

ALCYONE RESOURCES LTD

ACN 056 776 160

PROSPECTUS

For the offer of 50,000 Shares in the capital of the Company at an issue price of \$0.005 cent per Share together with 1 free attaching Option exercisable at \$0.01 on or before 31 July 2015 (**AYNOA Option**) for every 2 Shares subscribed for and issued to raise up to approximately \$250 (before expenses).

This Prospectus has been prepared primarily for the for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares and AYNOA Options issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered under this Prospectus should be considered speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Michael Reed (Managing Director)
Dr Paul D'Sylva (Non-Executive Chairman)
Mr Tim Morrison (Non-Executive Director)
Mr Chow Thoo (Non-Executive Director)

Company Secretary and CFO

Mr Trevor Harris

Registered Office

Suite 2, Level 4,
85 South Perth Esplanade
South Perth WA 6151

Telephone: + 61 8 9476 3000
Facsimile: +61 8 9368 1924

Email: info@alcyone.com.au
Website: www.alcyone.com.au

Share Registry*

Computershare Investor Services Pty
Limited
Level 2, Reserve Bank Building,
45 St Georges Terrace
Perth WA 6000

Telephone: (Australia) 1300 850 505
Telephone: (Overseas) +61 (0)3 9323 2000
Facsimile: +61 8 9323 2033

Auditor*

BDO Audit (WA) Pty Ltd
38 Station St
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

2. IMPORTANT DATES AND NOTES AND KEY RISK FACTORS

2.1 Timetable and important dates*

| Action | Date |
|-------------------------------------------------------|----------------------------|
| Lodgement of Prospectus with the ASIC and ASX | 5 December 2013 |
| Opening Date | 5 December 2013 |
| Closing Date | 5:00pm WST on 5 March 2014 |
| Expected date of Official Quotation of the Securities | 7 March 2014 |

*The Company reserves the right to extend the Closing Date or close the Offer early without notice, in its absolute discretion.

2.2 Important Notes

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers. The Securities the subject of this Prospectus should be considered highly speculative.

This Prospectus is dated 5 December 2013 (**Prospectus**) and a copy of this Prospectus was lodged with the ASIC on that date.

The ASIC and ASX and their respective officers take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Securities will be issued on the basis of this Prospectus after the expiry date.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.alcyone.com.au/>. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2.4 Key Risks

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out below with additional risks specified in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities and in the future.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

The following is a summary of the key risk factors (please refer to Section 6 of this Prospectus for a more extensive list of risk factors):

(a) Financial Risk and Future Capital Requirements

The Company is currently in discussions with various third parties regarding potential debt/equity financing arrangements to help the Company meet its short term expenditure and debt repayment obligations.

There can be no assurances that the Company will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any future additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy.

The ability of the Company to continue as a going concern, and to meet planned and committed expenditure requirements and debt repayments, is subject to the Company generating sufficient cash surplus from its operations and/or obtaining sufficient debt/equity financing as required.

There is no assurance that the Company will be able to generate sufficient cash surplus and/or obtain sufficient debt/equity financing to meet its expenditure commitments or meet its debt repayment obligations.

The Company's failure to raise debt/equity financing, if and when needed, could delay or suspend the Company's business strategy and

could have a material adverse effect on the Company's activities, and could lead to the Company being insolvent.

(b) **Default Risk**

The Company is currently a party to a number of agreements, including royalty, debt, equity and offtake agreements.

Under these agreements, the Company has obligations to either repay outstanding amounts owed by the Company on the relevant due dates, or issue Shares upon receipt of a conversion notice. These agreements also have a number of other provisions and negative covenants that restrict the operations of the Company absent the consent of the relevant counterparties under the specific agreement.

The Company has not satisfied all of its repayment and other obligations under a number of these agreements. The Board is in ongoing discussions with relevant counterparties and is confident that it will be able to remedy or work around any such default. As at the date of this Prospectus, no counterparty has indicated it intends to demand immediate repayment or compliance or enforce any security under any material agreements.

Should a counterparty seek repayment or compliance or enforce any security for an existing or future default, and the Company is unable to raise sufficient funds or otherwise cure the defaults, this may adversely affect the Company's operations and may result in the Company being insolvent.

(c) **Dilution Risk – Convertible Securities**

As at the date of this Prospectus, the Company currently has a number of convertible securities on issue with a combined face value of \$5,165,000 (**Convertible Securities**).

If the Convertible Securities are subsequently converted into Shares at the election of the holder (at various discounts to the market VWAP of Shares prior to conversion), then Shareholders will have their shareholding significantly diluted if, and to the extent, these Convertible Securities are converted (assuming Shareholder approval is obtained).

(d) **Silver price volatility and exchange rate**

The Company commenced silver production in 2011 at its flagship Texas Silver & Polymetallic Project in south-east Queensland. The revenue it will derive through the sale of silver exposes the potential income of the Company to price and exchange rate risks. Silver prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of silver are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) **Silver - Operating and Development Risks**

The Company's ability to achieve production, development, operating cost and capital expenditure estimates on a timely basis cannot be assured. The business of silver mining involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition the Company's profitability could be adversely affected if for any reason its production of silver or mine development is unexpectedly interrupted or slowed. Silver production at the Company's Texas Silver Project has recently been hampered by equipment failures, lack of availability of drill rigs, heavy rainfall and flooding. These events have adversely affected the silver production from the mine and consequently adversely affected the financial position of the Company, including its ability to meet pre-paid deliveries. These are examples of such events that have, and could in future, adversely impact on the Company's production and processing.

Other general examples of possible adverse events include unscheduled plant shutdowns or other processing problems, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communication systems, poor water condition, interruptions to gas and electricity supplies and human error.

The risks outlined above also mean that there can be no assurances as to the future on-going development of the mining operation in relation to any of the Company's projects described in this Prospectus or which the Company may acquire in the future.

(f) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

(g) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its

senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

3. DETAILS OF THE OFFER

3.1 Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for 50,000 Shares at an issue price of \$0.005 per Share together with 1 free attaching AYNOA Option exercisable at \$0.01 on or before 31 July 2015 for every 2 Shares subscribed for to raise up to approximately \$250 (before expenses).

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus. All AYNOA Options offered under this prospectus will rank equally with the exiting class of AYNOA Options quoted on ASX (ASX Code: AYNOA) at the date of this Prospectus.

3.2 Objective

The Company is seeking to raise only a nominal amount of \$250 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares and AYNOA Options issued by the Company prior to the Closing Date.

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.3 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 5 December 2013 and the Closing Date will be 5 March 2014 at 5:00pm WST.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

3.4 Application for Securities

Applications for Shares and AYNOA Options must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.005 per Share. No payment or application will need to be made for the AYN OA Options as the Company will issue 1 free attaching AYN OA Option for every 2 Shares issued to investors.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

| Delivery by hand | Delivery by post |
|---------------------------------------------------------------------|------------------------------------------------|
| Suite 2, Level 4 85 South Perth Esplanade South Perth WA 6151 | PO Box 487 South Perth WA 6951 Australia |

Cheques should be made payable to “**Alcyone Resources Ltd – Share Offer Account**” and crossed “**Not Negotiable**”. Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.

3.5 Minimum subscription

There is no minimum subscription in respect of the Offer.

3.6 Issue of Securities

Issue of Securities under the Offer will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until the Securities are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Securities are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Securities. The Directors reserve the right to reject any application or to allocate any Applicant fewer Securities than the number applied for.

Where the number of Securities issued is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Securities is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

3.7 Underwriter

The Offer is not underwritten.

3.8 ASX Listing

Application for Official Quotation of the Shares and AYN OA Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application moneys for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

3.9 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Securities on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares and AYN OA Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder or Optionholder (as applicable), facilitate distribution payments and corporate communications to you as a Shareholder or Optionholder (as applicable) and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares and AYN OA Options issued by the Company prior to the Closing Date (including prior to the date of this Prospectus). All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

4.2 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

| Shares | Number |
|--------------------------------------------------------------------------------------------------|----------------------|
| Shares currently on issue | 5,800,546,852 |
| Shares offered under this Prospectus | 50,000 |
| Total Shares on issue on completion of the Offer | 5,800,596,852 |
| Options | Number |
| Listed Options exercisable at \$0.06 on or before 14 May 2015 (AYNO) currently on issue | 60,839,105 |
| Listed AYN OA Options exercisable at \$0.01 on or before 31 July 2015 (AYNOA) currently on issue | 1,493,790,333 |
| Unlisted Options exercisable at \$0.11 on or before 31 March 2015 currently on issue | 1,000,000 |
| Unlisted Options exercisable at \$0.15 on or before 31 August 2015 currently on issue | 1,000,000 |
| Unlisted Options exercisable at \$0.0496 on or before 26 February 2016 currently on issue | 26,000,000 |
| Unlisted Options exercisable at \$0.0064 on or before 14 August 2018 currently on issue | 88,000,000 |
| Total | 1,670,629,438 |
| Listed AYN OA Options offered under this Prospectus | 25,000 |
| Total Options on issue on completion of the Offer | 1,669,554,438 |
| Performance Rights | Number |
| Performance share rights expiring 29 November 2015 | 166,666 |
| Performance share rights expiring 15 July 2014 | 177,252,724 |
| Performance share rights expiring 27 November 2014 ¹ | 176,574,988 |
| Total | 353,994,378 |
| Performance Rights offered under Offer | Nil |
| Convertible/ Debt Securities | Number |
| Convertible security with a face value of \$12,500 | 1 |
| Convertible security with a face value of \$1,062,500 | 1 |
| Convertible security with a face value of \$1.00 | 1,800,000 |

| | |
|--------------------------------------------------|-----------|
| Convertible security with a face value of \$1.00 | 2,290,000 |
| Debt security with a face value of \$1,050,000 | 1 |
| Convertible securities offered under Offer | Nil |

Notes:

1. The Company recently obtained Shareholder approval at its Annual General Meeting on 27 November 2013 to grant to each of Messrs Paul D'Sylva, Tim Morrison and Michael Reed 44,143,747 Performance Rights. Mr Trevor Harris has also been granted 44,143,747 Performance Rights. The Performance Rights are subject the following performance hurdles:
 - i. 50% of the Performance Rights will vest and be convertible into Shares (on a 1:1 basis) on completion of the shortfall offer to the Company's recently completed Rights Issue. This shortfall offer closed on 4 December 2013 and these Performance Rights will be converted to Shares shortly;
 - ii. 25% of the Performance Rights will vest and be convertible into Shares (on a 1:1 basis) upon the Company achieving production of 100,000oz of silver in any 1 month, at any time up to 12 months after Shareholder approval is obtained; and
 - iii. 25% of the Performance Rights will vest and be convertible into Shares (on a 1:1 basis) upon the Company achieving production of 500,000oz of silver in any 6 month, at any time up to 12 months after Shareholder approval is obtained.

4.3 Financial effect of the Offer

After expenses of the Offer of approximately \$15,800, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$250) will be met from the Company's existing cash reserves.

As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$250 less costs of preparing the Prospectus of approximately \$15,800.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2 AYN OA Options

The following is a summary of the more significant rights and liabilities attaching to AYN OA Options being offered pursuant to this Prospectus.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 31 July 2015 (**Expiry Date**). A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in Section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with Section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy Section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy Section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

A Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Quoted**

The Company will apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6. RISK FACTORS

6.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

Section 2.4 of this Prospectus summarises the key risks that apply to the Company.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific

(o) Mineral Resource Estimates

Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

6.3 Industry specific

(a) Environmental

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for

damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(b) **Environmental Bonds**

The Company's tenements are subject to unconditional performance bonds to cover the anticipated cost of rehabilitation of historical mining on the tenements. The bonds may be increased in the future, either in relation to previous mining or new mining activities, which the Company would need to fund. In addition, there can be no assurance given that the actual rehabilitation costs incurred will not exceed the amount of the bonds.

(c) **Native Title Risks**

Both the Native Title Act 1993 (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered Native Title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

(d) **Regulatory Risks**

The Company's mining operations and exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and

applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(e) **Exploration**

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the case reserves of the Company and possible relinquishment of the Tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(f) **Mine development**

Possible future development of further mining operations at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production from other locations, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(g) **Exploration and Mining Titles**

The ability of the Company to carry out successful exploration and mining activities will depend on the ability to maintain or obtain tenure to mining titles. The maintenance or issue of any such titles must be in accordance with the laws of the relevant jurisdiction and in particular, the relevant mining legislation. Conditions imposed by such legislation must also be complied with. No guarantee can be given that tenures will be maintained or granted, or if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed or that they will not be plaintiffed by third parties.

Although the Company has investigated title to all of its tenements the Company cannot give any assurance that title to such tenements will not be challenged or impugned. The tenements may be subject to prior unregistered agreements or transfers or title may be affected by undetected defects or native title claims.

(h) **Tenure and access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

Tenements are subject to the applicable mining acts and regulations in Queensland. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

6.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(p) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(q) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(r) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(s) **Government policy changes**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

| Date | Description of Announcement |
|-------------|---------------------------------------------------|
| 28/11/2013 | Results of Meeting |
| 27/11/2013 | Appointment of Director & Appendix 3X |
| 26/11/2013 | Company Update and Appendix 3B |
| 14/11/2013 | Company Update |
| 11/11/2013 | Update - Cyanide Project & Appendix 3B |
| 31/10/2013 | September 2013 Quarterly Report |
| 29/10/2013 | Company Presentation Update - October |
| 29/10/2013 | Annual Report to shareholders |
| 28/10/2013 | Notice of Annual General Meeting/Proxy Form |
| 28/10/2013 | Becoming a substantial holder - Notion Vtc Berhad |
| 28/10/2013 | Company Presentation Update |
| 24/10/2013 | Cyanide Facility Completed |
| 21/10/2013 | Appendix 3B |
| 08/10/2013 | Proactive Investors Q&A Video Interview |
| 08/10/2013 | Alcyone Secures Cornerstone Investor |
| 03/10/2013 | Trading Halt |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

7.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

| Director | Shares | Options | Performance Rights |
|------------------------|----------------------------|--------------------------|---------------------------|
| Michael Reed | 44,313,182 | 1,000,000 ¹ | 88,456,929 ² |
| Paul D'Sylva | 44,313,182 | Nil | 88,456,929 ² |
| Timothy Morrison | 44,313,182 | Nil | 88,456,929 ² |
| Chow Thoo ³ | 1,105,000,000 ⁴ | 587,500,000 ⁴ | Nil |

Notes:

1. Unlisted Options exercisable at \$0.15 on or before 31 August 2015.
2. Refer to Section 4.2 of this Prospectus for further details in relation to the Performance Rights.
3. 975,000,000 Shares and 487,500,000 Options are held by Notion Vtec Berhad, and 130,000,000 Shares and 100,000,000 Options are held by Citicorp Nominees as nominee for Wai Sook Choo (Mr Thoo's spouse). Mr Thoo is executive chairman of Notion Vtec Berhad and has the ability to control the voting of Shares held by Notion Vtec Berhad.
4. AYN OA Options exercisable at \$0.01 on or before 31 July 2015.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having

regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$400,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director | 2011/2012 | 2012/2013 | 2013/2014 |
|-------------------------------|------------------|------------------|------------------------|
| Michael Reed ¹ | \$357,137 | \$357,362 | \$400,000 ⁴ |
| Paul D'Sylva ² | n/a | Nil | Nil ⁴ |
| Timothy Morrison ³ | n/a | Nil | Nil ⁴ |
| Chow Thoo ⁵ | n/a | n/a | Nil |

Notes:

1. Mr Reed was appointed an executive Director on 15 March 2013 and was recently appointed as Managing Director of the Company. Previous to this appointment, Mr Reed held a senior management position within the Company and was responsible for the management of the Company's Texas Silver Mine.
2. Mr D'Sylva was appointed a Director on 13 March 2013. As at the date of this Prospectus, Mr D'Sylva has waived his right to received cash remuneration and has agreed to accept other forms remunerations such as Performance Rights.
3. Mr Morrison was appointed a Director on 13 March 2013. As at the date of this Prospectus, Mr Morrison has waived his right to received cash remuneration and has agreed to accept other forms remunerations such as Performance Rights.
4. Each of Messrs Paul D'Sylva, Tim Morrison and Michael Reed has been granted 132,770,110 Performance Rights this financial year for which the Company received Shareholder approval. Refer to Section 4.2 of this Prospectus for further details.
5. Mr Thoo was appointed a Director on 26 November 2013. As at the date of this Prospectus, Mr Thoo has waived his right to received cash remuneration and has agreed to accept other forms remunerations.

7.4 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$278,146 (excluding GST and disbursements) for legal services provided to the Company.

7.5 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.6 Estimated expenses of Offer

The total expenses of the Offer are estimated to be approximately \$15,800 as follows:

| Expense | (\$) |
|--------------------------------------------|---------------|
| ASIC fees | 2,225 |
| ASX Fees | 1,575 |
| Legal Fees | 10,000 |
| Miscellaneous, printing and other expenses | 2,000 |
| Total | 15,800 |

7.7 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

| | | |
|---------|---------|-----------------|
| Highest | \$0.004 | 28 October 2013 |
| Lowest | \$0.002 | 4 December 2013 |
| Last | \$0.002 | 4 December 2013 |

7.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on (08) 9476 3000 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Paul D'Sylva
Non-executive Chairman
For and on behalf of
Alcyone Resources Limited

9. DEFINITIONS

\$ means Australian dollars.

Alcyone or **Company** means Alcyone Resources Ltd (ACN 056 776 160).

Annual General Meeting means the Company's annual general meeting of Shareholders held on 27 November 2013.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

AYNOA Option means an Option issued on the terms set out in Section 5.2 of this Prospectus and in the same class of Options listed on the ASX (ASX Code: AYNOA).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Company or **Alcyone** means Alcyone Resources Ltd.

Closing Date means the date specified in the timetable in Section 2.1 of this Prospectus (unless extended or brought forward).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Offer means the offer of Securities referred to in the "Details of the Offer" section of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 2.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Rights Issue means the Company's non-renounceable entitlement issue of Shares on a 2 for 1 basis (at \$0.005 per Share) together with 1 free attaching AYNOA Option for every 2 Shares subscribed for, which closed on 2 August 2013.

Securities means Shares and/or AYN OA Options offered pursuant to the Offer.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means western standard time as observed in Perth, Western Australia.