



ASX ANNOUNCEMENT

8 January 2014

Alcyone ships 15,000 ounces in the last week of 2013

Highlights:

- Alcyone commissions primary crusher upgrades and achieves nameplate crusher rates.
- Mining has now accessed high grade blocks with next ore block expected to deliver >142,000 stacked ounces.
- Alcyone forecasts to increase production rate to ~25,000 ounces per week.
- Final part of crusher upgrade now due for construction and expected to occur in coming weeks.

Precious metals producer Alcyone Resources (ASX: **AYN**) (“Alcyone” or “Company”) is pleased to advise that it has achieved several key production milestones at its Twin Hills Silver mine in Southern Queensland.

Following the recent commissioning of the primary crusher upgrade in early December 2013, tonnages are now at the nameplate capacity of 1.1 million tonnes per annum at the front of the circuit with the crusher delivering over 45,000 tonnes for leaching at a rate of 130 tonnes per hour or 96,000 tonnes per month.

During this post commissioning period, 98,381 ounces were stacked which is in line with current schedules and will underpin ongoing leaching in the coming months. Once the heap leach pads have access to ongoing sustained higher stacked ounces, the Company expects to achieve a production rate of 25,000 ounces per week compared to more than 15,000 ounces shipped in the last week of December 2013.

The mining rate from the Twin Hills mine has increased to meet the new demand schedule from the crusher. During the same period, the mining department delivered 73,617 ounces and moved 136,860 tonnes from the pit. Mining has now accessed high grade blocks with the next ore block anticipated to produce in excess of 142,000 ounces of ore feed available for stacking.

The final stage of the crusher upgrade is moving forward with the foundations poured in preparation for transport and commissioning of the High Pressure Grinding Rolls (HPGR). The installation of the HPGR will not only allow the Texas Silver mine to increase recovery by over 5 % representing an increase of \$22 million in revenue over life of mine but also provide the platform for tonnages to exceed 1.1 million as the new design allows the HPGR and Quad Rolls Crusher to work in tandem mitigating the risks of mechanical downtime.

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