



## ALCYONE ON TRACK TO LIFT MOUNT GUNYAN SILVER RESOURCE FOLLOWING STRONG DRILLING RESULTS

**HIGH-GRADE ASSAYS CONFIRM NEAR SURFACE SILVER MINERALISATION, WITH BASE METAL ZONE AT DEPTH**

### HIGHLIGHTS

- Further high-grade assay results received from diamond drill program at the Mt Gunyan silver deposit, with intersections including:
  - 5m @ 148g/t Ag and 2.8g/t Au from 49m in hole ACMTGD011;
  - 1.6m @ 110g/t Ag from 56m in hole ACMTGD005; and
  - 1m @ 100g/t Ag from 6m in hole ACMTGD007.
- Confirmation of base metal zone at depth and increasing evidence of a substantial zone of gold mineralisation with potential to add to overall project economics
- Results provide further impetus for updated JORC resource estimate for Mt Gunyan, which is expected to provide additional feed and extend the mine life of the Texas Silver Project

Alcyone Resources Limited (ASX: AYN; 'Alcyone' or 'the Company') is pleased to report further strong results from the resource extension program at the Mt Gunyan deposit, part of its 100%-owned Texas Silver and Polymetallic Project in south-east Queensland, with assay results confirming significant potential for a resource upgrade.

The Company is targeting the announcement of an updated JORC compliant mineral resource estimate for the Texas Project in November 2010.

The Phase One drilling program at Mt Gunyan has now been completed, comprising 14 diamond drill holes for 1,400 metres of drilling, with the deepest hole reaching 176m below surface.

Assay results from the latest eight holes have enhanced the known near-surface silver mineralisation and confirmed the potential to increase the mineralisation envelope in both the southern and central parts of the deposit. The best results (+50g/t Ag or substantial down hole lengths of elevated base metals [+0.5% combined Pb and Zn]) are shown in Appendix 1, Table 1.

In the southern section of the resource, hole ACMTGD007 returned 8.1m @ 58g/t Ag from 2.4m downhole, including 1m @ 106g/t Ag in a position that is considered likely to extend the southern mineral resource.

In the central portion of the Mt Gunyan resource, hole ACMTGD005 delivered 5m @148g/t Ag from 49m downhole and ACMTGD011 returned 1.6m @ 100g/t Ag from 56m downhole (see Figures 1 and 2).

As can be seen in Figure 2, the new intercepts have the potential to add to the existing resource at Mt Gunyan, with additional infill drilling to be considered after the resource model has been reviewed.

There are several deeper high grade silver intercepts such as 2.6m at 140g/t Ag from 99m downhole in hole ACMTGD007 (*Appendix 1, Table 1*). Their impact on the resource model will be assessed as part of the overall review in the coming months.

The drilling has also provided further evidence of a substantial zone of gold mineralisation which is related to, but not coincident with the silver mineralisation, as evidenced by hole ACMTGD011. While relatively low-grade compared to most stand-alone gold orebodies, this zone of mineralisation could have potential to significantly add to the overall project economics for Mt Gunyan. The Company intends to model this gold mineralisation as part of the ongoing resource review.

Holes ACMTGD005 and ACMTGD011 also intersected elevated lead and zinc grades over significant intersections from approximately 70 metres below surface. While the grades were sub-economic (approximately 0.8% combined lead/zinc), they could signify proximity to the base metals target referred to in Alcyone's ASX announcement dated 15 September 2010.

The assay results from the ten holes received to date provide further confidence in the Mt Gunyan resource model, particularly those areas occurring near surface, with the silver intersections suggesting a likely increase in the mineral resource. However they also highlight the complex nature of the mineralisation at depth with zoning of lead and zinc evident.

Alcyone's Managing Director, Mr Andrew King, said the results reinforced the potential of Mt Gunyan to provide additional feedstock and extend the Project's mine life:

*"These are very encouraging results that suggest there is significant potential to add to the existing Mt Gunyan resource and build a key source of additional feed for the Twin Hills plant, which we're targeting to restart before the end of the year"* Mr King said.

*"It also reinforces the broader prospectivity of the Texas region to yield new zones of mineralisation, which we will be aggressively targeting as part of our ongoing regional exploration initiative."*

ENDS

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## About Alcyone

*Alcyone Resources Limited (ASX Ticker: AYN) is an Australian-based resource company focused on the reassessment and re-development of the Twin Hills Silver Mine, located south-west of Brisbane near the town of Texas in south-east Queensland.*

*Alcyone has commenced work on a program targeting the resumption of silver production at Twin Hills by the end of 2010. This includes metallurgical test work to confirm the parameters for a re-design of the processing system, as well as a complete review of all available geological data. Based on this review, the Company delivered a JORC-compliant resource statement of 5.9Mt @ 79g/t Ag for 15.1Moz of contained silver in March 2010.*

*The Twin Hills mine remains fully developed and is in a position to immediately recommence operations following a decision to start commercial silver extraction. Alcyone is aiming to recommence mining at Twin Hills in the Fourth Quarter of calendar 2010.*

*In addition to the resumption of production at Twin Hills, Alcyone is also focused on assessing and capitalising on the significant exploration potential within its 275 sq km tenement package at Texas, including the potential for polymetallic and base metal mineralisation.*

## 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 Australian 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.*

## Forward-Looking Statement

*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.*

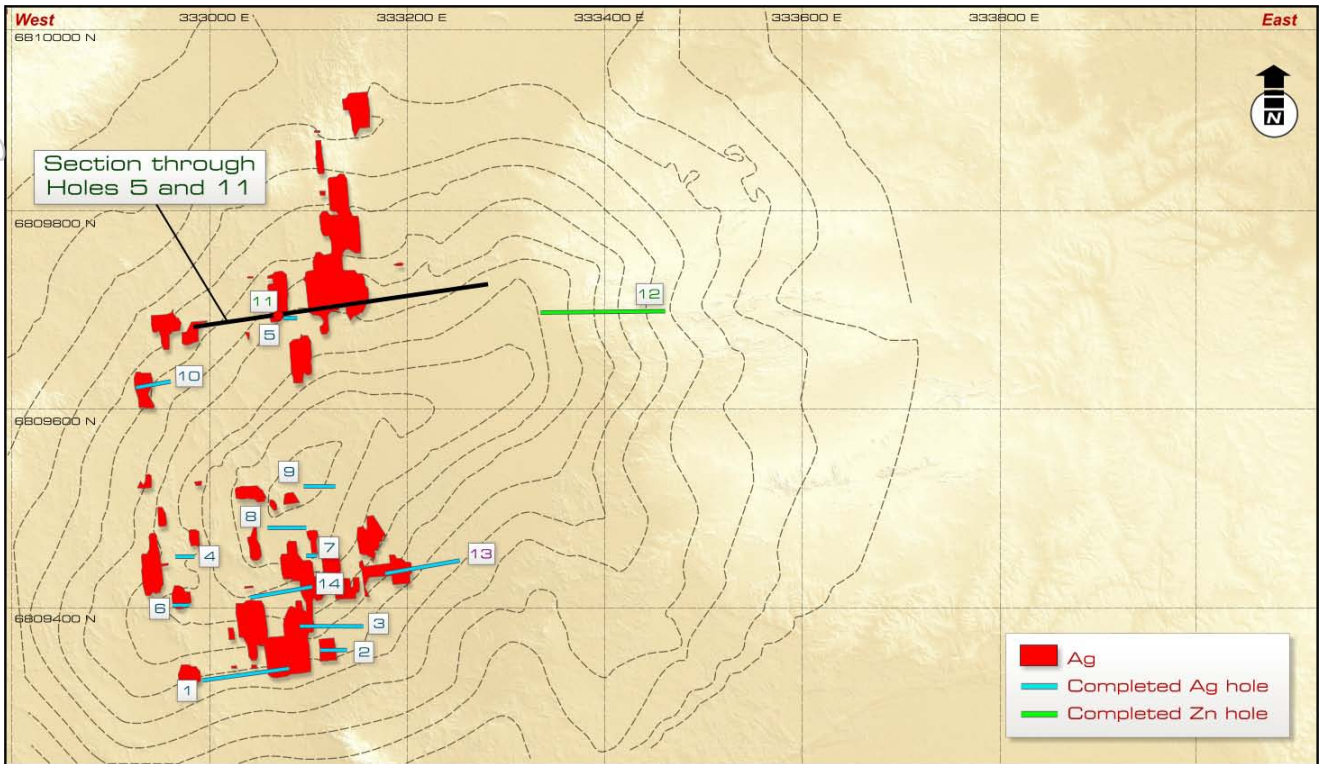


Figure 1: Mount Gunyan Drill Hole and Cross Section Location

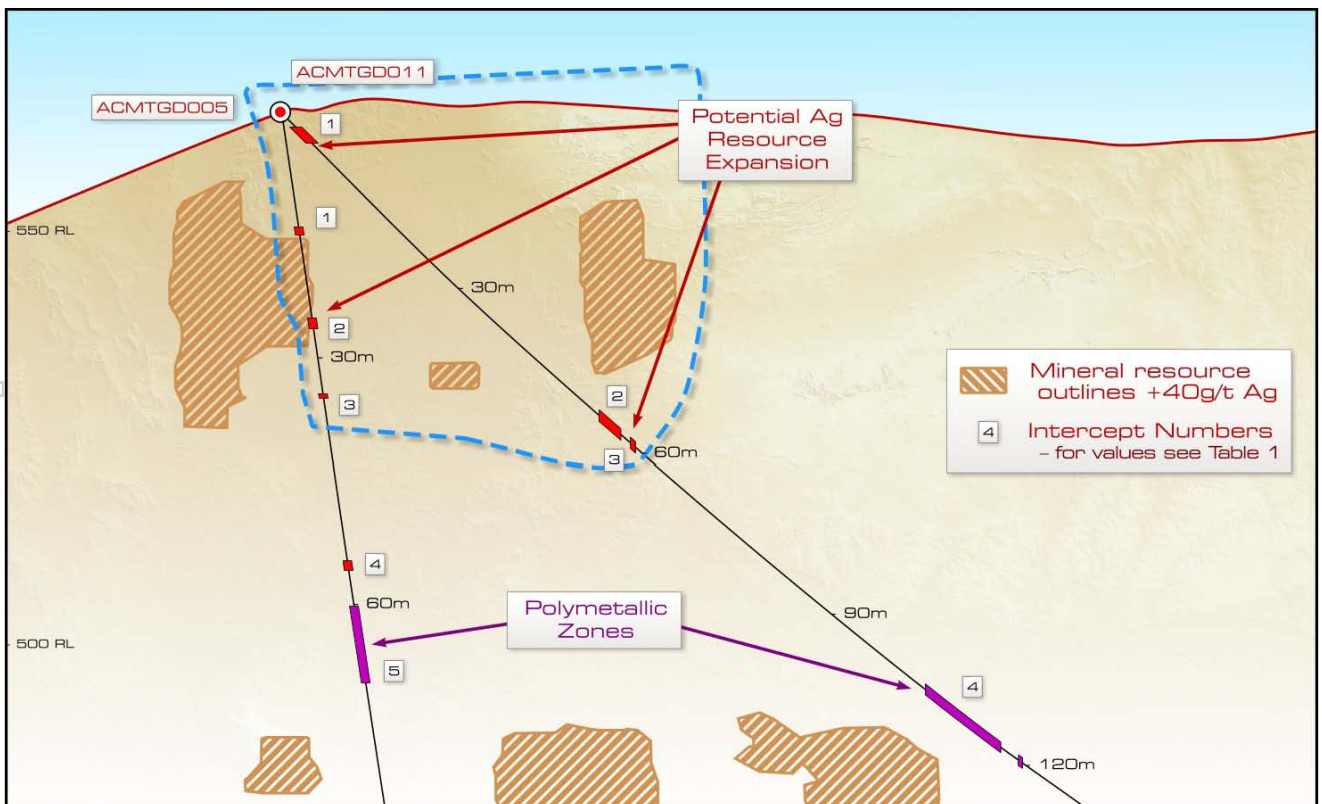


Figure 2: Mount Gunyan Cross Section through Drill Holes 5 and 11

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## APPENDIX 1

Table 1: Drilling Results

Hole	From (m)	To (m)	Length (m)	Ag_g/t	Pb_ppm	Zn_ppm	Au_g/t	Figure 2 Intercepts
ACMTGD005	15	16	1	70	1310	186	0.03	1
ACMTGD005	23	24	1	62	431	504	0.01	2
ACMTGD005	39	39.6	0.6	62	3320	1575	<0.01	3
ACMTGD005	56	57	1	86	822	2020	0.01	
ACMTGD005	57	57.6	0.6	122	712	1395	0.02	
	<b>56</b>	<b>57.6</b>	<b>1.6</b>	<b>100</b>	<b>781</b>	<b>1786</b>	<b>0.01</b>	4
ACMTGD005	61	62	1	32	1165	426	0.75	
ACMTGD005	62	63	1	48	1865	645	0.10	
ACMTGD005	63	64.1	1.1	44	1880	760	1.24	
ACMTGD005	64.1	64.8	0.7	21	2560	1010	0.08	
ACMTGD005	64.8	65.4	0.6	10	1600	6990	0.02	
ACMTGD005	65.4	66	0.6	39	10150	18350	0.03	
ACMTGD005	66	67	1	11	4450	6040	0.03	
ACMTGD005	67	68	1	5	290	847	0.01	
ACMTGD005	68	69	1	30	3340	5960	0.37	
ACMTGD005	69	70	1	227	14000	9950	0.63	
	<b>61</b>	<b>70</b>	<b>9</b>	<b>49</b>	<b>4002</b>	<b>4513</b>	<b>0.37</b>	5
ACMTGD011	3	4	1	48	3060	143	0.11	
ACMTGD011	4	5	1	114	6800	323	0.07	
	<b>3</b>	<b>5</b>	<b>2</b>	<b>81</b>	<b>4930</b>	<b>233</b>	<b>0.09</b>	1
ACMTGD011	49	50	1	83	8700	714	6.33	
ACMTGD011	50	51	1	189	2010	442	4.45	
ACMTGD011	51	52	1	211	3950	839	0.97	
ACMTGD011	52	53	1	195	2260	411	1.94	
ACMTGD011	53	54	1	61	1080	245	0.55	
	<b>49</b>	<b>54</b>	<b>5</b>	<b>148</b>	<b>3600</b>	<b>530</b>	<b>2.85</b>	2
ACMTGD011	57	58	1	181	2570	325	0.19	3
ACMTGD011	105.4	105.7	0.3	38	7720	23500	0.03	
ACMTGD011	105.7	106	0.3	16	2830	6650	<0.01	
ACMTGD011	106	107	1	11	1030	2780	<0.01	
ACMTGD011	107	108	1	19	2050	6290	<0.01	
ACMTGD011	108	109	1	9	1295	3970	0.01	
ACMTGD011	109	110	1	4	457	1630	<0.01	
ACMTGD011	110	111	1	8	1895	4670	0.01	
ACMTGD011	111	112	1	6	1525	2710	0.01	
ACMTGD011	112	113	1	6	789	2540	<0.01	
ACMTGD011	113	114	1	26	2700	11750	0.09	
ACMTGD011	114	115	1	19	4820	12150	0.02	
	<b>105.4</b>	<b>115</b>	<b>9.6</b>	<b>13</b>	<b>2055</b>	<b>5993</b>	<b>0.02</b>	4

*Table 1: Drilling Results (Continued)*

Hole	From (m)	To (m)	Length (m)	Ag_g/t	Pb_ppm	Zn_ppm	Au_g/t
ACMTGD006	12	13	1	55	1910	563	0.01
ACMTGD006	17	18	1	56	3630	433	0.02
ACMTGD006	23	24	1	53	578	1150	<0.01
ACMTGD007	2.4	3	0.6	48	1580	255	0.03
ACMTGD007	3	4	1	33	1560	313	0.02
ACMTGD007	4	5	1	57	945	96	0.01
ACMTGD007	5	6	1	63	1400	153	0.01
ACMTGD007	6	7	1	106	2490	241	0.02
ACMTGD007	7	7.6	0.6	68	2280	250	0.02
ACMTGD007	7.6	8.2	0.6	60	1610	141	0.02
ACMTGD007	8.2	9	0.8	41	1110	775	0.01
ACMTGD007	9	9.9	0.9	34	582	732	0.01
ACMTGD007	9.9	10.5	0.6	64	812	391	0.01
	<b>2.4</b>	<b>10.5</b>	<b>8.1</b>	<b>58</b>	<b>1429</b>	<b>334</b>	<b>0.02</b>
ACMTGD007	99	100	1	87	1530	1300	0.02
ACMTGD007	100	100.7	0.7	264	840	822	0.38
ACMTGD007	100.7	101.4	0.7	131	625	468	0.11
	<b>99</b>	<b>101.6</b>	<b>2.6</b>	<b>140</b>	<b>983</b>	<b>847</b>	<b>0.14</b>
ACMTGD008	67	68	1	77	596	261	0.02

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