

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Alcyone Resources Ltd

ABN

53 056 776 160

Quarter ended ("current quarter")

December 2009

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	757
1.2 Payments for		
(a) exploration and evaluation	(345)	(488)
(b) development	-	-
(c) production	-	-
(d) administration	(444)	(1,022)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	89
1.5 Interest and other costs of finance paid	(3)	(78)
1.6 Income taxes paid	-	-
1.7 Other – Payments to Creditors' Trust	(1,608)	(1,608)
<b>Net Operating Cash Flows</b>	<b>(2,382)</b>	<b>(2,350)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects –	-	-
(b) equity investments	(12)	(12)
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	-	26
(c) other fixed assets	21	21
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>9</b>	<b>35</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,373)</b>	<b>(2,315)</b>

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1.13	Total operating and investing cash flows (brought forward)	(2,373)	(2,315)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from convertible note		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – Share Issue Expenses	(379)	(379)
	<b>Net financing cash flows</b>	<b>3,777</b>	<b>3,763</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,404</b>	<b>1,448</b>
1.20	Cash at beginning of quarter/year to date	1,169	1,125
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,573</b>	<b>2,573</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	149
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	i) Directors Fees and Remuneration of Directors - \$148,850.00	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows  
Refer schedule 1
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

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### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	550
4.2	Development	-
<b>Total</b>		<b>550</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	69	1,169
5.2	Deposits at call	2,504	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>2,573</b>	<b>1,169</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	No Changes		
6.2	Interests in mining tenements acquired or increased	No Changes		

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	620,555,407	620,555,407		Fully paid
7.4 Changes during quarter (a) Increases through: Share issues - 09 Oct 2009 - 09 Oct 2009 - 16 Oct 2009 - 16 Oct 2009 - 01 Dec 2009  (b) share consolidation 20 for 1 basis	50,000,000 100,000,000 400,000,000 25,000,000 20,000,000  25,555,407	50,000,000 100,000,000 400,000,000 25,000,000 20,000,000  25,555,407		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			<b>Issue Price</b>	<b>Issue Date</b>
7.7 <b>Options</b> <i>(description and conversion factor)</i>	140,000,000 667,902 260,000 423,750 250,000	667,902	<b>Exercise Price</b> 1 cent each \$1.60 each \$5.60 each \$9.00 each \$9.60 each	<b>Expiry Date</b> 30 Sep 2012 30 Sep 2011 29 Nov 2010 14 Aug 2011 09 Nov 2012
7.8 Issued during quarter	10,000,000		1 cent each	30 Sep 2012
7.9 Exercised during quarter	20,000,000		1 cent each	30 Sep 2012
7.10 Expired during quarter	75,625		4.00 each	01 Nov 2009

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7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 28 January 2010

Print name:

KEVIN HART

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

**Schedule 1**  
**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Pursuant to the terms of the Recapitalisation Deed executed on 27 July 2009 and approved by creditors on 6 August 2009 all claims of creditors against the company and its subsidiary Texas Silver Mines Pty Ltd ('Texas) were to be extinguished following a number of cash payments, some upfront and some delayed, the issue of company shares, the grant of two royalties, which when combined, equate to a 3% gross revenue royalty on specified silver production and the transfer of certain assets to the creditors' trusts of the company and Texas.

Having satisfied all the conditions of the Recapitalisation Deed on 13 October the company emerged from Voluntary Administration

The non cash assets transferred pursuant to the terms of the Recapitalisation Deed are as follows

- All outstanding accounts receivable of the Companies at Settlement.  
Any silver powder held at the Twin Hills Mines site as well as any silver powder or silver bullion held by Siltech Pty Ltd or CMA Recycling Pty Ltd or in transit at Settlement.
- The shares held by Alcyone in New Guinea Gold Corporation, Frontier Resources Limited and Malachite Resources Limited.
- The New Guinea Gold Royalty.
- The issue of 25,000,000 shares in the company at a deemed issue price of 1 cent each
- The allowable research and development tax offset refunds for the 2006, 2007 and 2008 income tax years. To the extent that these tax refunds cannot be transferred to the Creditor's Trust, Alcyone will hold these on trust and pay the equivalent of the refund received to the Creditors' Trust within 5 Business Days of receiving same.

The net effect of the transfer of assets and liabilities to the creditors trust resulted in a transfer of net liabilities amounting to \$9,887,464.88 at 31 December 2009

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+ See chapter 19 for defined terms.