



25 March 2010

Company Announcements Platform
Australian Securities Exchange Limited

SWAN GOLD MINING LIMITED ANNOUNCEMENT

Please find attached Swan Gold Mining Limited's announcement to the ASX.

Yours faithfully

Ildiko Wowesny
Company Secretary

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MEDIA RELEASE

25 March 2010

PROJECT UPDATE

SWAN GOLD TO COMMENCE MINING IN MAY

West Australian gold developer Swan Gold Mining is pleased to advise it is on track to start gold production in June 2010, following a planned recommencement of mining operations in early May.

The Company is also intending to re-list on the Australian Securities Exchange on 3 May 2010 under the code SWA.

Swan Gold, which owns the Carnegie and Mt Ida gold projects in the West Australian Goldfields, was formed following the successful recapitalization of Monarch Gold by Stirling Resources (ASX: SRE), completed earlier this month. Stirling owns and controls 37% of the Company.

The Company has stepped up activity toward commencement of operations, with the re-optimization of mine plans, appointment of Kalgoorlie based mining contractor Barcon and planning for a secondary processing facility at its established gold processing plant.

Swan Gold is focused on commencement of mining at Carnegie by 1st May, and start processing at the established Davyhurst processing plant by 1st June 2010. This will be followed by the restart of operations at the high grade Mt Ida project later in the year.

Swan Gold Chairman Michael Kiernan said the Company had finished the necessary corporate activities to complete the recapitalization, and was now focused on getting into gold production as soon as possible.

"We are aiming to kick off in May with a small, low cost mining operation, which will be ramped up over the course of the next 12 months toward our target production rate of 100,000 ounces per year from both the open cut and underground mining operations," he said.

"The Company is well positioned for a quick start at Carnegie, with relatively low capital requirements. The pits are pre-stripped, have been re-designed and are ready to go, and the plant has been on care and maintenance and can be bought back on line with minimal upfront costs".

"We have also commenced work to install a new processing circuit in parallel with our CIP circuit at the processing plant, to accommodate ore from the high grade Mt Ida project, which is expected to come on stream later in the year," Mr Kiernan said.

As well as established Resources and Reserves, the Swan Gold asset portfolio also includes a prospective landholding of 2400km² in the goldfields, and an extensive geological database from more than 140,000 drill holes which the Company is continuing to evaluate.

Carnegie

Mining is proposed to commence in May at the Carnegie open pit project. The mine plan includes an initial focus on the Sand King and Missouri deposits, which will then be followed by the Riverina pit. The Company has a production target of 60,000 ounces per annum from JORC compliant Reserves from June 2008 of 1.5Mt at 2.7 g/t Au for 135,874 oz and Resources of 20.3 Mt at 2.3 g/t Au for 1.5 Moz.

The pits have already been pre-stripped, which will allow them to be brought into production quickly and with relatively low costs. Mining consultants SRK have also reviewed the Carnegie mining plans,

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and the pits have been re-modeled and re-designed in line with the current gold price environment. Previous optimizations were conducted at gold prices between A\$800-A\$900 per ounce whereas using current gold prices of A\$1150 will substantially enhance the economics of these deposits.

Environmental approvals are in place to re-commence the mining and processing operations. Swan Gold has appointed Barcon Logistics for contract mining and associated activities, which will consist of conventional excavator and truck mining method.

The Carnegie plant is a 1.2 mtpa Carbon In Pulp ("CIP") gold processing plant, which has been recently upgraded with a new gravity circuit, new process pumps, new carbon regeneration kiln and extensive repairs on concrete and steel structures.

Mt Ida

Mining at Mt Ida is expected to commence in October, which will coincide with the completion of the new processing circuit which will be built at the Carnegie mill, to handle the Mt Ida ore. The targeted production rate at Mt Ida is 40,000 ounces per annum from JORC compliant July 2009 Reserves of 115 kt at 17.4 g/t Au for 64,000 oz and Resources of 317 Kt at 13.8 g/t Au for 139,000 oz.

A comprehensive metallurgical test work program has been undertaken at Mt Ida, providing an improved understanding of metallurgical performance. Improved mine planning, together with stronger management control, a focus on cost controls and increased gold prices will support the generation of significant free cash flows.

Mining at Mt Ida is by underground methods, consisting of small scale rail mounted hand held development and stoping. Assets include underground mining equipment, a refurbished shaft and hoisting system and production drives largely grade controlled for immediate continuous production at the hoisting capability of 6,000 tonnes per month (72,000 tonnes per year).

Secondary processing circuit for Mt Ida ore

Swan Gold has commenced detailed planning for a small secondary processing line at the Carnegie gold plant, in order to process the high grade Mt Ida ore, which includes copper. This circuit will be installed in parallel to the Davyhurst processing plant and utilize the crushing and CIP circuits.

The secondary plant will be a grinding, gravity, and flotation circuit, with proposed capacity of 82,000 tonnes per .year. The design and construction of the circuit will capitalize on the current infrastructure at Carnegie, saving on the cost of replicating infrastructure at Mt Ida. The development and construction of the new circuit is expected to cost approximately \$3.5 million.

Metallurgical test work indicates recoveries in excess of 90% for both gold and copper. Up to 40% of the gold will be recovered in the gravity circuit, a further 25% of the gold and 90% of the copper in concentrate in the flotation circuit, and a further 25% of the gold recovered in the CIP circuit. It is proposed to smelt the gravity concentrate and the CIP recovered gold on site whereas the gold and copper in concentrate from the flotation circuit will be sold as concentrate and shipped off site.

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About Swan Gold

Swan Gold Mining is a gold developer with advanced assets in the premier goldfields region north of Kalgoorlie, Western Australia. Its primary projects are the high grade Mt Ida underground gold operation, and the Carnegie gold project which includes a 1.2mtpa gold processing facility. It has a large and prospective landholding of more than 2,400km² 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 is a major shareholder of Swan Gold.

The Company's aim is to be a focused gold producer, using the strong gold mining and corporate credentials of its Board and management to generate value for shareholders, particularly in a strong gold price environment.



Competent Person's Statement:

The information that relates to resources or reserves of Swan Gold Mining Limited has been prepared by Mr Robin Simpson of SRK Consulting, Mr Mark Nelson of Monarch, Mr Ian Price of Mining One Consultants and Mr John Davis, Consulting Geologist, who are members of the Australian Institute of Mining and Metallurgy. Messrs Simpson, Nelson, Price and Davis have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Messrs Simpson, Nelson, Price and Davis consent to the inclusion of the matters based on their information in the form and context in which it appears.

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