

MORE HIGH GRADE RESULTS PAVE WAY FOR RESOURCE UPGRADE AT MT GUNYAN

HIGHLIGHTS

- Final assay results from diamond drilling at the Mt Gunyan silver deposit confirm potential for expanded resource estimate, with latest high grade results including:
 - 1m @ 230g/t Ag from 46m and 2m @ 94g/t Ag from 52m in hole ACMTGD010;
 - 4m @ 58g/t Ag from 76m in hole ACMTGD014;
 - 1m @ 93g/t Ag from 82m in hole ACMTGD014;
 - 1m @ 98g/t Ag, 0.9% Pb, 3% Zn and 6.67g/t Au from 128m in hole ACMTGD014;
 - 1m @ 92g/t Ag from 131m in hole ACMTGD014; and
 - 1.6m @ 74g/t Ag from 133.4m in hole ACMTGD014.
- Results support Alcyone's interpretation of base metal zone at depth and substantial zone of gold mineralisation
- Updated JORC resource estimate for Mt Gunyan expected in November

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

Assay results have now been received for the final three holes of the 14 hole diamond drill programme, with the results providing further substantiation of an increase in the mineralisation envelope in both the southern and central-western 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 ACMTGD014 returned a series of high-grade intersections between 76m and 133.4m downhole, including 4m @ 58g/t, 1m @ 93g/t, 1m @ 92g/t and 1.6m @ 74g/t Ag. In addition, this hole provided further support for Alcyone's interpretation of a potential base metal and gold zone at depth, with an intersection of 1m @ 98g/t Ag, 0.9% Pb, 3% Zn and 6.67g/t Au from 128m downhole (see Figures 1 and 2).

In the central-west section of the resource, hole ACMTGD010 returned 1m @ 230g/t Ag from 46m and 2m @ 94g/t Ag from 52m (see Figure 3).

With all assay results now received, Alcyone will now work to complete a revised resource estimate for the Mt Gunyan deposit (current estimate of 2.1Mt @ 73g/t Ag for 4.9Moz of contained silver), which is expected to be released in November.

Hole 12, targeting a previous percussion hole which returned 6m @ +1% zinc, delivered lower than expected base metals results. It did, however, encounter gold grades of up to 4.5g/t (Appendix 1, Table 1). This will be further investigated as part of the next phase of modelling and subsequent drilling for Mt Gunyan.

Alcyone's Managing Director, Mr Andrew King, said the Mt Gunyan drill programme had confirmed the area's potential to emerge as a second key source of ore for the Twin Hills processing plant, which is expected to recommence irrigation of the heap leach pads before the end of the year.

"Based on the very positive results received from this drill programme, our immediate goal will be to generate a revised resource estimate for Mt Gunyan as a source of additional feedstock for the Twin Hills mining operation."

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.

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.

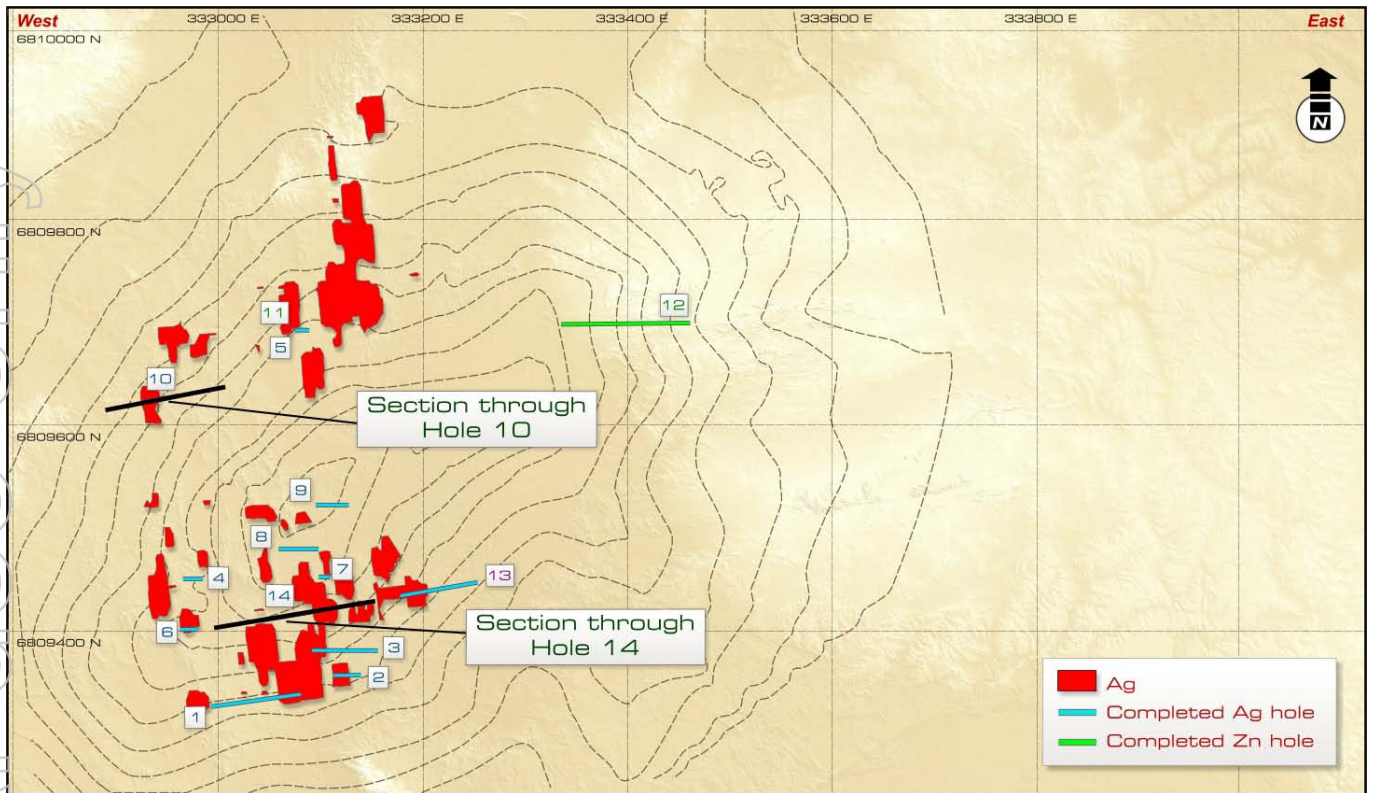


Figure 1: Mount Gunyan Drill Hole Locations (need to amend this to remove the cross section line)

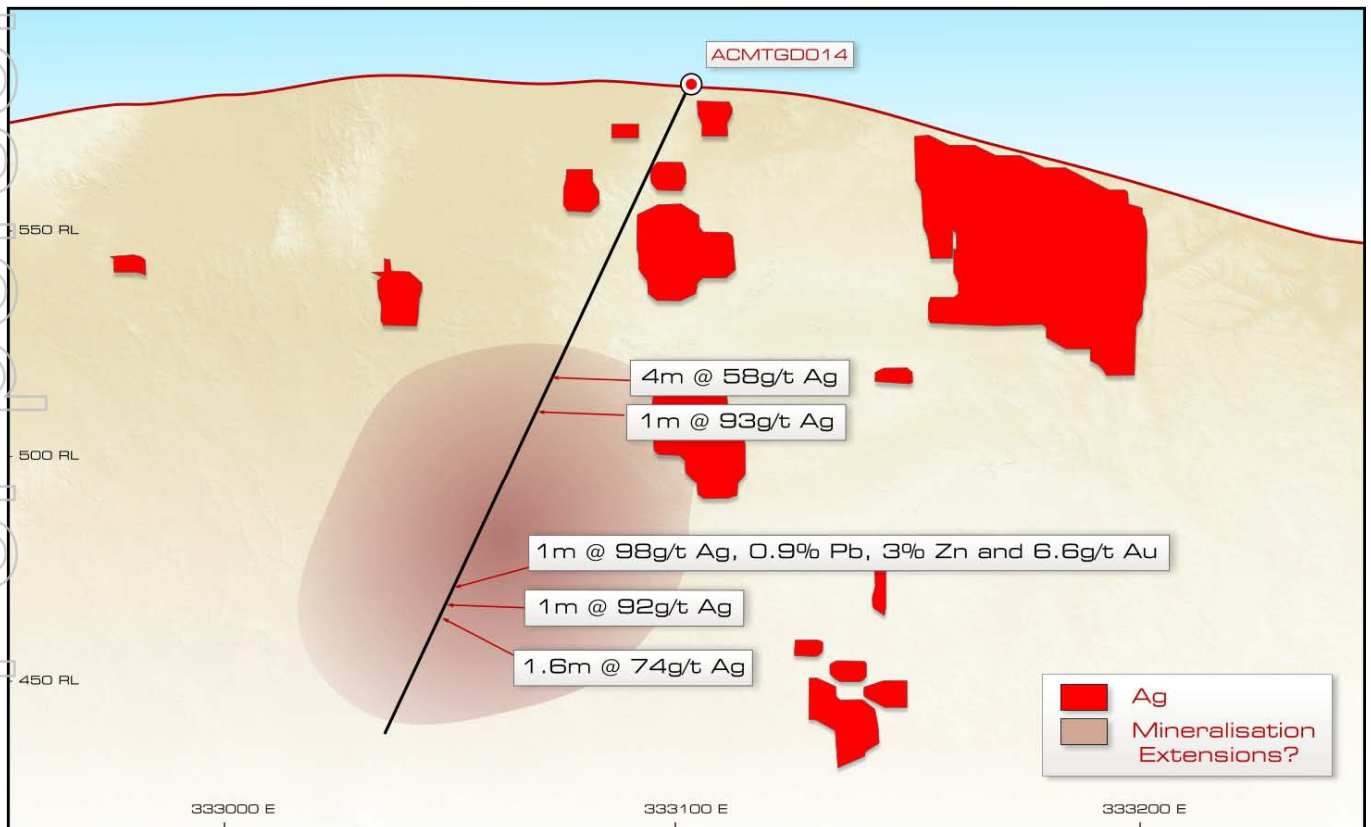


Figure 2: Cross section showing diamond drill hole ACMTGD014

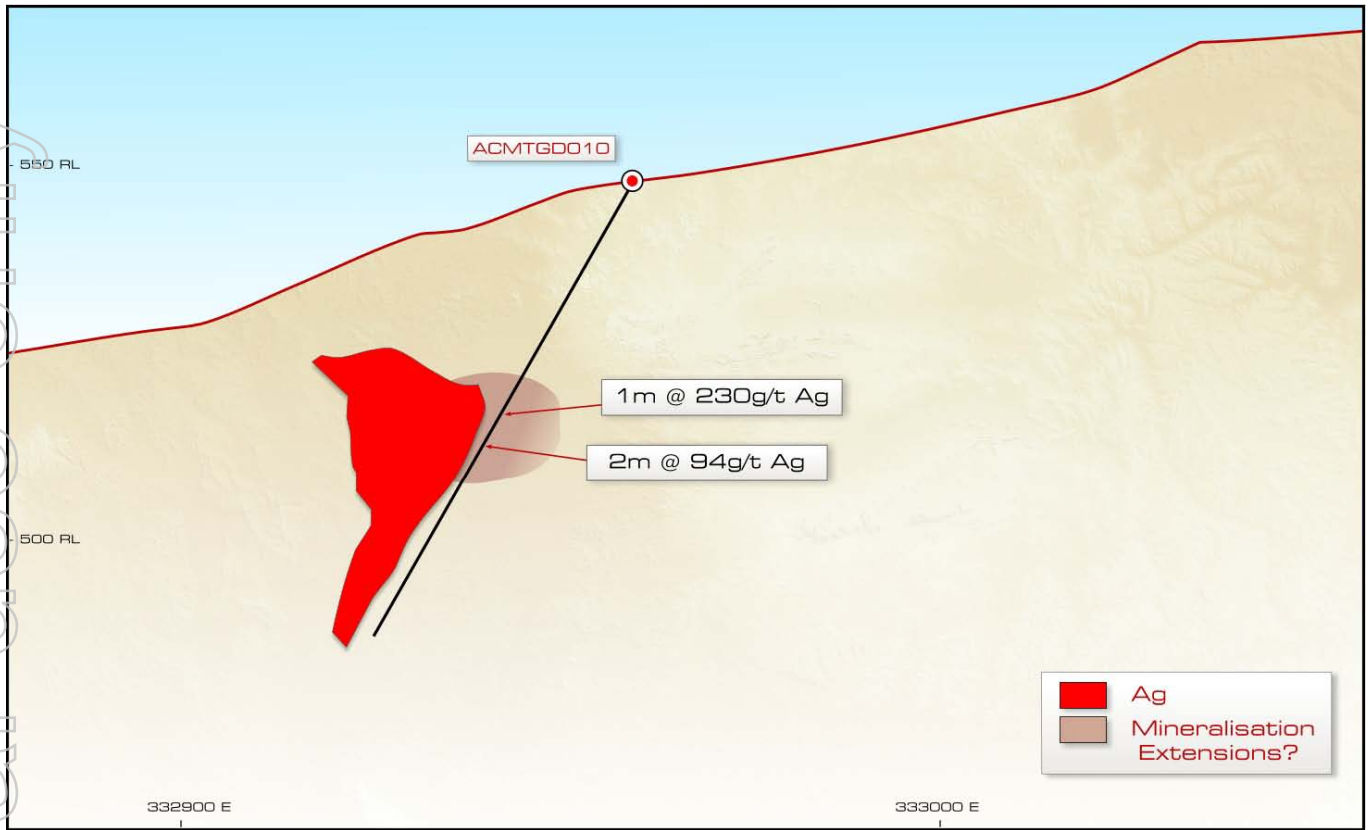


Figure 3: Cross section showing diamond drill hole ACMTGD010

APPENDIX 1

Table 1: Drilling Results

Hole	From	To	Length	Ag ppm	Cu ppm	Pb ppm	Sb ppm	Zn ppm	Au ppm
ACMTGD010	36	37	1	47	61	2670	7	550	0.06
	46	47	1	230	191	6340	27	1420	0.17
	52	53	1	95	164	4330	25	575	0.18
	53	54	1	92	123	1170	17	232	0.03
	52	54	2	94	144	2750	21	404	0.105
	68	69	1	50	87	2490	33	488	0.01
	70	70.7	0.7	56	54	360	23	416	<0.01
ACMTGD012	55	56	1	9.7	1170	2940	2	1870	1.29
	56	57	1	7.2	847	3740	3	1640	0.43
	57	58	1	5.1	418	2540	2	2110	0.68
	55	58	3	7.3	812	3073	2	1873	0.80
	68	69	1	3.6	107	167	<2	999	4.52
ACMTGD013	no significant assays								
ACMTGD014	21	22	1	59	20	98	<2	381	<0.01
	41	42	1	47	84	671	2	977	0.04
	71	71.4	0.4	43	66	600	3	900	0.01
	71.4	71.7	0.3	56	62	878	5	1100	0.01
	71	71.7	0.7	49	64	1463	4	1938	0.01
	73	74	1	60	36	690	3	1390	<0.01
	76	77	1	57	44	461	4	977	<0.01
	77	78	1	50	43	494	3	1110	<0.01
	78	79	1	45	26	283	2	807	<0.01
	79	80	1	79	158	538	3	1390	<0.01
	76	80	4	58	68	444	3	1071	<0.01
	82	83	1	93	59	467	4	1540	0.01
	128	129	1	98	920	9010	6	30200	6.67
	131	132	1	92	36	595	3	1790	0.02
	133.4	134	0.6	90	456	3740	7	8870	0.01
	134	135	1	64	27	247	<2	1800	0.01
	133.4	135	1.6	74	188	1557	3	4451	0.01
	135.6	136	0.4	54	118	1730	2	7010	0.03
	136.7	137.7	1	19.4	160	5060	6	11550	0.02
	141	141.3	0.3	9.6	119	4720	<2	6610	0.01
	160.2	160.5	0.3	7.3	188	2300	<2	16500	0.01

APPENDIX 2: MINERAL RESOURCE ESTIMATION

Texas Silver Project, JORC Compliant Mineral Resources – March 2010

Deposit	Resource Category	Tonnes	Grade (g/t Ag)	Contained Silver (oz)
<i>Twin Hills</i>	Measured	1,762,000	86	4,868,000
	Indicated	1,466,000	79	3,722,000
	Inferred	614,000	81	1,602,000
	TOTAL:	3,842,000	83	10,192,000
<i>Mount Gunyan</i>	Indicated	1,756,000	76	4,267,000
	Inferred	350,000	58	650,000
	TOTAL:	2,106,000	73	4,917,000
TOTAL	ALL CATEGORIES	5,948,000	79	15,109,000

Note: *Specific comment regarding the method of calculation for the Resource and the role of external consultants was detailed in the March 2010 Quarterly Report (23 April 2010).*