



**ALCYONE**

RESOURCES LTD

ASX Code: AYN

**Andrew King**  
*Managing Director*

March 2012



***Production, Exploration, Growth:***

*Unlocking value at the Texas Silver & Polymetallic Project, SE Queensland*

# Disclaimer and Key Information

## Disclaimer

- This presentation has been prepared by the Directors of *Alcyone Resources Ltd* (“*Alcyone*” or the “*Company*”) from currently available public domain information to provide background information to enable recipients to review the business activities of *Alcyone*. It is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities.
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## 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.
- The information in this report that relates to data used for and the resultant Ore Reserve for the Texas Silver project is based on information compiled by Mr Bill Frazer who is a Member of the Australasian Institute of Mining and Metallurgy and Director of Mining One Pty Ltd a mining and geotechnical consultancy.
- Mr Frazer is a mining engineer with over 30 years experience in underground and open pit environments and has sufficient experience which is relevant to this type of mineral deposit and mining methodology 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 Frazer consents to the inclusion in this Report of the information compiled in the form and context in which they appear.

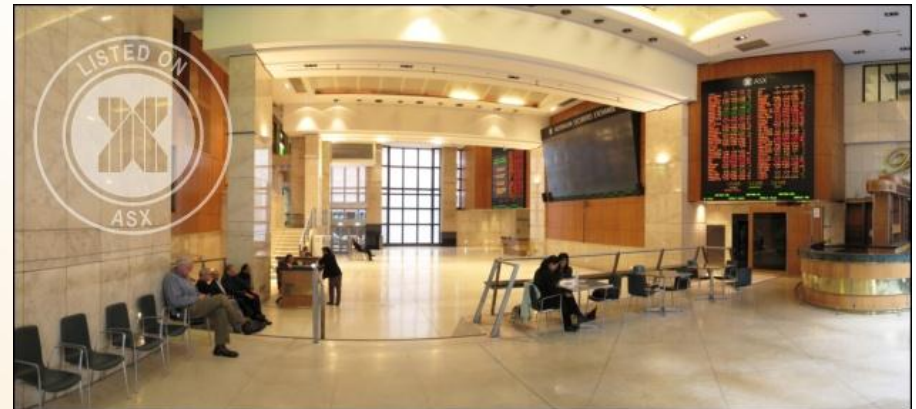
## Forward-Looking Statements

- 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.

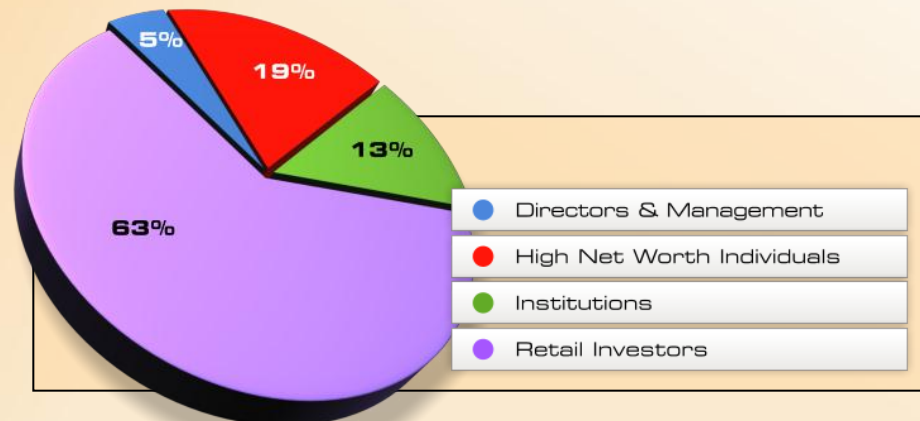
|                                 | Shares             | Options        |
|---------------------------------|--------------------|----------------|
| <b>Total</b>                    | <b>1,324.40M *</b> | <b>64.4.M*</b> |
| <i>* As at 31 December 2011</i> |                    |                |

|   |                |
|---|----------------|
| <b>Share price:</b>                     | <b>\$ 0.09</b> |
| <b>Market Capitalisation</b>            |                |
| <i>Undiluted</i>                        | ~A\$116M       |
| <i>Cash (Dec 31<sup>st</sup> 2011)</i>  | A\$1.77M       |
| <b>Top 20:</b>                          | 35%            |
| <b>Free float (shares):</b>             | ~500-600M      |
| <b>Ave. Daily Volume (Jan/Feb 2012)</b> | 6.8M shares    |

| Board & Management:    |                           |
|------------------------|---------------------------|
| <b>Charles Morgan</b>  | <i>Non-Exec. Chairman</i> |
| <b>Andrew King</b>     | <i>Managing Director</i>  |
| <b>Andrew Richards</b> | <i>Non-Exec. Director</i> |
| <b>Ian McCubbing</b>   | <i>Non-Exec Director</i>  |

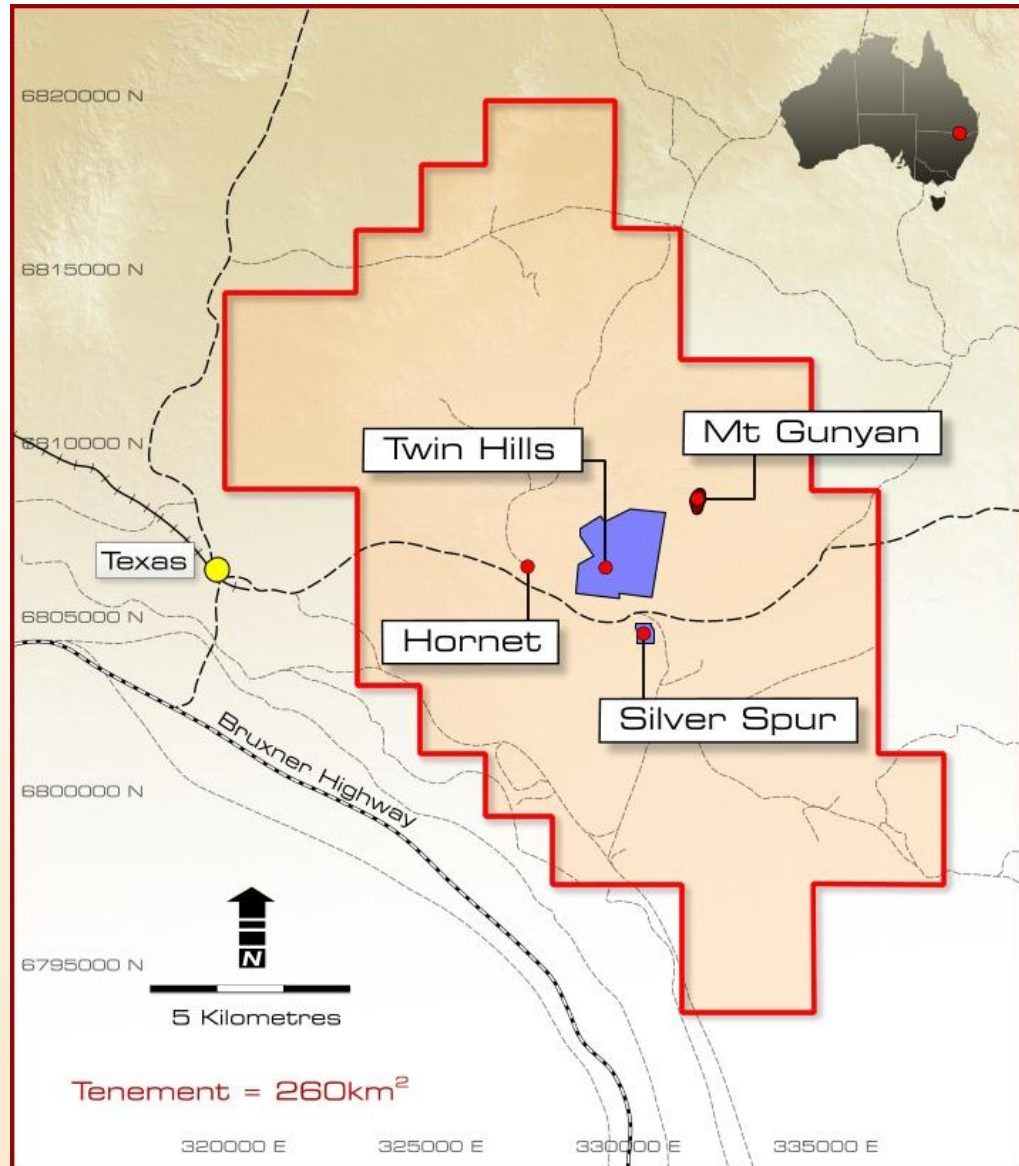


|                      |                                |
|----------------------|--------------------------------|
| <b>Michael Reed</b>  | <i>Operations Manager</i>      |
| <b>Trevor Harris</b> | <i>Chief Financial Officer</i> |
| <b>Peter Ball</b>    | <i>Manager Geology</i>         |



*“Alcyone has moved from a standing start to first silver production at Texas in just 18 months...”*

*“...and now looking to aggressively grow the resources at Texas through the drill bit”*



- Successfully recommissioned Twin Hills Silver Mine:
  - *First silver from re-irrigation – July '11*
  - *New process plant commissioned – Sept '11*
  - *Heap leach at +75% capacity and ramping up*
- Currently, Twin Hills 5-year mine life at ~1.5Mozpa Ag
  - *Targeting +10 year mine life*
  - *7-8 years Heap leach silver - Twin Hills + Mt Gunyan*
  - *Plus further mine life from silver and Base metals exploration targets*
- Encouraging exploration results:
  - *Heap leach silver*
  - *Base metals*
- ~\$3M exploration budget for 2H '12



# Twin Hills – Production Ramp-up Underway



# Twin Hills – Production Ramp-up Underway



*Crusher*



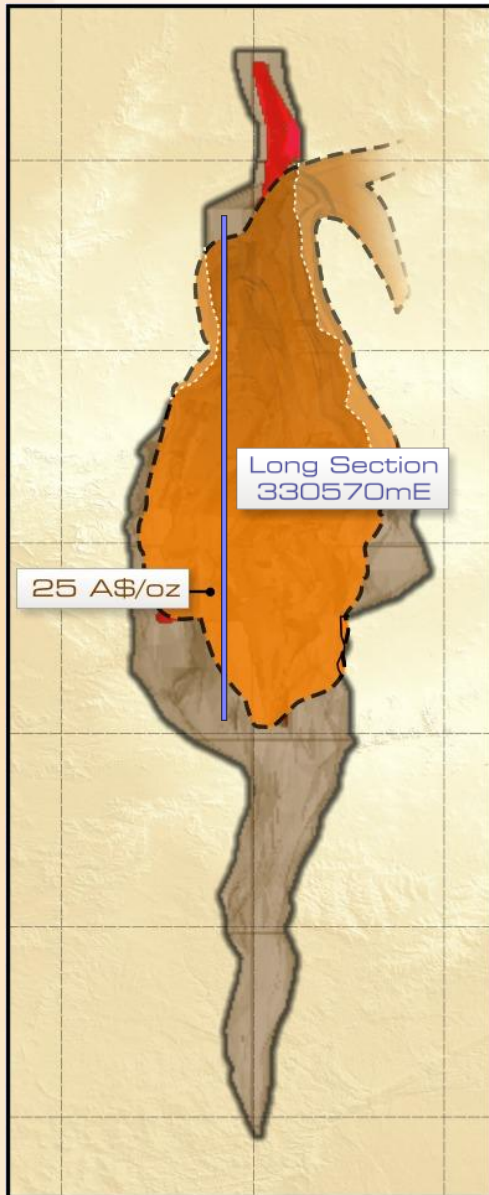
*Merrill Crowe bullion circuit*



*Silver pour*

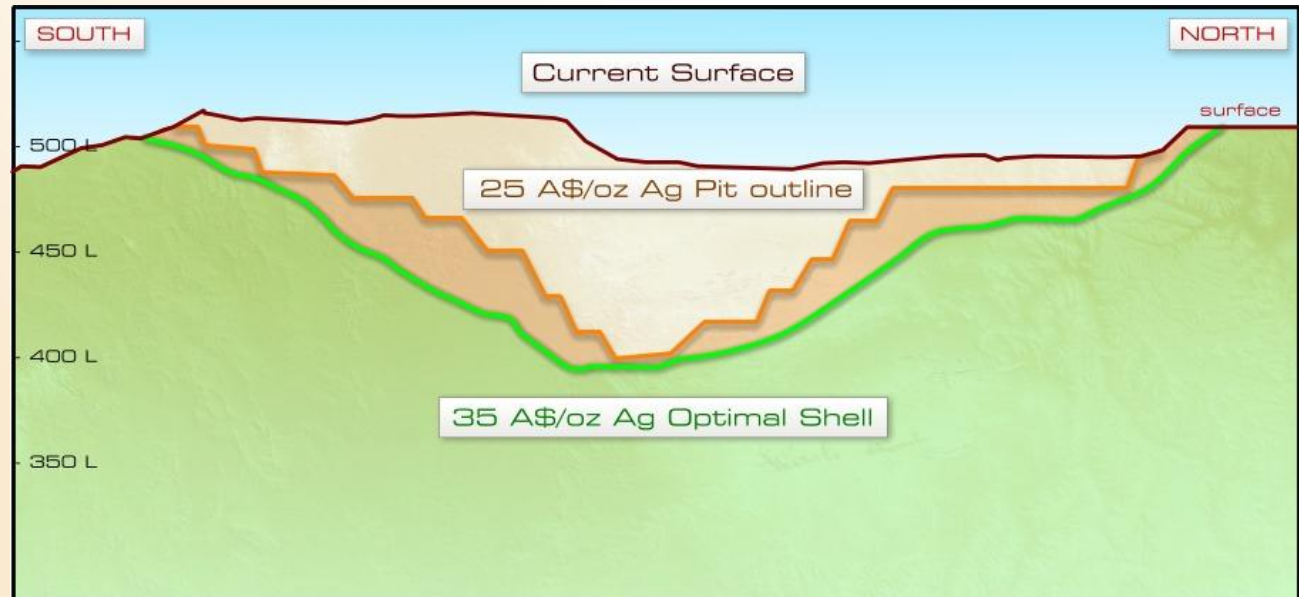


*Silver bullion*



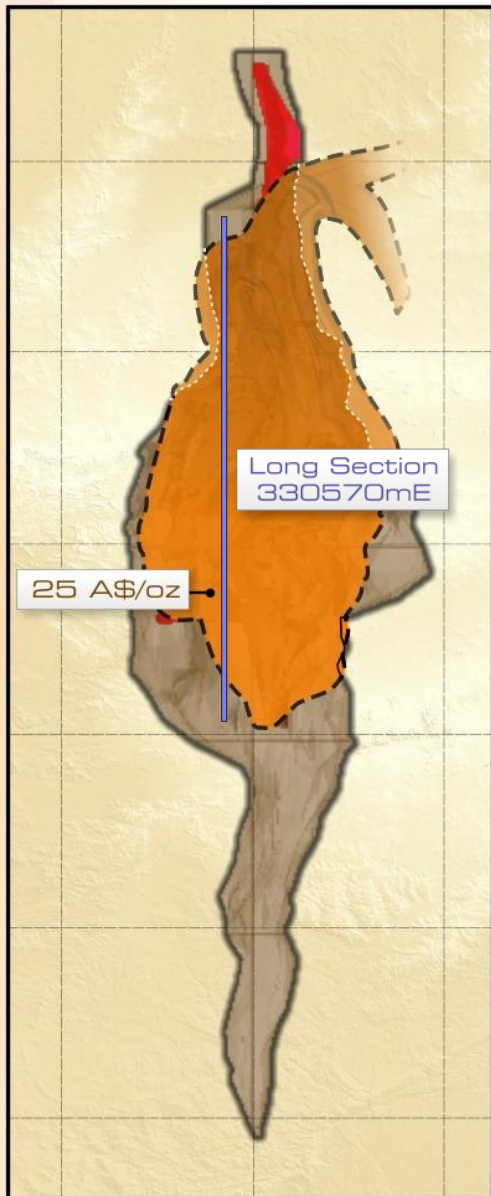
| ORE RESERVE and PIT SCOPING FIGURES |           |        |                 |             |
|-------------------------------------|-----------|--------|-----------------|-------------|
| Ag AUD\$/oz                         | Tonnes    | Ag g/t | Ag oz recovered | Strip Ratio |
| 25                                  | 4,016,000 | 64     | 5,637,000       | 1.65        |
| 30*                                 | 5,929,000 | 54     | 7,056,000       | 1.41        |
| 35*                                 | 7,627,000 | 48     | 8,016,000       | 1.2         |

\* The \$30-\$35/oz case is based on the highest cash flow optimal shell and is not an ore reserve



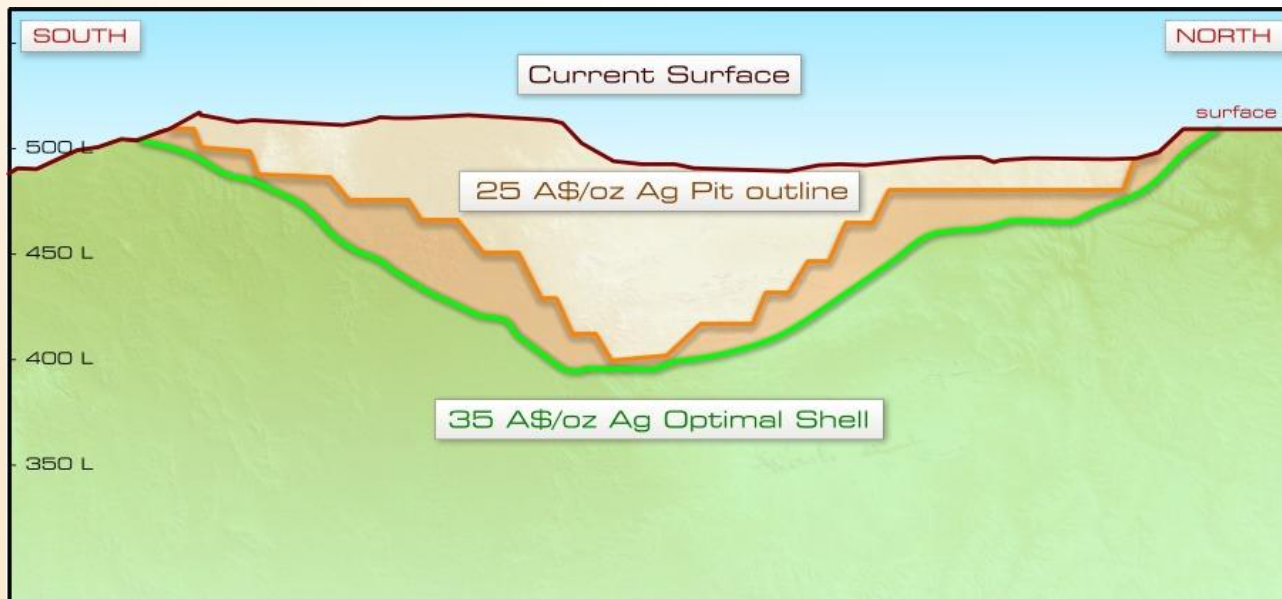


# Twin Hills Ore Reserve Metrics – A\$25 Ag oz



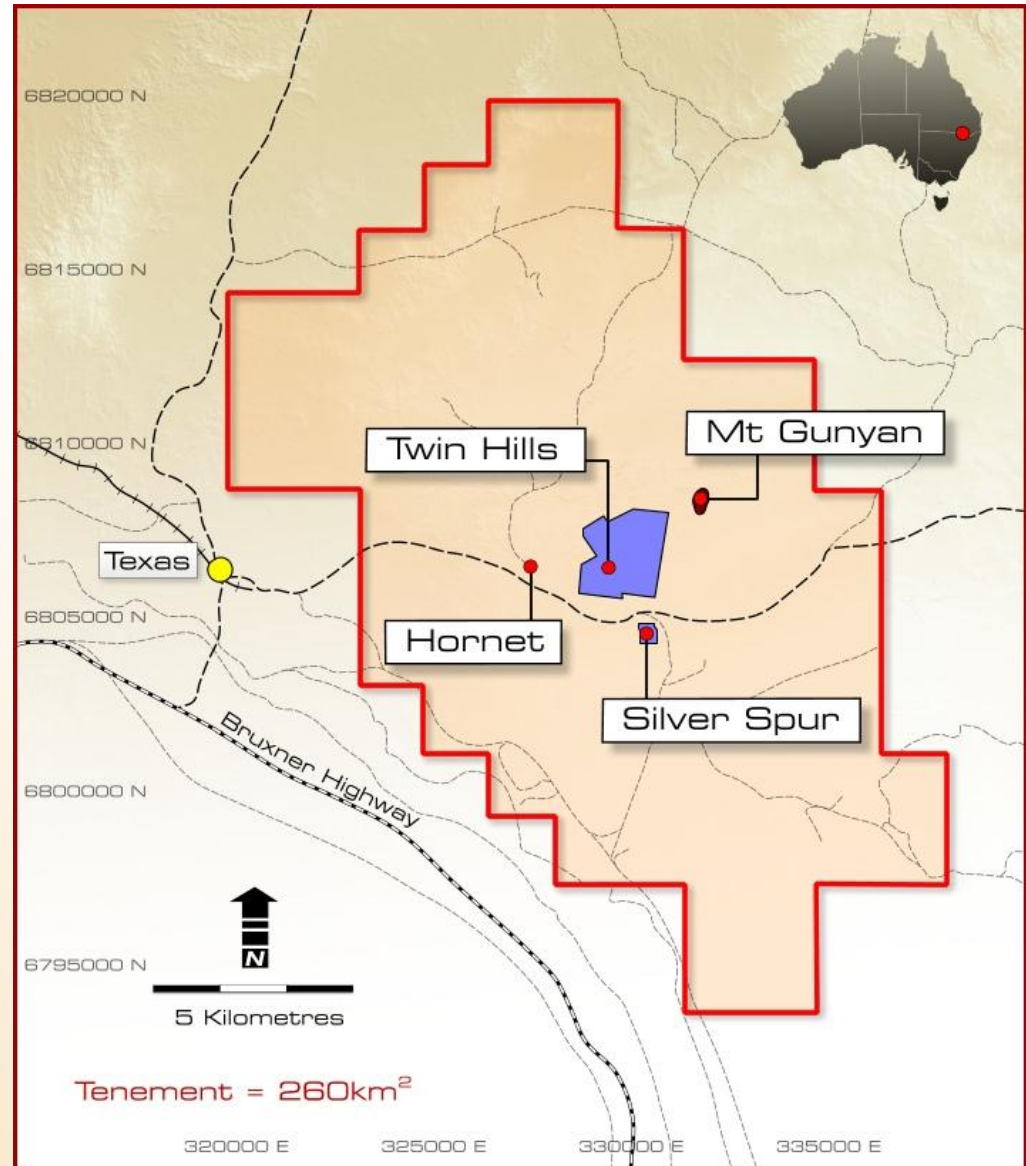
|                           |                     |
|---------------------------|---------------------|
| Cash Cost Ag A\$/oz       | ~\$15.00            |
| Mining cost A\$/tonne ore | ~\$7.00 - \$8.00    |
| Processing cost A\$/tonne | ~\$13.00            |
| Current Stockpiles        | ~200kt @ > 60g/t Ag |
| Future Stockpiles         | ~860kt @ 25g/t Ag   |
| Mine Life                 | 4 to 5 years        |

Excludes current Heaps under irrigation

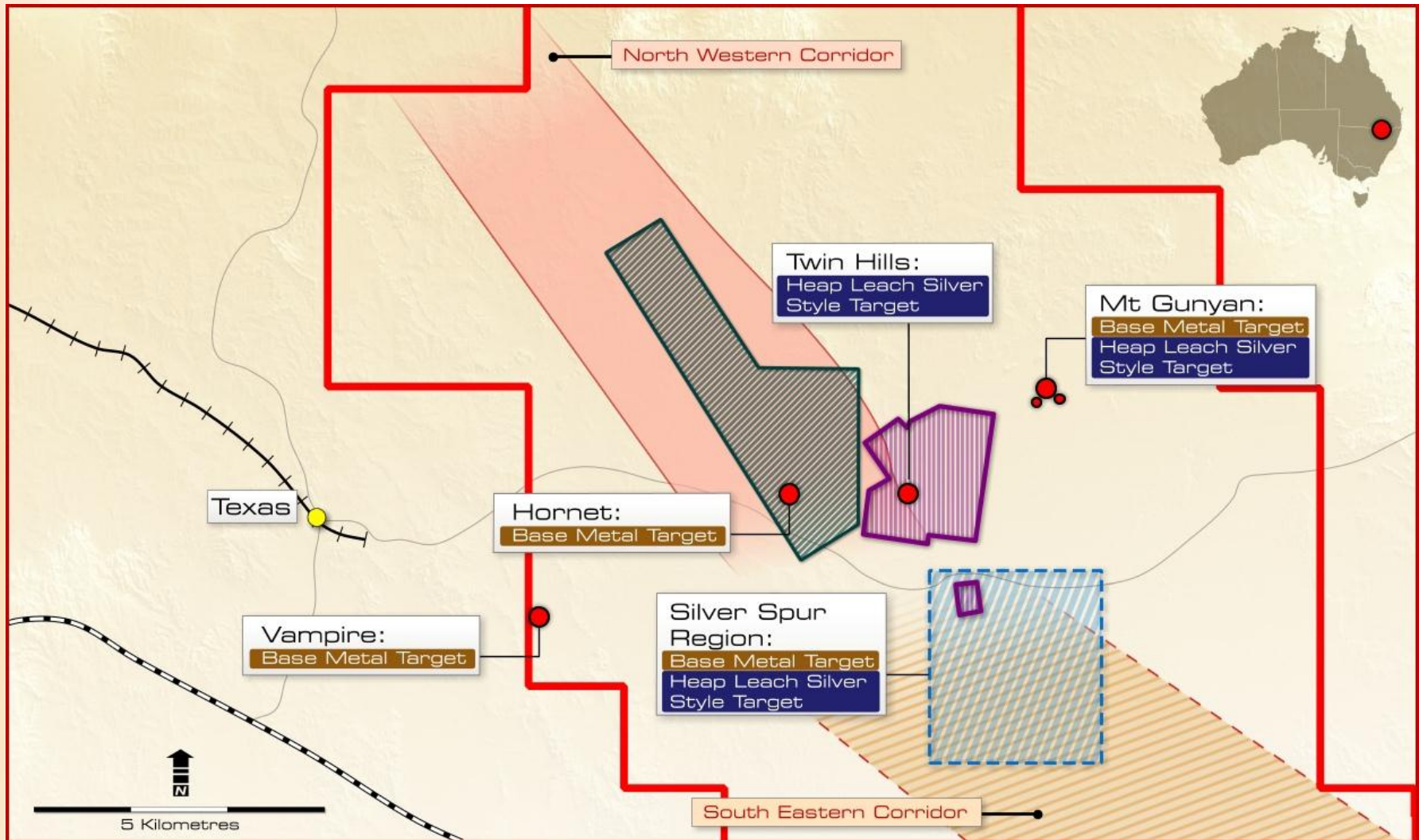


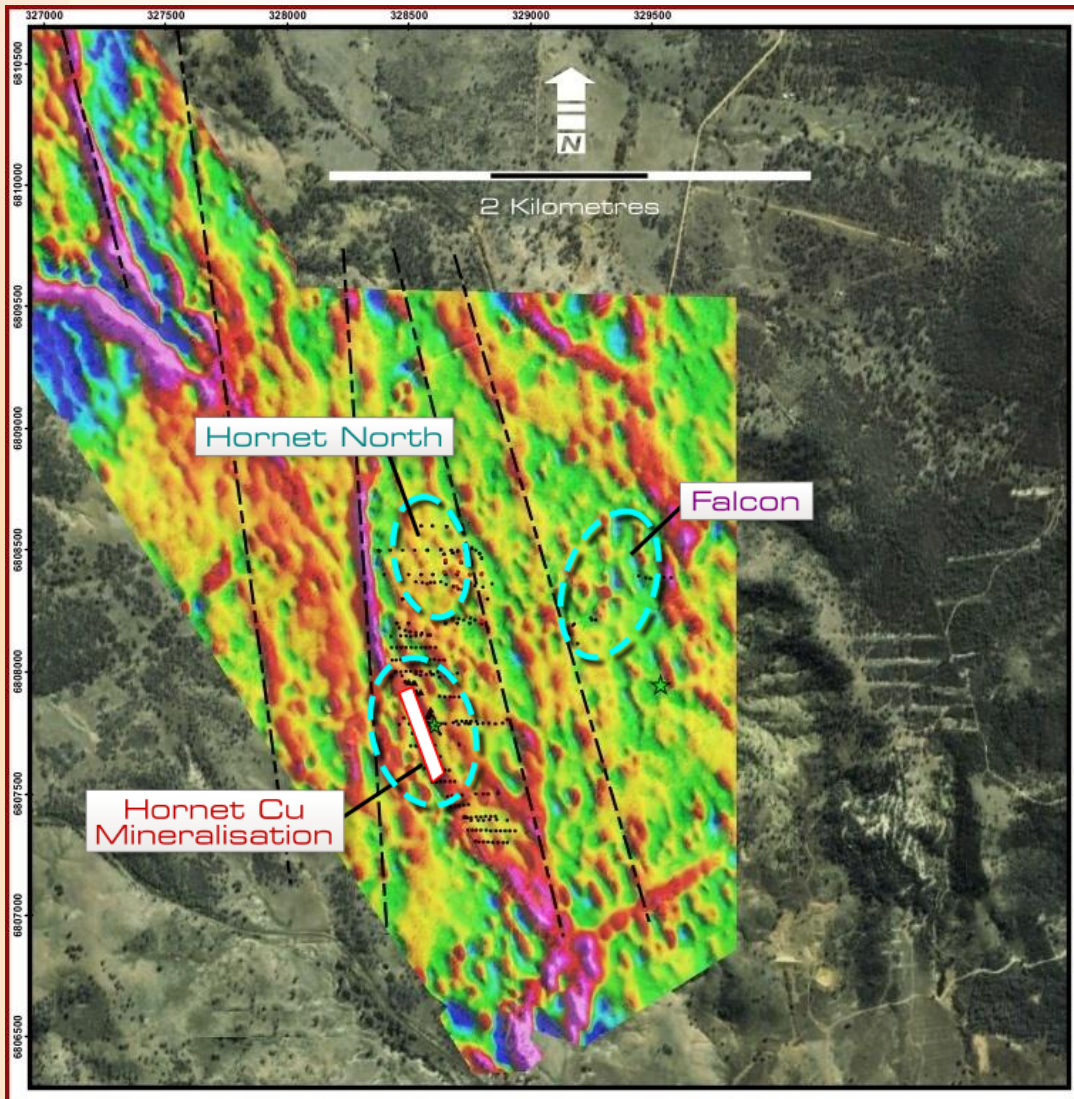
# Texas Project – Exploration Upside

- Building mine life:
  - *Twin Hills ~5yrs*
  - *Mt Gunyan ~2 yrs*
  - *Targeting +10 years*
- Significant exploration potential
  - *heap leach Cu-Ag*
  - *base metals (Cu-Ag, Zn-Pb)*

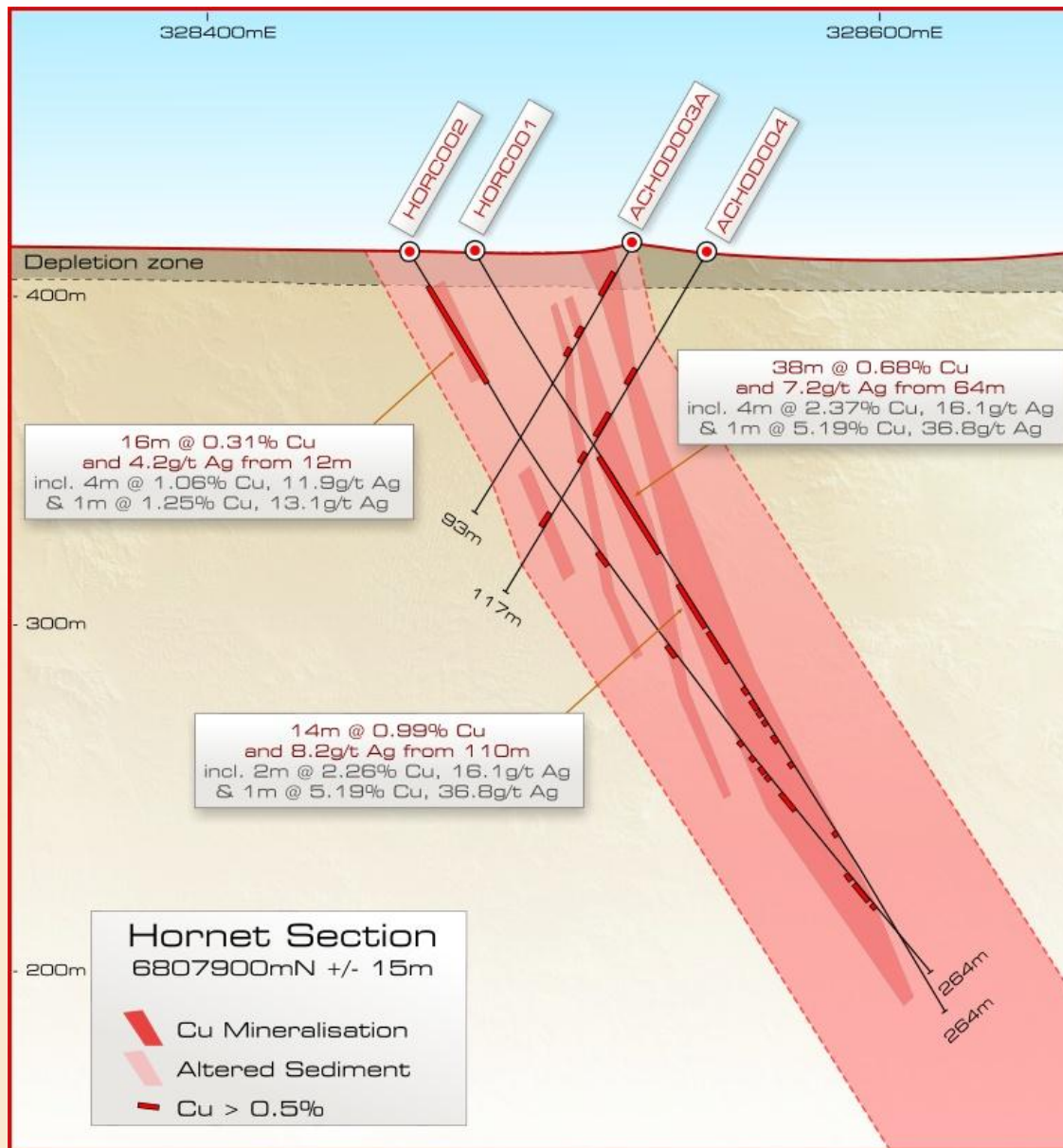


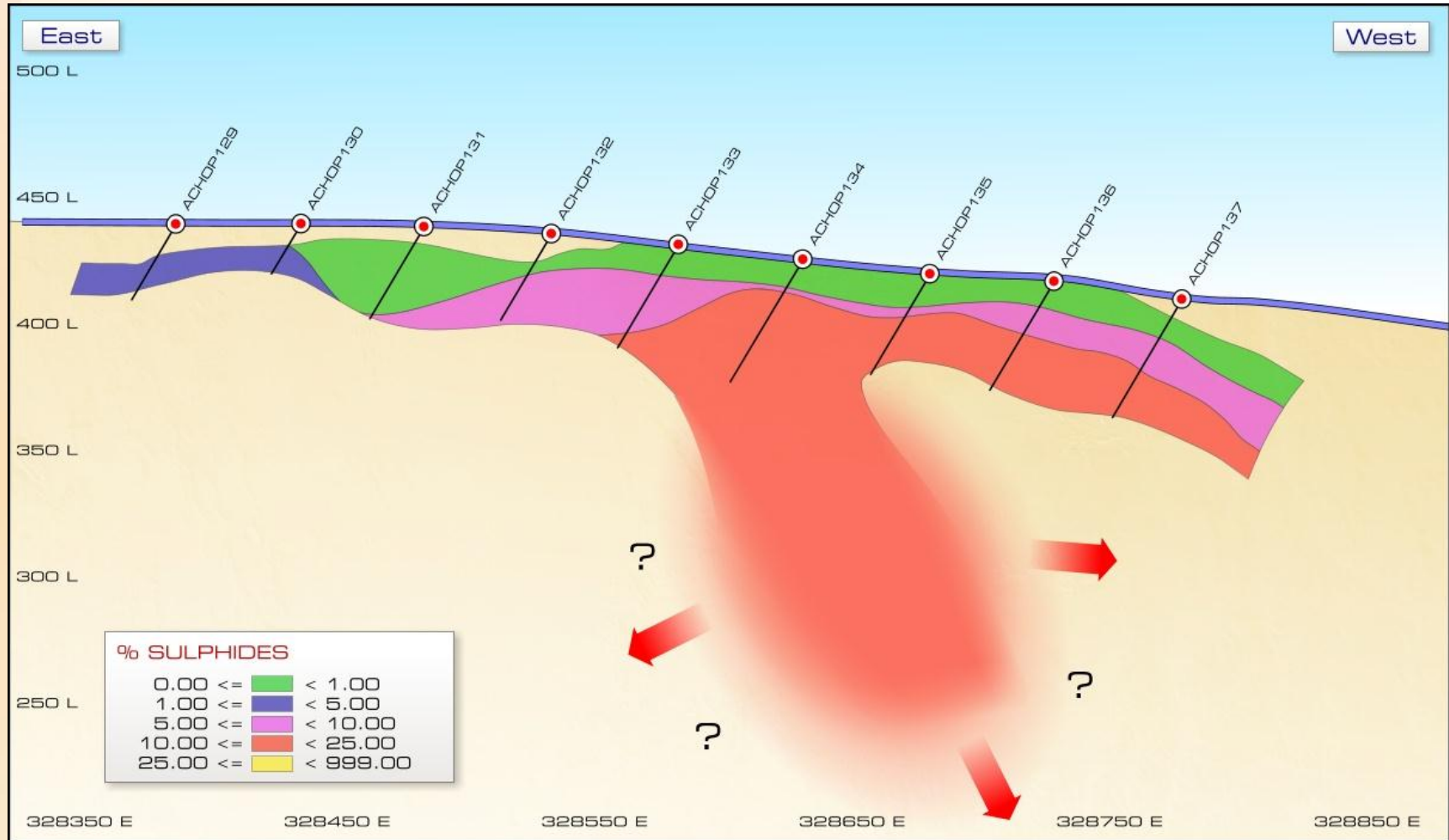
# Priority Exploration Targets





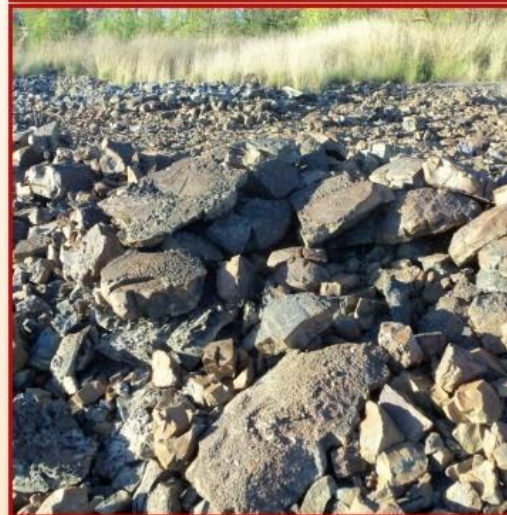
- Hornet North
  - *Zones up to 25% Sulphides*
  - *Zn grades up to 1% Zn*
- Falcon
  - *Chip samples*
    - *184 g/t Ag*
    - *2.7% Cu*
    - *3.4% Zn*
    - *13.7% Pb*





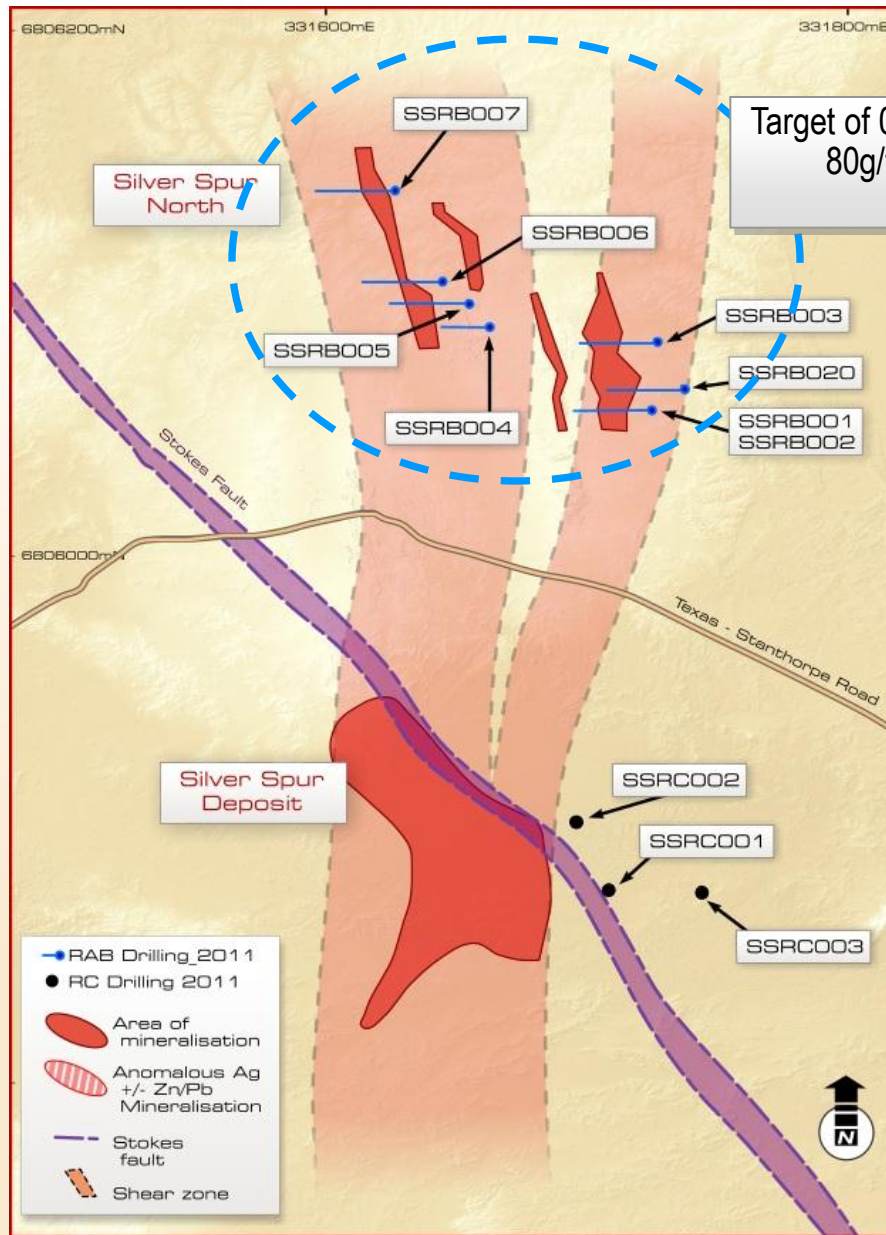
# Priority Exploration – Silver Spur

- Inferred JORC resource of **808,000t @ 3.56% Zn, 1.25% Pb, 70g/t Ag** (above 2% ZnEq cut-off)\*
- Historical mining – **90-100,000t at 25% Zn, 13% Pb and 800g/t Ag**



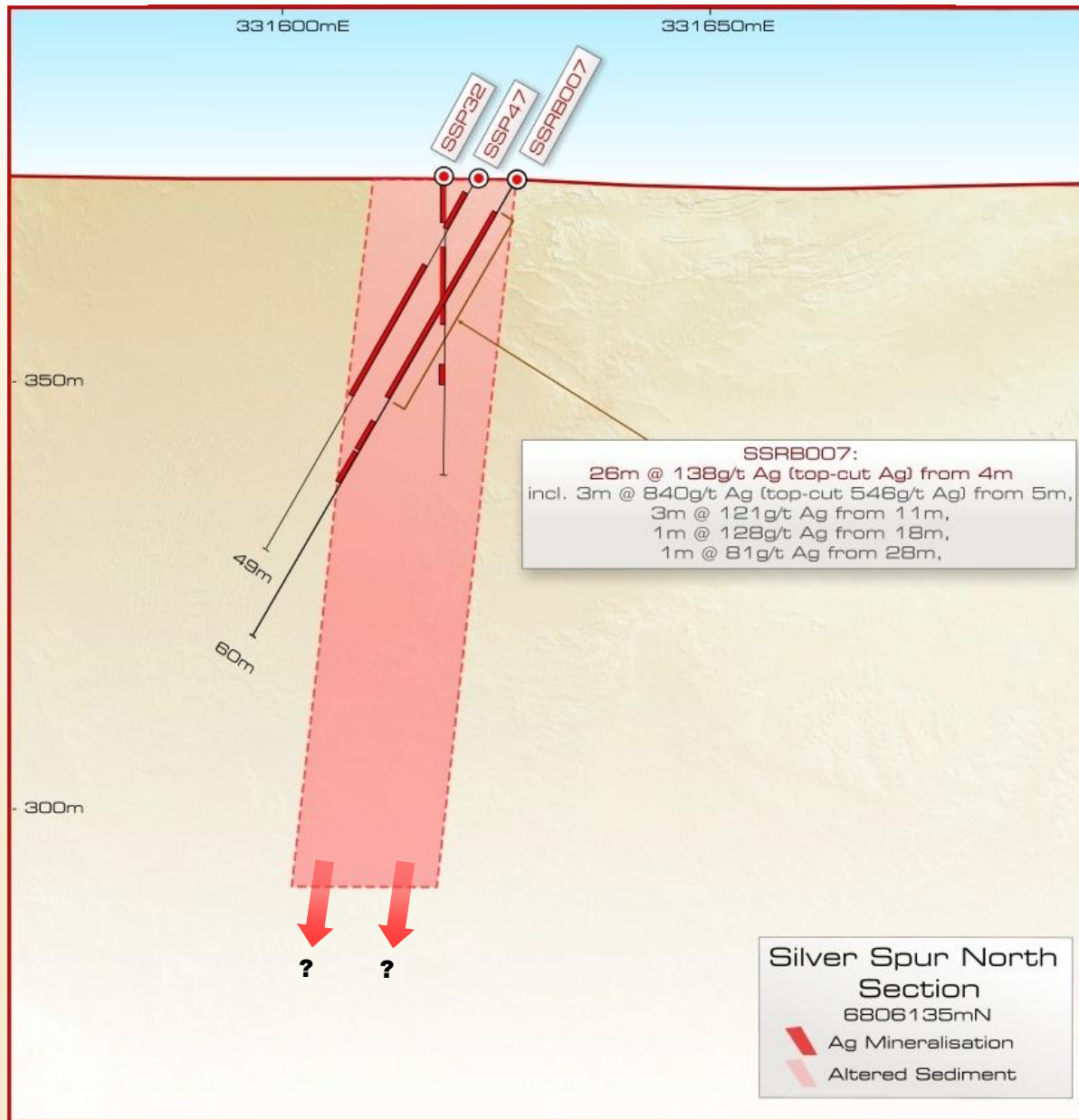
\* As published in ASX announcement 14/07/04

# Silver Spur North – Silver Target

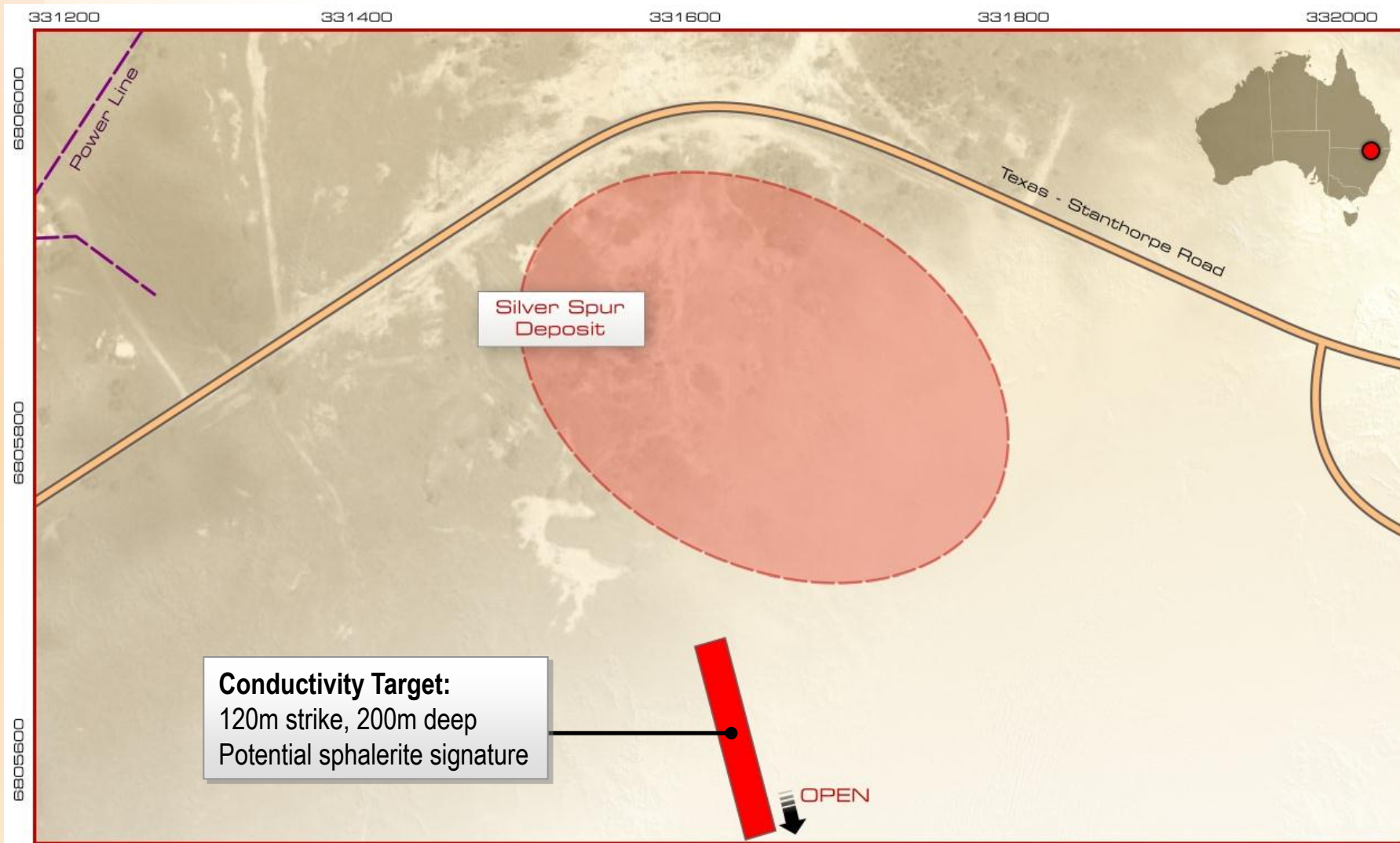




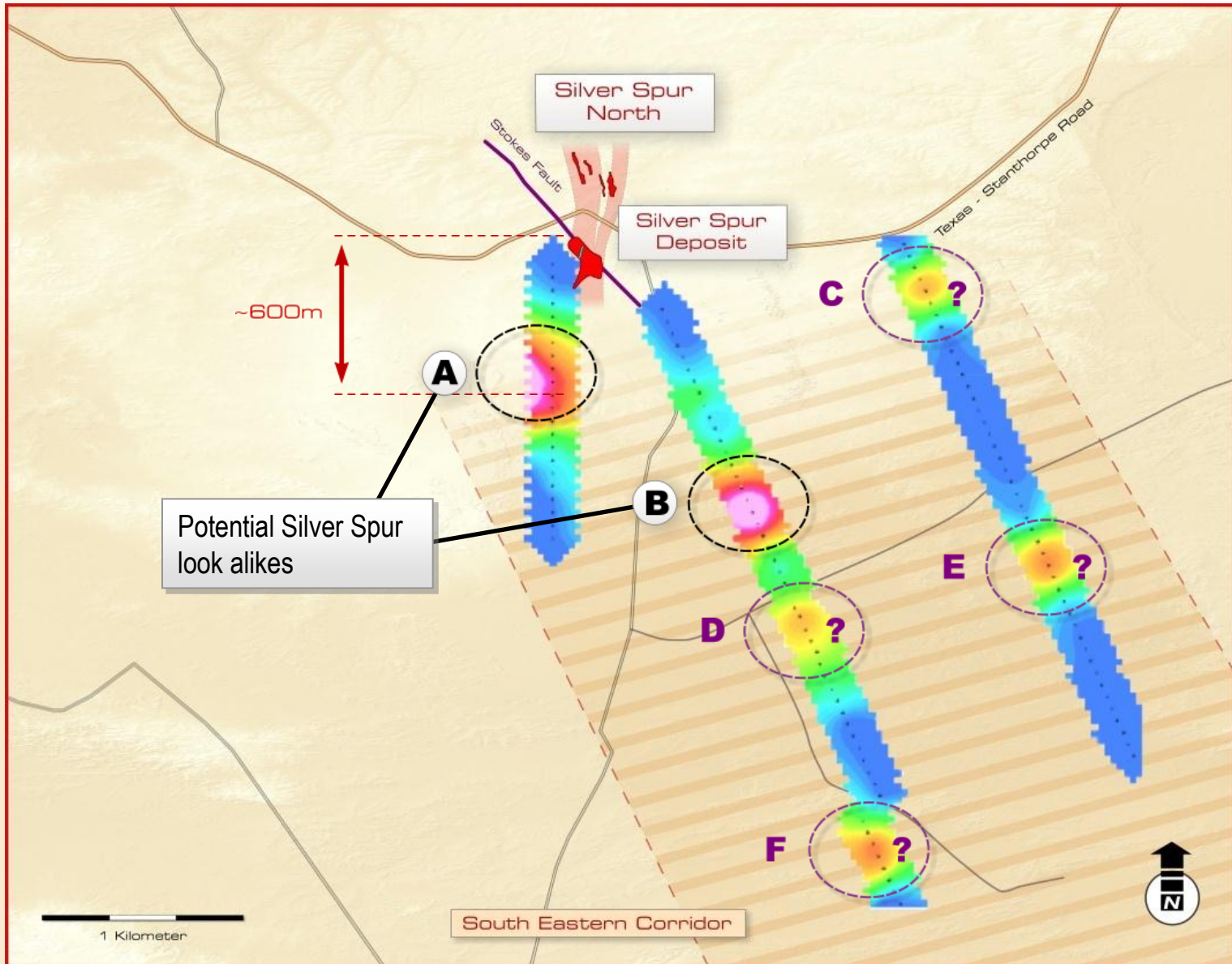
# Silver Spur North – Silver Target

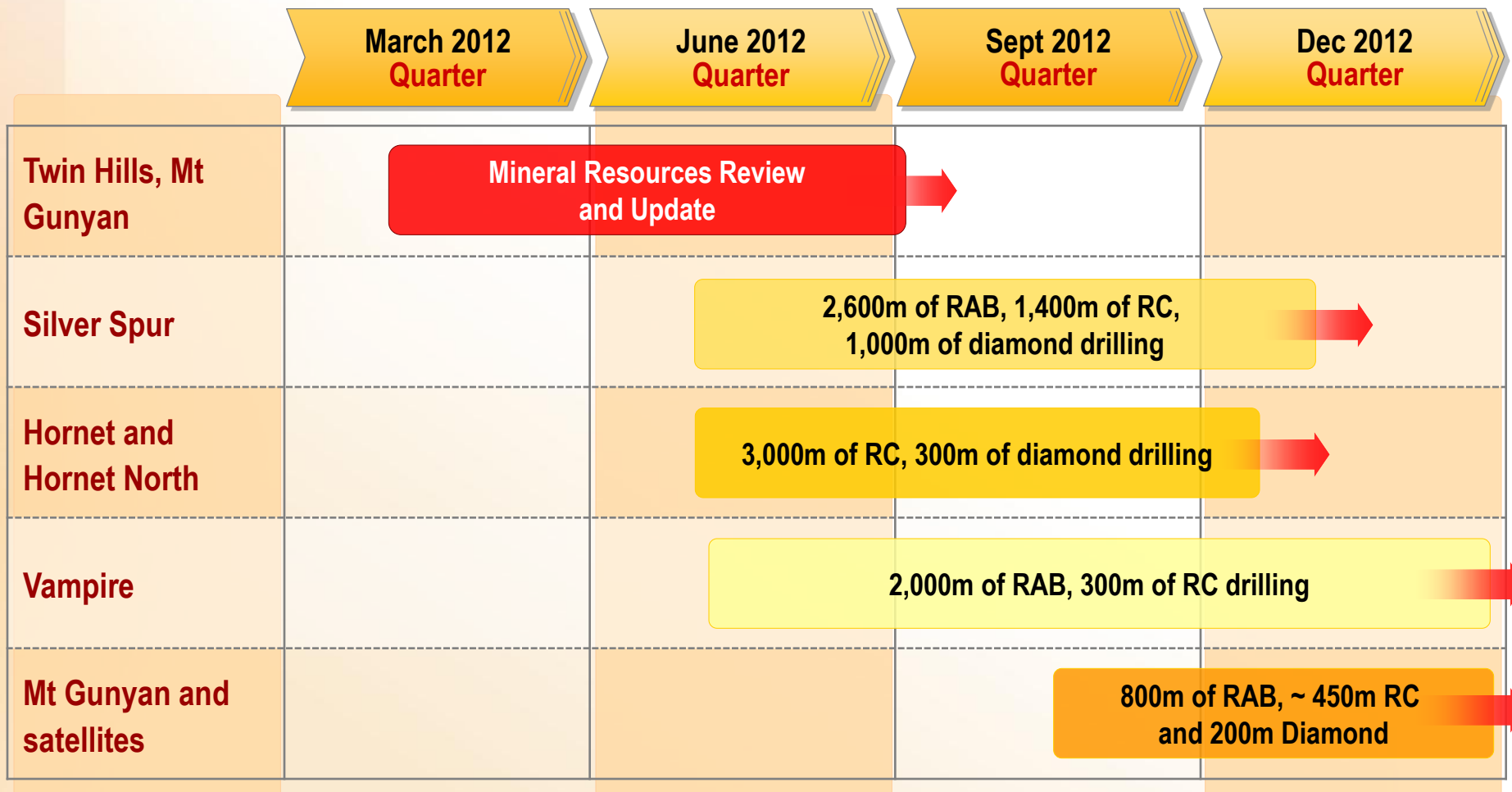


# Silver Spur – South East Corridor EM Results



# Silver Spur – South East Corridor Regional EM





- Drilling program overlap between targets to suit rig availability
- ~ 6,500m of RAB, 6,000m of RC and 1,800m of Diamond Drilling

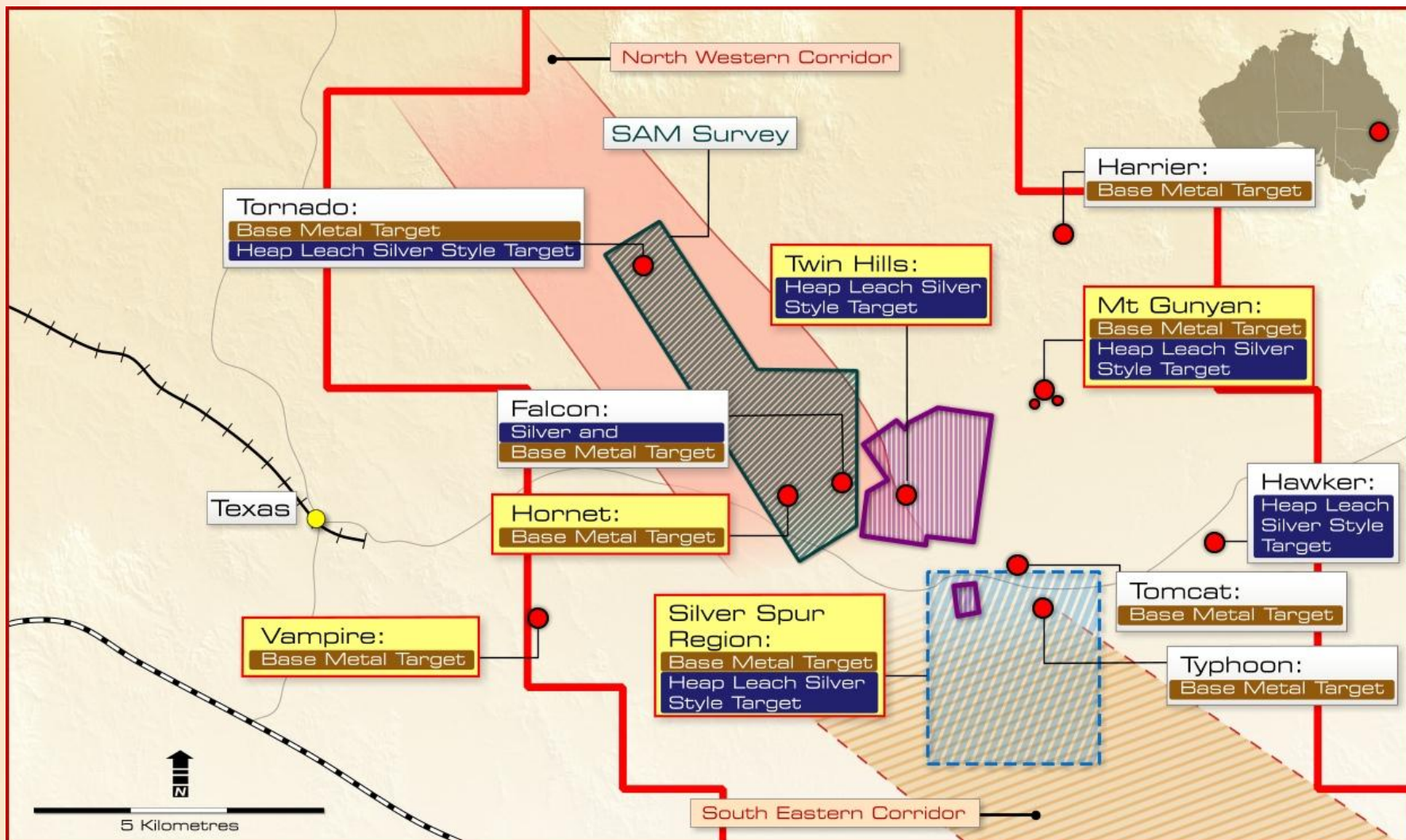
# Texas Project – 2010 Mineral Resource Inventory

Upgrade of Mineral Resource model underway

| Deposit               | Category              | Tonnes           | Silver    | Gold        | Contained Silver (oz) | Contained Gold (oz) |
|-----------------------|-----------------------|------------------|-----------|-------------|-----------------------|---------------------|
|                       |                       |                  | (g/t Ag)  | (g/t Au)    |                       |                     |
| <i>Twin Hills</i> *   | Measured              | 1,674,000        | 85        | 0.09        | 4,576,400             | 4,600               |
|                       | Indicated             | 1,427,000        | 79        | 0.13        | 3,615,400             | 5,300               |
|                       | Inferred              | 607,000          | 81        | 0.09        | 1,576,800             | 1,600               |
|                       | <b>TOTAL:</b>         | <b>3,708,000</b> | <b>82</b> | <b>0.10</b> | <b>9,768,600</b>      | <b>11,400</b>       |
| <i>Mount Gunyan</i>   | Measured:             | 242,000          | 69        | 0.16        | 537,000               | 1,300               |
|                       | Indicated             | 1,777,000        | 69        | 0.08        | 3,925,000             | 4,400               |
|                       | Inferred              | 329,000          | 69        | 0.05        | 728,000               | 500                 |
|                       | <b>TOTAL:</b>         | <b>2,347,000</b> | <b>69</b> | <b>0.08</b> | <b>5,189,000</b>      | <b>6,200</b>        |
| <b>PROJECT TOTAL*</b> | <b>All Categories</b> | <b>6,055,000</b> | <b>77</b> | <b>0.09</b> | <b>14,957,600</b>     | <b>17,600</b>       |

\* Twin Hills mineral resource has been depleted for material mined to end of January 2012.  
The Twin Hills Mineral Resource is inclusive of the Ore Reserve and is at 40g/t Ag reporting cut-off

# Current Exploration Targets



## *Production*

- New Australian silver producer
- Texas Project recommissioned within 18 months
- Heap leach ramping up to full capacity

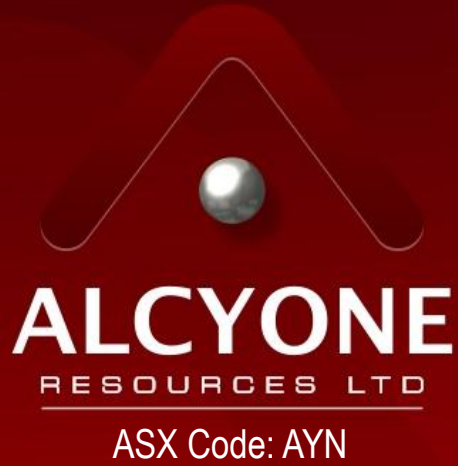
## *Exploration*

- Current 5-year mine life – targeting +10 years
- Mineral resource upgrade due Q2, 2012
- Geological model delivering new targets

## *Growth*

- ~\$3M exploration budget 2H' 12
- Actively assessing new opportunities





## CONTACT

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