

Construction of Cyanide Mixing Facility Completed

Highlights

- Construction of the Cyanide Mixing Facility is complete and fully operational
- The Facility will reduce a key production cost by up to 40% from \$4,900 per tonne to as low as \$3,200 per tonne for an estimated total life of mine saving of \$9.6M
- The Facility construction cost payback is expected in less than 6 months
- In addition to cost savings, the Facility provides additional protection from rainfall events at site

Alcyone Resources Limited (**ASX: AYN**) (“**Alcyone**” or the “**Company**”) is pleased to advise that it has now completed the construction of the Cyanide Mixing Facility (the “**Facility**”) on site at the Texas Silver Mine. As a part of the overall strategy to reduce operating costs the Facility has been built and is operational.

The Facility will enable the Company to mix its own cyanide supply at site. Imported pellets will be dissolved in the water based Facility and utilised in the irrigation of the heaps. The construction and utilisation of the Facility will reduce costs per tonne from \$4,900 to an average of \$3,200 - \$3,800 per tonne. This will represent a cost saving in excess of \$100,000 per month. The Facility construction cost is forecast to achieve payback in less than 6 months. More significantly, the Facility will deliver life of mine savings of \$9.6M. Along with significant savings over the life of the mine, the Facility mitigates the risk of rainfall events in Queensland, which severely affected operations in the previous financial year.

Silver Pour

22 October 2013



The completion of this milestone is a critical step in reducing the operating costs of the mine in line with the announced objective of reaching a C1 cost of \$15.42 per ounce. The Company is focused on completing the Crusher upgrade by the end of November and ramping up production to nameplate capacity of 1.2 million ounces per year.

Alcyone's Non-Executive Chairman Paul D'Sylva said: "the use of proceeds from the successful completion of the Rights Issue has enabled Alcyone to deliver on this key business milestone. The new Facility will not only enhance the Company's ability to realise its objective of becoming a low cost silver producer but one that is further protected from extreme weather events that have adversely affected production and profitability in the past."

ENDS

For further information:

Michael Reed – Managing Director
Alcyone Resources
Phone: +61 8 9476 3000

For media enquiries:

David Tasker
Professional Public Relations
Phone: +61 8 9388 0944