

ALCYONE RESOURCES LIMITED

ACN 056 776 160

SECOND SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This second supplementary prospectus is dated 4 September 2013 (**Second Supplementary Prospectus**) and is supplementary to the replacement prospectus dated 13 June 2013 (**Replacement Prospectus**) (which replaced the Prospectus dated 29 May 2013) and the supplementary prospectus dated 2 August 2013 (**Supplementary Prospectus**) issued by Alcyone Resources Limited (ACN 056 776 160) (**Company**).

This Second Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 4 September 2013. The ASIC does not take any responsibility for the content of this Second Supplementary Prospectus.

This Second Supplementary Prospectus must be read together with the Replacement Prospectus and the Supplementary Prospectus. If there is a conflict between either of the Replacement or the Supplementary Prospectus and this Second Supplementary Prospectus, this Second Supplementary Prospectus will prevail. Terms and abbreviations defined in the Replacement Prospectus have the same meaning in this Second Supplementary Prospectus.

This Second Supplementary Prospectus will be issued with the Replacement Prospectus and the Supplementary Prospectus as an electronic prospectus and may be accessed on the internet at www.alcyone.com.au.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Replacement Prospectus and Supplementary Prospectus remain unchanged.

A copy of this Second Supplementary Prospectus will be available on the Company's website.

ALCYONE RESOURCES LIMITED
ACN 056 776 160

SECOND SUPPLEMENTARY PROSPECTUS

1. EXTENSION OF TIME TO OBTAIN QUOTATION

1.1 3 Month Quotation Condition

In accordance with the Corporations Act, if a person offers securities under a disclosure document (e.g. a prospectus) and the disclosure document states or implies that the securities are to be quoted on a financial market (e.g. ASX) and the securities are not admitted to quotation within 3 months after the date of the disclosure document (**Quotation Condition**), then an issue or transfer of securities in response to an application made under the disclosure document is void and the person offering the securities must return the money received by the person from the applicants as soon as practicable.

In order for the Company to comply with the Quotation Condition under the Prospectus, the Shares and Options being offered under the Shortfall Offer and the Broker Offer under the Prospectus had to be admitted to official quotation on ASX on or before 29 August 2013.

1.2 Offers Update

On 13 August 2013, the Company issued:

- (a) 635,846,562 Shares and 317,923,281 Options to Shareholders under the Entitlement Offer; and
- (b) 36,000,000 Options to Celtic Capital under the Celtic Offer,

which have since been admitted to official quotation, which marks the completion of the Entitlement Offer and the Celtic Offer. No more securities will be issued under the Entitlement Offer and the Celtic Offer.

The Broker Offer and Shortfall currently remain open.

As at the date of this Second Supplementary Prospectus:

- (a) the Company has issued 848,588,975 Shares and 424,294,488 Options under the Shortfall (all of which have been admitted to official quotation); and
- (b) there are no outstanding Shortfall applications.

As disclosed in the Supplementary Prospectus, the terms of the Convertible Note Agreement between the Company and Jacob Trading LLC provide that the Company must keep the Shortfall Offer open until 27 November 2013 to allow the holder of the convertible securities, if it chooses, to subscribe for Shortfall.

The number of Options to be issued to Patersons under the Broker Offer is 6% of the total number of Shares issued under the Entitlement Offer and Shortfall Offer and, as such, cannot be finalised until completion of the Shortfall Offer.

1.3 Extension of Quotation Condition

As the Shortfall Offer and Broker Offer will remain open until at least 27 November 2013, the Company was unable to comply with the Quotation Condition in relation to the Shortfall Offer and Broker Offer by 29 August 2013.

On 4 September 2013, the Company was granted a modification of the Corporations Act by ASIC (**ASIC Modification**). The effect of the ASIC Modification is to give the Company a further 3 months from the date of this Second Supplementary Prospectus to obtain quotation of the Shares and Options on ASX (i.e. **by 4 December 2013**).

1.4 ASX Waiver and Listing Rule 7.2 (Exception 3)

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period (**15% Placement Capacity**).

ASX Listing Rule 7.2 (exception 3) provides that an issue of securities under the shortfall to a pro rata entitlement issue is an exception to the Company's 15% Placement Capacity, provide that the Company makes the issue of securities within 3 months of the closing date of the offer. In order to qualify for this exception the Company must issue all securities under the Shortfall Offer by 2 November 2013.

The Company is currently seeking an ASX modification of ASX Listing Rule 7.2 (exception 3) to allow the Shortfall Offer to be made after this date, and up to 4 December 2013, which is consistent with the ASIC Modification. The Company is not aware of any reason why ASX would not grant this waiver.

2. RIGHT TO WITHDRAW APPLICATIONS

In accordance with the Corporations Act, the Company is giving all applicants who subscribed for Shares and Options under the Shortfall Offer (on a Shortfall Application Form), and who HAVE NOT already received their Shares and Options under the Shortfall Offer a copy of this Second Supplementary Prospectus and 1 month to withdraw their application and be repaid.

Any repayments made by the Company pursuant to an applicant exercising their right to withdraw their application will be made in full without interest.

An applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company at the address set out below so that it is received within 1 month of the date of this Second Supplementary Prospectus (i.e. **by close of business on 4 October 2013**).

Alcyone Resources Limited Suite 2, Level 4 85 South Perth Esplanade South Perth WA 6151
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The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Shortfall Application Form lodged by that applicant.

Applicants who HAVE previously submitted an Application Form AND HAVE been granted Shares and Options

The Company has not received any applications forms under which Shares and Options have not been issued and admitted to official quotation on the ASX. Accordingly, the Directors believe that the changes in this Second Supplementary Prospectus are not materially adverse from the point of view of an investor who has already received Shares and Options under the Prospectus.

Accordingly, no action needs to be taken if you have already subscribed for and received Shares and Options under the Prospectus.

3. APPLICATIONS

Investors who have NOT previously submitted an Shortfall Application Form

Applications for Shares and Options under the Shortfall Offer must be made using the application form attached to or accompanying this Second Supplementary Prospectus (**Supplementary Shortfall Application Form**).

Applications must NOT be made on the Shortfall Application Form attached to or accompanying the Prospectus or Replacement Prospectus.

The Supplementary Shortfall Application Form contains detailed instructions on how it is to be completed.

Completed Supplementary Shortfall Application Forms and accompanying cheques, made payable to "**Alcyone Resources Limited**" and crossed "**Not Negotiable**", must be received by the Company at the address set out on the Supplementary Shortfall Application Form by no later than 5:00 pm (WST) on 2 December 2013.

The Company reserves the right to close the Shortfall Offer early.

Investors who HAVE previously submitted an Application Form AND DO NOT want to withdraw their application

Applicants in this category DO NOT need to complete a further Supplementary Shortfall Application Form in order to receive their Shares. However, such applicants may lodge a Supplementary Shortfall Application Form if they wish to apply for additional Shares in accordance with the instructions set out above for investors who have NOT previously submitted an Application Form.

Applicants who HAVE previously submitted an Application Form AND DO want to withdraw their application

Applicants in this category may withdraw their applications and be repaid any application monies upon written request to the Company in the manner set out in Section 2 of this Second Supplementary Prospectus.

4. ASX LISTING

Section 5.4 of the Prospectus is replaced by the following paragraphs:

"Application for Official Quotation by ASX of the Shares offered pursuant to the Prospectus was made within seven (7) days after the date of the Prospectus.

Following the ASIC Modification, if the Shares are not admitted to Official Quotation by ASX before close of trade on 4 December 2013, or such period as varied by the ASIC, the Company will not issue any Shares and Options and will repay all application monies for the Shares and Options within the time prescribed under the Corporations Act, without interest.

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

5. DIRECTORS' AUTHORISATION

This Second Supplementary 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 Second Supplementary Prospectus with the ASIC.

Dr Paul D'Sylva
Director
For and on behalf of
Alcyone Resources Limited

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Application Form together with a cheque to the Company's address below. The Form must be received by the Company no later than **5.00 pm WST on 2 December 2013 (or such earlier date as directed by the Company)**.

A. Application for Shares

The Application Form must only be completed in accordance with instructions included in the Second Supplementary Prospectus.

B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after Suburb/Town.

E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

F. CHESS HIN or existing SRN Details

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. Cheque Details

Make cheques payable to "**Alcyone Resources Limited**" in Australian currency and cross them "**Not Negotiable**". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

H. Declaration

By completing the Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Application Form does not need to be signed.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. An Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

Alcyone Resources Limited
Suite 2, Level 4
85 South Perth Esplanade
South Perth WA 6151

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund