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15 December 2010

ASX Compliance Pty Ltd  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Attention: Kerrie Papamihail

Dear Kerrie

We refer to your letter dated 14 December 2010 and respond as follows:

1. The Company does consider the information contained in the announcements to be material to the Company pursuant to Listing Rule 3.1.
2. The Company entered into the Mandate referred to in the announcement of 9 December 2010 on the evening of 8 December 2010. The information was released to the market on 9 December 2010 following the company request for a Trading Halt before market open on that day. In the intervening period between 6 December 2010 and the evening of 8 December 2010 discussions held with Southern Cross Equities Limited were confidential, incomplete in a number of respects and therefore the Company does not consider that a reasonable investor would have expected the status of negotiations to have been announced to ASX. It was not until the evening of 8 December that the Mandate terms were agreed with the Company. It is also noted that in the period referred to by ASX that the SAUD silver price moved above \$30 per ounce.

The Company also refers to its earlier announcement on 25 November 2020 in which the Company flagged that in conjunction with the announcement of the fully underwritten entitlement issue that further capital would be required to commence full scale commercial production.

The Company confirms that it is in compliance with ASX Listing Rule 3.1.

Yours faithfully

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

Kevin Hart  
Company Secretary



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14 December 2010

Mr Kevin Hart  
 Company Secretary  
 Alcyone Resources Limited  
 Level 1 50 Kings Park Road  
 WEST PERTH WA 6005

By Email: [kevinh@endeavourcorp.com.au](mailto:kevinh@endeavourcorp.com.au)

Dear Kevin

**Alcyone Resources Limited ("the Company")**

We refer to the following:

- (i) The increase in the price and volume of the Company securities traded on ASX on Monday 6 December 2010;
- (ii) The price and volume query issued by ASX to the Company on 6 December 2010;
- (iii) The Company's response to the price and volume query dated 6 December 2010;
- (iv) The request by the Company for a trading halt on 9 December 2010;
- (v) The announcement released by the Company at 19:01 (EDST) on 9 December 2010 titled "*Capital raising mandate for up to \$10m*" and the announcement released by the Company at 13:45 (EDST) on 13 December 2010 titled "*Alcyone raises further \$11.2m to accelerate commencement of silver production at Texas project*", together the "Announcements".

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

*"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"*

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A. Please note that for disclosure not to be required under this listing rule all of the exceptions must apply.

**Australian Securities Exchange**

Australian Stock Exchange  
 Sydney Futures Exchange

Australian Clearing House  
 SFE Clearing Corporation

ASX Settlement and Transfer Corporation  
 Austraclear

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the information contained in the Announcements to be material to the Company pursuant to listing rule 3.1?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the information in the Announcements to be material.
3. If the answer to question 1 is "yes", when did the Company become aware of the information contained in the Announcements?
4. If it was before the Announcements, please identify any earlier announcement from the Company relating to the information contained in the Announcements.
5. If there was no earlier announcement and the Company became aware of the information contained in the Announcements prior to the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
6. Please confirm that the Company is in compliance with listing rule 3.1.

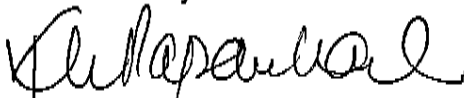
Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **6:45 am (WST) Thursday, 16 December, 2010.**

Your response should be sent to ASX by facsimile on **facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0032.

Yours sincerely



Kerrie Papamihail

**Assistant Manager, Listings (Perth)**