

HIGH-GRADE COPPER INTERSECTIONS AT HORNET PAVE WAY FOR MAIDEN JORC RESOURCE

HIGHLIGHTS

- **Drilling at Hornet Prospect, 2km west of Twin Hills, confirms continuity of near-surface, higher grade mineralised shoots, with significant intersections including:**
 - **2m @ 4.9% Cu from 154m within a broader intercept of 10m @ 1.24% Cu from 154m down-hole (HORC009)**
 - **2m @ 4.3% Cu from 124m within a broader intercept of 6m @ 1.75% Cu from 120m down-hole (HORC005)**
- **Hornet mineralised zone averages between 10m and 60m in total width and comprises up to five near-vertical higher grade shoots of 2m to 5m in true width.**
- **Results support an Exploration Target¹ for Hornet of 0.5 to 1.5Mt grading 1 to 2% Cu.**
- **In-fill drilling to commence for the estimation of a maiden JORC Mineral Resource.**

Alcyone Resources Ltd (ASX: AYN – “Alcyone” or “the Company”) is pleased to advise that recent drilling at the emerging **Hornet Copper Prospect**, 2km west of the Twin Hills silver deposit at its **Texas Project** in SE Queensland (Figure 1), has confirmed and extended previously identified high-grade copper zones – adding further momentum to its regional base metal exploration activities.

The results have laid the foundations for a step-out and in-fill resource drilling program at Hornet planned to commence this Quarter. This is expected to underpin a maiden JORC Mineral Resource for the prospect, which will be the Company’s first base metal resource at Texas alongside its extensive silver resources.

The Company has received initial assay results from 2m composite samples from a programme of follow-up Reverse Circulation drilling (6 RC holes for 1,192m) completed at Hornet in early August 2012.

The new drilling was designed to test the internal consistency within the central zone of mineralisation intersected in drilling last year (*see ASX Announcement – 24 January 2012*). The locations of the new RC drill-holes are provided in Table 1 attached and shown in Figure 2 (Hornet Prospect, Plan View).

Significant higher grade results include:

- **HORC009 10m @ 1.24% Cu from 154m including 2m @ 4.9% Cu**
- **HORC005 6m @ 1.75% Cu from 120m including 2m @ 4.3% Cu**

Other results received from the current drilling are shown in Table 2 attached.

The drilling has provided support for the continuity of up to five near-vertical “high grade shoots” which average 2-5m in true thickness within the central part of the Hornet Prospect (Figure 3 – Cross Sections). These high-grade shoots appear to be continuous over the 140m strike length of this zone, which lies within an overall envelope of copper anomalous altered sediments which extends over a strike length of 300m (see Figures 2 and 3), varies in width between 10 and 60m and extends, in the central part, to a vertical depth of over 200m.

The high-grade shoots, which have the potential to host average grades of over 1% Cu, were first identified by initial diamond and RC drilling with previously reported results such as those from drill-holes HORC001 and HORC002, namely:

- HORC001 **4m @ 2.37% Cu** and **1m @ 2.59% Cu** within 38m @ 0.68% Cu from 64m; and
 2m @ 2.26% Cu and **1m @ 5.19% Cu** within 14m @ 0.99% Cu from 110m
- HORC002 **4m @ 1.06% Cu** and **1m @ 1.25% Cu** within 16m @ 0.31% Cu from 12m

This mineralised envelope has now been tested by a combination of RAB, RC and diamond drilling, enabling Alcyone to estimate an Exploration Target¹ of **0.5 to 1.5 million tonnes grading 1 to 2% Cu** for the Hornet Prospect.

The Company plans to undertake additional RC drilling to in-fill the mineralisation, initially to 25m spacings over the central 200m of the prospect, as well as to test the full 300m strike length assuming continuous positive results. An RC drill rig has been booked to arrive on site during Q4 2012, and will undertake this drilling after testing other base metal targets in the area including Tomcat.

Commenting on the latest results, Alcyone’s Managing Director, Mr Andrew King, said Hornet was shaping up as a significant zone of potentially economic near-surface copper mineralisation which could represent an attractive addition to the Company’s inventory of silver resources at Texas.

“While our main exploration focus obviously remains on heap leach silver to extend the life of our operations, we have always been keen to unlock the base metal potential of the area, which we believe is considerable,” Mr King said.

“Hornet is our most advanced base metal target to date and clearly has the potential to develop as a sizeable zone of copper mineralisation,” he added. “It is worth noting that with similar geophysical signatures and anomalous surface samples, existing elsewhere in the Western Tectonic Corridor, there is excellent potential for repeats of this Hornet style mineralisation

With further drilling planned later this year, we are looking to test some of these other prospects, such as Vampire, and extend the in-fill the drilling undertaken at Hornet so far in order to lay the foundations for a maiden JORC compliant resource estimate, to be completed in the first Quarter of 2013. That in turn will enable us to assess options to realise value from this and other base metal prospects within our broader 1,100 square kilometre tenement holding at Texas.”

The potential quantity and grade of the Hornet exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource Estimate. It is uncertain if further exploration will result in the determination of a Mineral Resource.

ENDS

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About Alcyone

Alcyone Resources (ASX Ticker: AYN) commenced silver production in July 2011 at its Texas Silver & Polymetallic Project in south-east Queensland, and is currently ramping up to an annualised production level of 1.2 to 1.5Moz Ag per annum. Alcyone has embarked on an exciting new growth phase with aggressive exploration programs underway aiming to establish a 7-10 year mine life and targeting new silver and base metal discoveries within its now 1,100km² tenement holding.

The Texas Silver & Polymetallic Project includes the Twin Hills Silver Mine and a portfolio of advanced silver and polymetallic base metal exploration targets. Alcyone has moved rapidly from acquisition of the Project in November 2009, through re-assessment and feasibility and into production.

The Company has upgraded the existing 1Mtpa Twin Hills processing plant, including the installation of new crushing circuit and a commercial-scale Merrill Crowe silver recovery circuit, which has been successfully commissioned and is now operating at design processing capacity. Alcyone is on track to achieve steady-state commercial production by Q4 2012.

Competent Person Statements

The information in this report that relates to exploration data for the Hornet Prospect has been reviewed and compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy (CP) 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.

Table 1: Hornet RC Hole collar details						
Hole_ID	Northing_GDA94	Easting_GDA94	RL	Azi_Mag	Dip	Tdepth m
HORC004	6807922	328580	409	260°	-60°	186
HORC005	6807906	328598	409	260°	-60°	200
HORC006	6807902	328548	411	260°	-78°	200
HORC007	6807927	328545	413	260°	-78°	200
HORC008	6807872	328558	420	80°	-60°	200
HORC009	6807887	328641	395	260°	-60°	206

The collar locations have been determined using a hand held GPS unit.

Table 2- Hornet 2m RC sample results					
Hole No.	From	To	Len (m)	Cu%	Including
HORC004	50	62	12	0.21	
	108	110	2	0.75	
HORC005	120	126	6	1.75	2m @ 4.3%
HORC006	70	72	2	0.58	
	116	124	8	0.33	
HORC007	160	162	2	0.55	

HORC008	76	78	2	0.77	
HORC009	154	164	10	1.24	2m @ 4.9%
	168	172	4	0.26	

The intercepts are based on 0.2% Cu minimum average with only 1 sample < 0.1% within it.

Figure 1 – Location Map

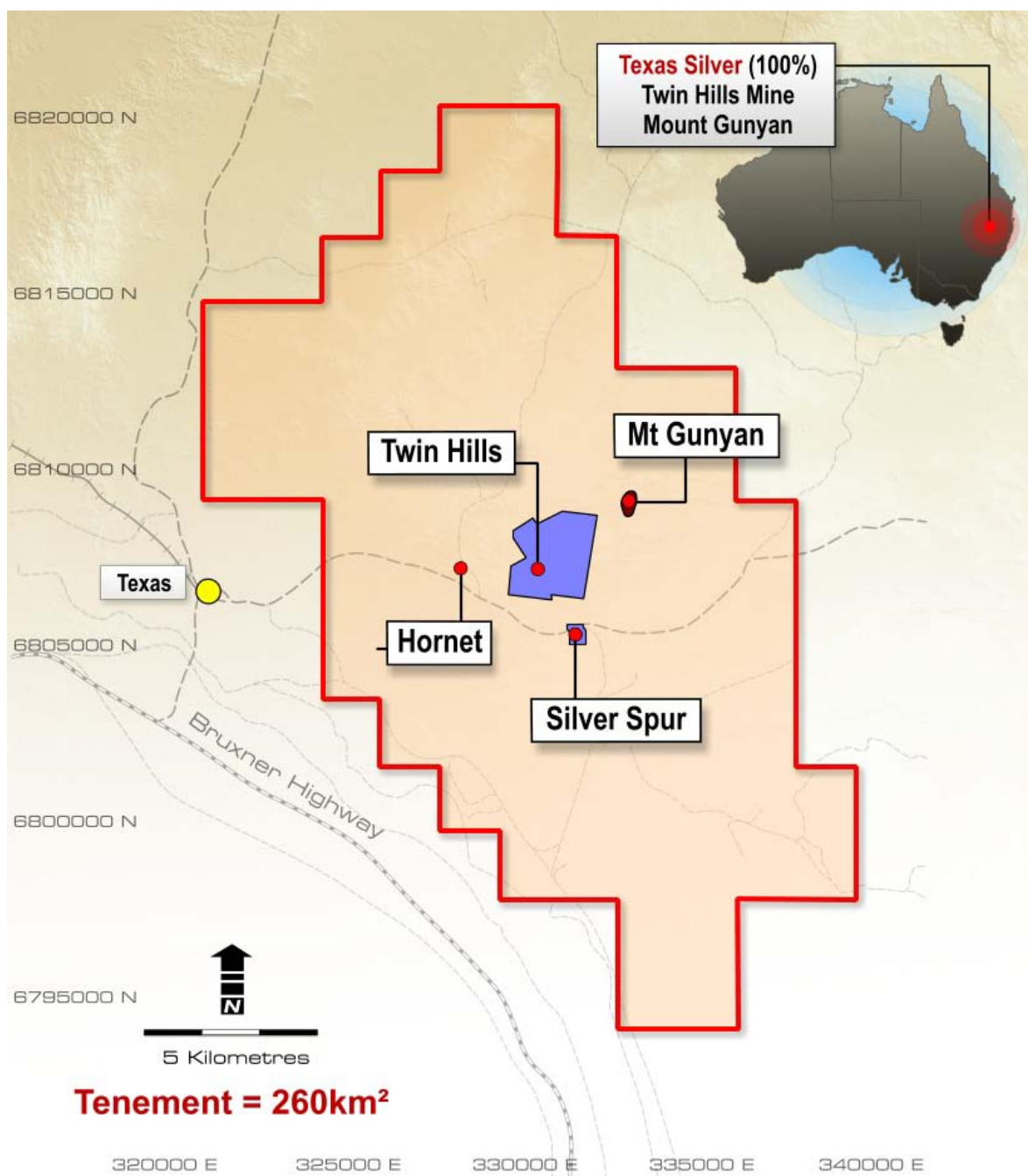


Figure 2 – Plan View of Hornet Prospect

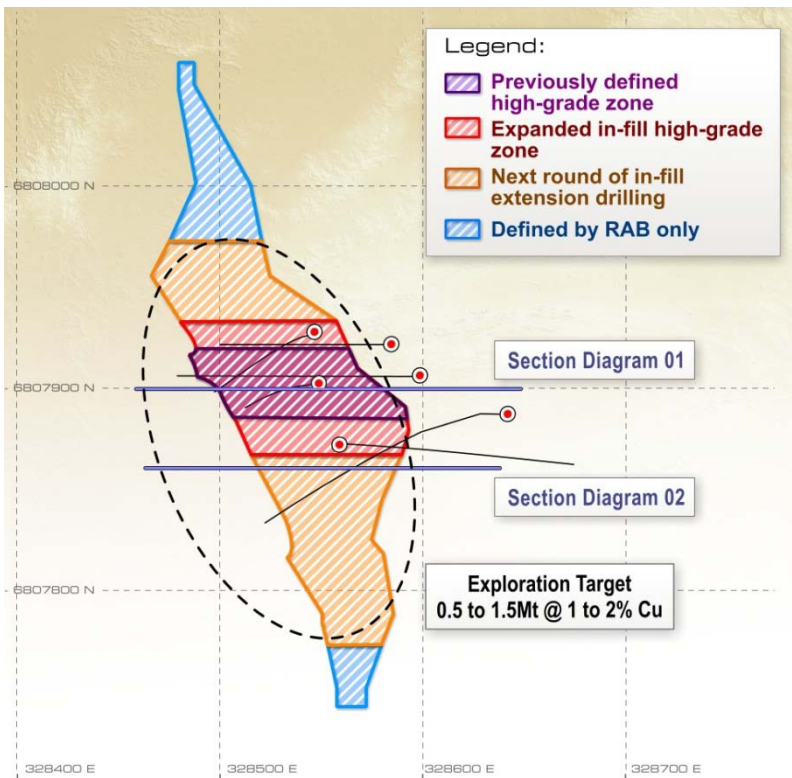


Figure 3 – Hornet Cross-Sections

