

## **Alcyone Secures Cornerstone Investor**

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### **Highlights**

- **Malaysian investor subscribes for \$4.875m of Rights Issue to secure a 19.9% shareholding in Alcyone.**
  - **The Rights Issue set out to raise \$16m with a minimum of \$6m. Inclusive of the \$4.875m the Rights Issue has now raised \$12.832m.**
  - **Investor has the right to provide a further \$2.5M by way of promissory note, which will convert to a further 10% of Alcyone upon relevant approvals.**
  - **Strong balance sheet to fund ramp up to nameplate production capacity this quarter.**
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Alcyone Resources Limited (**ASX: AYN**) (“**Alcyone**” or the “**Company**”) is pleased to advise that it has now raised \$12.832m, after placing \$4.875m of the Rights Issue Shortfall with Malaysian listed investment holding company, Notion VTec Berhad (MK:NVB) (“**Notion**”).

Notion has agreed to subscribe for \$4.875m of the Rights Issue Shortfall at \$0.005 per share under the Rights Issue prospectus to acquire 19.9% of Alcyone’s outstanding shares. In addition Notion has a 6-month option to subscribe for \$2.5m in interest bearing promissory notes which, subject to shareholder approval and an Independent Expert Report, would allow Notion to increase its stake in Alcyone to 30% of Alcyone’s issued share capital..

With its equity investment, Notion has the right to nominate one director to the Board of the Company.

Notion’s investment comes after Alcyone successfully hosted a site visit for a consortium of Malaysian investors (including Notion) at its flagship Texas Silver Mine in Queensland (refer to ASX announcement dated 13 September 2013). The transaction was arranged and managed by EquitiesTracker, which is a Malaysian based business that identifies and tracks portfolios of undervalued listed companies in Malaysia, Singapore and Australia.

Notion is a Malaysian investment holding group engaged in manufacturing and marketing precision components for the data storage, consumer electronics, digital imaging and automotive industries and listed on the Malaysian bourse.

#### **Rights Issue Background**

As announced on 30 May 2013, Alcyone conducted a pro rata non-renounceable Rights Issue of 2 fully paid ordinary shares for every 1 Share held by Eligible Shareholders at an issue price of \$0.005 per Share to raise up to \$16.25m with a minimum of \$6m.

On 9 August, the Company announced it had received \$7.4m under the Rights Issue and Shortfall, exceeding the \$6m minimum. Subsequent subscriptions, including Notion, have increased the total equity subscribed to \$12.832m.

### **Streaming and Debt Financing Options**

The Board of Alcyone continues to consider a range of funding proposals to fund the mine's expansion and maximise shareholder value.

The Alcyone Board took the view that the Rights Issue was the most appropriate and equitable mechanism in which to raise sufficient capital through the equity markets to simplify and de-risk the Company's balance sheet ahead of any proposed streaming/debt financing arrangement. Negotiations in this regard, while well advanced, will be reassessed given the significant equity injection secured via the Rights Issue.

Alcyone's Non-Executive Chairman Paul D'Sylva said: "Given current conditions in commodity and equity markets for junior mining companies, the success of this Rights Issue highlights the strong value proposition of the Company as low-cost high-grade Australian silver producer. This has been reinforced by the commitment from our new cornerstone shareholder, Notion, who we welcome on board."

"Our primary focus is to be a profitable pure-play silver producer with a recapitalised structure, and an expanded resources base, alongside a new Board and management team. We are now in a very strong position to reach nameplate production capacity of 1.2m ounces per year at the Texas Silver Mine in Queensland and have recently revised our plant upgrade to begin in mid-October," he added. "We are also reviewing what is required to grow the mine life. We believe there is significant potential to expand the Mount Gunyan resource and are establishing what might be required in terms of drilling activity, cost and time to materially increase Alcyone's contained silver inventory" he added.

**ENDS**

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# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Alcyone Resources Limited (**Company**)

ABN

056 776 160

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | a) Fully Paid Ordinary Shares ( <b>Shares</b> )<br>b) Listed Options exercisable at \$0.01 each expiring 31 July 2015 ( <b>AYNOA Options</b> ).        |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | a) 192,707,736 Shares<br>b) 67,412,664 AYNOA Options   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | a) The Shares will rank parri passu with existing fully paid ordinary shares.<br>b) The AYNOA Options are exercisable at \$0.01 expiring 31 July 2015. |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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|   |   |
|---|---|
| <p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | <p>The Shares and AYNOA Options rank equally in all respects from the date of issue with the existing classes of fully paid ordinary shares and AYNAO Options respectively.</p>   |
| <p>5 Issue price or consideration</p>   | <p>a) 190,100 Shares issued for \$0.01 per Share.<br/> b) 134,825,328 Shares issued for \$0.005 per Share.<br/> c) 57,692,308 Shares issued for nil cash consideration.<br/> d) 67,412,664 AYNOA Options issued for nil cash consideration.</p>   |
| <p>6 Purpose of the issue<br/> (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>  | <p>a) 134,825,328 Shares and 67,412,664 free attaching AYNOA Options issued as shortfall to the Company's entitlement issue.<br/> b) 57,692,308 Shares issued to Platinum Partners Liquid Opportunity Master Fund, LLP upon conversion of 150,000 Convertible Securities.<br/> c) 190,100 Shares issued upon conversion of 190,100 AYNOA Options.</p> |
| <p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the <sup>+</sup>securities the subject of this Appendix 3B</i>, and comply with section 6i</p>  | <p>Yes</p>  |
| <p>6b The date the security holder resolution under rule 7.1A was passed</p>  | <p>22 November 2012</p>   |
| <p>6c Number of <sup>+</sup>securities issued without security holder approval under rule 7.1</p>   | <p>Nil</p>  |

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+ See chapter 19 for defined terms.

|        |  |   |        |        |
|--------|--|---|--------|--------|
| 6d     | Number of +securities issued with security holder approval under rule 7.1A   | Nil   |        |        |
| 6e     | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)  | Nil   |        |        |
| 6f     | Number of securities issued under an exception in rule 7.2   | a) 134,825,328 Shares and 67,412,664 AYNOA Options issued under Rule 7.2, Exception 3.<br>b) 57,882,408 Shares issued under Rule 7.2, Exception 4.  |        |        |
| 6g     | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | N/A   |        |        |
| 6h     | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements  | N/A   |        |        |
| 6i     | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements   | 7.1 – 336,377,361 securities<br><br>7.1A – 382,682,947 securities   |        |        |
| 7      | Dates of entering +securities into uncertificated holdings or despatch of certificates   | 27 September 2013 - 141,820,408 Shares and 41,960,000 AYNOA Options<br><br>3 October 2013 – 23,000,000 Shares and 11,500,000 AYNOA Options<br><br>4 October 2013 - 27,905,328 Shares and 13,952,664 AYNOA Options |        |        |
|        |  | <table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">Number</td> <td style="width: 40%;">+Class</td> </tr> </table>   | Number | +Class |
| Number | +Class   |   |        |        |

+ See chapter 19 for defined terms.

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**New issue announcement**

|    |  |                |   |
|----|--|----------------|---|
| 8  | Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX (including the securities in section 2 if applicable)     | 3,953,476,532  | Fully paid ordinary shares.                                       |
|    |  | 60,839,105     | Options exercisable at \$0.06 each expiring 14 May 2015 (AYNO).   |
|    |  | 881,440,333    | Options exercisable at \$0.01 each expiring 31 July 2015 (AYNOA). |
|    |  | <b>Number</b>  | <b><sup>+</sup>Class</b>  |
| 9  | Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the securities in section 2 if applicable) | 1,000,000      | Options \$0.11 each, expiring 31.03.2015                          |
|    |  | 1,000,000      | Options \$0.15 each, expiring 31.08.2015                          |
|    |  | 166,666        | Performance share rights expiring 29.11.2015                      |
|    |  | 177,252,724    | Performance share rights expiring 15.07.2014                      |
|    |  | 26,000,000     | Options \$0.0496 each, expiring 26.02.2016                        |
|    |  | 88,000,000     | Options \$0.0064 each, expiring 14.08.2018                        |
|    |  | 1              | Convertible security with a face value of A\$112,500.             |
|    |  | 1              | Convertible security with a face value of A\$1,062,500.           |
|    |  | 1              | Convertible security with a face value of A\$250,000.             |
|    |  | 1,800,000      | Convertible securities each with a face value of A\$1.            |
|    |  | 1,340,000      | Convertible Securities with a face value of \$1.                  |
|    |  | 1              | Debt security with a face value of \$750,000.                     |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)                                   | Not Applicable |   |

+ See chapter 19 for defined terms.

## Part 2 - Bonus issue or pro rata issue

- |    |   |     |
|----|---|-----|
| 11 | Is security holder approval required?   | N/A |
| 12 | Is the issue renounceable or non-renounceable?  | N/A |
| 13 | Ratio in which the <sup>+</sup> securities will be offered  | N/A |
| 14 | <sup>+</sup> Class of <sup>+</sup> securities to which the offer relates  | N/A |
| 15 | <sup>+</sup> Record date to determine entitlements  | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?  | N/A |
| 17 | Policy for deciding entitlements in relation to fractions   | N/A |
| 18 | Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations  | N/A |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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|    |   |     |
|----|---|-----|
| 20 | Names of any underwriters   | N/A |
| 21 | Amount of any underwriting fee or commission  | N/A |
| 22 | Names of any brokers to the issue   | N/A |
| 23 | Fee or commission payable to the broker to the issue  | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   | N/A |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable)  | N/A |
| 29 | Date rights trading will end (if applicable)  | N/A |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   | N/A |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  | N/A |

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+ See chapter 19 for defined terms.



- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 <sup>+</sup>Despatch date N/A

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

| 38     | Number of securities for which +quotation is sought  | N/A  |        |        |     |  |  |
|--------|--|--|--------|--------|-----|--|--|
| 39     | Class of +securities for which quotation is sought   | N/A  |        |        |     |  |  |
| 40     | <p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | N/A  |        |        |     |  |  |
| 41     | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>   | N/A  |        |        |     |  |  |
| 42     | Number and +class of all +securities quoted on ASX (including the securities in clause 38)   | <table border="1"> <thead> <tr> <th data-bbox="715 1417 1013 1456">Number</th> <th data-bbox="1013 1417 1302 1456">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="715 1456 1013 1639">N/A</td> <td data-bbox="1013 1456 1302 1639"></td> </tr> </tbody> </table> | Number | +Class | N/A |  |  |
| Number | +Class   |  |        |        |     |  |  |
| N/A    |  |  |        |        |     |  |  |

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: .....7 October 2013.....  
(Company secretary)

Print name: .....TREVOR HARRIS.....

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

#### Part 1

| <b>Rule 7.1 – Issues exceeding 15% of capital</b>   |                                  |
|---|----------------------------------|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>   |                                  |
| <b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue  | 1,494,254,126                    |
| <b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> | 1,924,899,080<br><br>407,676,267 |
| <b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period  | -                                |
| <b>“A”</b>  | 3,826,829,473                    |

+ See chapter 19 for defined terms.

|   |   |
|---|---|
| <b>Step 2: Calculate 15% of “A”</b>   |   |
| “B”   | 0.15  |
| <b>Multiply “A” by 0.15</b>   | 574,024,420   |
| <b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>  |   |
| <p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> | <p>126,647,059 Shares on 1/08/13.<br/>36,000,000 Options on 1/08/13.<br/>375,000 Convertible Securities on 1/08/13 each with a face value of A\$1 and convertible into up to 75,000,000 Shares (the actual number of Shares to be issued on conversion of the Convertible Securities may vary).</p> |
| “C”   | 237,647,059   |
| <b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>   |   |
| “A” x 0.15  | 574,024,420   |
| <b>Subtract “C”</b>   | 237,647,059   |
| <b>Total [“A” x 0.15] – “C”</b>   | 336,377,362<br><i>[Note: this is the remaining placement capacity under rule 7.1]</i>   |

+ See chapter 19 for defined terms.

## Part 2

| <b>Rule 7.1A – Additional placement capacity for eligible entities</b>  |   |
|---|---|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>   |   |
| <b>“A”</b><br><i>Note: number must be same as shown in Step 1 of Part 1</i>   | 3,826,829,473                                     |
| <b>Step 2: Calculate 10% of “A”</b>   |   |
| <b>“D”</b>  | 0.10<br><i>Note: this value cannot be changed</i> |
| <b>Multiply “A” by 0.10</b>   | 382,682,947                                       |
| <b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>   |   |
| <b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A<br><br><i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> | Nil   |
| <b>“E”</b>  | Nil   |

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| <b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b> |  |
|--|--|
| “A” x 0.10<br><i>Note: number must be same as shown in Step 2</i>                                      | 382,682,947  |
| <b>Subtract “E”</b><br><i>Note: number must be same as shown in Step 3</i>                             | Nil  |
| <b>Total</b> [“A” x 0.10] – “E”  | 382,682,947<br><i>Note: this is the remaining placement capacity under rule 7.1A</i> |

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