
ALCYONE RESOURCES LIMITED

ACN 056 776 160

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2PM (WST)

DATE: 27 November 2013

PLACE: Kings Park Tennis Club
Lower Pavilion
21 Kings Park Road
West Perth WA

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9476 3000.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 2PM (WST) on 27 November at:

Lower Pavillion
Kings Park Tennis Club
21 Kings Park Road
West Perth WA

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4PM (WST) on 25 November 2013.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2013."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF PAUL D'SYLVA AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Paul D'Sylva, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUES TO JACOB TRADING/PLATINUM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 500,000 Convertible Securities to Jacob Trading LLC (**Jacob**), and the issue of 253,294,118 Shares and 72,000,000 Options to Platinum Partners Liquid Opportunity Master Fund, LP (as Jacob’s nominee) on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – APPROVAL FOR THE ISSUE OF CONVERTIBLE SECURITIES TO JACOB TRADING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,590,000 Convertible Securities to Jacob Trading LLC on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE TO KOMODO CAPITAL PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 163,500,000 Shares and 81,750,000 AYNOA Options to Komodo Capital Pty Ltd on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO MR MICHAEL REED

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 44,143,747 Performance Rights as Director incentive remuneration to Mr Michael Reed (or his nominee) under the Employee Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO DR PAUL D'SYLVA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 44,143,747 Performance Rights as Director incentive remuneration to Mr Paul D'Sylva (or his nominee) under the Non-Executive Director Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO MR TIMOTHY MORRISON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 44,143,747 Performance Rights as Director incentive remuneration to Mr Timothy Morrison (or his nominee) under the Non-Executive Director Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

10. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 21 OCTOBER 2013

BY ORDER OF THE BOARD



COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.alcyone.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The Chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you **must** mark the ***acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTION 2 – RE-ELECTION OF MR PAUL D'SYLVA AS DIRECTOR

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless

they otherwise agree among themselves) be determined by drawing lots;

- (c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and

The Company currently has 2 Directors who are subject to rotation (this excludes Mr Michael Reed who is Managing Director) and accordingly 1 must retire.

Mr Paul D'Sylva, the Director longest in office since his last election, retires by rotation and seeks re-election.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUES TO JACOB TRADING/PLATINUM

4.1 General

On 28 July 2013, the Company and Jacob Trading LLC (**Jacob**) entered into the convertible note agreement (**Convertible Note Agreement**) under which the Company has issued:

- (a) on 2 August 2013, 375,000 Convertible Securities and 1,215,000 Debt Securities (that become Convertible Securities upon Shareholder approval being obtained under Listing Rule 7.1, which approval is being sought under Resolution 4 of this Notice of Meeting) to Jacob in part consideration for a cash subscription payment to the Company of \$1,000,000;
- (b) on 1 August 2013, 9,000,000 Shares and 36,000,000 listed Options exercisable at \$0.01 on or before 31 July 2015 (ASX Code: AYNOA) (**AYNOA Options**) to Platinum Partners Liquid Opportunity Master Fund, LP (being a nominee of Jacob) (**Platinum**) in part consideration for the above \$1,000,000 payment; and
- (c) on 1 August 2013, 117,647,059 Shares to Platinum (as Jacob's nominee) as collateral to secure the performance of the Company's obligations under the Convertible Note Agreement (**Collateral Shares**). If the Company does not default in its obligations under the Convertible Note Agreement prior to the maturity date of the Convertible Securities, then Jacob must pay for each Collateral Share at 85% of the of the daily VWAP for Shares over the five days prior to the maturity date.

On 27 September 2013 the Company entered into a deed of variation in relation to the Convertible Note Agreement (**Deed of Variation**), under which Jacob Trading LLC provided the Company with a further \$1,000,000 in cash in consideration for the issue of following additional securities:

- (a) 125,000 Convertible Securities and 1,350,000 Debt Securities (that shall become Convertible Securities upon Shareholder approval being obtained under Listing Rule 7.1) issued to Jacob on 8 October 2013;
- (b) 9,000,000 Shares and 36,000,000 listed AYNOA Options issued to Platinum (as Jacob's nominee) on 8 October 2013 in part consideration for the above \$1,000,000 payment; and
- (c) 117,647,059 Collateral Shares issued to Platinum (as Jacob's nominee) on 8 October 2013 as further collateral to secure the performance of the Company's obligations under the Convertible Note Agreement.

The Company issued the above Convertible Securities, Shares and AYNOA Options without prior Shareholder approval under its 15% annual placement capacity.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 500,000 Convertible Securities to Jacob and 253,294,118 Shares and 72,000,000 AYNOA Options to Platinum (**Ratification**).

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.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Note that the 500,000 Convertible Securities have since been converted into a total of 185,439,561 Shares, in accordance with the terms summarised at Schedule 1 of this Notice, without using the Company's placement capacity, in reliance on the exception in ASX Listing Rule 7.2(4). On 14 September 2013, 27 September 2013 and 10 October 2013, the Company issued 38,461,538 Shares, 57,692,308 Shares and 89,285,715 Shares respectively to Platinum at Conversion Price A (see Schedule 1 for details). None of the 500,000 Convertible Securities remain unconverted at the date of this Notice. A further 2,590,000 Convertible Securities will be issued if Shareholders approve Resolution 4.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 500,000 Convertible Securities, 253,294,118 Shares and 72,000,000 AYNOA Options were issued;
- (b) the 500,000 Convertible Securities, 18,000,000 Shares and 72,000,000 AYNOA Options were issued in part consideration for cash subscription payments totalling \$2,000,000 by Jacob;
- (c) 235,294,118 Shares were issued for nil cash consideration as collateral to secure the performance of the Company's obligations under the Convertible Note Agreement;
- (d) the terms of the Convertible Securities are set out in Schedule 1 of this Notice;
- (e) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (f) the AYN OA Options were issued on the same terms and conditions as the Company's existing Options quoted on ASX (ASX code: AYN OA) exercisable at \$0.01 each on or before 31 July 2015;
- (g) the Convertible Securities were issued to Jacob Trading LLC, and the Shares and Options were issued to Platinum Partners Liquid Opportunity Master Fund, LP (a nominee of Jacob), both of which are not related parties of the Company; and
- (h) the \$2,000,000 in subscription funds have been applied towards:
 - (i) reduction of the Company's debt; and
 - (ii) the Company's working capital expenditure requirements.

5. RESOLUTION 4 – APPROVAL FOR ISSUE OF CONVERTIBLE SECURITIES TO JACOB TRADING

5.1 General

Resolution 4 seeks Shareholder approval, for the purpose of ASX Listing Rule 7.1 and for all other purposes, for the Company to issue Jacob Trading LLC (or their nominee) with 2,590,000 Convertible Securities in accordance with the terms of the Convertible Note Agreement and Deed of Variation.

As described above at section 4.1, the Company agreed to issue Jacob Trading LLC (or their nominee) with 3,090,000 Convertible Securities, 2,590,000 of which have been issued as Debt Securities until Shareholder approval is obtained under Listing Rule 7.1.

If Shareholders approve Resolution 4, the 2,590,000 Debt Securities will become, and be deemed to be issued as, Convertible Securities on the same terms as the Convertible Securities the subject of Resolution 3 and shall be convertible into Shares on the terms and conditions are summarised at Schedule 1.

The Convertible Securities will be convertible into Shares, at the election of the holder at any time prior to the maturity date at a conversion price equal to, at the holder's election:

- (a) **Conversion Price A:** the lesser of \$0.01 and 85% of the VWAP over the five days (on which trading in Shares occurs) before the receipt of a conversion notice; or
- (b) **Conversion Price B:** the lesser of \$0.005 and 85% of the VWAP over the five days (on which trading in Shares occurs) before the receipt of a conversion notice,

provided that no more than 25% of the Convertible Securities are convertible under Conversion Price B.

An estimate of the maximum number of Shares that may be issued to Jacob Trading LLC (or their nominee) on conversion of the Convertible Securities is set out in Section 5.2 of this Explanatory Memorandum.

A summary of ASX listing Rule 7.1 is set out at section 4.1 above.

If Shareholders approve Resolution 4, the 2,590,000 Debt Securities will immediately become, and shall be deemed to be issued as Convertible

Securities without using the Company's 15% annual placement capacity. The Convertible Securities will be convertible into Shares, in accordance with their terms, without using the Company's placement capacity, in reliance on the exception in ASX Listing Rule 7.2(4).

5.2 Maximum Number of Shares and Dilution on conversion of Convertible Securities

Set out below is a worked example of the potential maximum number of Shares that may be issued on conversion of 2,590,000 Convertible Securities based on an assumed Share price of 0.3 cents, 0.2 cents and 0.4 cents per Share (assuming no other Shares are issued, or Options or convertible securities exercised).

Share Price	Maximum number of Shares	Current Shares on issue	Shares on Issue after Conversion	Dilution of existing Shareholders
0.4 cents	761,764,706 ¹	5,358,370,844	6,120,135,550	12.45%
0.3 cents	1,015,686,275 ²	5,358,370,844	6,374,057,119	15.93%
0.2 cents	1,523,529,412 ³	5,358,370,844	6,881,900,256	22.14%

Notes

1. Convertible at \$0.0034, being an 85% discount to the Share Price.
2. Convertible at \$0.00255, being an 85% discount to the Share Price.
3. Convertible at \$0.0017, being an 85% discount to the Share Price.
4. If a conversion would result in Jacob Trading holding more than 19.99% of the Company's issued Shares, the conversion cannot take place and the Company must either seek shareholder approval to issue the additional Shares above the 19.99% threshold, or instead redeem the face value of the Convertible Securities that would otherwise be converted.

The above workings are an example only and the actual conversion price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

As at the date of this Notice of Meeting, Jacob Trading LLC and their associates hold 76,409,408 Shares representing a shareholding of 1.43%.

5.3 Technical information required by ASX Listing Rule 7.1

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Convertible Securities:

- (a) a maximum of 2,590,000 Convertible Securities will be issued;
- (b) the face value of the Convertible Securities (each has a face value of \$1) are convertible into that number of Shares at a conversion price equal to:
 - (i) **Conversion Price A:** the lesser of \$0.01 and 85% of the VWAP over the five days (on which trading in Shares occurs) before the receipt of a conversion notice; or
 - (ii) **Conversion Price B:** the lesser of \$0.005 and 85% of the VWAP over the five days (on which trading in Shares occurs) before the receipt of a conversion notice,

provided that no more than 25% of the Convertible Securities are convertible under Conversion Price B;

- (c) the maximum number of Shares to be issued to Jacob Trading LLC (or its nominee) on conversion of the Convertible Securities is calculated as set out in Section 5.2 of this Explanatory Memorandum (this is an example only and the actual conversion price may differ);
- (d) the Debt Securities will become, and shall be deemed to be issued as, Convertible Securities immediately upon Shareholder approval being obtained under this Resolution;
- (e) the terms and conditions of the Convertible Securities are set out in Schedule 1 of this Notice;
- (f) the Convertible Securities will be issued to Jacob Trading LLC (or its nominee), who will not be a related party of the Company; and
- (g) no funds will be raised from the issue of the Convertible Securities as the Convertible Securities are being issued to replace the 2,590,000 Debt Securities already on issue. The \$2,000,000 in funds raised from the issue of the Debt Securities (amongst other securities) were applied as set out in section 4.2(h) of this Explanatory Statement.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE TO KOMODO CAPITAL PTY LTD

6.1 General

On 17 October 2013, the Company issued 163,500,000 Shares and 81,750,000 AYNOA Options in consideration for corporate advisory and brokerage services provided by Komodo Capital Pty Ltd.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 are set out in section 4.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 163,500,000 Shares and 81,750,000 AYNOA Options were issued;
- (b) the Shares and Options were issued for nil cash consideration in satisfaction of corporate advisory and brokerage services provided by Komodo Capital Pty Ltd;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Options issued were Options on the same terms and conditions as the Company's existing AYNOA Options quoted on the ASX (ASX Code: AYNOA) which are exercisable at \$0.01 each on or before 31 July 2015;
- (e) the Shares and Options were issued to Komodo Capital Pty Ltd, who is not a related party of the Company; and
- (f) no funds were raised from this issue as the Shares and Options were issued in consideration for corporate advisory and brokerage services.

7. RESOLUTIONS 6, 7 AND 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

7.1 General

The Company previously received Shareholder approval at the Shareholder meeting on 15 July 2013 (Resolutions 14, 16 and 17) (**Previous Approval**) to grant each of Messrs Michael Reed, Paul D'Sylva and Timothy Morrison (**Eligible Participants**) that number of Performance Rights equal to 2.5% of the number of Shares on issue on completion of the Rights Issue that will vest and convert into Shares subject to the following performance hurdles:

- (a) 50% of the Performance Rights will vest and be convertible into Shares on completion of the Rights Issue;
- (b) 25% of the Performance Rights will vest and be convertible into Shares 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
- (c) 25% of the Performance Rights will vest and be convertible into Shares upon the Company achieving production of 500,000oz of silver in any 6 month period, at any time up to 12 months after Shareholder approval is obtained.

On completion of the Rights Issue, there was 3,545,054,530 Shares on issue, meaning that each of the Eligible Participants was issued 88,626,363 Performance Rights under the Company's Employee Performance Rights Plan and Non-Executive Director Performance Rights Plan.

On completion of the Rights Issue the Company issued a total of 1,484,435,537 Shares and 742,217,768 AYNOA Options to raise \$7,422,178 which left a further 1,765,749,895 Shares and 882,874,947 AYNOA Options that could be offered under the Shortfall to the Rights Issue (**Remaining Shortfall**).

At the date of this Notice of Meeting, the Company has managed to issue an additional 1,109,825,328 Shares and 554,912,664 AYNOA Options of the Remaining Shortfall to raise an additional \$5,549,127. As announced on 8 October 2013, the Company has also managed to secure a cornerstone investor in Malaysian listed investment holding company, Notion VTEC Berhad (MK:NVB).

The Directors consider that the number of Performance Rights approved by the Previous Approval should have included 2.5% of the Remaining Shortfall. Accordingly, Resolutions 6, 7 and 8 seeks Shareholder approval for the Company to issue each of the Eligible Participants with 44,143,747 Performance Rights (equal to 2.5% of the Remaining Shortfall), that will vest and convert into Shares (on the basis of 1 Share for every 1 Performance Right) subject to the following performance hurdles:

- (a) 50% of the Performance Rights will vest and be convertible into Shares on completion of the Shortfall offer which is scheduled to close on 27 November 2013 but may close earlier if fully subscribed;
- (b) 25% of the Performance Rights will vest and be convertible into Shares 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
- (c) 25% of the Performance Rights will vest and be convertible into Shares upon the Company achieving production of 500,000oz of silver in any 6 month period, at any time up to 12 months after Shareholder approval is obtained.

The Company will issue the Performance Rights under the Company's Employee Performance Rights Plan and Non-Executive Director Performance Rights Plan.

7.2 ASX Listing Rule 10.14

Resolutions 6, 7 and 8 are being put to Shareholders to seek approval for the issue of Performance Rights to the Eligible Participants at any time up to 12 months after Shareholder approval is obtained pursuant to ASX Listing Rule 10.14.

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

7.3 Chapter 2E

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Performance Rights constitutes giving a financial benefit as the Eligible Participants are related parties of the Company by virtue of being Directors.

The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by Section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not seek approval for the issue of Performance Rights pursuant to Section 208 of the Corporations Act.

7.4 Technical information required ASX Listing Rule 10.15

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Rights to the Eligible Participants:

- (a) the related parties are Messrs Reed, D'Sylva and Morrison and they are related parties by virtue of being Directors;
- (b) the Company intends to issue the Performance Rights to Messrs Reed, D'Sylva and Morrison. Each of the Eligible Participants will be issued 44,143,747 Performance Rights, with the Performance Rights vesting in accordance with the performance hurdles described at 7.1 above;
- (c) the maximum number of Performance Rights to be issued to each of the Eligible Participants (or their nominees) is 44,143,747;
- (d) the Performance Rights will be issued for nil cash consideration;
- (e) a total of 177,252,726 Performance Rights have been issued to persons referred to in Listing Rule 10.14 under the Non-Executive Director Performance Rights Plan since it was last approved on 15 July 2013, which includes:
 - (i) 88,626,363 Performance Rights to Mr Paul D'Sylva for nil cash consideration; and
 - (ii) 88,626,363 Performance Rights to Mr Timothy Morrison for nil cash consideration.
- (f) a total of 88,626,363 Performance Rights have been issued to Mr Michael Reed for nil cash consideration (persons referred to in Listing Rule 10.14) under the Employee Performance Rights Plan since it was last approved on 15 July 2013;
- (g) no loans have been provided to Messrs Reed, D'Sylva and Morrison in relation to the acquisition of the Performance Rights;
- (h) the Performance Rights will be issued to the Eligible Participants no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules); and
- (i) all executive Directors of the Company (currently being, Mr Michael Reed) are eligible to participate in the Employee Performance Rights Plan. All non-executive Directors of the Company (being currently Mr Paul D'Sylva and Mr Tim Morrison) are eligible to participate in the Non-Executive Director Performance Rights Plan.

8. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY

8.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 9, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 8.2 below).

The effect of Resolution 9 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 9 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 9 for it to be passed.

8.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$16,075,123 based on the amount of Shares on issue and the closing price for Shares on 18 October 2013.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has three classes of quoted Equity Securities on issue, being the Shares (ASX Code: AYN), the Options exercisable at \$0.06 each on or before 14 May 2015 (ASX Code: AYNO), and the Options exercisable at \$0.01 on or before 31 July 2015 (ASX Code: AYNOA).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

8.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 9:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 8.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

(10% Placement Capacity Period)

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 9 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the

basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	0.0015 50% decrease in Issue Price	0.003 Issue Price	0.006 100% increase in Issue Price
5,358,370,844 (Current Variable A)	Shares issued - 10% voting dilution	535,837,084 Shares	535,837,084 Shares	535,837,084 Shares
	Funds raised	\$803,756	\$1,607,511	\$3,215,023
8,037,556,266 (50% increase in Variable A)	Shares issued - 10% voting dilution	803,755,626 Shares	803,755,626 Shares	803,755,626 Shares
	Funds raised	\$1,205,633	\$2,411,267	\$4,822,534
10,716,741,688 (100% increase in Variable A)	Shares issued - 10% voting dilution	1,071,674,168 Shares	1,071,674,168 Shares	1,071,674,168 Shares
	Funds raised	\$1,607,511	\$3,215,023	\$6,430,045

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 5,358,370,844 Shares on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 18 October 2013.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised to advance the Company's Texas Silver Project, acquire new assets or investments (including expenses associated with such acquisition), fund potential exploration opportunities, and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources, assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 22 November 2012 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 27 November 2012 the Company otherwise issued a total of 3,864,116,718 Shares, 1,615,703,962 Options, 2,300,004 convertible securities and 354,505,452 Performance Rights which represents approximately 441.27% of the total diluted number of Equity Securities on issue in the Company on 27 November 2012 which was 1,555,519,702. The above calculations have been calculated assuming:

- (i) each convertible security is converted in accordance with its terms assuming a current Share price of \$0.003; and
- (ii) the convertible securities (or part of), Options or Performance Rights that have been issued during the past 12 months but have already been converted prior to the date if this Meeting are converted at the relevant conversion at the time.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 2.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

8.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in

an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 9.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 8.1 of the Explanatory Statement.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

AYNOA Option means an Option in the same class as Options currently quoted on the ASX (ASX Code: AYNOA) each exercisable into one Share at \$0.01 on or before 31 July 2015.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Alcyone Resources Limited (ACN 056 776 160).

Constitution means the Company's constitution.

Convertible Note Agreement means the convertible note agreement between the Company and Jacob Trading LLC dated 28 July 2013 as varied the terms of which are summarised at Schedule 1.

Convertible Securities means the convertible securities issued/to be issued by the Company under the Convertible Note Agreement and Deed of Variation, each with an initial face value of \$1.00 and convertible into Shares on the terms summarised in Schedule 1.

Corporations Act means the Corporations Act 2001 (Cth).

Debt Security means a debt security issued to Jacob under the terms of the Convertible Note Agreement and Deed of Variation that shall only become convertible into Shares upon Shareholder approval being obtained (currently being sought under Resolution 4).

Deed of Variation means a deed of variation in relation to the Convertible Note Agreement that is summarised at section 4.1 of the Explanatory Statement.

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Employee Performance Rights Plan means the employee incentive scheme of that name which was approved by Shareholders on 15 July 2013.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Non-Executive Director Performance Rights Plan means the employee incentive scheme of that name which was approved by Shareholders on 15 July 2013.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Platinum means Platinum Partners Liquid Opportunity Master Fund, LP.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Rights Issue means the Company's recently completed non-renounceable entitlement issue under which 635,846,562 Shares and 317,923,281 AYNOA Options were issued to subscribing Shareholders on 13 August 2013.

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

Shareholder means a holder of a Share.

Shortfall means the shortfall of securities not taken up by eligible Shareholders under the Rights Issue.

Variable A means "A" as set out in the calculation in section 8.2 of the Explanatory Statement.

VWAP means volume weighted average price.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITION OF CONVERTIBLE SECURITIES / DEBT SECURITIES

The material terms of the Convertible Note Agreement (as amended by the Deed of Variation), the Convertible Securities and Debt Securities are summarised as follows:

Term	Details
Agreement	Convertible Note Agreement as amended by the Deed of Variation
Dated	Convertible Note Agreement is dated 28 July 2013 and the Deed of Variation is dated 27 September 2013
Holder	Jacob Trading LLC (or their nominee)
Subscription Amount	\$2,000,000
Securities Issued/ to be Issued	3,090,000 Convertible Securities. 2,590,000 of the Convertible Securities are only convertible upon the Company receiving Shareholder approval, and so are treated as debt securities until such approval is obtained.
Face Value	\$1.00 each
Maturity Date	750,000 Convertible Securities are repayable after 45, 60 and 90 days after the date of issue. The remaining Convertible Securities will mature 120 days after the relevant date of issue.
Interest	Default Interest of 15% pa.
Unsecured	The Convertible Securities are unsecured but are to rank in priority over any unsecured creditor.
Escrow	On completion of the Rights Issue, the Company must place \$1 million from the Rights Issue in escrow as security for repayment of the Convertible Securities. The escrow amount is reduced by an amount any face value converted or redeemed.
Conversion	Each Convertible Security is convertible in whole, and not part, at Jacob's election before the maturity date. Upon the holder providing a conversion notice that requires conversion of some or all of the Convertible Securities, the Company may elect to satisfy such conversion by payment of cash in lieu of Shares. If a conversion would result in Jacob Trading holding more than 19.99% of the Company's issued Shares, the conversion cannot take place and the Company must either seek shareholder approval to issue the additional Shares above the 19.99% threshold, or instead redeem the face value of the Convertible Securities that would otherwise be converted.
Conversion Price	The face value of the Convertible Securities are convertible at either (at the sole discretion of holder) Conversion Price A or Conversion Price B, provided no more than 25% of the Convertible Securities may be converted under Conversion Price B. Conversion Price A is the lesser of \$0.01 and 85% of the VWAP over the five days (on which trading in Shares occurs) before the receipt of a conversion notice. Conversion Price B is the lesser of \$0.005 and 85% of the VWAP over the five days (on which trading in Shares occurs) before the

	receipt of a conversion notice.
Redemption	Upon the Maturity Date, the Company must pay to the holder the outstanding face value of any outstanding Convertible Securities. Jacob Trading may elect to redeem any of the Convertible Securities into the Shortfall, and the Company must ensure it retains sufficient Shortfall to allow this to occur.
Default Events	The Convertible Securities are subject to standard default events for an agreement of this nature, plus the Company being suspended from ASX for more than 5 trading days post 15 August 2013.
Covenants	Until the Convertible Securities are fully redeemed or converted, the Company must only use the Subscription Amount for working capital and must not, without Jacob's consent; <ul style="list-style-type: none"> (i) incur any indebtedness; (ii) encumber the Company's tenements; (ii) issue, or agree to issue, any Shares or instruments capable of conversion into Shares.
Transferability	The Convertible Securities may be transferred with the consent of the Company, which cannot be unreasonable withheld.
Fee Shares and Options	The Company has issued to Platinum, a nominee of Jacob, in lieu of payment of a fee: <ul style="list-style-type: none"> (i) 18,000,000 Shares; and (ii) 72,000,000 free quoted Options exercisable at 0.1 cent each and expiring 31 July 2015.
Collateral Shares	The Company has issued Platinum, a nominee of Jacob, 235,294,118 Shares for nil cash consideration as collateral for the Convertible Securities. <p>If any of the collateral Shares are sold before the maturity date, the proceeds received will be offset against the Company's repayment obligations under the Convertible Securities, in reverse order. The amount at which the outstanding repayments will be offset shall be determined by the cash value that the holder would have received for the sold collateral Shares by reference to the VWAP for Shares over the five days on which trading occurred prior to the sale/disposal.</p> <p>To the extent Jacob Trading retains collateral Shares at the maturity date, it must pay the Company for those Shares at a price equal to the 85% of the average of the ten day VWAP for Shares prior to the maturity date.</p> <p>If a default event occurs and is not cured by the Company within 5 business days of written notice, Jacob Trading may keep the collateral Shares and is released from the above offset and payment obligations.</p>
No Participation or Voting Rights	There are no participation rights or entitlements inherent in the Convertible Securities and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Convertible Securities without converting the Convertible Securities. <p>The Convertible Securities do not carry any voting rights at Shareholder meetings.</p>

Governing Law	New York
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SCHEDULE 2 – ISSUES OF EQUITY SECURITIES SINCE 27 NOVEMBER 2013

Date ¹	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ²	Form of consideration
26 February 2013	2	Convertible Securities ⁶	YA Global Master SPV Ltd and Bergen Global Opportunity Fund II.	Each Convertible Security was issued for A\$1,250,000. No Discount to Market Price.	Amount raised = \$2,500,000 Amount spent = \$2,500,000 has been used for wages, key contractors, production consumables and other trade creditors.
26 February 2013	7,758,620	Shares ³	YA Global Master SPV Ltd and Bergen Global Opportunity Fund II.	Nil cash consideration.	Issued as commencement fees to each of the Recipients under the convertible note agreements. Current value ¹² = \$23,276
26 February 2013	24,800,000	Shares ³	YA Global Master SPV Ltd and Bergen Global Opportunity Fund II.	Nil cash consideration.	Issued as collateral to secure the performance of the Company's obligations under the relevant convertible note agreements. The Recipient's subsequently became entitled to these Shares due to certain breaches of the agreements. Current value ¹² = \$74,400
26 February 2013	26,000,000	Unlisted Options exercisable at \$0.0496 on or before 26 February 2016.	YA Global Master SPV Ltd and Bergen Global Opportunity Fund II.	Nil cash consideration.	Issued as part consideration for the Recipient's subscribing for the Convertible Securities. Current value ¹² = \$9,043
22 March 2013	32,041,541	Shares ³	YA Global Master SPV Ltd and Bergen Global Opportunity Fund II.	Nil cash consideration at a deemed issue price of \$0.01404 per Share. Discount to Market Price = 12.45%	Issued on conversion of \$450,000 of the face value of the Recipients Convertible Securities. Current value ¹² = \$96,125
26 March 2013	1	Convertible Security ⁷	Bergen Global Opportunity Fund II, LLC.	Issue Price = \$250,000 No discount to Market Price.	Amount raised = \$250,000 Amount spent = \$250,000 has been used for wages, key contractors, production consumables and other trade creditors.
26 March 2013	1	Convertible Security ⁸	Bergen Global Opportunity Fund II, LLC.	Nil cash consideration.	The Convertible Security was issued in consideration of the holder waiving obligations owed by the Company under a previous convertible note agreement. Current value ¹³ = \$525,000

26 March 2013	17,647,059	Shares ³	Chimaera Capital	Issue Price = \$0.01275 per Share Discount to Market Price = 15%	Amount raised = \$225,000 Amount spent = \$225,000 has been used for wages, key contractors, production consumables and other trade creditors.
26 March 2013	8,823,529	Quoted Options (ASX Code AYN0) ⁴	Chimera Capital	Issued for nil cash consideration.	Issued as free attaching Options on the basis of 1 Option for every 2 Shares subscribed for. Current value ¹² = \$8,824
15 April 2013	1,800,000	Convertible Securities ⁹	Celtic Capital Pty Ltd	Issue Price = \$1,200,000 No discount to Market Price.	Amount raised = \$1,200,000 Amount spent = \$1,200,000 has been used for wages, key contractors, production consumables and other trade creditors.
15 April 2013	48,591,370	Shares ³	Celtic Capital Pty Ltd	Issued for nil cash consideration.	9,000,000 Shares issued as a capital raising fee for Convertible Securities. 39,591,370 Shares issued in part satisfaction of a 3% capital raising fee in relation to the equity placement facility disclosed on ASX. Current value ¹² = \$145,774
1 August 2013	126,647,059	Shares ³	Platinum Partners Liquid Opportunity Master Fund, LP	Issued for nil cash consideration.	117,647,059 Shares issued as collateral to secure the performance of the Company's obligations under a convertible note agreement and 9,000,000 Shares issued as part consideration for Jacob Trading LLC subscribing for 1,590,000 convertible securities. Current value ¹² = \$379,941
1 August 2013	36,000,000	Quoted Options (ASX Code AYNOA) ⁵	Platinum Partners Liquid Opportunity Master Fund, LP	Issued for nil cash consideration.	Issued as part consideration for Jacob Trading LLC subscribing for 1,590,000 convertible securities. Current value ¹² = \$36,000
2 August 2013	1,590,000	375,000 Convertible Securities ¹⁰ and 1,215,000 Debt Securities	Platinum Partners Liquid Opportunity Master Fund, LP	Issue Price = \$1,000,000 No discount to Market Price.	Amount raised = \$1,000,000 Amount spent = \$1,000,000 has been used for wages, key contractors, production consumables and other trade creditors.
13 August 2013	1,484,435,537	Shares ³	Shareholders and investors that subscribed for Shares under the Rights Issue and Shortfall.	Issue Price = \$0.005 per Share. Discount is not applicable as the Company's securities were suspended from quotation at the time of issue.	Amount raised = \$7,422,178 Amount spent = \$7,422,178 has been used for debt reduction (\$3.6M), payment of wages and trade creditors.

13 August 2013	742,217,769	Quoted Options (ASX Code AYNOA) ⁵	Shareholders and investors that subscribed for Shares under the Rights Issue and Shortfall.	Issued for nil cash consideration.	Issued as free attaching Options under the Rights Issue and Shortfall. Current value ¹² = \$742,218
13 August 2013	308,879,218	Shares ³	Celtic Capital Pty Ltd	Issued for nil cash consideration.	226,176,471 Shares issued as the remaining collateral Shares under the convertible note agreements with Celtic Capital. 30,996,865 Shares issued as the remaining capital raising fee under the equity placement facility. 4,705,882 Shares issued in satisfaction of legal fees incurred by Celtic Celtic. Current value ¹² = \$926,637
13 August 2013	36,000,000	Quoted Options (ASX Code AYNOA) ⁵	Celtic Capital Pty Ltd	Issued for nil cash consideration.	Issued as part of the capital raising fee for the 1,800,000 Convertible Securities issued on 15 April 2013. Current value ¹² = \$36,000
13 August 2013	88,000,000	Unlisted Options exercisable at \$0.0064 on or before 14 August 2018.	Bergen Global Opportunity Fund II, LLC.	Issued for nil cash consideration.	Issued in consideration for forbearance in relation to alleged defaults by the Company under the convertible security agreement dated 24 February 2013. Current value ¹² = \$125,128
13 August 2013	354,505,452	Performance Rights ¹¹	Issued to Company employees and Directors.	Issued for nil cash consideration.	Issued to Company employees and Directors under the Company's Employee Performance Rights Plan and Non-Executive Director Performance Rights Plan. Current value = \$824,225 (this includes the value of Shares issued on conversion of 177,252,728 Performance Rights detailed below)
29 August 2013	177,252,728	Shares	Issued to Company employees and Directors.	Issued for nil cash consideration.	Issued upon conversion of 177,252,728 Performance Rights. Current value ¹² = \$531,758
12 September 2013	38,461,538	Shares	Platinum Partners Liquid Opportunity Master Fund, LLP	Issued for nil cash consideration at a deemed issue price of \$0.0026 per Share. Discount to Market Price = 13.33%	Issued on Conversion of 100,000 Convertible Securities ¹⁰ . Current value ¹² = \$115,385
27 September 2013	57,692,308	Shares ³	Platinum Partners Liquid Opportunity Master Fund, LLP	Issued for nil cash consideration at a deemed issue price of \$0.0026 per Share. Discount to Market Price =	Issued on Conversion of 150,000 Convertible Securities ¹⁰ . Current value ¹² = \$173,077

				13.33%	
27 September 2013	190,100	Shares ³	Optionholders that converted their Options	Issue Price = \$0.01 per Share. No Discount.	Amount raised = \$1,901 Amount spent = \$190,100 has been used for wages, key contractors, production consumables and other trade creditors.
27 September 2013	83,920,000	Shares ³	Investors that subscribed for Shares under the Shortfall.	Issue Price = \$0.005 per Share. No Discount.	Amount raised = \$419,690 Amount spent = \$419,690 has been used for wages, key contractors, production consumables and other trade creditors.
27 September 2013	41,960,000	Quoted Options (ASX Code AYNOA) ⁵	Investors that subscribed for Shares under the Shortfall.	Issued for nil cash consideration.	Issued as free attaching Options under the Shortfall. Current value ¹² = \$41,960
3 October 2013	23,000,000	Shares ³	Investors that subscribed for Shares under the Shortfall.	Issue Price = \$0.005 per Share. No Discount.	Amount raised = \$115,000 Amount spent = \$115,000 has been used for wages, key contractors, production consumables and other trade creditors.
3 October 2013	11,500,000	Quoted Options (ASX Code AYNOA) ⁵	Investors that subscribed for Shares under the Shortfall.	Issued for nil cash consideration.	Issued as free attaching Options under the Shortfall. Current value ¹² = \$11,500
4 October 2013	27,905,328	Shares ³	National Nominees Ltd, a company that subscribed for Shares under the Shortfall.	Issue Price = \$0.005 per Share. No Discount.	Amount raised = \$139,527 Amount spent = \$139,527 has been used for wages, key contractors, production consumables and other trade creditors.
4 October 2013	13,952,664	Quoted Options (ASX Code AYNOA) ⁵	National Nominees Ltd, a company that subscribed for Shares under the Shortfall.	Issued for nil cash consideration.	Issued as free attaching Options under the Shortfall. Current value ¹² = \$13,953
8 October 2013	1,500,000	125,000 Convertible Securities ¹⁰ and 1,375,000 Debt Securities	Platinum Partners Liquid Opportunity Master Fund, LP	Issue Price = \$1,000,000 No discount to Market Price.	Amount raised = \$1,000,000 Amount spent = \$1,000,000 has been used for operating costs.
8 October 2013	126,647,059	Shares ³	Platinum Partners Liquid Opportunity Master Fund, LP	Issued for nil cash consideration.	117,647,059 Shares issued as collateral to secure the performance of the Company's obligations under the Convertible Securities ¹⁰ and 9,000,000 Shares issued as part consideration for the Convertible Securities ¹⁰ . Current value ¹² = \$379,941
8 October 2013	36,000,000	Quoted Options (ASX Code AYNOA) ⁵	Platinum Partners Liquid Opportunity Master Fund, LP	Issued for nil cash consideration.	Issued as part consideration for the Convertible Securities ¹⁰ . Current value ¹² = \$36,000

8 October 2013	400,000,000	Shares ³	Notion Vtec Berhad, a company that subscribed for Shares under the Shortfall.	Issue Price = \$0.005 per Share. No Discount.	Amount raised = \$2,000,000 Amount spent = \$2,000,000 has been used for reduction in trade payables and other debt.
8 October 2013	200,000,000	Quoted Options (ASX Code AYN OA) ⁵	Notion Vtec Berhad, a company that subscribed for Shares under the Shortfall.	Issued for nil cash consideration.	Issued as free attaching Options under the Shortfall. Current value ¹² = \$200,000
10 October 2013	89,285,715	Shares ³	Platinum Partners Liquid Opportunity Master Fund, LLP	Issued for nil cash consideration at a deemed issue price of \$0.0028 per Share. Discount to Market Price = 6.67%	Issued on Conversion of 250,000 Convertible Securities ¹⁰ Current value ¹² = \$267,857
10 October 2013	38,461,538	Shares ³	YA Global Investments LLP	Issued for nil cash consideration.	Issued on Conversion of \$100,000 of the face value of YA Global's Convertible Security ⁶ Current value ¹² = \$115,385
10 October 2013	163,500,000	Shares ³	Komodo Capital Pty Ltd	Issued for nil cash consideration.	Issued as a capital raising fee. Current value ¹² = \$490,500
10 October 2013	81,750,000	Quoted Options (ASX Code AYN OA) ⁵	Komodo Capital Pty Ltd	Issued for nil cash consideration.	Issued as a capital raising fee. Current value ¹² = \$81,750
10 October 2013	12,000,000	Shares ³	CPS Capital Group Pty Ltd	Issued for nil cash consideration.	Issued as a placement fee. Current value ¹² = \$36,000
10 October 2013	6,000,000	Quoted Options (ASX Code AYN OA) ⁵	CPS Capital Group Pty Ltd	Issued for nil cash consideration.	Issued as a placement fee. Current value ¹² = \$6,000
17 October 2013	575,000,000	Shares ³	Notion Vtec Berhad, a company that subscribed for Shares under the Shortfall.	Issue Price = \$0.005 per Share. No Discount.	Amount raised = \$2,875,000 Amount spent = \$1,000,000 has been used for payments to trade creditors. Amount remaining = \$1,875,000 is proposed to be used for capital projects, debt reduction and operating costs.
17 October 2013	287,500,000	Quoted Options (ASX Code AYN OA) ⁵	Notion Vtec Berhad, a company that subscribed for Shares under the Shortfall.	Issued for nil cash consideration.	Issued as free attaching Options under the Shortfall. Current value ¹² = \$287,500

Notes:

1. This is the date the Appendix 3B was announced to ASX. The date of issue may be different. Refer to Item 7 of the relevant Appendix 3B for the specific date of issue.
2. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the trading day prior to the date of issue of the relevant Equity Securities.

3. Fully paid ordinary shares in the capital of the Company, ASX Code: AYN (terms are set out in the Constitution).
4. Quoted Options (ASX Code: AYNO) exercisable at \$0.06 each on or before 14 May 2015.
5. Quoted Options (ASX Code: AYNOA) exercisable at \$0.01 on or before 31 July 2015.
6. Each Convertible Security was initially issued with a face value of \$1,312,500 maturing on or before 24 February 2015. The outstanding face value of the Convertible Securities are convertible into Shares at either (at the election of the holder) 90% of the 5 day VWAP for Shares or at \$0.0467 per Share.
7. A Convertible Security initially issued with a face value of \$250,000 maturing on or before 26 March 2015. The outstanding face value of the Convertible Security is convertible into Shares at either (at the election of the holder) 81% of the three day VWAP per Share (as selected by the Investor in its sole discretion) during the 20 consecutive trading days immediately prior to the date of the conversion notice or at \$0.0153 per Share. For further details please refer to the Appendix 3B announced on ASX on 28 March 2013.
8. A Convertible Security initially issued with a face value of \$750,000 maturing on or before 11 October 2013. The outstanding face value of the Convertible Security is convertible into Shares at either (at the election of the holder) 81% of the three day VWAP per Share (as selected by the Investor in its sole discretion) during the 20 consecutive trading days immediately prior to the date of the conversion notice or at \$0.0153 per Share. For further details please refer to the Appendix 3B announced on ASX on 28 March 2013.
9. Each Convertible Security was issued with a face value of \$1 maturing on or before 26 March 2015. The outstanding face value of the Convertible Securities is convertible into Shares at lesser of \$0.01 and 85% of the VWAP for Shares over the five days (on which trading in Shares occurs) before the receipt of a conversion notice. For further details please refer to the Appendix 3B announced on ASX on 19 April 2013.
10. Each Convertible Security and Debt Security was issued with a face value of \$1 maturing on or before 120 days after the date of issue. See Schedule 1 for summary of the terms and conditions.
11. The Performance Rights will vest and convert into Shares (on the basis of 1 Share for every 1 Performance Right) subject to the following performance hurdles:
 - (a) 50% of the Performance Rights will vest and be convertible into Shares on completion of the Shortfall offer;
 - (b) 25% of the Performance Rights will vest and be convertible into Shares 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
 - (c) 25% of the Performance Rights will vest and be convertible into Shares upon the Company achieving production of 500,000oz of silver in any 6 month period, at any time up to 12 months after Shareholder approval is obtained.
12. Based on the closing price of the Shares (\$0.003), AYNO Options (\$0.001) and AYNOA Options (\$0.001) as the context requires on the ASX on 18 October 2013, or the last day in which trades were recorded in that class of security. Unlisted Options have been valued by the Company using the black & Scholes method of evaluation.
13. This convertible security has been fully redeemed by the Company via the issue of 150,000,000 Shares and 75,000,000 AYNOA Options. The current value of the convertible security has been calculated based on the current value of the Shares and Options issued on redemption.



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Control Number: 136716

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 2PM (WST) Monday 25 November 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Alcyone Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Alcyone Resources Limited to be held at the Kings Park Tennis Club, Lower Pavilion, 21 Kings Park Road, West Perth, Western Australia on Wednesday, 27 November 2013 at 2PM (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 6, 7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of the key management personnel, which includes the Chairman.

Important Note: For Resolutions 1, 6, 7 and 8, this express authority is also subject to you marking the box in the section below. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 6, 7 and 8 by marking the appropriate box in step 2 below.

Important for Resolutions 1, 6, 7 and 8: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolutions 1, 6, 7 and 8 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Resolutions 1, 6, 7 and 8, the Chairman of the Meeting will not cast your votes on Resolutions 1, 6, 7 and 8 and your votes will not be counted in computing the required majority if a poll is called on these resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 6, 7 and 8 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolutions 1, 6, 7 and 8 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6	Issue of Performance Rights to Mr Michael Reed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Paul D'Sylva as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Issue of Performance Rights to Dr Paul D'Sylva	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of prior Issues to Jacob Trading/Platinum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Performance Rights to Mr Timothy Morrison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for the Issue of Convertible Securities to Jacob Trading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of prior Issue to Komodo Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /