

**ALCYONE**

RESOURCES LTD

ASX Code: AYN

**Andrew King**  
*Managing Director*

Corporate Update  
April 2012



***Ramping up Production, Cash Flow & Exploration***  
*to Accelerate the Next Chapter of Growth*

# Disclaimer and Key Information

## Disclaimer

- This presentation has been prepared by the Directors of *Alcyone Resources Ltd* (“*Alcyone*” or the “*Company*”) from currently available public domain information to provide background information to enable recipients to review the business activities of *Alcyone*. It is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities.
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- Prospective investors should make their own independent evaluation of an investment in *Alcyone* including, without limitation, seeking professional advice.

## Competent Person Statements

- The information in this report that relates to data used for and the resultant Mineral Resources for the Texas Silver project is based on information compiled by Mr Peter Ball who is a Member of the Australasian Institute of Mining and Metallurgy and Director of DataGeo a mining and exploration consultancy.
- Mr Ball has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a “Competent Person” as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.
- Mr Ball consents to the inclusion in this Report of the information compiled in the form and context in which they appear.
- The information in this Report that relates to Exploration is based on information also compiled by Mr Ball.
- The information in this report that relates to data used for and the resultant Ore Reserve for the Texas Silver project is based on information compiled by Mr Bill Frazer who is a Member of the Australasian Institute of Mining and Metallurgy and Director of Mining One Pty Ltd a mining and geotechnical consultancy.
- Mr Frazer is a mining engineer with over 30 years experience in underground and open pit environments and has sufficient experience which is relevant to this type of mineral deposit and mining methodology to qualify as a “Competent Person” as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.
- Mr Frazer consents to the inclusion in this Report of the information compiled in the form and context in which they appear.

## Forward-Looking Statements

- Certain statements made during or in connection with this communication, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Alcyone’s exploration operations, economic performance and financial condition. Although Alcyone believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Alcyone undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today’s date or to reflect the occurrence of unanticipated events.

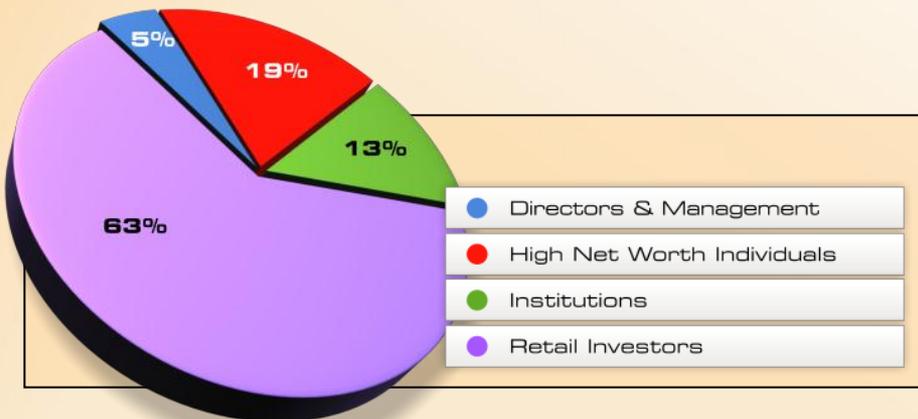
# Alcyone – the Vision

- To build a successful mid-tier Australian resources company with a reputation for focus, integrity and delivering value to shareholders by:
  - *Utilising strong cash flow generated by the current Twin Hills heap leach silver operation*
  - *Delivering organic growth via exploration success in silver and base metals across the broader Texas Project*
  - *Identifying and securing external growth opportunities with the potential to deliver a paradigm shift to advance AYN to the next level of market capitalisation*

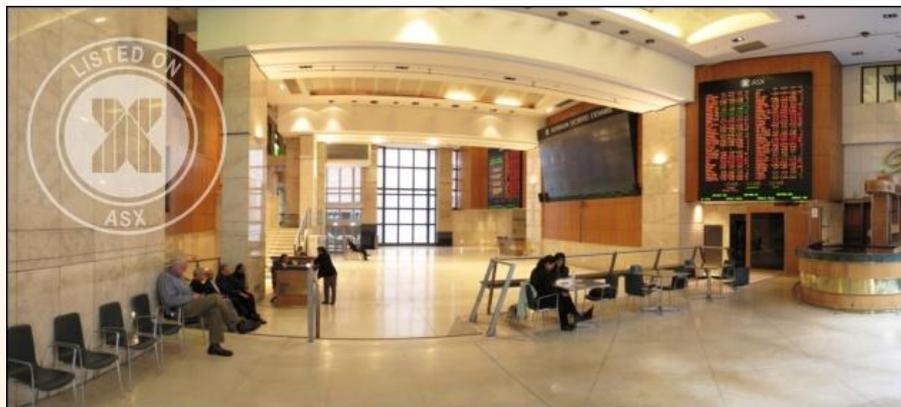


	Shares	Options
<b>Total</b>	<b>1,324.40M *</b>	<b>70.42.M*</b>
<i>* As at March 2012</i>		

<b>Share price:</b>	<b>\$ 0.08</b>
<b>Market Capitalisation</b>	
<i>Undiluted</i>	~A\$105M
<i>Cash (Mar 31st 2012)</i>	A\$1.3M
<b>Top 20:</b>	35%
<b>Ave. Daily Volume (Jan/Feb 2012)</b>	6.8M shares



Board & Management:	
<b>Charles Morgan</b>	<i>Non-Exec. Chairman</i>
<b>Andrew King</b>	<i>Managing Director</i>
<b>Andrew Richards</b>	<i>Non-Exec. Director</i>
<b>Ian McCubbing</b>	<i>Non-Exec Director</i>

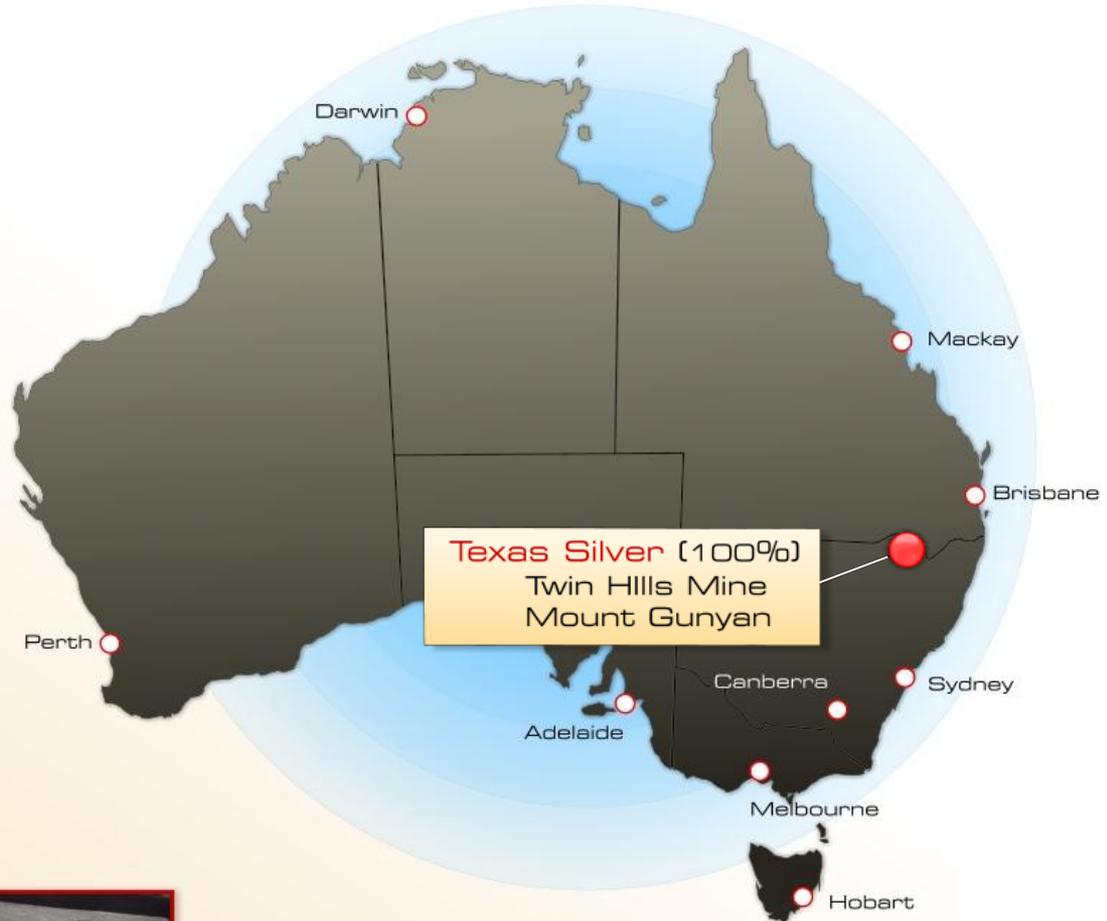


Hedging:
<b>50% of Production to December 2012</b>
<b>None post December 2012</b>
<b>\$3M Pre-pay repaid by December 2012</b>

- Silver production ramping up at Twin Hills Silver Mine:
  - *First silver from re-irrigation – July '11*
  - *New process plant commissioned – Sept '11*
  - *Heap leach at +75% capacity, ramping up to 100% - Q4 '12*
- Resource upgrade to +21Moz Ag, likely mine life extension to 7 to 8 years – Twin Hills and Mt Gunyan
- Growing cash flow:
  - *On track: steady-state production September Quarter*
  - *Accumulating war-chest to fund next chapter of growth*
- Exploration to drive organic growth:
  - *Targeting*
    - *+10 year mine life @ 1.5Moz pa Ag*
    - *30 to 50Moz total Ag (incl. current resource)*
  - *Further upside: silver and base metal targets*
  - *~\$3M exploration budget for 2H '12*
- Assess external opportunities



*“Alcyone has moved from a standing start to first silver production at Texas in just 18 months...”*



*“...and now looking to aggressively grow the resources at Texas through the drill bit”*

# Twin Hills – Production Ramp-up Underway



# Twin Hills – Production Ramp-up Underway



*Crusher*



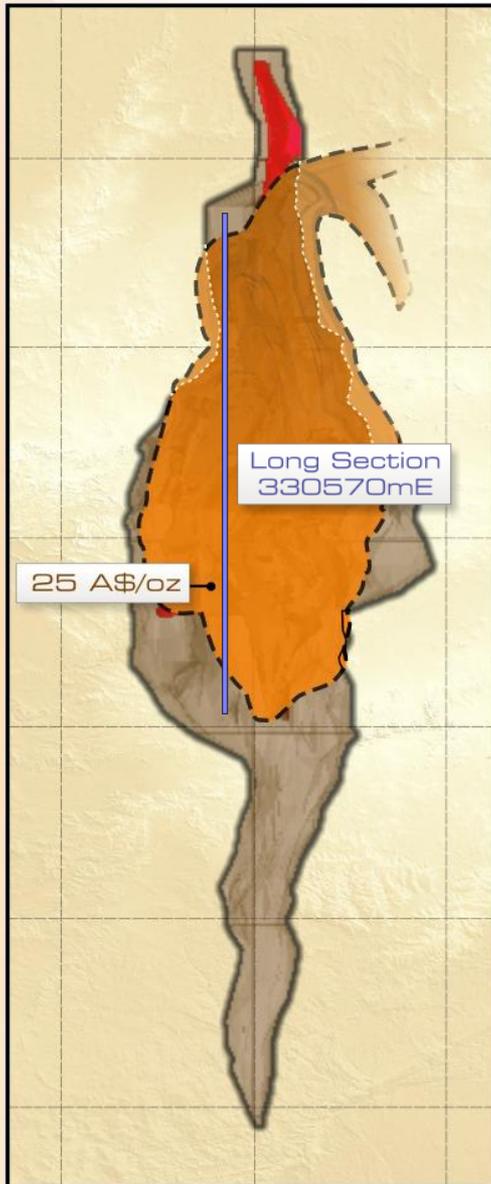
*Merrill Crowe bullion circuit*



*Silver pour*

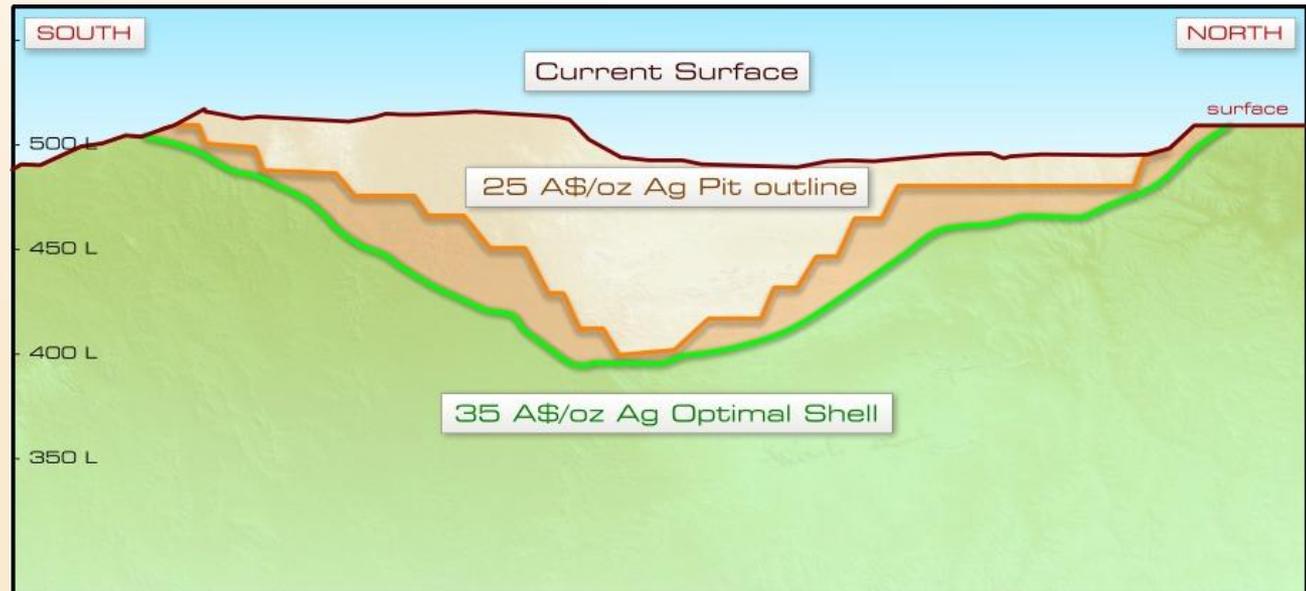


*Silver bullion*

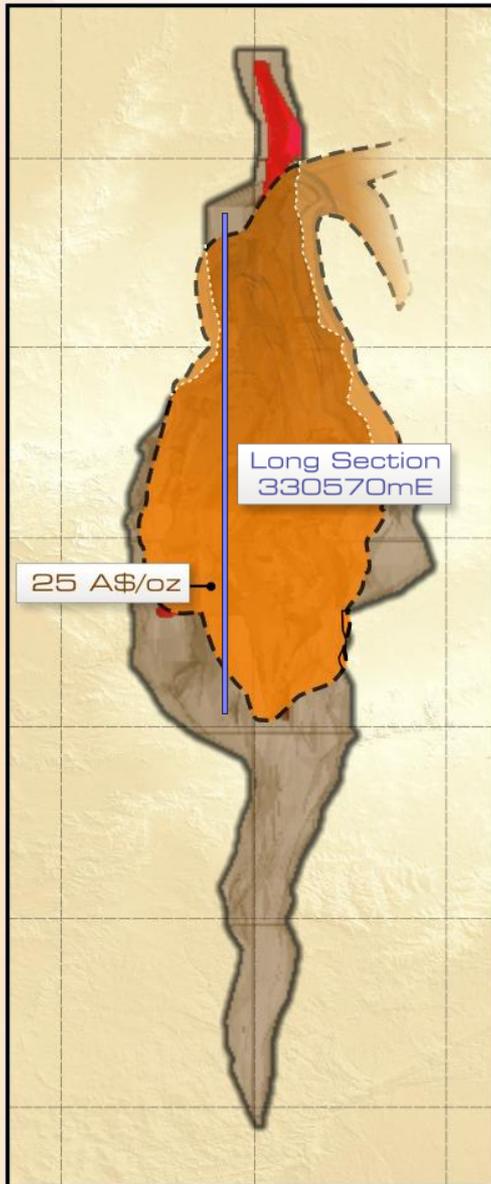


ORE RESERVE and PIT SCOPING FIGURES				
Ag AUD\$/oz	Tonnes	Ag g/t	Ag oz recovered	Strip Ratio
25	4,016,000	64	5,637,000	1.65
30*	5,929,000	54	7,056,000	1.41
35*	7,627,000	48	8,016,000	1.2

\* The \$30-\$35/oz case is based on the highest cash flow optimal shell and is not an ore reserve

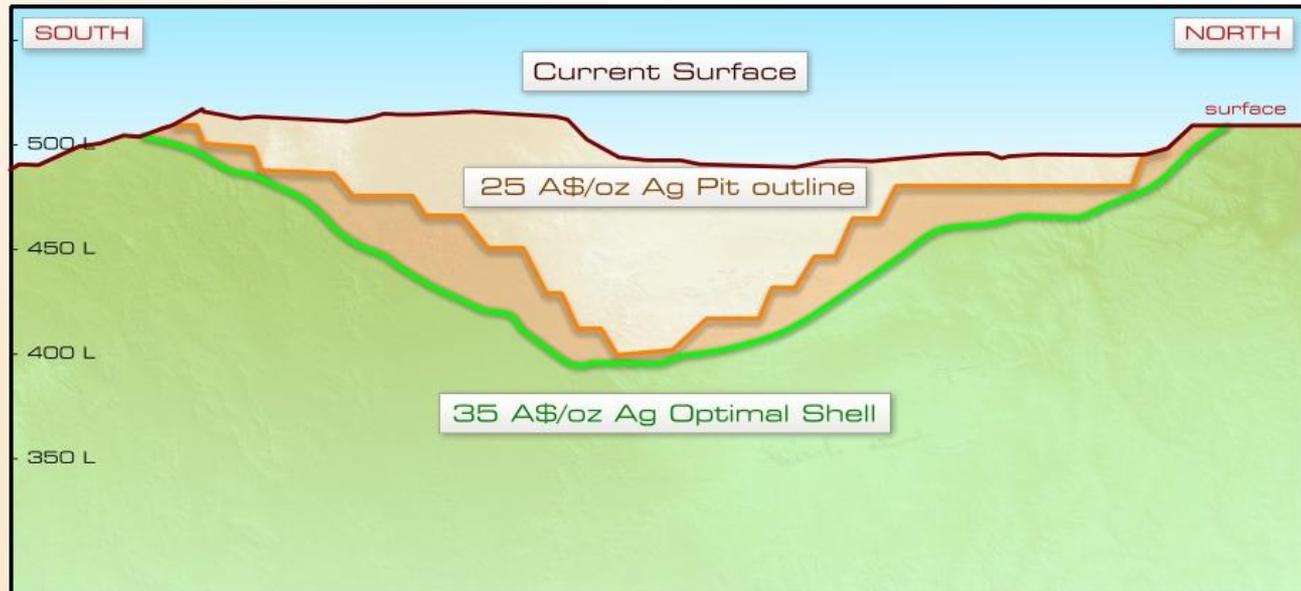


# Twin Hills Ore Reserve Metrics – A\$25 Ag oz



Cash Cost Ag A\$/oz	~\$15.00
Mining cost A\$/tonne ore	~\$7.00 - \$8.00
Processing cost A\$/tonne	~\$13.00
Current Stockpiles	~200kt @ > 60g/t Ag
Future Stockpiles	~860kt @ 25g/t Ag
Mine Life	4 to 5 years

Excludes current Heaps under irrigation

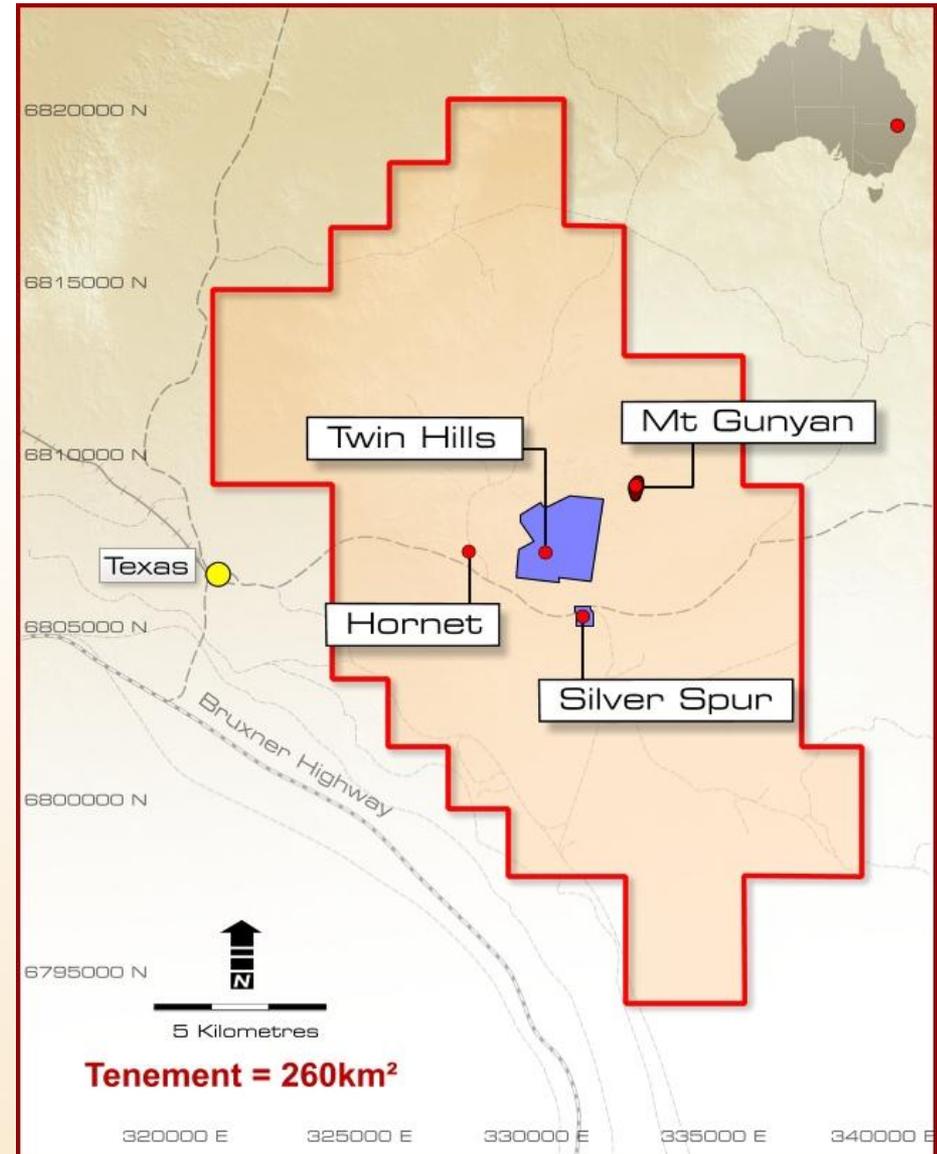


## Silver:

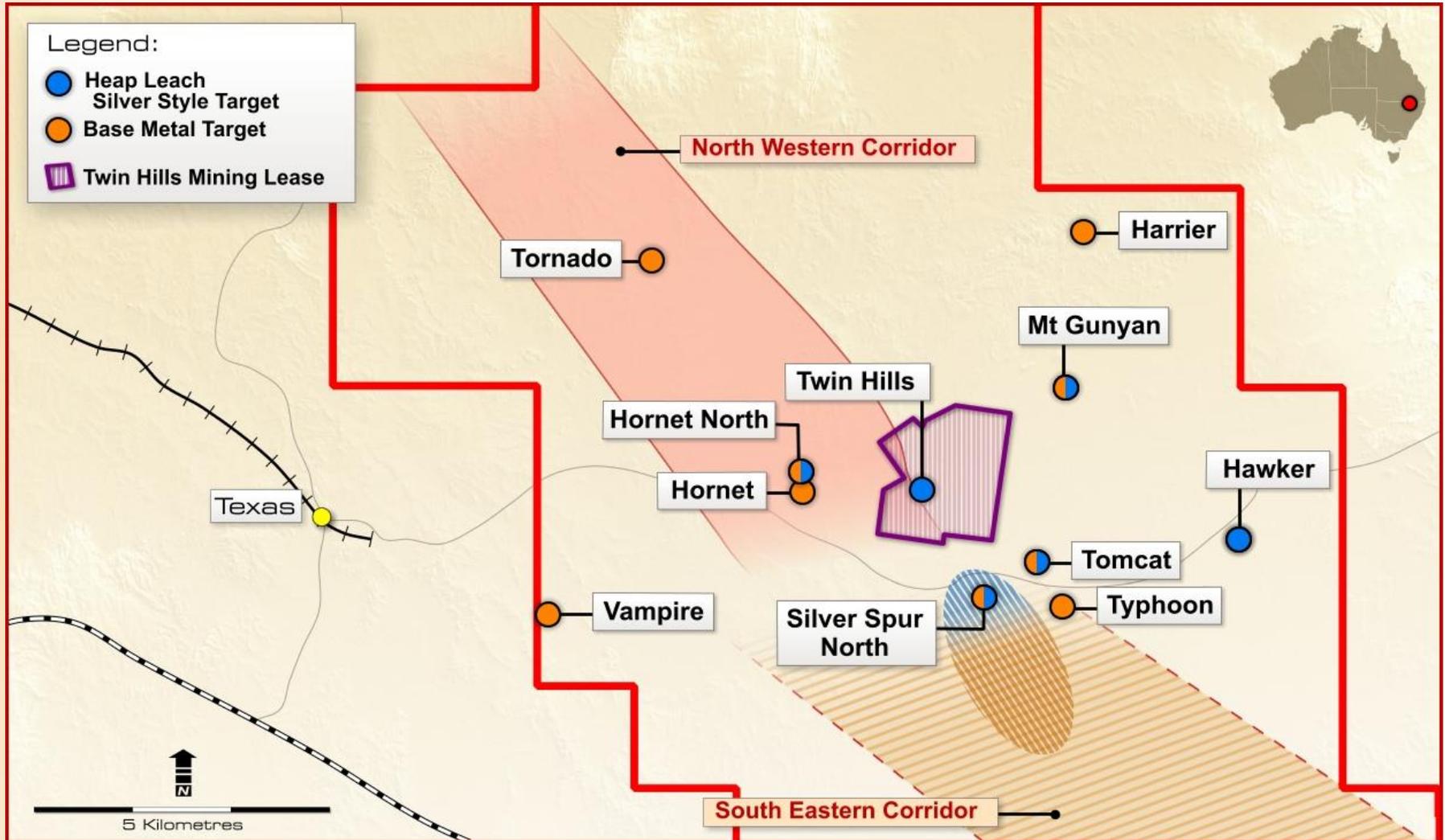
- Building Ag mine life and resources:
  - *Twin Hills ~5yrs*
  - *Mt Gunyan ~2 yrs*
  - *Targeting +10 years life and 30 to 50 Moz*

## Base Metals:

- Significant exploration potential
  - *Cu-Ag, Zn-Pb-Ag*
  - *Structural and Massive Sulphides*

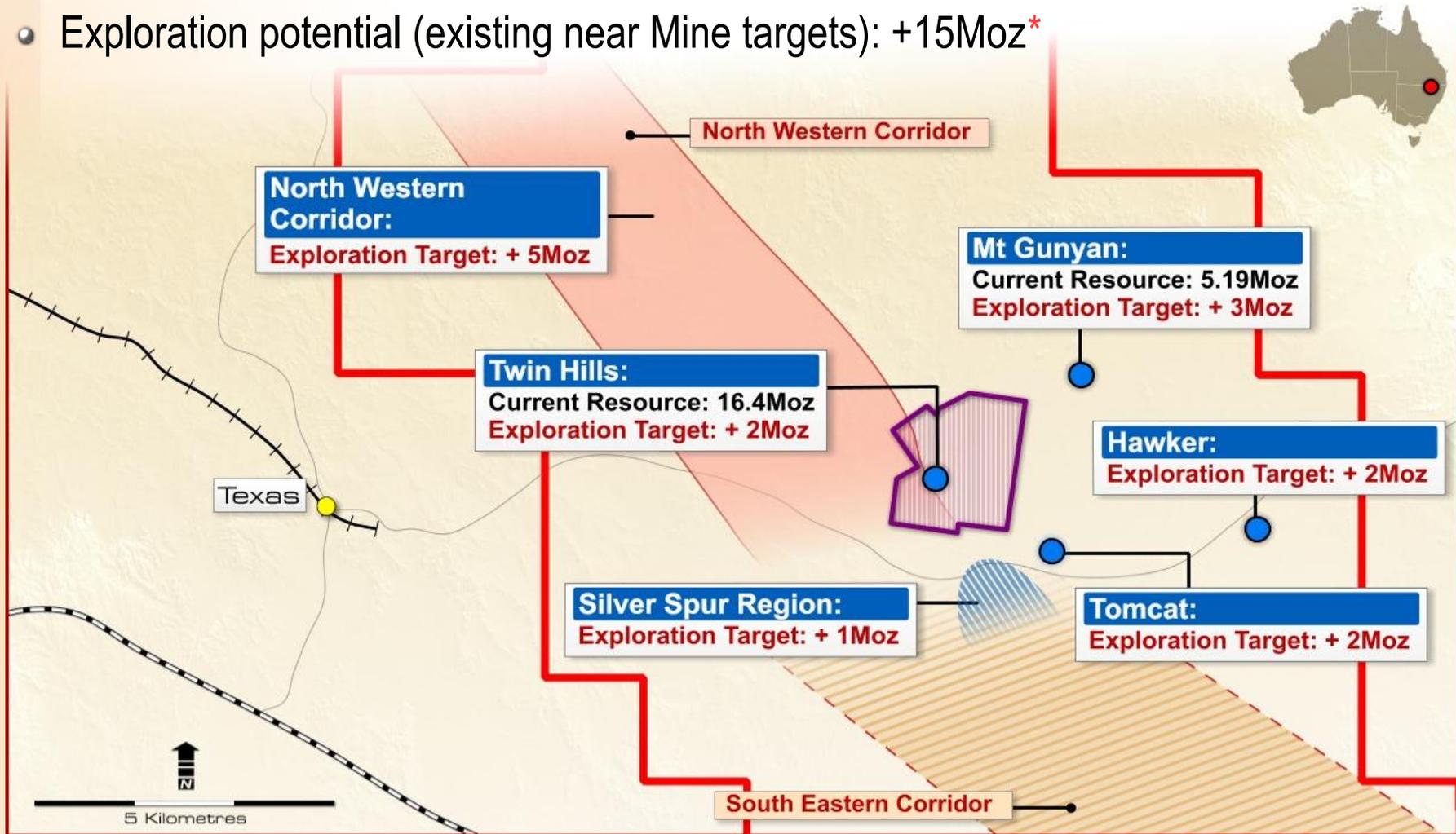


# Exploration Targets



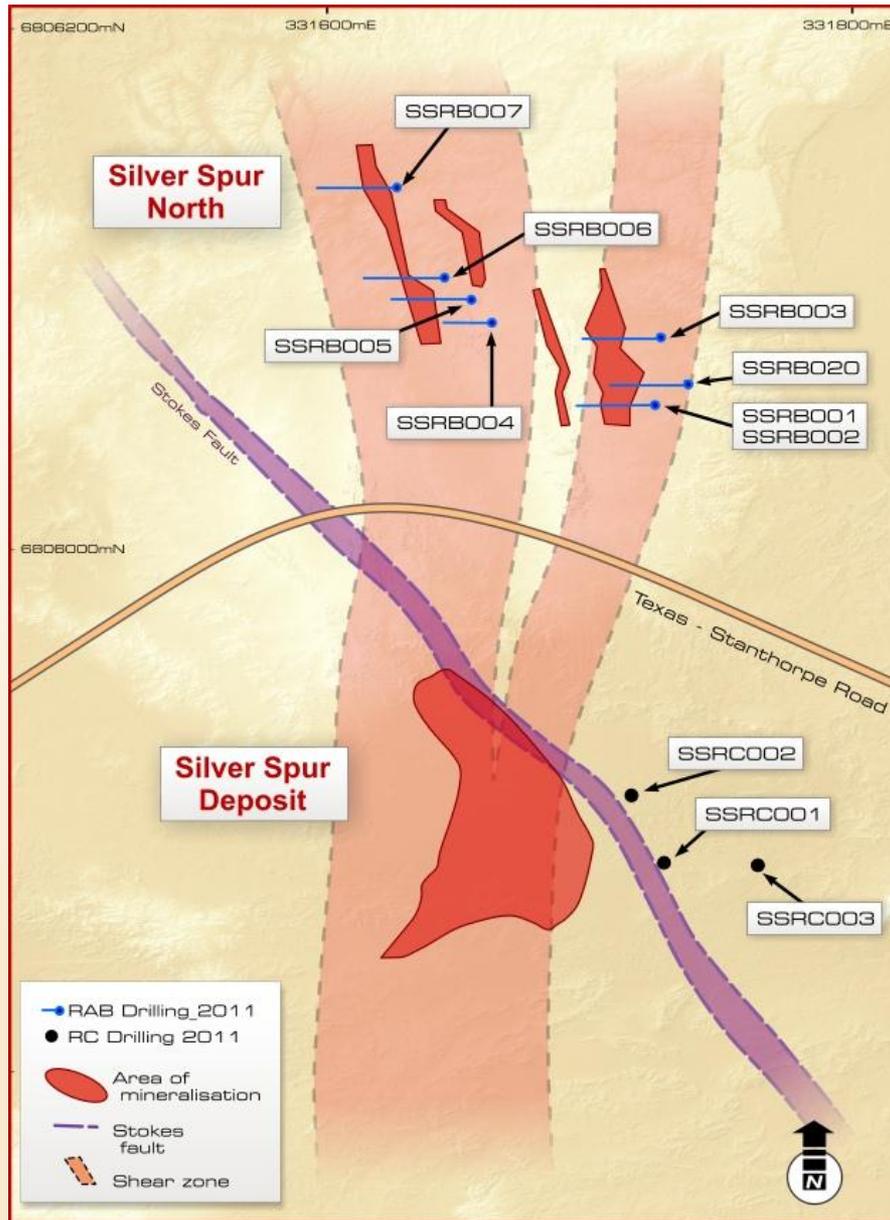
# Current Heap Leach Silver Potential

- Current resources 21.6Moz
- Exploration potential (existing near Mine targets): +15Moz\*

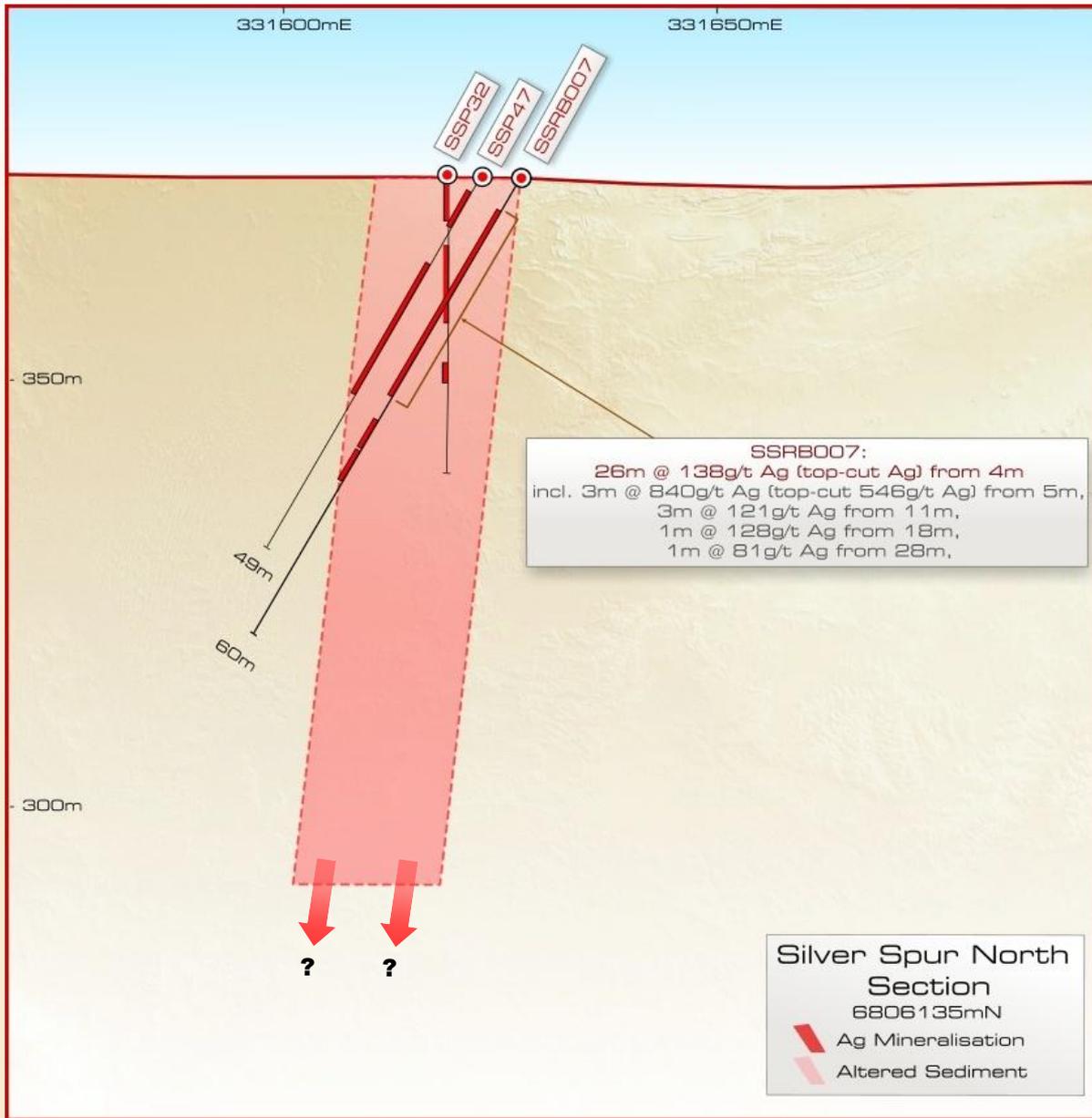


\* Note: Target sizes 0.5 to 2.0 Mt @ grade range 40 to 150 g/t Ag

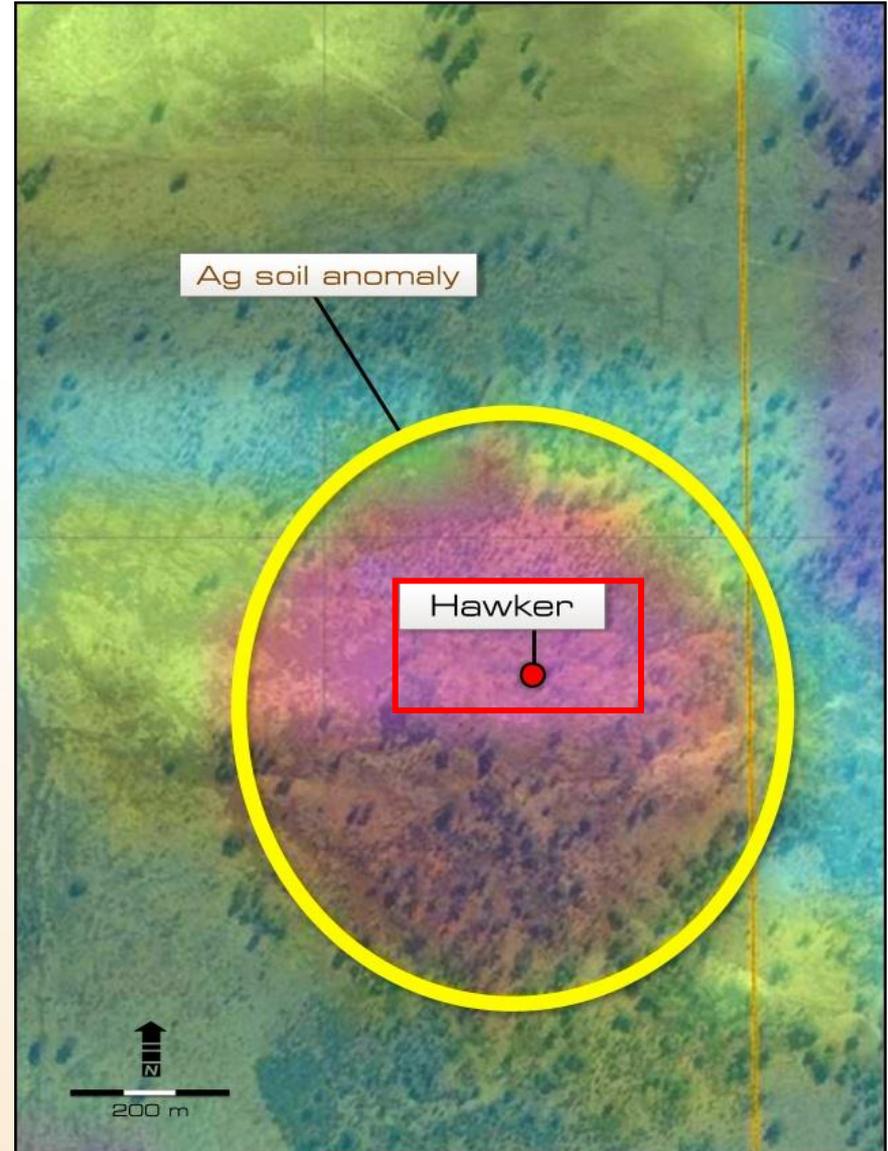
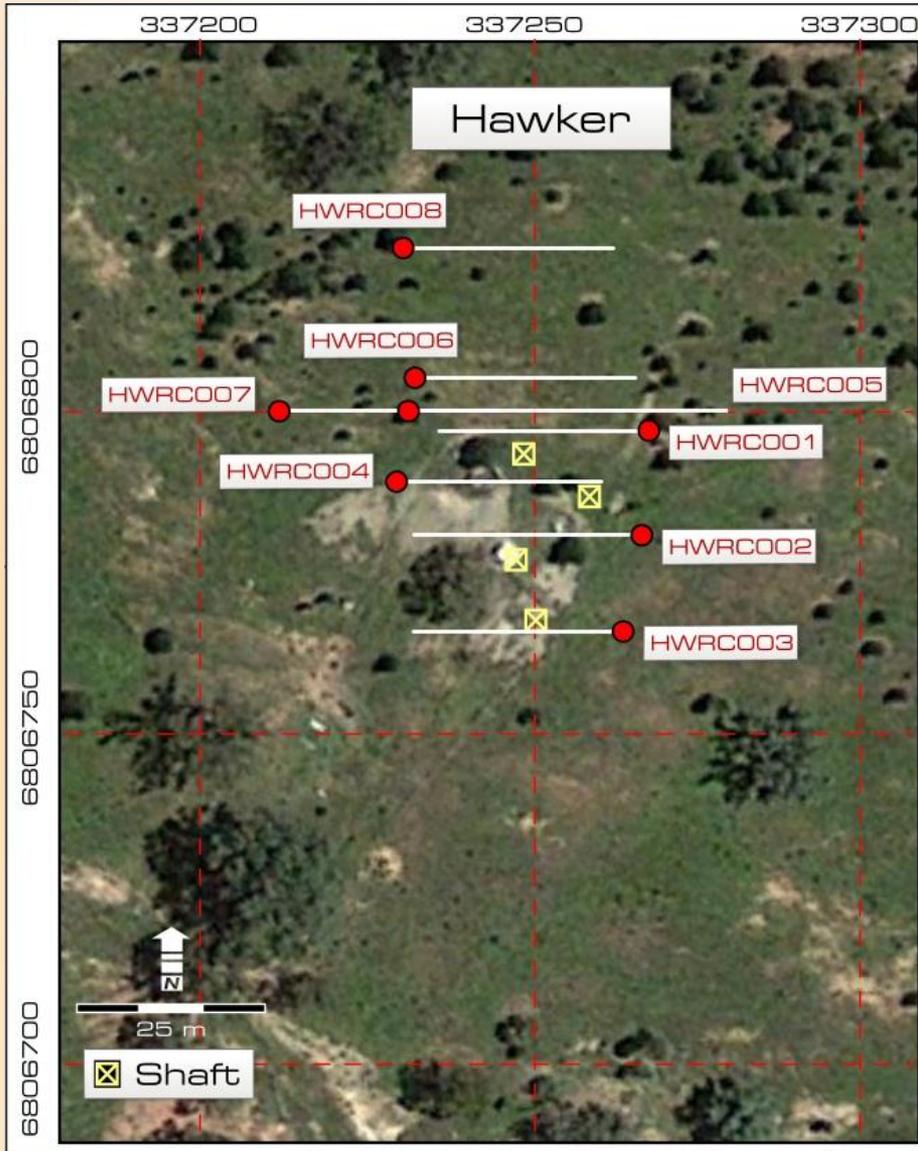
# Silver Spur North – Silver Target



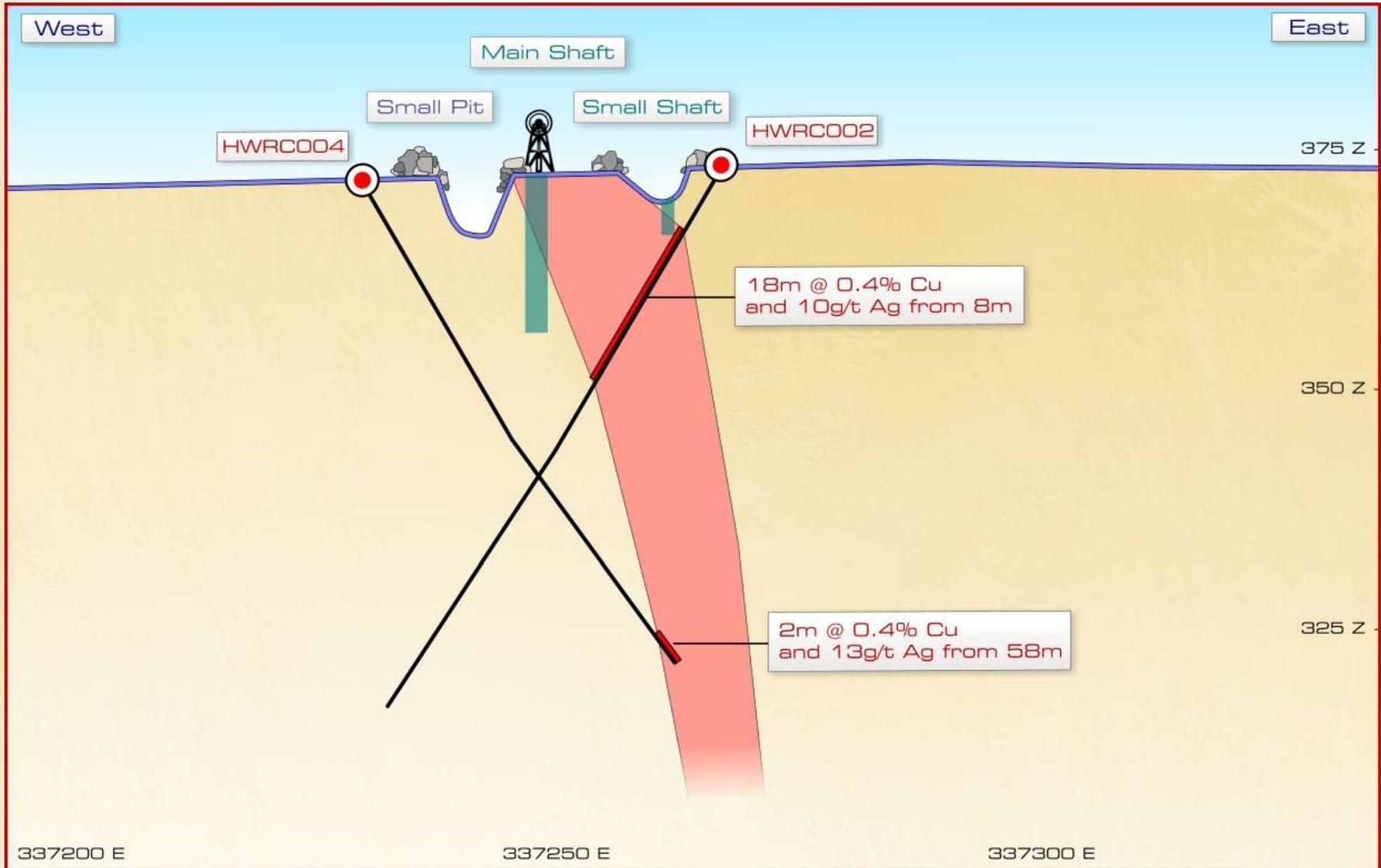
# Silver Spur North – Silver Target



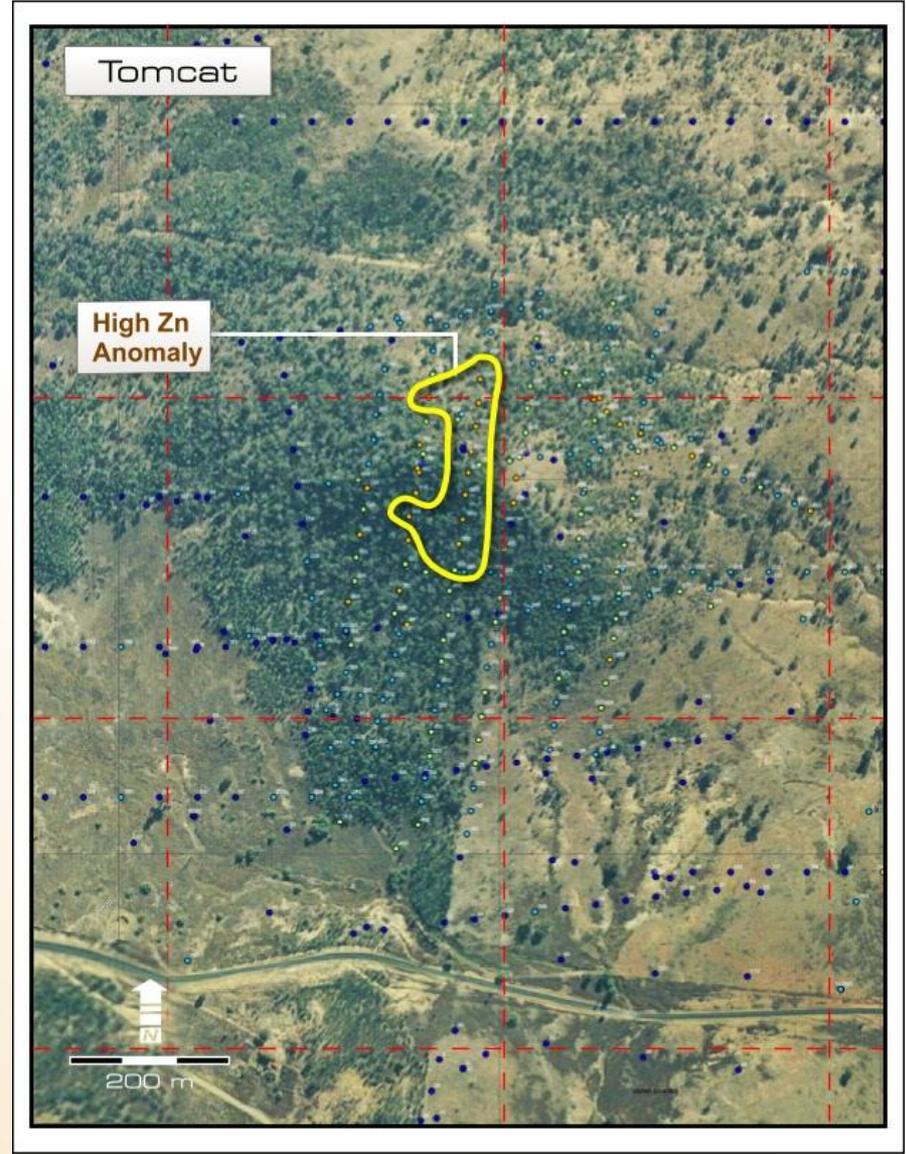
# Heap Leach Silver Targets - Hawker



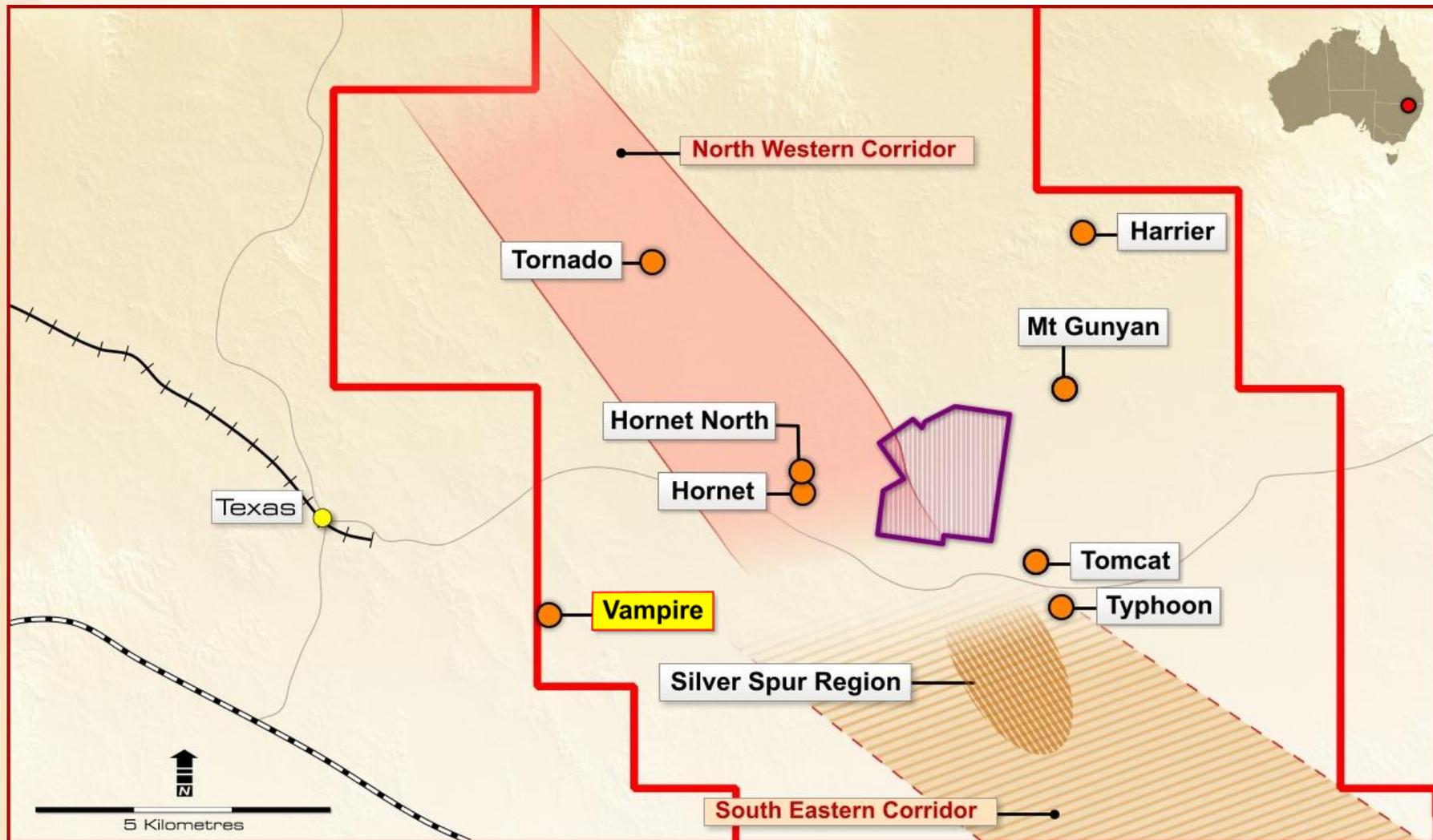
# Heap Leach Silver Targets - Hawker

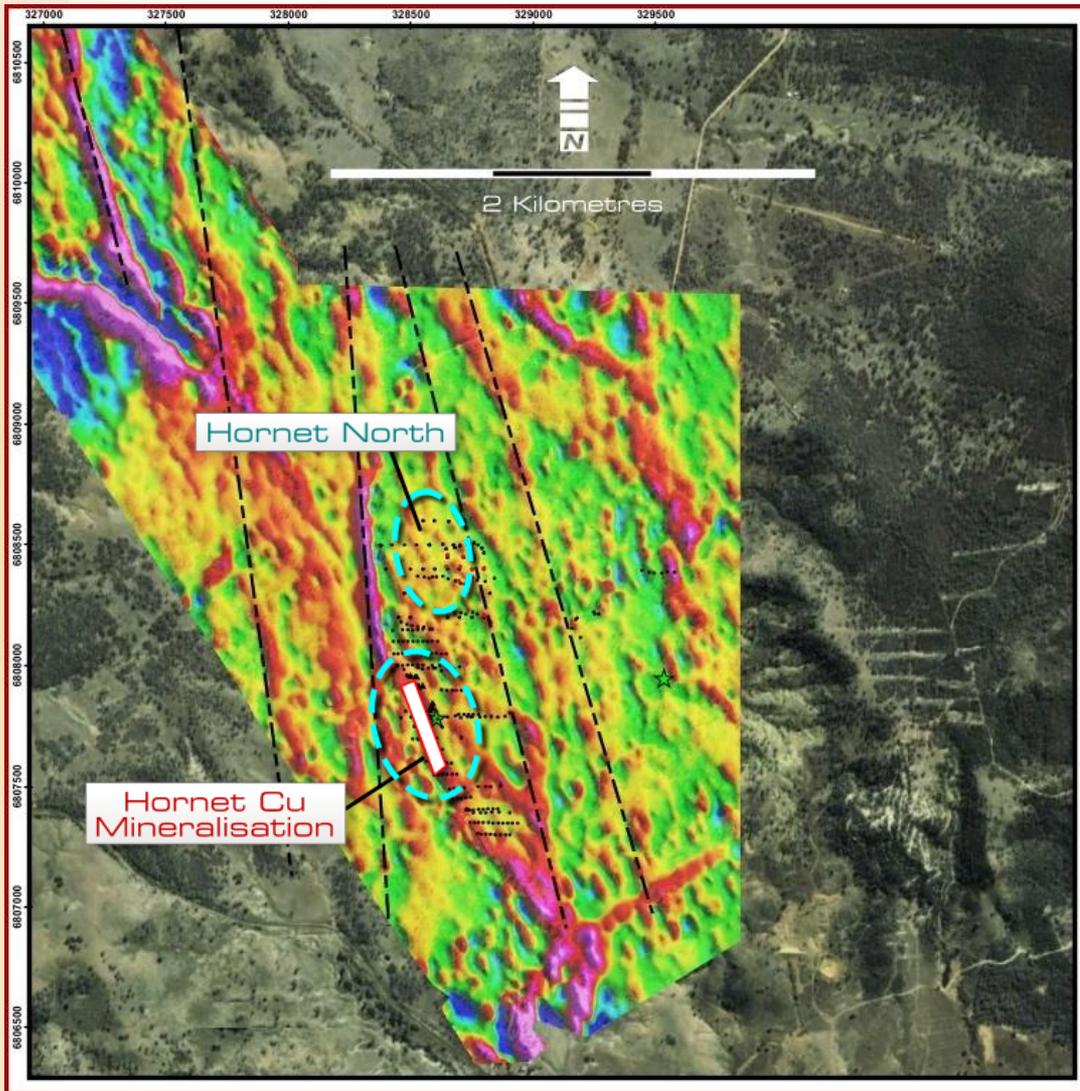


# Heap Leach Silver Targets - Tomcat



# Base Metal Exploration Targets

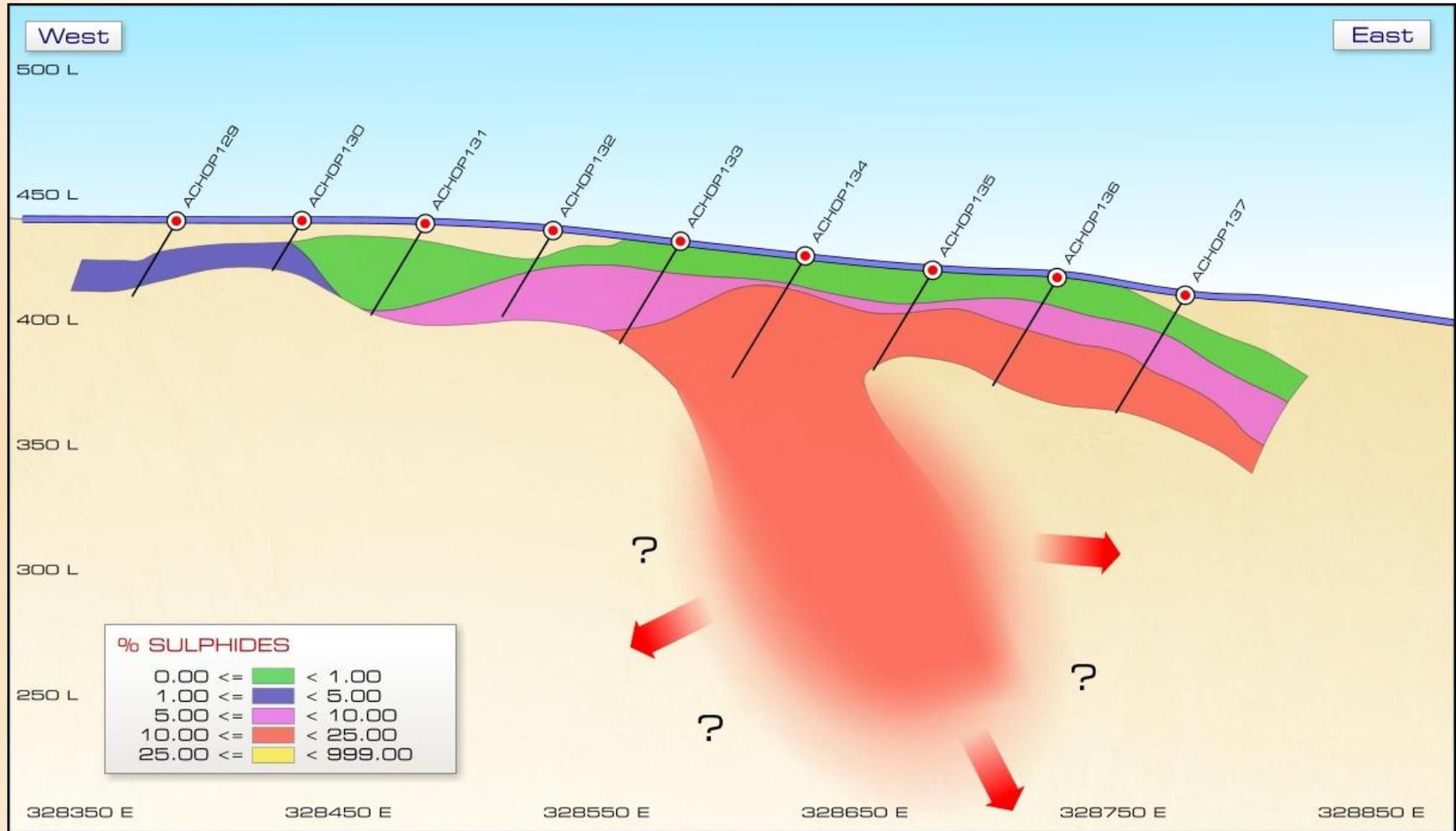




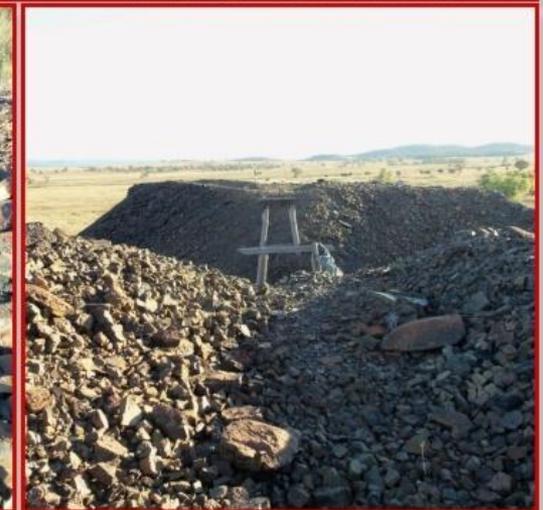
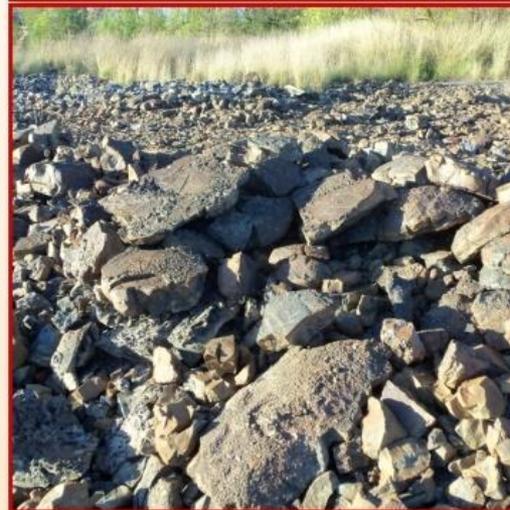
- Hornet North
  - *Zones up to 25% Sulphides*
  - *Zn grades up to 1% Zn*
- Falcon
  - *Chip samples*
    - *184 g/t Ag*
    - *2.7% Cu*
    - *3.4% Zn*
    - *13.7% Pb*



# North West Corridor – Hornet North Schematic

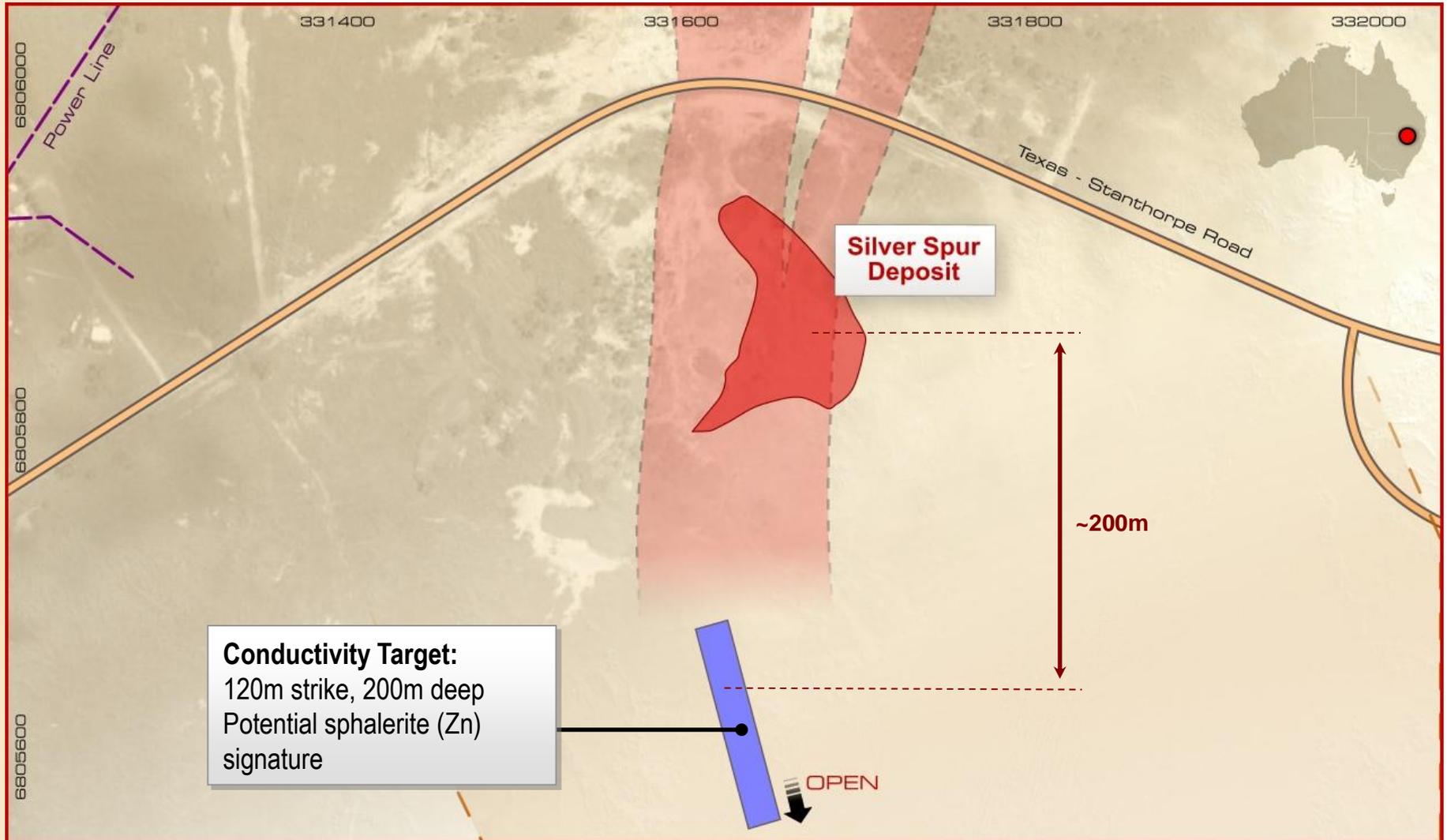


- Inferred JORC resource of **808,000t @ 3.56% Zn, 1.25% Pb, 70g/t Ag** (above 2% ZnEq cut-off)\*
- Historical mining – **90-100,000t at 25% Zn, 13% Pb and 800g/t Ag**

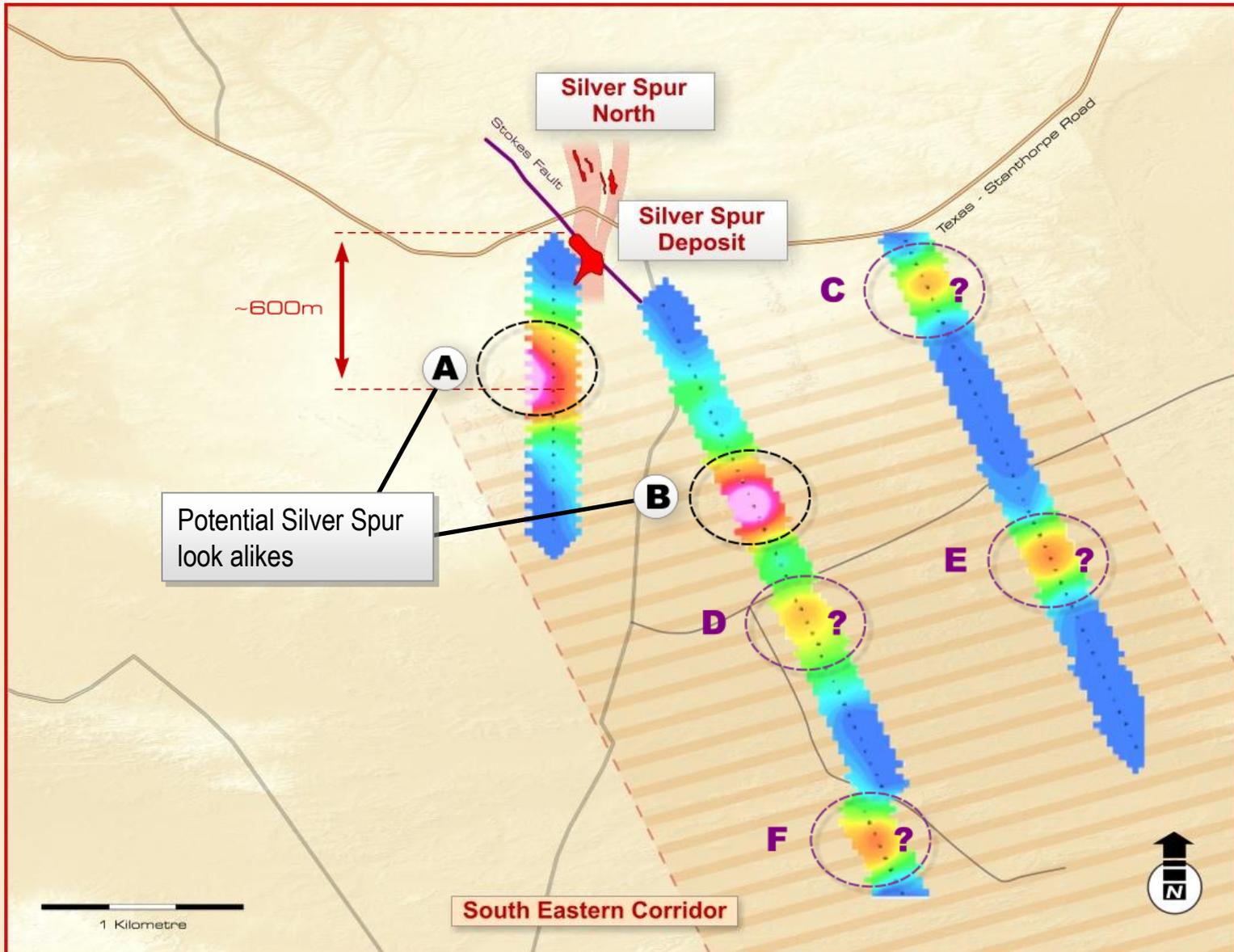


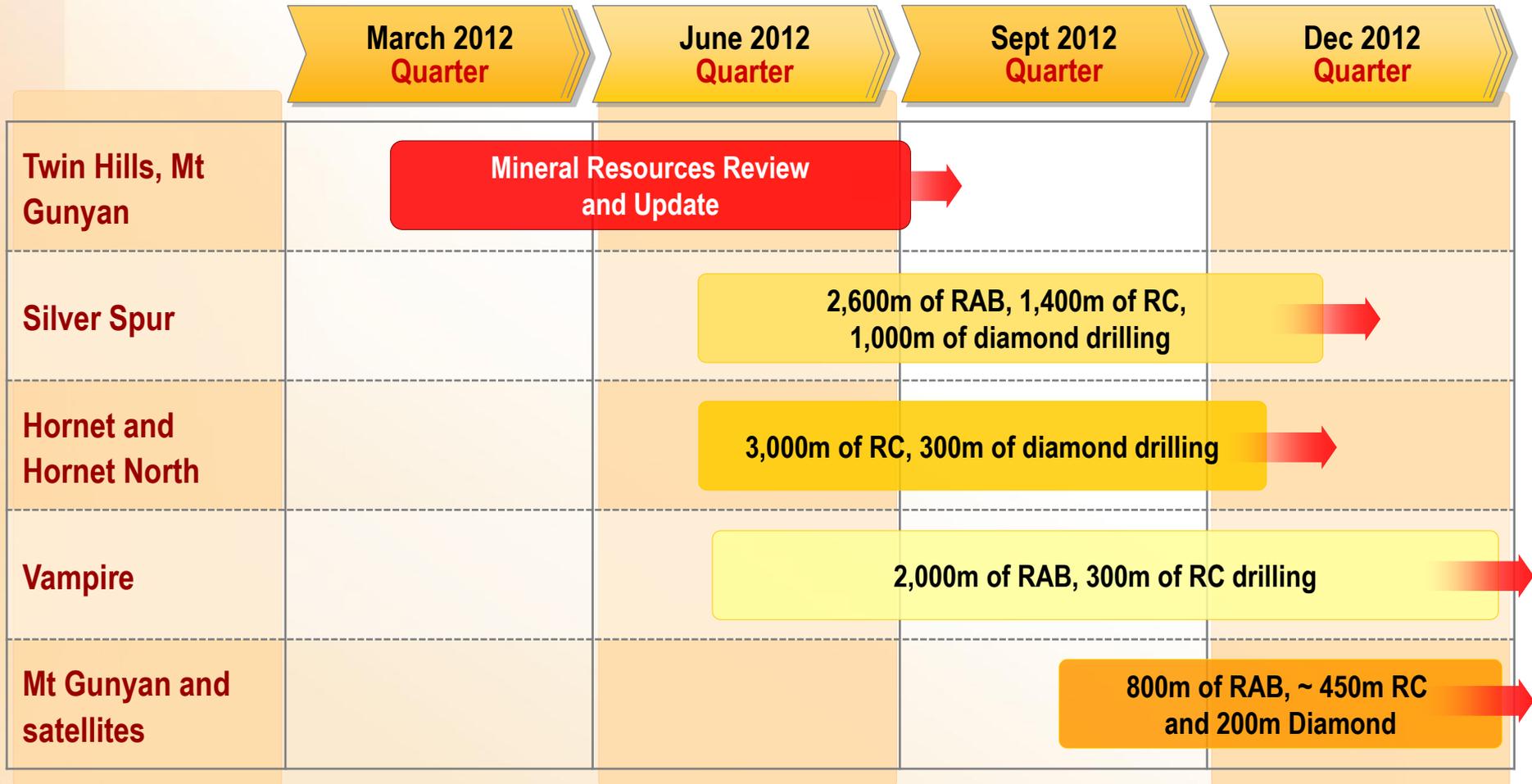
\* As published in ASX announcement 14/07/04

# South East Corridor – Silver Spur EM Results

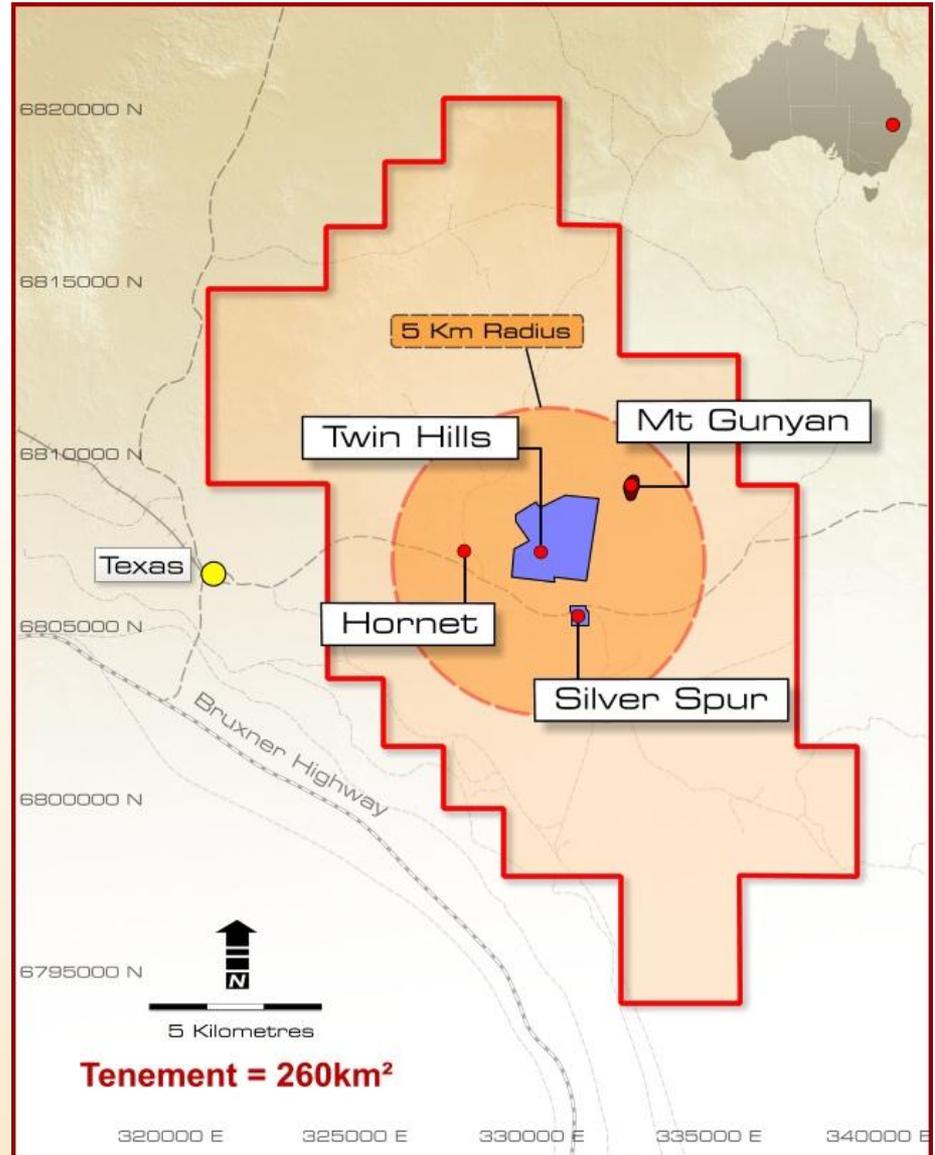


# South East Corridor – Silver Spur Regional EM

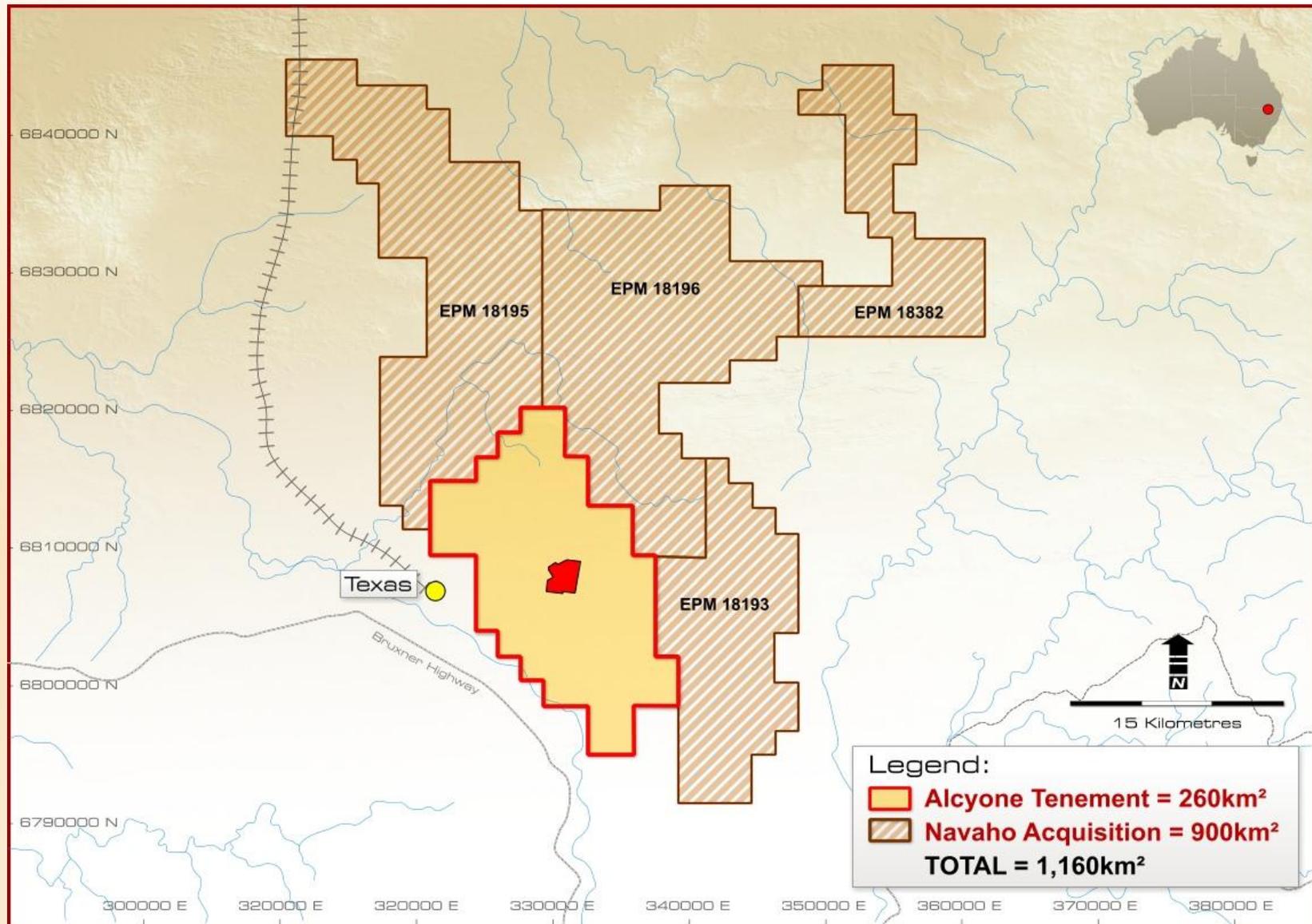




- Drilling program overlap between targets to suit rig availability
- ~ 6,500m of RAB, 6,000m of RC and 1,800m of Diamond Drilling



# Exploration – Expanded Focus



## *Production*

- New Australian silver producer
- Texas Project recommissioned within 18 months
- Heap leach ramping up to full capacity
- Resource upgrade to +21Moz – potential to extend mine life

## *Exploration*

- Established 5-year mine life – targeting +10 years
- Ag Mineral Resource 21Moz – targeting 30 to 50Moz
- Developing Base Metals resource potential (Pb, Cu, Zn, Ag)

## *Growth*

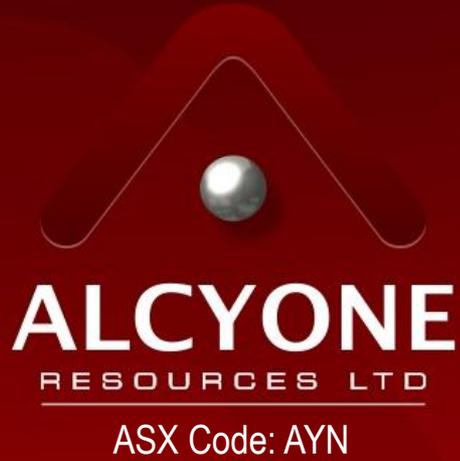
- +\$3M exploration budget 2H' 12
- Actively assessing new opportunities



# Texas Project – 2010 Mineral Resource Inventory

Deposit	Category	Tonnes	Silver	Gold	Contained Silver (Moz)	Contained Gold (oz)
			(g/t Ag)	(g/t Au)		
<i>Twin Hills *2012</i>	Measured	2,278,000	81	0.09	5.960	6,700
	Indicated	6,267,000	44	0.07	8.865	14,500
	Inferred	931,000	53	0.06	1.575	1,700
	<b>TOTAL:</b>	<b>9,476,000</b>	<b>54</b>	<b>0.08</b>	<b>16.400</b>	<b>22,900</b>
<i>Mt Gunyan *2010</i>	Measured:	242,000	69	0.16	0.537	1,300
	Indicated	1,777,000	69	0.08	3.925	4,400
	Inferred	329,000	69	0.05	0.728	500
	<b>TOTAL:</b>	<b>2,347,000</b>	<b>69</b>	<b>0.08</b>	<b>5.190</b>	<b>6,200</b>
<b>PROJECT TOTAL*</b>	<b>All Categories</b>	<b>11,823,000</b>	<b>57</b>	<b>0.08</b>	<b>21.590</b>	<b>29,100</b>

\* The Twin Hills mineral Resource as declared at 29 March 2012; is inclusive of the Ore Reserve. Twin Hills mineral resource has been depleted for material mined to end of February 2012. Twin Hills reported above a 26.5g/t Ag cut-off; Mt Gunyan above a 40g/t Ag cut-off.



## CONTACT

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