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14 May 2010

Dear Shareholder

Please find attached the Notice of Meeting for a General Meeting of Shareholders to be held at Level 1, 50 Kings Park Road, West Perth at 10.00am on Friday, 18 June 2010.

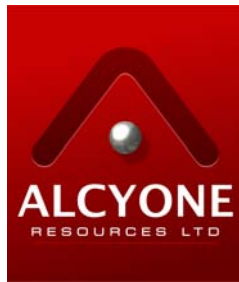
The purpose of the meeting is to seek shareholder approval in accordance with the *Corporations Act 2001 (Cth)* and the ASX Listing Rules to a number of resolutions, which are set out in the attached Notice of Meeting.

Principally, these resolutions are in respect of the recently announced \$3.7 million capital raising to provide working capital and fund new drilling and exploration programs designed to unlock the broader exploration potential of the Texas Project for epithermal and massive sulphide base metal mineralisation, as well as to increase its existing inventory of heap leach silver resources.

Your Directors look forward to your attendance at the General Meeting.

Yours sincerely

Charles Morgan  
Chairman



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# ALCYONE RESOURCES LTD

ABN 53 056 776 160

## NOTICE OF GENERAL MEETING INCORPORATING EXPLANATORY STATEMENT AND PROXY FORM

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**TIME:** 10:00 am (WST)  
**DATE:** Friday, 18<sup>th</sup> June 2010  
**PLACE:** Level 1  
50 Kings Park Road  
West Perth WA 6005

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## NOTICE OF GENERAL MEETING

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Notice is hereby given that the General Meeting of Alcyone Resources Ltd will be convened at 10.00am on Friday, 18 June 2010 at Level 1, 50 Kings Park Road West Perth, Western Australia.

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## AGENDA

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### ORDINARY BUSINESS

#### 1. RESOLUTION 1 - RATIFICATION OF PRIOR ISSUE OF EQUITY SECURITIES – TRANCHE 1

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited (‘ASX’) and for all other purposes, Shareholders ratify the prior issue of 92,000,000 ordinary fully paid shares in the Company pursuant to the Placement announced on 4 May 2010 on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

#### 2. RESOLUTION 2 - APPROVAL OF EQUITY SECURITY PLACEMENT – TRANCHE 2

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

*“That for the purposes of Listing Rule 7.1 of the Listing Rules of ASX and for all other purposes, the Directors be authorised to issue 56,000,000 ordinary fully paid shares in the Company pursuant to the Placement announced on 4 May 2010 on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

#### 3. RESOLUTION 3 - PARTICIPATION IN THE PLACEMENT BY THE NON - EXECUTIVE CHAIRMAN – MR CHARLES MORGAN

To consider, and if thought fit, to pass, with or without modification, the following ordinary resolution:

*“That, subject to Resolution 2 being passed, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the Listing Rules of ASX and for all other purposes, approval is given for the Company to allot and issue up to 40,000,000 ordinary fully paid shares to Mr Charles Morgan (a director of the Company) (or his nominee) raising \$1,000,000 under the Placement the subject of Resolution 2 on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

### GENERAL NOTES

1. The Company will disregard any votes cast on the resolutions by the following person(s) and any associate of that person(s).

#### Resolution 1

The Company will disregard any votes cast on this Resolution by any person who has participated in the issue or any associate of that person (or those persons).

#### Resolution 2

The Company will disregard any votes cast on this Resolution by any person who has participated or may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons.

#### Resolution 3

The Company will disregard any votes cast on this Resolution by Mr Charles Morgan or any other person for the purpose of part 1.2 of Division 2 of the *Corporations Act 2001* (Cth) would be regarded as a person associated with Mr Morgan.

GENERAL NOTES (cont'd)

**Voting Exclusion Note**

Before a voting exclusion applies, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;  
or
  - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
2. The Explanatory Statement and Proxy Form to Shareholders attached to this Notice of General Meeting is hereby incorporated into and forms part of this Notice of General Meeting.
  3. The Directors have determined in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm, 16 June 2010.
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**BY ORDER OF THE BOARD**

Kevin R Hart  
COMPANY SECRETARY

Dated this 14th day of May 2010.

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## EXPLANATORY STATEMENT

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The purpose of the Explanatory Statement is to provide Shareholders with material information concerning all of the Resolutions in the Notice of General Meeting.

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### 1. RESOLUTION 1 - RATIFICATION OF PRIOR ISSUE OF EQUITY SECURITIES – TRANCHE 1 as an Ordinary Resolution

On 4 May 2010 the Company announced that it had firm Placement commitments for a Placement of 148,000,000 ordinary fully paid shares at 2.5 cents each.

The capital raising managed by Cygnet Capital Pty Ltd ('Cygnet') would be completed in two tranches (together 'the Placement') to professional and sophisticated investors within the exemptions detailed in Section 708 of the *Corporations Act 2001* (Cth) ('Corporations Act').

Resolution 1 is in respect of the issue of 92,000,000 ordinary fully paid shares being the Tranche 1 Placement referred to in the announcement made to the ASX.

ASX Listing Rule 7.1 provides that without shareholder approval, a company must not issue or agree to issue new "equity securities" constituting more than 15% of its total ordinary shares on issue within a 12 month period, excluding any issue of shares approved by Shareholders.

However, ASX Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 provided the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve the issue.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to approve the prior issue so that the Company retains its capacity to issue up to a full 15% of its issued capital, if required, in the next 12 months without shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of equity securities issued or to be issued was 92,000,000 ordinary fully paid shares at an issue price of 2.5 cents per share;
- (b) the ordinary fully paid shares issued rank equally with existing ordinary fully paid shares on issue;
- (c) the shares were issued to professional and sophisticated investors who are clients of Cygnet, none of whom are related parties of the Company; and
- (d) the funds will be used to provide working capital and fund new drilling and exploration programs at the Company's Texas Project.

### 2. RESOLUTION 2: APPROVAL OF EQUITY SECURITY PLACEMENT - TRANCHE 2 as an Ordinary Resolution

The Company is required to seek shareholder approval for any issue of securities greater than 15% of its issued capital pursuant to ASX Listing Rule 7.1.

Resolution 2 has been included so that Shareholders may approve the issue of 56,000,000 ordinary fully paid shares being the Tranche 2 Placement referred to in the Company's announcement to the ASX on 4 May 2010.

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) the total number of ordinary fully paid shares to be issued is 56,000,000 shares at an issue price of 2.5 cents per share;
- (b) the shares will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the shares will be allotted and issued to professional and sophisticated investors who are clients of Cygnet, none of whom are related parties of the Company except for the participation of Mr Charles Morgan should shareholders approve Resolution 3;
- (d) ordinary fully paid shares issued pursuant to Resolution 2 will rank equally with existing ordinary fully paid shares on issue; and
- (e) the funds will be used to provide working capital and fund new drilling and exploration programs at the Company's Texas Project.

**3. RESOLUTION 3 - PARTICIPATION IN PLACEMENT BY THE NON-EXECUTIVE CHAIRMAN – MR CHARLES MORGAN**

Resolution 3 relates to the proposed participation by a Director of the Company, Mr Charles Morgan (or his nominee), in the Tranche 2 Placement of ordinary fully paid shares as proposed under Resolution 2.

**Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party of that public company unless one of a number of exceptions applies or if shareholders of the public company have in general meeting approved the giving of that financial benefit to the related party. A "financial benefit" is defined in the Corporations Act in broad terms and includes the issue of securities. For the purpose of Chapter 2E of the Corporations Act, Charles Morgan is a related party of the Company by virtue of the fact he is a Director.

Section 210 of the Corporations Act provides that an entity does not need to obtain shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the entity are dealing at arm's length (or terms less favourable than arm's length).

Notwithstanding that Mr Morgan will be subscribing for shares under the Placement on the same terms as all other investors, the Board is of the view that it is prudent to seek shareholder approval under Section 208 of the Corporations Act.

The following information is provided to satisfy the requirements of Section 219 of the Corporations Act:

- (a) the related party to whom Resolution 3 would permit financial benefits to be given is the Non-Executive Chairman, Mr Charles Morgan;
- (b) the maximum number of ordinary fully paid shares in the Company (being the nature of the financial benefits to be given) to be issued to Mr Morgan is 40,000,000 shares which, when multiplied by the issue price of 2.5 cents each, equals \$1,000,000. The share issue if approved by shareholders would represent 5.2% of the expanded issued capital of the Company on an undiluted basis after the Placement;
- (c) it may be perceived that a financial benefit is being given to Mr Morgan due to the fact that the issue price of the shares is less than the prevailing market price (based on the price of shares at the date of this Notice);
- (d) Mr Andrew King and Mr Eric de Mori who are not participating in the Placement recommend that shareholders vote in favour of the resolution, as they believe the increased shareholding of the Chairman will provide further incentive to enhance the future value of the Company's shares for all shareholders. The Placement will also add up to \$1,000,000 to the Company's working capital; and
- (e) Mr Charles Morgan does not wish to make a recommendation to shareholders about Resolution 3 because he has a material personal interest in the outcome of the Resolution.

**Remuneration of the Director**

The total remuneration (inclusive of superannuation) paid to Mr Charles Morgan payable for the current year is as follows:

Mr Charles Morgan (i)	Salaries and Fees	Other Benefits	Value of Options	Total
30 June 2010 (estimated)	\$50,000	-	\$428,784	\$478,784

(i) Appointed 21 August 2009

**Securities held by the Director**

As at the date of this Notice, the relevant interest of Mr Charles Morgan in the securities of the Company are set out below:

Director	Shares	Options
Mr Charles Morgan	3,000,000	10,000,000 Unlisted Options exercisable at \$0.01 each on or before 30 September 2012

3. RESOLUTION 3 - PARTICIPATION IN PLACEMENT BY THE NON-EXECUTIVE CHAIRMAN –  
MR CHARLES MORGAN (cont'd)

**ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company. Mr Charles Morgan is a related party of the Company by virtue of the fact he is a Director.

Shareholder approval pursuant to ASX Listing Rule 7.1 is not required in respect of the issue of shares to Mr Morgan as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of these shares will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided to shareholders for the purposes of ASX Listing Rule 10.13:

- (a) the person to whom the shares will be issued is Mr Charles Morgan (a director of the Company) or his nominee;
- (b) the maximum number of ordinary fully paid shares to be issued by the Company is 40,000,000 shares;
- (c) the shares will be issued within one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (d) the shares will be issued at an issue price of 2.5 cents each and will raise a total of \$1,000,000;
- (e) the shares issued will rank equally with the Company's existing ordinary fully paid shares on issue; and
- (f) the funds raised will be used to provide working capital and fund new drilling and exploration programs at the Company's Texas Project.

In the event shareholders do not approve Resolution 3 the Company will seek to place those shares to professional and sophisticated investors who are clients of Cygnet, none of whom would be related parties of the Company.

There is no other information known to the Company or to any of the Directors that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interests to pass Resolution 3.

**ALCYONE RESOURCES LTD**  
ABN 53 056 776 160

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**PROXY FORM**

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To: **Alcyone Resources Ltd (ABN 53 056 776 160)**  
**PO Box 928**  
**WEST PERTH WA 6872**

Fax No: **61 8 9322 8192**

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Name: \_\_\_\_\_  
(PLEASE PRINT)  
Address: \_\_\_\_\_  
\_\_\_\_\_

**Appointment of Proxy:**

I/We being a member/s of Alcyone Resources Ltd and entitled to attend and vote hereby appoint:

The Chairman of the Meeting  
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

Or failing the person name, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Alcyone Resources Ltd to be held at level1 50 Kings Park Rd, West Perth on Friday, 18 June 2010 and at any adjournment of that meeting.

Voting directions to your proxy – please mark

to indicate your directions

**Agenda Item**

RESOLUTION 1: Ratification of Prior Issue of Equity Securities – Tranche 1

For	Against	*Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RESOLUTION 2: Approval of Equity Security Placement - Tranche 2

RESOLUTION 3: Participation in the Placement by the Non-Executive Chairman – Mr Charles Morgan

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on you behalf on a show of hands or on a poll and your notes will not be counted in computing the required majority on a poll.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a  box.

The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution, and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your vote on the resolutions and your vote will not be counted in computing the required majority if a poll is called.

**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

**Individual or Securityholder 1**

Individual / Sole Director and  
Sole Company Secretary

**Securityholder 2**

Director

**Securityholder 3**

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_/\_\_\_\_/\_\_\_\_  
Date



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## HOW TO COMPLETE THE PROXY FORM

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### 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

### 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

### 5 Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate securityholder or proxy is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

### 6. Lodgement of a Proxy and Deadline for Receipt of Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below **no later than 10.00am (Perth time) on Wednesday 16 May 2010** being 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by:

- post to Alcyone Resources Ltd, PO Box 928, West Perth WA 6872;
- hand to Alcyone Resources Ltd, Level 1, 50 Kings Park Road, West Perth WA 6005; or
- facsimile to the Company Office on +61 8 9322 8192