Swan Gold Mining Limited

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ASX / MEDIA RELEASE 23 AUGUST 2011

COMPANY UPDATE

Swan Gold Mining Limited (ASX: SWA) is pleased to advise that following lengthy negotiations with global commodity company DCM DECOmetal GmbH (DCM), a final agreement for DCM to acquire Swan Gold's subsidiaries that own the Carnegie and Mt Ida gold projects, has been reached and executed.

The main conditions of the agreement are as follows:

- Under the agreement DCM will acquire the debt and associated rights of the Mt Ida Trust for $1 million;
- DCM will pay a total amount of $10 million to the Group Trust with $1 million payable upon signing of the agreement and $9 million payable within 6 months;
- Under separate arrangement DCM will acquire the debt and associated rights of the Territory Trust;
- All debts due by Swan Gold to the Mt Ida Trust, Group Trust, Territory Trust and Stirling Resources will be extinguished when all respective amounts are paid in full at settlement;
- Amounts to be paid to the Mt Ida Trust and the Group Trust total $11 million and Swan Gold will receive an amount of $5 million at settlement. $1 million was paid to Mt Ida Trust upon signing of the agreement with the remainder to be paid within 6 months;
- All shareholdings that Stirling, Territory and DCM hold in SWA will be cancelled at settlement;
- DCM will fund the ongoing operations of Swan Gold until the transaction is completed; and
- Settlement is due on or before 18 February 2012.

The transaction is subject to shareholder and regulatory approval (as necessary).

For more information:
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