FURTHER ENCOURAGING RESULTS FROM TEXAS EXPLORATION PROGRAMME

HIGHLIGHTS

- Final assay results from Hornet Prospect confirm copper mineralisation, with best intercepts including:
  - *0.3m @ 8.25% Cu from 12m (from hole ACHOD003)*
  - *0.4m @ 8.02% Cu from 80m (from hole ACHOD001)*
  - *0.6m @ 6.91% Cu from 28m (from hole ACHOD001)*
- Further support for interpretation of silver mineralisation in east wall of Twin Hills resource
- Sub Audio Magnetics survey expected to be completed by end January 2011 to assist with targeting for upcoming drilling campaign

Alcyone Resources Limited (ASX: AYN; 'Alcyone' or 'the Company') is pleased to announce latest assay results from the first six months of its rapidly expanding exploration programme at its Texas Silver and Polymetallic Project in south-east Queensland. These latest results are discussed by project area and continue to enhance the prospectivity of the overall tenement holding.

Hornet Prospect

Final results have now been received from the drilling programme completed at the Hornet Prospect, 2km west of the Twin Hills mine, where the Company reported initial encouraging copper results from the first two holes (Holes ACHOD004 and ACHOD006 reported to the ASX on 2 November 2010).

The latest results provide further evidence of a broad region of mineralisation within the semi-vertical sheared zone, with occasional massive chalcopyrite zones returning grades of up to 8% Cu over narrow widths. Best intercepts included:

- 0.3m @ 8.25% Cu from 12m (from hole ACHOD003)
- 0.4m @ 8.02% Cu from 80m (from hole ACHOD001)
- 0.6m @ 6.91% Cu from 28m (from hole ACHOD001)
- 0.5m @ 1.98% Cu from 32.5m (from hole ACHOD003A)

The total campaign comprised seven holes for 755m of drilling, with the locations of the holes detailed in Appendix 1, Table 1. Full assay results are detailed in Appendix 1, Table 2.

Holes ACHOD003 (and ACHOD003A) and ACHOD005 were drilled on the same sections as the previously-reported ACHOD004 and ACHOD006 respectively in the up-dip position and both confirmed the width of the mineralised zone at this location. Holes ACHOD001, ACHOD002 and ACHOD008 were drilled in and around the old Texas Copper Mine workings. ACHOD001 was drilled south of the workings and intersected the same broad semi-vertical mineralised zone, providing encouraging evidence of a southern extension to this system.

Holes ACHOD002 and ACHOD008 provided information on what is possibly an offset to the shear system potentially controlled by cross cutting structures. It is anticipated that the modelling of this information, amalgamated with the results of the Sub Audio Magnetics survey (see below) will enhance structure identification. This will then be coupled with geological and conceptual mineralisation modelling to assist in the next round of drill targeting.

As soon as the ground dries out from the recent rains, the Company will commence a Rotary Air Blast (RAB) drill programme on the area from Hornet to Tornado. The RAB programme will be undertaken using the Alcyone owned drill rig.

Twin Hills Deposit

The Company completed an initial three hole drilling programme on the east wall of the Twin Hills deposit. The primary aim was to obtain data for geotechnical logging to enable finalisation of mine planning, however the holes were also strategically positioned to undertake first pass testing of a potential mineralisation extension to this Deposit.

Drill hole locations are show in Appendix 1, Table 3 and full assay results are detailed in Appendix 1, Table 4.

Results for hole ACTHD002 were announced to the ASX on 2 November 2010, and confirmed a zone of mineralisation. The results for ACTHD003 have now also been received with best intercepts of:

- 5.2m @ 54.1g/t Ag from 101m, including:
  - 0.4m @ 231g/t Ag, 0.44% Pb and 1.47% Zn
- 2.4m @ 47.7g/t Ag from 120m.

Importantly, ACTHD003 intersected silver mineralisation in similar horizons to the previously-reported ACTHD002 and implied a northern strike continuity to the zone.

Results from the final hole, ACTHD001, are expected to be received late January/early February. Once all assays have been received the Company will consider the need for additional drilling of the zone, re-assess the mineral resource at Twin Hills and if required, calculate a revised resource estimate.

Tornado Prospect

A three hole drilling programme was completed at the Tornado prospect, targeting some historical high grade rock chip samples. The drilling results received to date have been disappointing with no anomalous assay results returned from the first two of these holes.

Alcyone is still awaiting results from the final hole, which will then be assessed together with the results of the Sub Audio Magnetics survey (see below) to assist in the evaluation and, if needs be, re-targeting of this prospect.

Sub Audio Magnetics survey

Alcyone has commissioned a Sub Audio Magnetics (SAM) survey covering an area approximately 1km wide by 7km long over the western tectonic corridor between the Hornet and Tornado prospects.

This technique measures both the magnetic and electrical properties of the earth using an electrical current generated between a pair of grounded electrodes. In principal the technique is used to highlight potential structures within the same host rock sequences.

The SAM survey has been located to target what may be the controlling structures within the tectonic corridor between Hornet and Tornado. As stated in previous announcements, the base metal mineralisation on the Texas leases is considered to be structurally controlled. Therefore, if the SAM method is able to deliver the results anticipated, it will become a fast, low cost exploration tool that could considerably improve drill targeting efficiency.

Alcyone expects that, subject to weather conditions, the SAM survey will be completed in late January/early February and the interpretation will then be used to assist in upcoming drill targeting.

Alcyone's Managing Director, Mr Andrew King, said the latest exploration results have further enhanced the Company's confidence in the prospectivity of the Texas Project area.

"As we move towards trial silver production at Twin Hills later this quarter, these latest results from our ongoing exploration campaign provide further support for our goal of establishing a significant silver and polymetallic mining operation at Texas," he said. "We expect the results of the current SAM survey to provide additional exploration targets that will form the basis of our exploration push throughout 2011."

"The 2010 year was highly successful for Alcyone, with a number of positive exploration results achieved from our first six months of drilling – exceeding our initial expectations and giving us plenty of encouragement for the 2011 field season," he continued.

Alcyone is planning to commence trial silver production from Twin Hills later this quarter, ramping up to full scale commercial silver extraction during the Third Quarter at a production rate of 1.5-2.0Moz of silver per annum.

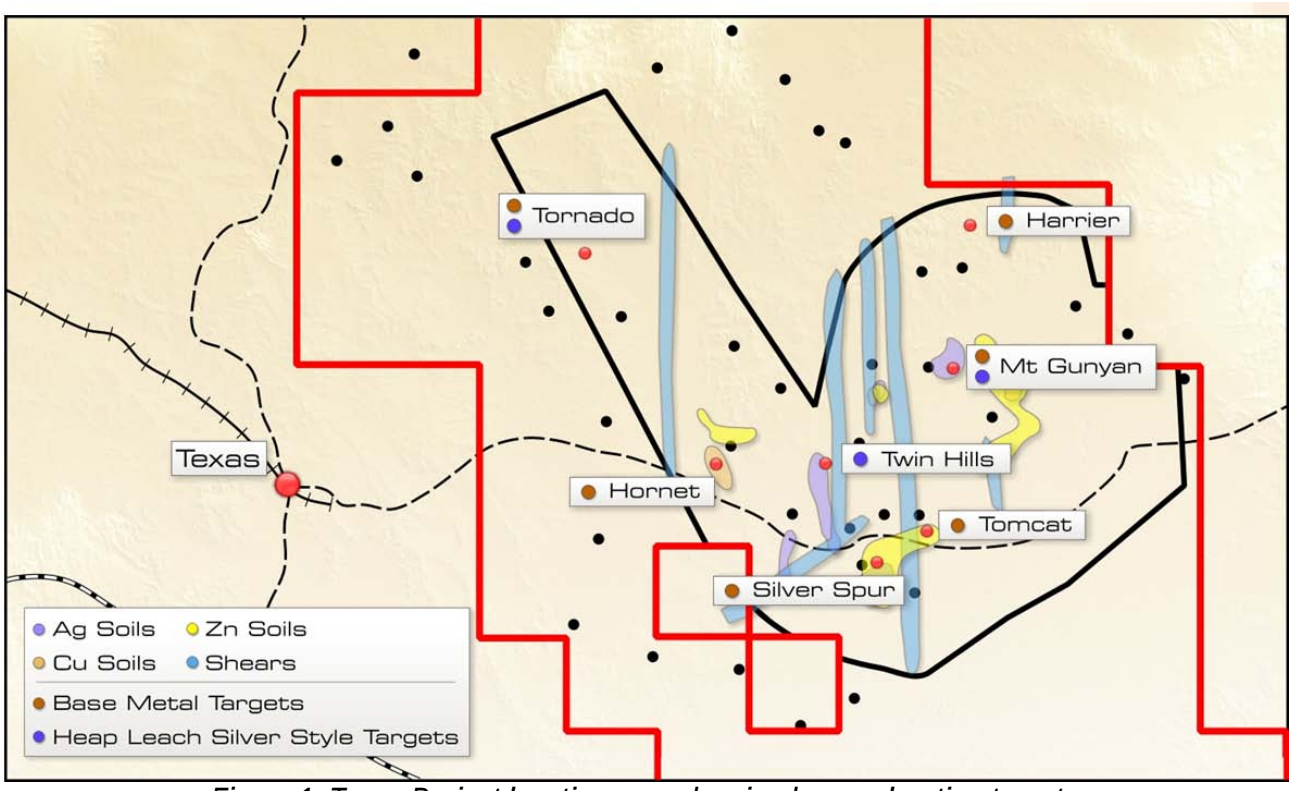

Figure 1: Texas Project location map showing key exploration targets

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About Alcyone

Alcyone Resources Limited (ASX Ticker: AYN) is an Australian-based resource company focused on the reassessment and re-development of the Twin Hills Silver Mine, located south-west of Brisbane near the town of Texas in south-east Queensland.

During 2010 the Company completed an economic and technical review of the Twin Hills operation and, based on the success of these studies, is set to commence trial silver production during the first quarter of 2011.

The economic review confirmed that the operation is well placed to generate strong operating margins based on a forecast annual processing rate of 1Mtpa from the Twin Hills resource. At this production rate, the operation would generate average annual silver production of 1.5-2.0Moz and have forecast unit cash operating costs of approximately A$13.50/oz. The Twin Hills Resource statement can be viewed on the Company's web site.

Alcyone intends to complete construction and commissioning at Twin Hills during the second quarter of 2011, and ramp-up to full scale commercial silver extraction during the third quarter at an annualised rate of 1.5-2.0Moz.

In addition to the resumption of production at Twin Hills, Alcyone is also focused on assessing and capitalising on the significant exploration potential within its 275 sq km tenement package at Texas, including the potential for polymetallic and base metal mineralisation.

Competent Person Statements

The information in this report that relates to exploration data for the Texas Silver project has been compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy and Director of DataGeo a mining and exploration consultancy.

Mr Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Ball consents to the inclusion in this Report of the information compiled in the form and context in which they appear.

Forward-Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Alcyone's exploration operations, economic performance and financial condition. Although Alcyone believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Alcyone undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

APPENDIX 1:

Table 1: Hornet drill hole locations

Hole ID	East GDA94	North GDA94	RL	Total Depth	Azi Mag	Dip
ACHOD001	328575	6807815	405	98.7	260	-60
ACHOD002	328529	6807792	405	104.4	260	-60
ACHOD003	328529	6807912	411	24.6	260	-60
ACHOD003A	328531	6807913	411	92.6	260	-60
ACHOD004	328549	6807916	411	116.6	260	-60
ACHOD005	328505	6807957	415	64	260	-60
ACHOD006	328525	6807957	415	101.6	260	-60
ACHOD008	328589	6807838	405	152.8	260	-60

Table 2: Hornet Assay Results

Hole	From (m)	To (m)	Length (m)	Ag g/t	Cu%
ACHOD005	3.4	4	0.6	1.0	0.17
	14	16	2	1.5	0.19
	33	34	1	1.0	0.13
ACHOD002	2.5	4.8	2.3	1.7	0.12
ACHOD003A	13.4	20	6.6	3.9	0.44
inc	15.5	16.3	0.8	10.0	1.05
&	17.4	18.2	0.8	10.0	1.28
	27	28	1	2.6	0.47
	31.4	34	2.6	8.6	0.95
inc	32.5	33	0.5	17.7	1.98
	38	40	2	5.9	0.26
ACHOD003	11	13	2	10.8	1.75
inc	12	12.3	0.3	48.0	8.25
	16	20	4	1.2	0.15
ACHOD008	29	30	1	0.5	0.11
	62	63	1	0.9	0.14
	64	65	1	1.3	0.17
	74	76	2	3.2	0.45

Table 2: Hornet Assay Results - Continued

Hole	From (m)	To (m)	Length (m)	Ag g/t	Cu%
ACHOD001	5.4	7.6	2.2	7.1	0.12
	28.3	29.4	1.1	15.3	4.33
inc	28.3	28.9	0.6	22.4	6.91
	30.1	32	1.9	5.2	0.95
	39	40	1	1.0	0.15
	49	51	2	1.6	0.15
	53	54	1	1.3	0.16
	56	60	4	1.4	0.13
	72	75	3	3.7	0.28
	79.9	80.3	0.4	92.0	8.02

Table 3: Twin Hills drill hole locations

Hole ID	Collar Position			Depth	Azi grid	Dip
	East GDA	North GDA	RL			
ACTHD001	330690	6807700	515	119.7	270	-67
ACTHD002	330687	6807750	515	149	270	-61
ACTHD003	330680	6807800	515	129	270	-59

Table 4: Twin Hills Assay Results Hole ACTHD003

ACTHD003 samples or intercepts >40g/t Ag						
From (m)	**To (m)**	**Length (m)**	**Ag g/t**	**Au g/t**	**Pb ppm**	**Zn ppm**
101	102	1	49.0	0.03	409	215
102	103	1	33.9	0.01	334	436
103	104	1	59.0	0.05	907	552
104	105	1	22.3	0.02	261	114
105	105.8	0.8	30.8	0.03	337	256
105.8	106.2	0.4	231.0	0.13	4400	14700
101	106.2	5.2	54.1	0.04	758	1423
113	114	1	64.0	0.09	1500	1940
120	121	1	49.0	0.03	1360	463
121	122	1	27.4	0.04	666	316
122	122.4	0.4	95.0	0.23	18950	1370
120	122.4	2.4	47.7	0.07	4003	553