

INVESTOR PRESENTATION SEPTEMBER 2013



Michael Reed ***Managing Director***

CAUTIONARY STATEMENT

Disclaimer

This presentation has been prepared by the Directors of Alcyone Resources Ltd (“Alcyone” or the “Company”) from currently available public domain information to provide background information to enable recipients to review the business activities of Alcyone. It is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities.

This presentation should not be relied upon as a representation of any matter that a potential investor should consider in evaluating Alcyone. Alcyone and its respective affiliates or any of its directors, agents, officers or employees do not make any representation or warranty, express or implied, as to or endorsement of, the accuracy or completeness of any information, statements, representations or forecasts contained in this presentation, and they do not accept any liability for any statement made in, or omitted from, this presentation.

Prospective investors should make their own independent evaluation of an investment in Alcyone including, without limitation, seeking professional advice.

Forward-Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Alcyone’s exploration operations, economic performance and financial condition. Although Alcyone believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Alcyone undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today’s date or to reflect the occurrence of unanticipated events.

Alycone Resources (ASX:AYN) is a silver producer based in South-East Queensland.

Board Structure:

Paul D'Sylva:	Non-Executive Chairman
Michael Reed:	Managing Director
Tim Morrison:	Non-Executive Director

Capital Structure :

Shares (AYN):	3,722,307,258
AYNO Options (ex @ 6c, 14 May 2015)	60,839,105
AYNOA Options (ex @ 1c, 31 July 2015)	814,217,769

As at October 2013:

Cash at hand:	~A\$4 million
Total current assets:	~A\$9 million
Total Assets:	~A\$35 million
Market Cap (@ last price A\$0.003 per share):	~A\$11.1 million
Entity Value	~A\$7.1 million

<p>Dr Paul D'Sylva (Non-Executive Chairman)</p> <p><i>Appointed March 2013</i></p>	<p>Dr D'Sylva, is the founder of Empire Equity Ltd, a boutique corporate advisory group. He has led and arranged over A\$500M in funding transactions since 2008 for a diverse range of resource and energy companies in equity, debt and structured financings on a proprietary basis as well as from a network of institutional funding partners.</p>
<p>Mr Michael Reed (Managing Director)</p> <p><i>Appointed May 2011</i></p>	<p>Mr Reed has managed Alcyone's Texas Silver Mine for the last two years and is a metallurgist with over 20 years' experience within the Australian mining industry, both in process facilities and mining operations. Prior to joining Alcyone, Michael spent 6 years with Norseman Gold in senior roles, including Mill Superintendent, General Manager and Principal Metallurgist.</p>
<p>Mr Timothy Morrison (Non-Executive Director)</p> <p><i>Appointed March 2013</i></p>	<p>Mr Morrison is a Partner at Empire Equity Ltd, a boutique corporate advisory group. He has extensive experience in structuring equity debt financing for mid-tier ASX listed companies and was previously CEO and Executive Chairman for a listed and unlisted companies</p>
<p>Trevor Harris (CFO and Company Secretary)</p> <p><i>Appointed March 2011</i></p>	<p>Mr Harris has over 20 years experience in financial management in a wide variety of industry sectors. As well as being a CPA qualified Accountant, Trevor holds a postgraduate qualification in Commercial Law and is a Chartered Company Secretary. Trevor's mining experience includes senior financial roles in the West African Gold and Iron Ore sectors with Shield Mining Limited (ASX:SHX) and Sphere Minerals Limited (ASX:SPH).</p>

TEXAS SILVER PROJECT

Texas Silver Project (100% owned) located 350 km SSW from Brisbane and 10km from the town of Texas.

JORC compliant (Measured, Indicated and Inferred) resource of:

- 13.25 Mt @ average grading 54 g/t Ag for 23.0 moz Ag at two prospects Twin Hills and Mt Gunyan

1.2M oz of silver produced from heap leach operations during the ramp up phase between June 2011 and 31 March 2013.

8 year mine life with nameplate capacity of 1.14Mtpa.

Over 140,000 sq m or 1.1Mt currently under irrigation at Texas Silver Operations, providing a strong foundation for production growth



CURRENT MINERAL RESOURCE INVENTORY

DEPOSIT	CATEGORY	TONNES	AG G/T	CONTAINED AG MOZ
Twin Hills	Measured	2,151,000	80	5.5
	Indicated	6,152,000	44	8.7
	Inferred	1,045,000	51	1.7
	Total	9,348,000	53	16.0
Mt Gunyan	Measured	754,000	56	1.3
	Indicated	2,884,000	56	5.2
	Inferred	302,000	48	0.5
	Total	3,940,000	55	7.0
Total	All Categories	13,288,000	54	23.0

- The Twin Hills Mineral Resource model is as declared at 29 March 2012; is inclusive of the Ore Reserve and depleted for mining to the end of July 2012
- The Mt Gunyan Mineral Resource model is as declared at 28th August 2012.
- Twin Hills is reported above a 26.5g/t Ag cut-off; Mt Gunyan above a 30g/t Ag cut-off.

(Numbers are rounded and thus may not reflect accurately individual calculations within the table.)

Competent Person Statement

The information in this report that relates to data used for and the resultant Mineral Resources for the Texas Silver project is based on information compiled by Mr Peter Ball who is a Member of the Australasian Institute of Mining and Metallurgy and Director of DataGeo a mining and exploration consultancy. Mr Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ball consents to the inclusion in this Report of the information compiled in the form and context in which they appear. The information in this Report that relates to Exploration is based on information also compiled by Mr Ball. The information in this report that relates to data used for and the resultant Ore Reserve for the Texas Silver project is based on information compiled by Mr Ian Huitson who is a Member of the Australasian Institute of Mining and Metallurgy and Director of Mining Solutions Pty Ltd a mining and management consultancy. Mr Huitson is a mining engineer with over 25 years experience in underground and open pit environments and has sufficient experience which is relevant to this type of mineral deposit and mining methodology to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Huitson consents to the inclusion in this Report of the information compiled in the form and context in which they appear.

PERFORMANCE SUMMARY [update for 2H 2013]

	1H FY2013	1H FY2012	CHANGE (%)	ANNUALISED TARGET
Silver production (oz)	439,431	274,301	60%	1.28M
Mined Grade	65 g/t	64 g/t	2%	81 g/t
Silver inventory (oz)	614,187	236,738	159%	700,000
Recovery	58%	58%	No change	58%
Mining (t)	426,946	189,361	125%	1.2Mtpa
Processing (t)	392,211	194,343	102%	1.14Mtpa
Revenue	\$13,331,168	\$286,883	4,547%	\$33M
Net profit/(Loss) inc non cash amortisation	(\$1,240,599)	(\$2,539,324)	51%	(\$1.9M)

Silver production for the HY increased by 60% to 439,431oz

Ore processed increased by 102% to 392,211 tonnes

Despite the challenges experienced during 1H FY2013, AYN delivered a 4,547% increase revenues to \$13.3M

Modeled at the medium term historical average of \$28/oz AUD

OPERATIONS UPDATE & KEY MILESTONES

Successfully completed a Rights Issue in August 2013 raising A\$7.4 million and 23% more than the minimum requirement of A\$6 million.

Balance sheet strengthened with A\$5.2 million in deleveraging; A\$4 million in cash and \$9 million in total current assets.

Further A\$5 million raised through shortfall placement to offshore strategic investor

Texas Silver Mine recommenced operations and targeting monthly production of 95,000tpa post crusher upgrade in November 2013.

Silver production forecast to reach 100,000 oz per month in Q4 2013.

Exploration set to double mine life with extension of Mt Gunyan resource.

Repaid A\$3.6 million debt and A\$1.6 million pre-pay hedging facility with Credit Suisse.

Upgrade of the crushing circuit to 1.14Mtpa. – expected completion mid November 2013

Construction of a new power line to access cheap grid power – expected completion December 2013

Cyanide Mixing facility completed by October

Purchase of key mining equipment – expected completion December 2013.

Additional working capital to provide greater operational flexibility.

REDUCING COSTS – PATHWAY TO PROFITABILITY

ITEM	IMPLEMENTATION COST	FINANCIAL BENEFIT	STATUS/TIMING
CRUSHING CIRCUIT			
Stage One – Upgrade primary crushing circuit	\$250K	First stage of an overall increase from 700,000 tonnes to 1.1M tonne p/a	Mid November
Installation of High Pressure Grinding Rolls	\$200K	Will deliver cost savings for reagents and manganese usage in the second half of the circuit.	Mid November
CONSTRUCTION OF A NEW POWER LINE	\$1M	Monthly ongoing cost saving of over \$100K or \$10M LOM	December
MINING EQUIPMENT	\$1M	Reduction in overheads of 125K per month or \$12M LOM	December
CONSTRUCTION OF CYANIDE MIXING FACILITY	\$800K	Cost saving of 100K+ per month or \$10M LOM	October
EXPECTED NET IMPACT ON ALL IN CASH COST OF PRODUCTION : \$4 – \$5 PER OUNCE			

ASSUMPTIONS – 2013/2014

Production	1.28M ozs
Mine Life	8 Years
Spot Silver Price	AUS \$24.26

COSTS - 2013/2014

ITEM	\$	COST/oz
Mining	8,106,513	5.34
Processing	12,024,048	7.99
Site Administration	2,749,600	2.09
C1 Cash Cost	22,880,161	15.42
Corporate	2,601,873	2.03
Exploration - Base	960,000	0.75
Exploration - Drilling	1,000,000	0.78
C3 Cash Cost	27,442,034	18.98

WHY SILVER?

Silver demand is expected to grow approximately 1.18 bn ounces by 2015.

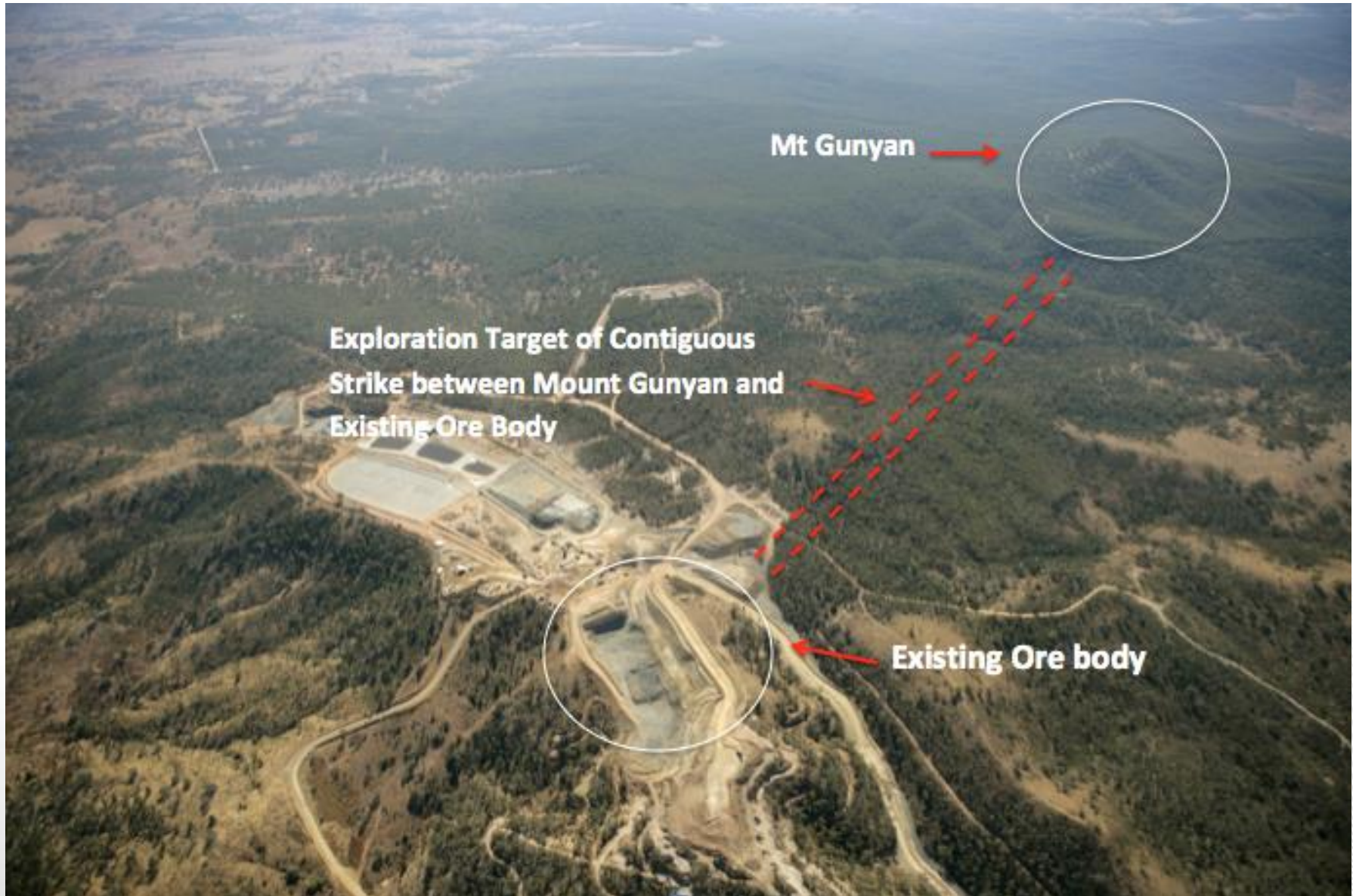
Silver supply is approximately 950 mm ounces and is expected to increase to 1.05 bn ounces by 2015.

Technology driven demand is up 78% over the past 20 years to nearly 500 mm ounces.

Average annual growth in China and India of 9% since 1990.

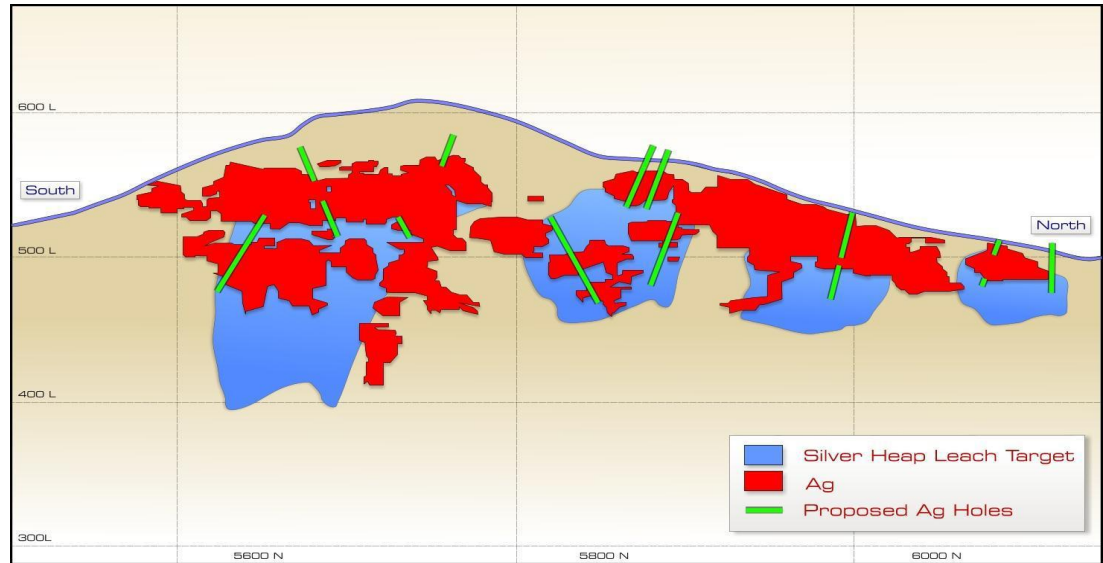
Currently selling product into a strengthening market with silver spot price ~Aus 23 per oz

EXPLORATION POTENTIAL



LIMITED EXPLORATION TO DOUBLE MINE LIFE

- Exploration agenda is to double the mine life
- Mount Gunyan represents significant opportunity
- Drilling to date has identified a global resource of 3.9 MT at Mount Gunyan
- Assembling \$2M exploration budget to drill out Mount Gunyan
- Target is to extend Mount Gunyan mine life to 14 years



**Current mine life
23m contained Ag
ounces – 8 year
mine life**

**Mount Gunyan exploration to unlock major new
resources base**

**Target the mine life to
approx 14 yrs with 2
million exploration spend**

Post Preference Share Rights Issue – Substantive Current Asset Position

The Balance Sheet cleared of any significant leverage

Upgrades will provide key operational improvements reducing C1 cash costs to \$15.42 per ounce and improving profitability.

Exploration funded to extend current 8 year mine life to beyond 14 years with Mt Gunyon extensions

World Class Mine with Balance Sheet structured to maximise shareholder returns

Alcyone Resources is the only ASX listed pure-play silver producer and seller in Australia.

Low-cost/High yielding and long-life silver mine in a politically stable jurisdiction.

Short term focus on increasing production to nameplate capacity of >1Moz pa.

Experienced Board and management team have delivered on stated goals since being installed.

CONTACT



Paul D'Sylva - Chairman
P: +61 8 9476 3000

FOR FURTHER INFORMATION:

Michael Reed - Managing Director
P: +61 7 4653 0090

www.alcyoneresources.com.au