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ASX Limited
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By Facsimile 9221 2020

Capital Raising Mandate for up to \$10m

Alcyone Resources Limited (ASX: AYN; 'Alcyone' or 'the Company') is pleased to announce it has mandated Sydney-based Southern Cross Equities Limited on a best endeavours basis to raise up to **\$10 million** through a share placement to professional and sophisticated investors. The proceeds will be used to accelerate development of the **Twin Hills Silver Project**, part of its 100%-owned **Texas Silver and Polymetallic Project** in south-east Queensland.

The placement will be undertaken in two tranches:

- Tranche 1 comprising approximately 118 million shares at 3.5 cents per share to raise approximately \$4.1 million will be completed under the 15% placement capacity allowed under ASX listing rules;
- Tranche 2 comprising the potential issue of approximately 167 million shares at 3.5 cents per share to raise approximately \$5.9 million would be subject to shareholder approval, with a general meeting proposed to be held in late January 2011.

The proceeds from the Placement will be used to further the work associated with the commencement of commercial silver extraction at Twin Hills, with a development schedule for the Project to be announced in due course. Upon completion of the placement Alcyone will move to accelerate negotiations and documentation for contracts relating to mining, consumables, major equipment components and construction.

Yours faithfully,
ALCYONE RESOURCES LIMITED

A handwritten signature in black ink, appearing to read 'Kevin Hart', written over a horizontal line.

KEVIN HART
COMPANY SECRETARY