



December 2009 Quarterly Report



Alcyone Resources Ltd

Directors:

Charles Morgan – Non Exec Chairman
Andrew King – Managing Director
Eric de Mori – Non Executive Director

Contact Details:

Level 1, 50 Kings Park Rd
West Perth WA 6005
Telephone +61 8 9322 3000
Facsimile: +61 8 9322 8912
Email: info@alcyone.com.au
Website: www.alcyone.com.au

Capital Structure:

620,555,407 shares
141,601,652 options

Top 10 Shareholders:

Deck Chair Holdings	8.218%
Mahsor Holdings Pty Ltd	8.114%
ANZ Nominees Limited	6.584%
Lyandji Super Fund	5.640%
Golden Matrix Holdings	4.029%
HSBC Custody Nominees	2.587%
Zero Nominees Pty Ltd	1.837%
Seivad Investments Pty Ltd	1.708%
BBC Superannuation Pty Ltd	1.611%
Mr Richard Milne Harris	1.611%
Total for Top 10	41.939%

ASX Code: **AYN**

HIGHLIGHTS

- Completion of successful A\$4.0M capital raising
- Name change to 'Alcyone Resources Ltd', ASX re-listing on 17 November 2009
- Metallurgical test work commenced for Twin Hills Silver Project, Texas, SE Queensland
- Geological data review and planning underway for a new Twin Hills JORC resource estimate in Q1 2010
- Targeting recommencement of silver production at Twin Hills before the end of 2010
- Cash position as at 31st December 2009 A\$2.57 M

OVERVIEW



Figure 1 - Plant infrastructure at Twin Hills mine

The December 2009 Quarter marked a key turning point for the Company, signalling the end of its period of voluntary administration and the termination of the Deed of Company Arrangement.

A successful \$4 million capital raising was completed in October 2009 to underpin the recapitalisation of Macmin Silver, and the Company recommenced trading on the

Australian Securities Exchange on 17 November 2009 under the new name 'Alcyone Resources Ltd' (Alcyone) with a new ASX code 'AYN'.

With the Company's recapitalisation and reconstruction now complete, the Board of Directors of Alcyone is focused on assessing the potential to resume silver production at the Twin Hills Project in South East Queensland. During the Quarter, this involved both the start of metallurgical test work to establish the parameters for a re-design of the processing system, as well as the commencement of a complete review of all available geological data with the aim of delivering a new JORC-compliant resource statement.

1.0 CORPORATE

1.1 Completion of Capital Raising and Relisting

In October 2009 the Company undertook a \$4.0 million capital raising. A total of 400 million ordinary fully paid shares were issued at a price of \$0.01 per share.

The raising was managed by boutique broking firm, Cygnet Capital. It was part of the recapitalisation proposal accepted by the Company's creditors on 6 August 2009 and approved by shareholders at a general meeting on 1 October 2009.

The fund raising was well supported, closed early and was oversubscribed. Following completion of the capital raising, the Company emerged from voluntary administration on 13 October 2009 and changed its name to Alcyone Resources Ltd (ASX code: AYN).

This paved the way for Alcyone's shares to resume trading on the ASX on 17 November 2009.

1.2 Director Appointment and Resignation

Mr Eric de Mori was appointed to the Board as a Non Executive Director on 30 November 2009.

Mr de Mori is the Associate Director of Corporate Finance for Cygnet Capital. He has investment banking and analyst experience covering a wide range of sectors, working with international and Australian based opportunities.

He is also currently a Non Executive Director of Incitive Ltd (ASX code "ICV"), and Newera Uranium Ltd (ASX code "NRU").

Mr Richard Harris, a founding Director of Alcyone, resigned on the same day. Alcyone would like to thank Mr Harris for his contribution to the Company during its formative stages.

2.0 OPERATIONS

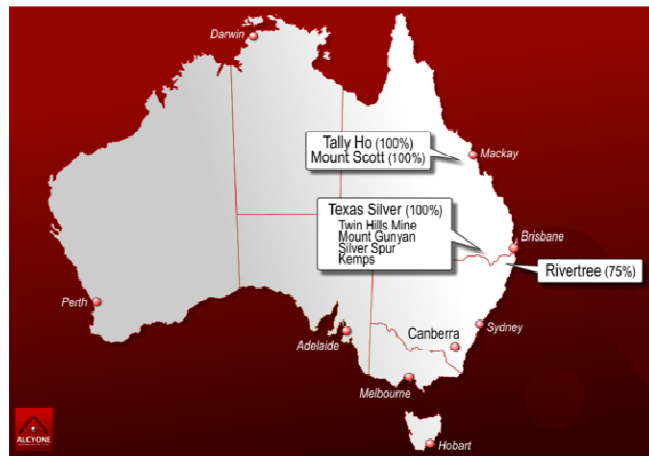


Figure 2 - Alcyone Projects & Tenements

2.1 Texas Projects

Following the Company's recapitalisation, Alcyone's prime focus has been on commencing work to assess the potential to resume silver production at Twin Hills.

Within the broader Texas project area the aim is to evaluate the exploration potential, as well as to establish additional feed for any future heap leach operation.

The Company is targeting the recommencement of production from Twin Hills before the end of 2010.

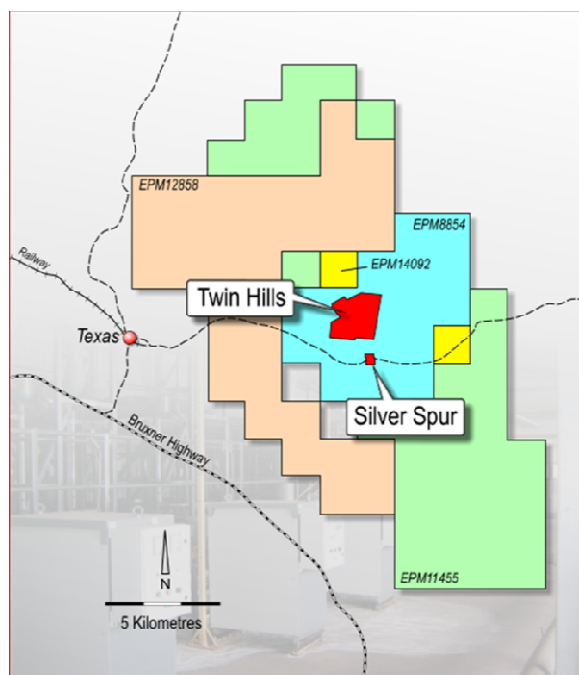


Figure 3 – Texas Project Area

2.1.1 Metallurgical Test Work

A metallurgical test work program was initiated during November. It is aimed at verifying historical metallurgical data with the intention of using this data to confirm the parameters for a re-design of the Twin Hills processing system. Work undertaken during the Quarter included the collection of a 1.7 tonne metallurgical sample. This was delivered to an independent Perth-based laboratory where initial crushing tests and base line leach work were commenced.

The results from these programs are expected in the first half of 2010 and will be used to assist with determining the best way to move forward to production at Twin Hills.

2.1.2 Geological Review

During the Quarter, the Company commenced a complete review of all available geological data from the Twin Hills tenements. The aim is to deliver a JORC resource for both Twin Hills and Mt Gunyan.

It is anticipated that the Twin Hills resource will be delivered in February/March with Mt Gunyan to follow soon after. This geological review will be followed by a detailed Mine Planning Study to assess the potential to convert the resources to reserves.

In addition, during the Quarter the Company's technical team identified data not previously entered into the geological database and work commenced to update this database prior to undertaking detailed ore body modelling.

2.1.3 Exploration

The Company has commissioned Sam Wahdam of Shear Exploration Pty Ltd to undertake a complete review of the exploration potential of the 250 sq km of Alcyone tenements surrounding the Texas Processing Facility. The aim is to identify and develop exploration targets that may have the potential to deliver production feedstock for Twin Hills.

2.2 Other Projects

Outside the Texas Project area, Alcyone also commenced an assessment of the Company's portfolio of exploration projects with a view to prioritising key targets. These are the Tally Ho and Mt Scott projects near Mackay in Central Queensland and the Rivertree Project in Northern New South Wales.

3.0 OUTLOOK

The forthcoming Quarter will be a busy period for Alcyone as the Company continues to assess the potential to recommence production at Twin Hills, Texas.

Alcyone is targeting the announcement of a revised JORC compliant resource estimate for Twin Hills before the end of the March Quarter of 2010 and for Mt Gunyan in the June Quarter. It is also aiming to define a new process flow sheet for the Twin Hills processing system before the end of the financial year.

This will then enable Alcyone to undertake a detailed Mine Plan and Economic Model to determine the overall project viability. Subject to satisfactory results, funding parameters will then be defined and enacted with the target of recommencing mining at Twin Hills before the end of the 2010 calendar year.

Andrew King
Managing Director

25 January 2010