

## Alcyone Streamlines Tenements to Focus on Silver Targets

### Highlights:

- **Alcyone to reduce tenement base and concentrate on silver heap leach targets.**
- **Tenement holding costs and exploration expenditure commitments to be reduced by ~\$450,000.**

Queensland silver producer Alcyone Resources (**ASX: AYN**) ("**Alcyone**" or "**Company**") is pleased to advise that the second milestone in reducing operating costs has been achieved with the planned reduction of its tenement base to concentrate on silver heap leach targets.

The Board and management have reviewed the project areas to highlight the locations which have the greatest potential for silver heap leach mineralisation in economic quantities. This has been refined by a more detailed geological work with the resultant exploration targets shown below in Table 1.

As part of its concentration of activities on expanding silver mineral resource inventory in the most prospective areas and reducing costs, Alcyone has identified tenements which are considered the least viable for hosting economic silver mineralisation. Over the coming months, the Company's tenement holding will be reduced and thus its holding costs and commitment to exploration expenditure will be reduced by approximately \$450,000.

### Silver Exploration Targeting Models

The Twin Hills Silver Spur-style mineralised system has been formed by recrystallisation and remobilisation of the original SEDEX-style deposits followed by the concentration of mineralisation into structurally and/or chemically favourable sites. This has identified two targeting models: -

1. The Twin Hills -style mineralisation associated with pervasive silica and/or potassic alteration within the host sedimentary sequence.
2. The Silver Spur-style mineralisation which is a volcanogenic massive sulphide type found in locations adjacent to structural control and within altered sequences.

Using these targeting models Alcyone has identified the areas of greatest silver prospectively and will concentrate its exploration efforts in the following locations all of which are within 10Km of the Twin Hills mine:

- The triangular area between Twin Hills, Mt Gunyan and Silver Spur ("**The Triangle**").
- NW-SE extension from the Triangle following structure sub-parallel to controlling faults at Silver Spur.
- Northern extensions from Mt Gunyan in features potentially sub-parallel to the shear zone observed in the Twin Hills Deposit.

The targets identified in Table 1 are conceptual in nature based on some or all of the following information/assumptions: -

- Preliminary drilling defining some aspects of the target dimensions and grade.
- Surface sampling defining some aspects of the target dimensions, the grade range is applied based on similar targets or existing prospects/deposits.

- Geophysical interpretation; the tonnes and grade are applied based on comparison to better identified targets or existing prospects/deposits in the same or similar geological setting.

These targets do not have sufficient information to quote mineral resources nor is there any guarantee that with additional exploration these targets will become mineral resources. The potential is exclusive of the current mineral resource base for Twin Hills and Mt Gunyan, although there are extensions to both included in Table 1.

**Table 1. Exploration Targets**

Location	Target	Tonnes		Ave Ag		Comments/Justification for Target Size
		Min	Max	Min	Max	
<b>Twin Hills</b>						
Southern Extension	0.6	250,000	500,000	50	70	near surface, strike extent defined by some previous drilling
Deeps	1.0	250,000	500,000	80	150	beneath current planned open pit
<b>Sub-total</b>	<b>1.6</b>					
<b>Mt Gunyan</b>						
Main Deposit	0.5	250,000	500,000	40	50	additional mineral resource from re-estimation
Deeps	1.2	500,000	1,000,000	50	70	depth extension to current mineral resource
South East	0.5	250,000	500,000	40	60	shallow, extent defined by RC and RAB drilling
South West	0.5	250,000	500,000	40	60	shallow, extent defined by some RAB drilling
<b>Sub-total</b>	<b>2.7</b>					
<b>Western and SE Tectonic Corridors</b>						
Tomado	0.6	250,000	500,000	50	70	surface sampling Ag +/- Zn anomaly defines +600m strike depth
Hornet	0.6	250,000	500,000	50	70	numerous occurrences, Ag +/-Cu/Zn, <b>not part of main Cu prospect</b>
Falcon	0.2	100,000	250,000	30	40	ridge line to NE and // to Hornet, similar potential to Hornet Ag
SAM Target1	0.4	250,000	500,000	30	50	additional as yet untested structures defined by SAM and mapping
SAM Target2	0.4	250,000	500,000	30	50	additional as yet untested structures defined by SAM and mapping
Silver Spur S and SE	1.1	750,000	1,500,000	30	50	based on surface geophysics - 3 targets identified
<b>Sub-total</b>	<b>3.2</b>					
<b>Individual Targets</b>						
Tom Cat	1.9	500,000	1,500,000	60	80	Ag/Zn soil anomaly defines strike extent
Silver Spur North	0.2	100,000	250,000	40	80	near surface lodes, strike and width defined in part by RAB drilling
Hawker	1.2	250,000	1,000,000	60	100	Ag soil anomaly, RC drilling returning Ag to 100g/t, strike length of 100m
<b>TOTAL</b>	<b>10.8</b>					

Note: The Moz figures are rounded and determined by averaging the tonnage and applying the minimum grade.

## ENDS

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### Competent Person Statement

- The information in this announcement that relates to the assessment of exploration targets has been compiled by Mr Peter Ball who is a Member of the Australian Institute of Mining and Metallurgy and Geology Manager of Alcyone Resources Ltd.
- 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 Announcement of the information compiled in the form and context in which it appears.