



## ***\$US10 MILLION SILVER PRE PAY FACILITY TO SUPPORT ALCYONE TURNAROUND***

- Alcyone secures indicative proposal for a \$US10M silver pre pay agreement in the form of a Metal Stream Agreement.
- Metal Stream Agreement provides the right to purchase 15% of the life of mine production of silver ounces in return for upfront payment.
- Will further simplify the Company's financial structure.
- Bridge financing for further \$1,200,000
- Shareholder rights issue to provide up to a further \$14.6 million.

Alcyone Resources (ASX: AYN) ("Alcyone", the "Company") is pleased to announce that it has signed an indicative non-binding proposal providing for a **US\$10 million** investment into the Company.

The investment proposal provides for a Metal Stream of 15% of the life of mine ("LOM") production of silver ounces from the Texas Project, Twin Hills and Mt Gunyan (collectively "the Project") and the right to purchase this Metal Stream at a price per ounce equalling the lesser of US\$6.50 or 80% of the prevailing market price per ounce under a Metals Purchase Agreement.

Concurrent with the Metal Stream purchase, the proposal also provides for future investment in the Company at a premium to market prices, via the issue of 200 million options to purchase shares at a **50% premium** to the current 30 day volume weighted average price in the period immediately prior to the issue of options.

Certain commitments to a minimum number of 100,000 ounces of silver being delivered within 18 months and security over company assets are also contemplated.

Alcyone Chairman Dr Paul Sylva said the proposed agreement allows Alcyone to realise substantial current value from the future expected output of the Texas Silver Project and will provide extra funds to support the Company's turnaround strategy.

"This potential investment, alongside the proposed equity raising, will place us on a much stronger financial footing." Dr D'Sylva said.

"This proposal secures the first leg of the company's strategy to create a simplified and robust financial structure to support future production. We will now work with our financier to move to a final binding agreement on mutually acceptable terms."

Metal streaming is a fast emerging trend in successfully financing resource projects by strongly aligning the interest of both the financier and company towards a secure and growing future production of metal. The Company is very pleased to be able to secure an arrangement of this nature.

A 70 day period of exclusivity has been entered into to support this process.

In addition, the Company has raised a further \$1,200,000 in bridge financing by way of the issue of promissory notes to assist the Company through to the completion of the Rights Issue.

**ENDS**

**For further information:**

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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 1M 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 1,100km<sup>2</sup> 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.*

**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.*