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25 May 2012

Company Announcements Office
Australian Securities Exchange
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

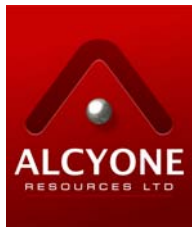
SHARE PURCHASE PLAN

Please find attached information with respect to the Alcyone Resources Limited Share Purchase Plan dispatched to shareholders today.

Yours faithfully
ALCYONE RESOURCES LIMITED

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

Kevin Hart
Company Secretary



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25 May 2012

Dear Shareholder

On the 14th May 2012 Alcyone announced a \$3.5 million capital raising to accelerate the ramp-up of silver production, reduce operating costs and fund new exploration initiatives at its flagship Texas Silver & Polymetallic Project in south-east Queensland.

The placement was undertaken to international institutions and high net worth investors at a price of 4.8 cents per share, plus one free option at 6 cents per share expiring on 14 May 2015 for each two shares subscribed for. Subject to shareholder approval, I will be personally subscribing for \$500,000 of this placement.

The funds raised from the placement will be used to:

- bring forward the commissioning of Leach Pad 4 at the Texas Operations to further accelerate the ramp-up of production;
- fund connection to the State electricity grid to reduce operating costs;
- expand and accelerate exploration activities at the Texas Project; and
- strengthen the Company's working capital position.

Attached to this letter is a copy of our recent announcement on the capital raising, which includes an operational update noting the continued ramp-up in silver production and downward trend in operating costs at our Texas Operations.

Further to the 14th May 2012 announcement, the Company is now undertaking a Share Purchase Plan (**SPP**) offering each shareholder up to \$15,000 worth of Shares at the same price as the placement (being 4.8 cents per Share).

Following the close of the SPP, the Company will make a separate offer to those Shareholders who subscribed for the SPP of one free option for every two Shares subscribed for under the SPP (**Free Options**) by way of prospectus. The Free Options will be on the same terms as the free options granted under the placement, being exercisable at 6 cents per Share expiring on 14 May 2015. The Company will seek to have the Free Options listed on the ASX.

The prospectus will be sent to each Shareholder who subscribes for the SPP Offer (**Prospectus**). Such persons will need to complete the application form that will be in, or will accompany, the Prospectus to acquire the Free Options.

You will note that, as at time of writing, the share price is lower than the placement and SPP price. However, the Company will proceed with the SPP offer as it had undertaken to do so and, allowing for value of the Free Option, I personally still see it as very good value.

SUBJECT



Any additional funds raised from the SPP offer will be used to further strengthen our working capital position and further accelerate exploration activities at the Texas Project.

On behalf of the Board, I recommend the attached SPP offer to you, and look forward to your continued participation in Alcyone's exciting future.

A handwritten signature in blue ink that reads "Charles W. Morgan".

Charles Morgan
Chairman

Not for release or publication in the United States

UPDATE ON CAPITAL RAISING AND OPERATIONS

Further to the announcement of 7 May 2012, Alcyone Resources Limited (ASX: AYN; 'Alcyone' or 'the Company') advises that, due to the recent adverse conditions and instability in global financial markets, the Company's share placement will now be undertaken at an issue price of **4.8 cents** per share and raise a total of **\$3.5 million**.

The revised share placement will comprise 72,916,667 shares at an issue price of 4.8 cents per share, plus one free attaching option for each two new shares issued, exercisable at 6 cents per share and expiring on 14 May 2015, to raise a total of \$3.5 million. Casimir Capital LP was Lead Manager to the share placement.

A number of international institutions and high net worth investors, including several existing long-standing shareholders, are participating in the share placement. Subject to shareholder approval, Alcyone's Chairman, Mr Charles Morgan, has also applied for \$500,000 in the placement, reflecting his confidence in the future of the Company.

As outlined in the announcement of 7 May 2012, Alcyone will also undertake a Share Purchase Plan (SPP) to provide existing shareholders with the opportunity to invest at the same price as the placement.

Under the SPP, which will raise up to a **further \$3 million**, eligible Alcyone shareholders will be able to subscribe for up to \$15,000 of Alcyone shares each at an issue price of 4.8 cents per share. In addition, the Company will separately offer one free attaching option for two new shares issued, exercisable at 6 cents per share and expiring on 14 May 2015.

Documentation relating to the SPP and a Prospectus for the issue of the options will be sent to eligible shareholders shortly.

The share placement is not subject to shareholder approval as it falls within Alcyone's 15% placement capacity under Listing Rule 7.1. A Notice of Meeting to approve the issue of shares and options to Mr Charles Morgan and deal with other matters as necessary will be circulated in due course.

As previously outlined, the proceeds of the share placement will be used for the following purposes:

- **to bring forward the commissioning of Leach Pad 4 (LP4)**, enabling Alcyone to accelerate the ramp-up of production at the Twin Hills heap leach silver mine – the first layer of ore has been placed on Leach Pad 3 and civils for Leach Pad 4 are already starting (see details below);
- **to fund connection to the State electricity grid in South East Queensland**, which will reduce operating costs at the Texas Project. Alcyone estimates that the capital outlay for this initiative will be repaid within approximately 12 months;
- **to expand and accelerate exploration activities at the Texas Project**, including drilling of recent near-mine discoveries and targets such as the exciting new Silver Spur North silver discovery and Hornet copper prospect, and to fund broader regional exploration activities within the newly acquired adjacent tenements – RAB drilling has already started (see detail below); and
- to further strengthen the Company's working capital position.

Update on Operations

Ore mined since the commencement of mining operations at the end of September 2011 to the 31st March 2012 has totalled 364,148 tonnes at an average grade of 75g/t. There is approximately a 10% positive reconciliation of mined ounces to the ore reserve model, providing a high degree of confidence in the integrity of the original reserve calculations. Waste movements have been low in these early operating months due to the high quantities of ore

immediately available. This has allowed the mining fleet to be utilised for the construction of Leach Pad 3, saving in excess of \$500k. Waste mining is scheduled to increase significantly in the current and future quarters to be closer to the average strip ratio of 1.65 to 1 (Waste to Ore)

Initial figures indicate that overall silver recoveries from the newly stacked leach pads during the March Quarter have already passed the 50 per cent point, and the pads continue to leach well as they trend towards the overall planned recovery of 65 to 70%. Silver production for the month of April has been confirmed at 75,082oz, which is in line with the guidance issued last week.

As outlined recently, cash operating costs are continuing to trend downwards towards the long-term target of A\$15/oz. Unaudited daily costs during April were as low as A\$15/oz, and are expected to average A\$21/oz for the month. This downward trend in costs towards A\$15/oz is pleasing and will ensure that Alcyone can maintain a robust cash operating margin despite the recent pull-back in the silver price. The Company also has 50% of its silver production to 31 December 2012 hedged at approximately \$A33.80 per ounce Ag.

During the last week, the area for Leach Pad 4 (LP4) has been cleared with civil construction works scheduled to commence this week. The timeline for completion will be finalised once delivery has been confirmed on the plastic liner and irrigation works but is anticipated that first ore will be stacked on LP4 during September 2012.

The commissioning of LP4 is expected to make a significant contribution to the ramp-up of silver production at Twin Hills.

The first 5 metre layer of Leach Pad 3 has now also been completed and is under full irrigation. Stacking of high-grade ore at over 120g/t has continued on the cut down Leach Pad 1. The top section of Leach Pad 1 had been shifted to form the base of Leach Pad 3.

The connection to grid power has progressed to the final design stage with firm orders to be placed within the next couple of weeks. The final connection date will be dependent on the delivery of the transformers but it is anticipated that the line will be energised during October 2012.

On the exploration front, Alcyone's Rotary Air Blast (RAB) rig had been working on the Silver Spur North prospect to investigate strike extensions on the mineralisation identified in the previous RAB programme. This drilling should be completed by the end of May with results available approximately 6-8 weeks later.

The RAB rig will move straight onto drilling the first holes in the Vampire target. Vampire has been identified by a copper in soils anomaly with associated strong silica-iron signature which potentially indicates proximity to copper rich massive sulphides. Alcyone is eager to test this prospect as it is its first attempt at this style of deposit and there are two other similar signatures within the Texas Project area.

Drilling contracts for the Reverse Circulation (RC) and diamond drill programmes are currently being finalised. It is proposed that the RC drill rig will commence drilling the Hornet Project and then move on to Silver Spur and Hawker. The diamond drill rig will follow on behind the RC rig with a view to undertaking resource drilling, assuming success with the RC drilling.

Alcyone's Managing Director, Andrew King, said: "I would like to take the opportunity to thank both existing shareholders and incoming investors for their support of the Company during what has proven to be an extremely turbulent and difficult past week for global equity and commodity markets. We are particularly grateful to the Chairman for his unwavering support.

"The funds raised will support our production and operational ramp-up, which is continuing to gather momentum and which will ensure that Alcyone is in future largely insulated from the sort of market shocks we've seen over the past week."

ENDS

For further information:

Andrew King – Managing Director
Alcyone Resources
Phone: +61-8 9476 3000

For media enquiries:

Nicholas Read
Read Corporate
Phone: +61 8 9388 1474

IMPORTANT NOTICE:

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

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 1,100 sq km 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 data used for and the resultant Mineral Resources for the Texas Silver project is based on information compiled by Mr Peter Ball who is a Member of the Australasian Institute of Mining and Metallurgy and Director of DataGeo a mining and exploration consultancy.

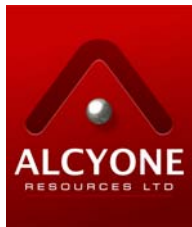
Mr Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral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

The information in this Report that relates to Exploration is based on information also compiled by Mr Ball.

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.



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25 May 2012

Dear Shareholder

Invitation to Participate in Alcyone Resources Ltd's Share Purchase Plan

On 14 May 2012, Alcyone Resources Ltd (ACN 056 776 160) (**Alcyone** or **Company**) announced its intention to offer existing shareholders the chance to participate in a share purchase plan to subscribe for ordinary, fully paid shares in the Company (**Plan**).

The Board of directors of the Company (**Board**) is now pleased to make that offer to eligible shareholders on the terms and conditions (**Terms and Conditions**) enclosed with this letter.

Shareholders Eligible to Participate in the Plan

The right to participate in the Offer under the Plan is optional and is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the issued capital of Alcyone (**Shares**) at 5.00pm (WST) on the **Record Date** of Friday 11 May 2012 and whose registered address is in Australia, Germany, Hong Kong, New Zealand, Singapore, Switzerland or the United Kingdom (**Eligible Countries**), unless such registered shareholder holds Shares on behalf of another person who resides outside Australia, New Zealand or Singapore or other Eligible Countries as permitted by the Company in light of applicable foreign laws (**Eligible Shareholders**).

Share Purchase Plan

The Plan is intended to raise approximately A\$3,000,000 and entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to A\$15,000 worth of Shares.

The issue price of 4.8 cents is a 7.78% discount to the volume weighted average price (**VWAP**) of the Company's Shares traded on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of the Offer, and is free of brokerage and commission (**Offer**).

The VWAP of Shares traded on the ASX during the 5 trading days immediately prior to the announcement date of the Offer was 5.21 cents.

An outline of the Plan is set out in this letter and the details are set out in the enclosed Terms and Conditions. An application form for the Plan (**Application Form**) and reply paid envelope are included in this package.

Additional Free Options

In addition to the Offer, the Company intends to separately offer Shareholders who subscribe for the Plan (and investors who subscribe for any shortfall to the Plan (**Shortfall**), as detailed further below) one free unlisted option for every two new Shares issued to them under the Plan (or issued to investors under the Shortfall, (**Free Option**)). The Free Options will be exercisable at 6 cents each and have an expiry date of 14 May 2015. Subject to satisfying listing requirements, the Company will seek to have the Free Options listed on the ASX.

The Company intends to offer these Free Options by separate Prospectus shortly after the Offer closes (**Prospectus**). The Prospectus will be sent to each Shareholder who accepts the Offer and to each investor who subscribes for Shortfall. To acquire the Free Options the shareholder will need to indicate acceptance of the offer on the pre-filled form accompanying the Prospectus, and return the form by Fax, Email or to the Company in the reply paid envelope.

Current Projects

Details of the Company's current activities are set out in the announcements made by Alcyone to the ASX and are available from the ASX or Alcyone's website (www.alcyone.com.au).

The funds raised under the Plan will be used by the Company to:

- to accelerate exploration activities at the Texas project; and
- further increase working capital.

How much can you invest?

Eligible Shareholders may only acquire a maximum of up to A\$15,000 worth of Shares under the Plan.

Subscription and Application Procedure

If you would like to participate in the Offer, the following payment options are available:

(a) Application Form and Accompanying Cheque or Money order

Eligible Shareholders wishing to pay by cheque or money order must follow the instructions on the Application Form and complete the Application Form, provide a cheque or money order that is payable to "**Alcyone Resources Ltd Offer A/C**" and crossed "**Not Negotiable**" and return the completed Application Form and cheque or money order to:

Alcyone Resources Limited
c/ - Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

to be received by the share registry no later than 5.00pm (**AEST**) on 15 June 2012 (**Closing Date**).

(b) Payment by BPAY®¹

Eligible Shareholders wishing to pay by BPAY must use the specific biller code and customer reference numbers detailed on their personalised Application Form.

If you choose to pay via BPAY you are not required to submit your Application Form. Your payment will not be accepted after 5:00pm (AEST) on the Closing Date and no Shares will be issued to you in respect of that application. If you have multiple holdings you will have multiple BPAY customer reference numbers. To ensure you receive your Shares under the Offer in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any Shares that you wish to apply for in respect of that holding. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

(c) Payment by international wire transfer

If you wish to pay by international wire transfer please register with Mr Kevin Hart, Company Secretary, on +61 8 9316 9100, or by email at kevinh@endeavourcorp.com.au to register and receive International Deposit details.

If you have not received your Offer documentation and Personalised Application Form, or require a replacement via post or email, please call:

Computershare Shareholder Information Line
 1300 850 505 (within Australia)
 +61 3 9415 4000 (Outside Australia)

Eligible Shareholders may participate by selecting one of the following offers to purchase Shares under the Plan:

	Subscription amount	Shares to be allotted
Offer A	\$15,000	312,500
Offer B	\$10,000	208,333
Offer C	\$5,000	104,166
Offer D	\$2,000	41,666

¹ ® Registered to BPAY Pty Ltd, ABN 69 079 137 518

Once an application under the Plan has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the Closing Date of 5:00pm (AEST) on 15 June 2012.

The maximum investment any shareholder may apply for will remain \$15,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

Custodians and Nominees

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of A\$15,000 worth of Shares in respect of each Beneficiary who is resident in Australia, New Zealand or Singapore or other Eligible Countries as permitted by the Company in light of applicable foreign laws, subject to providing a Custodian Certificate to the Company, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

Acceptance of Risk Factors

The market price of Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are issued to you as a result of your application under this Offer.

By making an application under this Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase price is at a discount to the 5 Day VWAP, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under this Offer.

Additional Information and Important Dates

The Offer cannot be transferred and the directors of the Company (**Directors**) reserve the right to reject any application over \$15,000. Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The approximate number of Shares that may be issued pursuant to this Offer is 62,500,000. The Company, however, reserves absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis. Scale back for Shares held by a Custodian will be applied at the level of the underlying Beneficiaries.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

The approximate number of Free Options that may be granted under the Prospectus is 31,250,000. The Company, however, reserves absolute discretion regarding the final amount of options issued under the Prospectus.

Foreign offer restrictions

This document may not be released or distributed in any country other than Australia, Germany, New Zealand and Switzerland. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

European Economic Area - Germany

The information in this document has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity that has two or more of: (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company and any underwriter for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

The Shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Shortfall Placement

In the event that less than 62,500,000 Shares are applied for pursuant to this Offer, the shortfall may be placed at the discretion of the Directors.

The Company intends to offer Free Options to investors who subscribe for any shortfall on the same terms as the Free Options to be offered to Shareholders. The Prospectus will be sent to each investor who subscribes for shortfall shares.

Indicative Timetable

Record Date (5:00pm WST)	11 May 2012
Announcement Date of Plan	14 May 2012
Opening Date of Offer	25 May 2012
Closing Date of Offer (5.00pm AEST)	15 June 2012
Issue of Shares under the Plan	20 June 2012
Dispatch date for holding statements	21 June 2012
Quotation of Shares on ASX	22 June 2012

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Application Forms as early as possible.

Enquiries in Relation to the Application Form or the Plan

If you have any enquiries in relation to your Application Form or the Plan, please call Computershare Investor Services Pty Ltd on 1300 850 505 (within Australia), or +61 3 9415 4000 (outside Australia)

Yours faithfully



Andrew King
Managing Director
ALCYONE RESOURCES LTD

ALCYONE RESOURCES LTD
ACN 056 776 160

Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The Share Purchase Plan (**Plan**) offers shareholders of Alcyone Resources Ltd (**Company**) the opportunity to apply for a maximum of \$15,000 to acquire additional fully paid ordinary shares in the Company (**Shares**) (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan) at 4.8 cents per share (being a 7.78 % discount to the volume weighted average price (**VWAP**) of Shares on the financial market operated by ASX Limited (**ASX**)) without the need to pay brokerage costs and without the need for Company to issue a Prospectus, upon such terms and conditions as the board of directors of Company, in its absolute discretion, sees fit.

Shareholders eligible to participate

Holders of Shares that are registered with an address in Australia, Germany, Hong Kong, New Zealand, Singapore, Switzerland or the United Kingdom (**Eligible Countries**) at the relevant record date are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan, unless such registered shareholder holds shares on behalf of another person who resides outside Australia, New Zealand or Singapore or other Eligible Countries as permitted by the Company in light of applicable foreign laws. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

The same offer is being made to each of the following:

- shareholders who hold fully paid ordinary shares in the Company.

Participation in the Plan is optional and is subject to these terms and conditions (**Terms and Conditions**). Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any Shares offered under the Plan).

An offer may, at the discretion of the directors of Company (**Directors**), be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is \$15,000. The Directors of the Company may also determine in their discretion the minimum amount for participation, the multiple of Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

Custodians, trustees and nominees

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Class Order CO 09/425 (refer below) (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annexe to your Plan application form (**Application Form**) a certificate to the Company (**Custodian Certificate**) with the following information:

- that you held Shares in the Company on behalf of one or more other persons who are resident in Australia, New Zealand or Singapore and such other country as the Company may permit having regard to the number of shareholders in the country, the number of shares held and the cost of complying with foreign legal requirements (each a **Participating Beneficiary**) at 5:00pm (WST) on Friday 11 May 2012 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and

- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order CO 09/425 you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depository services or operate IDPS accounts;
- is exempt from holding an Australian financial services licence by virtue of Class Order CO 03/184 or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the *Corporations Regulations 2001*;
- is a trustee of a self managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS like schemes;
- is noted on the Company's register of members as holding the shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner describes above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To a request Custodian Certificate and if you would like further information on how to apply, you should contact Computershare Investor Services Pty Limited on 1800 095 862 from 8.30am to 5.00pm (AEST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

Price of Shares

The price of Shares to be issued under the Plan will be 4.8 cents per share, being a 7.78% discount to the VWAP of on ASX during the 5 trading days immediately prior to the announcement date of the Offer.

Applications and Notices

At the discretion of the Directors, the Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its constitution.

Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors.

Issue of Shares

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors in the relevant offer.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the Company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Shares issued under the Plan. The Company will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer Shares than the person applied for under the Plan if the issue of the Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Raising Amount and Scaleback

The number of Shares that may be issued pursuant to this Offer is approximately 62,500,000 and the amount to be raised is approximately \$3,000,000. The Company, however, reserves absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

Dispute Resolution

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions. The powers of the Company under these conditions may be exercised by the Directors or any delegate of the Directors.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser, Mr Kevin Hart, Company Secretary on +61 8 9316 9100, Mr Andrew King, Managing Director, or Mr Trevor Harris, Chief Financial Officer on +61 8 9476 3000.