



ASX / MEDIA ANNOUNCEMENT

24 AUGUST 2010

Operational Update

Swan Gold Mining Limited (ASX:SWA) ("Company") is reviewing options to re-commence mining from its large tenement holding of 2,700 sq. km. in the gold mining region to the north of Kalgoorlie.

The current mine plan is to initially focus on supplying the refurbished 1.2Mtpa Carnegie plant with ore from the Sand King and Missouri open pits. A resource definition drilling programme to provide future plant feed from other deposits in the Siberia tenements as well as the Riverina and Lady Ida tenements will commence immediately. This programme is planned to be completed within the next three months at which time it is anticipated that a resource inventory representing some 18 months of processing should be available to commence mining.

The Company is also conducting a strategic review to verify the inputs to its mine plan and financial model and is looking at opportunities to lock in lower unit costs for mining and processing through the re-structuring of major contracts.

It has been confirmed by the Company's board that the soundest option for processing ore from the high-grade Mt. Ida mine is the addition of a flotation circuit to the Carnegie plant. Engineering work for this circuit will commence shortly. Access and ore hoisting options for the multi-lode Mt. Ida deposit are also being assessed, with a view to securing longer term benefits for the operation.

The Company expects to provide an update on the strategic review and the definitional drilling early in the fourth quarter.

It is anticipated that details of the updated mining plan, funding arrangements and other necessary requirements to fulfil the ASX's criteria for the re-listing of the Company will be submitted to the ASX in the fourth quarter.

The Company is being fully supported by Stirling Resources Limited and its major shareholder DCM DECOMetal ("DCM"), a global commodity marketing group with a turnover of US\$1billion per annum. Dr. Rohtraut Skatsche-Depisch, Managing Director of DCM recently stated "We are happy to provide ongoing financial support to Stirling and its investments in gold, copper and mineral sands – commodities with a very strong outlook."

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About Swan Gold

Swan Gold Mining is a gold developer with assets in the goldfields region north of Kalgoorlie, Western Australia. Its primary assets are the high grade Mt Ida underground gold mine, and the Carnegie gold project which includes a 1.2mtpa gold processing facility. It has a large landholding of 2,700km² in the region.

Swan Gold was established following the recapitalisation of Monarch Gold Mining Company by Stirling Resources (ASX: SRE), which was completed in early 2010. Stirling Resources (ASX: SRE) is a major shareholder of Swan Gold. The Company's aim is to be a focused gold producer, using the strong gold mining experience of its Board and management to generate value for shareholders, particularly in a strong gold price environment.

