008		4,000,000	-

(c) Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Performance Shares

The Performance Shares will convert to ordinary shares on a 1 for 1 basis on satisfaction, prior to the expiry date, of the Verification Milestone.

The Verification Milestone is the identification of an independently calculated Mineral Resource of 350,000 ounces of gold at the Indicated Category as defined by JORC or such amount of a metal other than gold that has an equivalent value at the time of determination as 350,000 ounces of gold from the tenements acquired under the Heads of Agreement.

The expiry date is 22 April 2013.

The Performance Shares do not carry voting rights and are not transferable.

There are no participation rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues of capital during the currency of the Performance Shares.

If the Company is wound up prior to conversion of the Performance Shares the Performance Shareholders have no right to be paid cash for the issue price, nor any right to participate in the surplus assets or profits of the Company.

If prior to the expiry date the Verification Milestone is not met, then the total number of Performance Shares will convert into one ordinary share.

No value has been attributed to the Performance Shares as it is not yet considered probable that the Verification Milestone will be achieved.

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Note	2008	2007
		\$	\$

15. CONTRIBUTED EQUITY (CONTINUED)

(d) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

Being at an exploration stage, the Company does not have sufficient cash inflows from its operations to fund working capital requirements and investing activities, therefore, the Company will issue shares to either generate cash for operations or to acquire assets without depleting cash reserves.

During the financial year ended 30 June 2008, the Company issued 10 million ordinary shares and 4 million Performance Shares to acquire the Meekatharra Project (2007: 350,000 ordinary shares issued to acquire exploration assets). Subsequent to 30 June 2008, the Company has completed a placement of 5 million ordinary shares to raise \$1.15 million before costs to fund exploration activities on the Meekatharra Project. This is the first such placement since the Company completed its initial public offering in November 2006.

The Company is not subject to any externally imposed capital requirements.

16. RESERVES

Share-based Payments Reserve

Opening balance at the beginning of the financial period	34,885	-
Share-based payments expense	751,250	34,885
Closing balance at the end of the financial period	786,135	34,885

(a) Nature and purpose of reserves

Share-based Payments Reserve

The share-based payment reserve is used to record the fair value of share based payments made by the Company.

See Note 20 for details regarding the grant of options.

17. ACCUMULATED LOSS

Opening balance at the beginning of the financial period	(269,915)	-
Net loss for the period	(1,686,975)	(269,915)
Closing balance at the end of the financial period	(1,956,890)	(269,915)

18. KEY MANAGEMENT PERSONNEL

(a) Compensation for Key Management Personnel

Short term employee benefits	143,942	30,879
Post-employment benefits	38,917	1,204
Share based payments	751,250	34,885
Total compensation	934,109	66,968

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NOTES TO THE FINANCIAL STATEMENTS
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18. KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option holdings of Key Management Personnel

30 June 2008	Balance at beginning of period	Granted as remuneration	Options exercised	Net change other	Balance at end of period	Vested at 30 June 2008:		
						Total	Exercisable	Not exercisable
Directors								
James Harris	1,333,334	-	-	-	1,333,334	1,333,334	1,333,334	-
Murray Hodges*	1,000,000	-	-	(1,000,000)	-	-	-	-
Paul van Loenhout*	1,750,000	-	-	(1,750,000)	-	-	-	-
Dale Ferguson*	1,750,000	-	-	(1,750,000)	-	-	-	-
Paul Trettel	1,750,000	-	-	-	1,750,000	1,750,000	1,750,000	-
Susan Vearncombe	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000	-
Michael Elias	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Simon Robertson	-	500,000	-	-	500,000	500,000	500,000	-
	7,583,334	4,500,000	-	(4,500,000)	7,583,334	7,583,334	7,583,334	-

* Mr Hodges, Mr van Loenhout and Mr Ferguson resigned from the Board on 23 April 2008. "Net Change Other" represents the number of options they each held at the date of resignation.

30 June 2007	Balance at beginning of period	Granted as remuneration	Options exercised	Net change other	Balance at end of period	Vested at 30 June 2007:		
						Total	Exercisable	Not exercisable
Directors								
James Harris	-	1,333,334	-	-	1,333,334	1,333,334	1,333,334	-
Murray Hodges	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Paul van Loenhout	-	1,750,000	-	-	1,750,000	1,750,000	1,750,000	-
Dale Ferguson	-	1,750,000	-	-	1,750,000	1,750,000	1,750,000	-
Paul Trettel	-	1,750,000	-	-	1,750,000	1,750,000	1,750,000	-
	-	7,583,334	-	-	7,583,334	7,583,334	7,583,334	-

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NOTES TO THE FINANCIAL STATEMENTS
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18. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of Key Management Personnel

Ordinary shares held in Silver Swan Group Limited (number)

	Balance 1 July 07	Granted as remuner- ation	On exercise of options	Net change other	Balance 30 June 08
30 June 2008					
James Harris	450,001	-	-	(50,000)	400,001
Murray Hodges	700,000	-	-	(700,000)	-
Paul van Loenhout	2,560,000	-	-	(2,560,000)	-
Dale Ferguson	980,000	-	-	(980,000)	-
Paul Trettel	1,800,000	-	-	260,000	2,060,000
Susan Vearncombe	-	-	-	-	-
Michael Elias	-	-	-	-	-
Simon Robertson	200,000	-	-	-	200,000
	6,690,001	-	-	(4,030,000)	2,660,001

* Mr Hodges, Mr van Loenhout and Mr Ferguson resigned from the Board on 23 April 2008. "Net Change Other" represents the number of shares they each held at the date of resignation.

	Balance 1 July 06	Granted as remuner- ation	On exercise of options	Net change other	Balance 30 June 07
30 June 2007					
James Harris	-	-	-	450,001	450,001
Murray Hodges	-	-	-	700,000	700,000
Paul van Loenhout	-	-	-	2,560,000	2,560,000
Dale Ferguson	-	-	-	980,000	980,000
Paul Trettel	-	-	-	1,800,000	1,800,000
	-	-	-	6,490,001	6,490,001

(d) Loans to Key Management Personnel

There are no loans between the entity and KMP.

(e) Other transactions

Swanline Developments Pty Ltd, a company of which Mr James Harris and Mr Paul Trettel are Directors, was paid \$55,000 (2007: \$60,000) for the provision of serviced office facilities, assistance with the preparation of a prospectus and administration services during the period. The amount is based on a monthly retainer due and payable in advance and is able to be terminated by either party with one month's notice. This item has been recognised as an expense in the Income Statement.

Kings Park Capital Pty Ltd, a company of which Mr Paul Trettel is a director, was paid \$21,585 (2007: Nil) for the provision of administration services during the period. At 30 June 2008, an amount of \$11,000 (2007: Nil) was included in the balance of trade payables. This balance has been paid subsequent to year end.

Mt Magnet Drilling, a related company of Mr Paul Trettel, was paid \$128,177 (2007: nil) for the provision of drilling services during the year. This item has been recognised as an expense in the Income Statement.

19. RELATED PARTIES

(a) Transactions with KMP

Details relating to KMP, including remuneration paid, are included in Note 18 and the audited remuneration report section of the directors' report.

(b) Transactions with Other Related Parties

There were no transactions with other related parties during the current or previous financial year.

SILVER SWAN GROUP LIMITED
ANNUAL FINANCIAL REPORT 2008

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Note	2008 \$	2007 \$
20. SHARE BASED PAYMENTS			
<i>(a) Recognised share based payment expenses</i>			
The expense recognised for employee services received during the year is show in the table below:			
Expense arising from equity-settled share-based payment transactions		751,250	34,885

Shareholders approved the establishment of the Silver Swan Employee Option Scheme at a general meeting on 23 April 2008. No options were granted under this scheme during the year ended 30 June 2008. The directors are not eligible to participate in this scheme. Terms and conditions of each grant to employees are described below. There have been no cancellations or modifications to any grants during 2008 and 2007.

(b) Terms and conditions of share-based payments

Terms and conditions of options granted during the year ended 30 June 2008

Terms and conditions of Incentive Options granted to Dr Vearncombe

- Each Incentive Option shall be issued for no consideration.
- Each Incentive Option entitles the holder to subscribe for one Share upon exercise.
- The exercise prices of the Incentive Options are \$0.20 for the \$0.20 Incentive Options, \$0.30 for the \$0.30 Incentive Options and \$0.50 for the \$0.50 Incentive Options.
- The Incentive Options are exercisable at any time prior to the Expiry Date.
- The Incentive Options expire on the earlier of 31 March 2013 or the date the holder is disqualified from holding the office of director or officer of the Company or the date the holder ceases to be a director or officer of the Company because of retirement, voluntary cessation or mutual agreement of the Company and holder.
- Shares issued on exercise of the Incentive Options rank equally with the then shares of the Company.
- No application for quotation of the Incentive Options will be made by the Company.
- The Incentive Options are non-transferable.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules, which apply to the reconstruction at the time of the reconstruction.

Terms and conditions of \$0.20 Options

The \$0.20 Options were granted based upon the following terms and conditions:

- Each \$0.20 Option entitles the holder to subscribe for one Share upon exercise of each \$0.20 Option.
- The \$0.20 Options have an exercise price of \$0.20 each and an expiry date of 31 March 2013.
- The \$0.20 Options are exercisable at any time prior to the Expiry Date.
- Shares issued on exercise of the \$0.20 Options rank equally with the then shares of the Company.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the \$0.20 Options.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- No application for quotation of the \$0.20 Options will be made by the Company.
- The \$0.20 Unlisted Options are non-transferable.

Terms and conditions of \$0.30 Options

The \$0.30 Options were granted based upon the following terms and conditions:

- Each \$0.30 Option entitles the holder to subscribe for one Share upon exercise of each \$0.30 Option.
- The \$0.30 Options have an exercise price of \$0.30 each and an expiry date of 31 March 2013.
- The \$0.30 Options are exercisable at any time prior to the Expiry Date.
- Shares issued on exercise of the \$0.30 Options rank equally with the then shares of the Company.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the \$0.30 Options.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- No application for quotation of the \$0.30 Options will be made by the Company.
- The \$0.30 Unlisted Options are non-transferable.

SILVER SWAN GROUP LIMITED
ANNUAL FINANCIAL REPORT 2008

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Note	2008 \$	2007 \$
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20. SHARE BASED PAYMENTS (CONTINUED)

(b) Terms and conditions of share-based payments (continued)

Terms and conditions of options granted during the year ended 30 June 2007

Terms and conditions of \$0.20 Options

The \$0.20 Options were granted based upon the following terms and conditions:

- Each \$0.20 Option entitles the holder to subscribe for one Share upon exercise of each \$0.20 Option.
- The \$0.20 Options have an exercise price of \$0.20 each and an expiry date of 30 June 2009.
- The \$0.20 Options are exercisable at any time prior to the Expiry Date.
- Shares issued on exercise of the \$0.20 Options rank equally with the then shares of the Company.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the \$0.20 Options.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- No application for quotation of the \$0.20 Options will be made by the Company.
- The \$0.20 Unlisted Options are non-transferable.

Terms and conditions of \$0.30 Options

The \$0.30 Options were granted based upon the following terms and conditions:

- Each \$0.30 Option entitles the holder to subscribe for one Share upon exercise of each \$0.30 Option.
- The \$0.30 Options have an exercise price of \$0.30 each and an expiry date of 30 June 2012.
- The \$0.30 Options are exercisable at any time prior to the Expiry Date.
- Shares issued on exercise of the \$0.30 Options rank equally with the then shares of the Company.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the \$0.30 Options.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- No application for quotation of the \$0.30 Options will be made by the Company.
- The \$0.30 Unlisted Options are non-transferable.

(c) Summary of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2007 No.	2007 WAEP
Outstanding at the beginning of the period	-	-
Granted during the year	7,583,334	\$0.25
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the period	7,583,334	\$0.25
Exercisable at the end of the period	7,583,334	\$0.25
	2008 No.	2008 WAEP
Outstanding at the beginning of the year	7,583,334	\$0.25
Granted during the year	4,500,000	\$0.31
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	12,083,334	\$0.27
Exercisable at the end of the year	12,083,334	\$0.27

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2008 is 3.34 years (2007: 3.5 years).

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ANNUAL FINANCIAL REPORT 2008

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Note	2008 \$	2007 \$
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20. SHARE BASED PAYMENTS (CONTINUED)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was \$0.20 - \$0.50 (2007: \$0.20 - \$0.30).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.1669 (2007: \$0.0046)

(g) Option pricing model

Options granted as part of director and executive emoluments have been independently valued using the Black-Scholes Option Valuation model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for the assumptions used for grants made during the period ended 30 June 2008:

	2008	2007
Dividend yield (%)	0%	0%
Expected volatility (%)	89%	50%
Risk free interest rate (%)	6.25%	5.93%
Expected life of the option (years)	4.9 years	2.9 – 5.9 years
Option exercise price (\$)	\$0.20 - \$0.50	\$0.20 - \$0.30
Share price at grant date (\$)	\$0.24	\$0.05

The dividend yield reflects the assumption that the current dividend payout will remain unchanged. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

21. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Company's principal financial instruments comprise cash and short term deposits.

The main purpose of these financial instruments is to fund capital expenditure on the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Company has limited exposure to risks arising from its financial instruments.

Currently the Company does not have any exposure to commodity price risk or foreign currency risk. As the Company moves into development and production phases, exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2.

	Note	2008 \$	2007 \$
<i>(b) Interest rate risk</i>			
At balance date, the Company had the following financial assets exposed to interest rate risk:			
Cash and cash equivalents		2,077,022	2,975,030

None of the Company's financial liabilities are interest bearing.

SILVER SWAN GROUP LIMITED
ANNUAL FINANCIAL REPORT 2008

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Note	2008 \$	2007 \$
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21. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The Company's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet.

Wherever possible, the Company trades only with recognised, creditworthy third parties.

There are no significant concentrations of credit risk within the Company.

Since the Company trades only with recognised third parties, there is no requirement for collateral.

(c) Liquidity Risk

Liquidity risk is the risk that the Company does not have sufficient funds to pay its debts as and when they become due and payable. The Company currently does not have major funding in place. However the Company continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if required.

Cash at bank and on hand, as set out in Note 8, is available for use by the Company without restrictions.

Financial liabilities of the Company at 30 June 2008 and 30 June 2007 are expected to be settled within 6 months of year end.

(d) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

(e) Sensitivity Analysis

The following tables summarise the sensitivity of the Company's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2008 and 2007, and represents management's judgement of a reasonably possible movement.

30 June 2008	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	2,077,022	(20,767)	(20,767)	20,767	20,767

None of the Company's financial liabilities are interest bearing.

30 June 2007	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	2,975,030	(29,863)	(29,863)	29,863	29,863

None of the Company's financial liabilities are interest bearing.

SILVER SWAN GROUP LIMITED
ANNUAL FINANCIAL REPORT 2008

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Note	2008 \$	2007 \$
22. COMMITMENTS AND CONTINGENCIES			
<i>(a) Operating lease commitments</i>			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable — minimum lease payments			
- not later than 1 year		99,665	-
- later than 1 year but not later than 5 years		398,660	-
		498,325	-
The property lease is a non-cancellable operating lease expiring on 1 July 2013, with rent payable monthly in advance. The lease allows for subletting of all lease areas with the consent of the lessee.			
<i>(b) Exploration commitments</i>			
Estimated expenditures at reporting date, committed to but not provided for, including commitments to maintain rights of tenure to exploration tenements, being lease rentals and minimum expenditure obligations.			
Payable:			
— not later than 1 year		1,392,572	1,299,817
— later than 1 year but not later than 5 years		-	-
		1,392,572	1,299,817
<i>(c) Contingencies</i>			
At balance date the Company has no contingent assets or liabilities.			
23. REMUNERATION OF AUDITORS			
The auditor of Silver Swan Group Limited is BDO Kendalls Audit and Assurance (WA) Pty Ltd.			
<i>Amounts received or due and receivable by BDO Kendalls Audit and Assurance (WA) Pty Ltd for:</i>			
An audit or review of the financial reports of the Company		20,015	9,000
<i>Amounts received or due and receivable by related practices of BDO Kendalls Corporate Finance (WA) Pty Ltd for:</i>			
Independent Experts Report on acquisition of Meekatharra Project		22,500	-
Investigating Accountants Report for the Company's IPO Prospectus		-	6,830
		42,515	15,830

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

24. SUBSEQUENT EVENTS

On 1 July 2008, the Company completed a private placement of 3,800,000 ordinary shares at an issue price of \$0.23 per share for gross proceeds of \$874,000.

On 13 August 2008, subsequent to shareholder approval, the Company completed a placement of 1,200,000 ordinary shares to former directors of the Company at an issue price of \$0.23 per share for gross proceeds of \$276,000.

As at the date of this report there are no other matters or circumstances which have arisen since 30 June 2008 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2008, of the Company;
- the results of those operations, in financials years subsequent to 30 June 2008, of the Company; or
- the state of affairs, in financial years subsequent to 30 June 2008, of the Company.

Directors' Declaration

In accordance with a resolution of the directors of Silver Swan Group Limited, I state that:

- (1) In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2008.

On behalf of the Board.



Michael Elias
Chairman

Perth, 24 September 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVER SWAN GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Silver Swan Group Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion the financial report of Silver Swan Group Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Going Concern

Without qualifying our opinion, we draw attention to the fact that, as disclosed in Note 2, the company will have to seek additional funding in order to continue to exploit its exploration assets. If the company is unable to obtain additional funding it may cast significant uncertainty about the company's ability to continue as a going concern and will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Silver Swan Group Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls
Bill Veigh

BG McVeigh
Director

Perth, Western Australia
Dated this 25th day of September 2008

ASX Additional Information

The shareholder information set out below was applicable as at 22 September 2008:

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
Mercator Gold PLC	10,000,000	26.08
Vitor Pty Ltd	1,100,000	2.87
Vitor Pty Ltd	1,028,050	2.68
Sunrock Pty Ltd	975,000	2.54
Eyeon Investment Pty Ltd	1,600,000	4.17
Sunrock Pty Ltd	825,000	2.15
Blue Bone Enterprises (WA) Pty Ltd <The Groper Fund A/C>	730,000	1.95
Mr R & Mrs M Stephen <Corless Superfund A/C>	625,000	1.63
Ferguson Corporation Pty Ltd	522,500	1.36
Mr Paul Van Loenhout	500,000	1.30
Mrs Luxy Van Loenhout	500,000	1.30
Associated Metal Craft Pty Ltd	500,000	1.30
Mr P Stephen & Miss J Stephen <The Stephen Superfund A/C>	403,957	1.05
Mr R Davison, Ms C Davison & MR G Davison	400,000	1.04
Mr R & Mrs K DeSouza	340,000	0.89
Mrs C Simpson-Thomas	300,800	0.78
Mr & Mrs J Harris	300,000	0.78
Crusader Resources Limited	300,000	0.78
Tisia Nominees Pty Ltd	300,000	0.78
Mr R Stephen	270,000	0.70
Total Top 20	21,520,307	56.13
Others	16,829,694	43.87
Total Ordinary Shares on Issue	38,350,001	100.00%

2. DISTRIBUTION OF EQUITY SECURITIES

(a) Analysis of security by size holding as at 22 September 2008:

	Ordinary Shares	
	Number of Security Holders	Number of Securities Held
1 – 1,000	10	5,620
1,001 – 5,000	38	118,762
5,001 – 10,000	128	1,221,520
10,001 – 100,000	195	7,491,847
100,001 – and over	55	29,512,252
	426	38,350,001

(b) Number of holders of unmarketable parcels – Ordinary shares

Unmarketable Parcels – 6

**SILVER SWAN GROUP LIMITED
ANNUAL REPORT 2008**

**ASX ADDITIONAL INFORMATION
(Continued)**

3. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the company's register at 22 September 2008 are:

Name	No of Shares Held
Mercator Gold PLC	10,000,000
Mr Paul Van Loenhout	3,600,000
Paul Trettel	2,000,000
Sunrock Pty Ltd	1,800,000

4. UNQUOTED SECURITIES

As at 22 September 2008, the following unquoted securities are on issue:

Unquoted Securities	Number on Issue	Number of Holders
\$0.20 Options expiring 30/6/2009	5,000,000	15
\$0.30 Options expiring 30/6/2012	5,000,000	15
\$0.20 Options expiring 31/12/2013	1,750,000	3
\$0.30 Options expiring 31/12/2013	1,750,000	3
\$0.50 Options expiring 31/12/2013	1,000,000	1

5. RESTRICTED SECURITIES

As at 22 September 2008, there are 12,550,000 shares, 4,062,000 \$0.20 Options and 4,062,000 \$0.30 Options subject to escrow restrictions.

6. VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

7. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Silver Swan Group Limited's listed securities.