



ASX ANNOUNCEMENT & MEDIA RELEASE

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ALCYONE SECURES \$5.5M IN FUNDING

Key Points

- **Alcyone has secured additional capital through Convertible Securities Agreements with Bergen Global Opportunity Fund II, LLC ("Bergen") and YA Global Master SPV ("Yorkville").**
- **Transaction secures additional working capital for Alcyone's Texas Silver Mine as it continues operational development.**

Australian silver producer Alcyone Resources Ltd (ASX: AYN – "Alcyone" or "the Company") has entered into Convertible Securities Agreements (the "Agreements") with Bergen Global Opportunity Fund II, LLC ("Bergen"), a US-based institutional investor managed by Bergen Asset Management, LLC ("Bergen Asset Management"), and YA Global Master SPV ("Yorkville"), a US-based institutional investor managed by Yorkville Advisors, to provide funding of \$5.5 million and up to \$10 million.

The funds will be used to provide additional working capital to support the continued development of the Company's Texas Silver Mine Operations in south-east Queensland.

Under the Agreements, Bergen and Yorkville will invest a minimum of \$5.5 million in the Company on a 50/50 basis by purchasing up to four interest-free unsecured convertible securities ("Convertible Securities").

The first investment of \$2.5 million will be made immediately by way of Convertible Securities (with an aggregate face value of \$2.625 million). Each of the subsequent three Convertible Security tranches will be purchased (100 days after the date of advance of the previous tranche, but subject to Alcyone's right to postpone the advances) at an aggregate purchase price of \$1 million and with an aggregate face value of \$1.05 million.

By mutual consent, Alcyone, Bergen and Yorkville may increase the purchase price of the subsequent Convertible Securities to up to a maximum of \$10 million in the aggregate.

Alcyone has the right to terminate the Agreements at any point by paying a termination fee. Alternatively, either party may terminate in the event that the share price is below a specified floor price.

The conversion price for the Convertible Securities is linked to the prevailing market price of Alcyone shares, being 90% of the average of five daily VWAP's during a specified period before the conversion date. Alternatively Bergen and Yorkville may elect to convert up to an aggregate of \$2.5 million at 135% of the average of the daily VWAP's during the 10 trading days before the date of execution of the Agreements.

The Agreements includes terms that grant Alcyone the right to repurchase the Convertible Securities for cash within a certain period of time and limit the ability of Bergen and Yorkville to dispose of the shares received on conversion.

The other key terms and conditions of the Agreement are summarised in the Annexure attached.

Alcyone's Managing Director, Mr. Andrew King, said: "The Agreements provide the Company with immediate access to funding through a flexible, convertible instrument with the ability to secure additional funding in stages. We are pleased to have secured this funding from two reputable US-based institutional investment groups.

"In addition, the Agreements provide the Company with an immediate boost to our working capital as we work through the production delays at the Texas Silver Mine which occurred during January and into mid-February, and which resulted from a number of factors outlined in the Company's December Quarterly Report.

"By the middle of February, Cell 5 on Leach Pad 4 had been completed, irrigated and was delivering silver. Cell 6 has been under construction with parts of it already under irrigation and breaking through. This progress forms the basis for a positive production outlook going forward."

About Bergen Asset Management

Bergen Asset Management is a New York-based asset management company that invests in high growth public and private companies around the world with a particular emphasis on the mature markets in Asia-Pacific. Bergen has made a number of investments in the Australian junior resources sector, and has successfully backed a number of ASX-listed companies.

About Yorkville Advisors

Yorkville Advisors is a US-based alternative investment manager that specializes in providing flexible, innovative financing to publicly listed companies in a variety of sectors including mining, oil & gas, healthcare, real estate, manufacturing & shipping and technology.

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For further information:

Andrew King – Managing Director
Alcyone Resources
Phone: +61-8 9476 3000

For media enquiries:

Nicholas Read
Read Corporate
Phone: +61 8 9388 1474

Annexure – Additional Key Terms of the Convertible Securities Agreements

Maturity date:	24 months from the date of execution
Interest rate:	0% pa
Repayment	On the Maturity Date, the Convertible Securities that remain outstanding will be mandatorily converted at the Conversion Price.
Limitations on conversion:	Bergen/Yorkville each will not convert less than A\$100,000 of the Convertible Securities at a time nor will they convert any Convertible Security in the first month after its advance.
Company's right to force conversion:	The Company will have the right to require the investors to convert all amounts outstanding if the daily VWAP's per share exceed \$0.10 for a specified period.
Options:	At the time the initial Convertible Securities are issued, Alcyone will grant each of Bergen and Yorkville 13 million three year unlisted options exercisable at 135 per cent of the average of the daily VWAP's for the 20 trading days immediately prior to the date of execution of the Agreements.
Fee:	The Company will pay the investors a commitment fee which will be satisfied by the issue of 3,879,310 shares to each of the investors.
Use of proceeds:	General corporate purposes.
Collateral shares:	The Agreements are secured against an issuance of a total of 24,800,000 collateral shares.
Other financial covenants:	None, including no restrictions on indebtedness or raising additional equity (except for facilities and convertibles of similar nature to this facility). The Conversion Price formula will not be affected by additional equity raises.
Other:	The terms of the Agreements do not permit shares to be issued, and there is no agreement to issue shares if shareholder approval is first required under the ASX Listing Rules. Shareholder approval is not required for the first tranche to proceed.