ALCYONE POURS FIRST SILVER BULLION FROM TEXAS PROJECT

ON TRACK TO COMMENCE FULL SCALE MINING IN SEPTEMBER QUARTER

KEY POINTS

- First silver bullion poured from recommissioned Texas Silver Project in SE Queensland following re-irrigation of existing silver-rich heaps at the Twin Hills mine.
- Success of pilot scale Merrill Crowe circuit confirms viability of process design circuit.
- Heaps continuing to leach well with additional precipitate being dispatched regularly from site for bullion production and refining.
- Twin Hills construction programme on schedule with commissioning for full-scale commercial silver extraction scheduled to commence in the September Quarter of 2011.

Alcyone Resources Limited (ASX: AYN; 'Alcyone' or 'the Company') is pleased to advise that the first silver bullion has been poured from its 100%-owned Texas Silver & Polymetallic Project in south-east Queensland.

Alcyone commenced re-irrigating the existing silver rich heaps at the Twin Hills Mine in early April 2011 to demonstrate the viability of the leaching process before moving to full-scale commercial silver production. The silver rich solution from the leach pads was processed using the pilot scale Merrill Crowe circuit at site, confirming the viability of the proposed long-term process flow sheet. `

The first batch of Silver rich precipitate was then treated off-site with the first silver bullion poured on 15 June. While this bullion still has to undergo final refining, it has been estimated that it will deliver more than 15,000oz of silver.

The first silver bullion bars ready for refining

The leach pads at Twin Hills contain an estimated 400,000 tonnes of material from the previous operation which has only been partially leached. Preliminary testwork indicated the average grade of the material on the heaps ranges from 30g/t Ag to 100g/t Ag. The Company estimated an average grade of 45g/t Ag. Testing of composite auger samples taken from the stockpiled material demonstrated that approximately 45% of the remaining silver was available to be leached.

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The leach pads are continuing to leach well with the pilot scale Merrill Crowe circuit operating at significantly higher throughput levels than had been achieved previously. Until the new silver bullion circuit has been installed on site, the current batches of silver-rich, precipitate will be treated externally. This external process involves the production of bullion which is then refined into high purity bars for final sale.

The early silver production will enable the Company to take advantage of the continuing strength of the silver price and generate an early cash flow.

Construction work is progressing on schedule targeting a ramp-up to full scale commercial silver extraction during the September 2011 Quarter at an initial annualised rate of 1.5-2.0Moz.

Alcyone Resources' Managing Director, Mr Andrew King, said the pouring of the first silver bullion was an important occasion for the Company at a time of significant strength in the silver price.

"This is a wonderful achievement for the Alcyone team, who have successfully brought the Twin Hills Project into early production just 18 months after first making the acquisition," he said. "The re-irrigation of the existing silver heaps at Twin Hills provided us with an excellent opportunity to validate the proposed leaching process while also allowing the Company to capitalise on the current strong silver price.

"With the silver price currently sitting comfortably above A$30 per ounce, and our unit cash operating costs forecast at approximately A$15/oz, the Twin Hills operation should be capable of generating a strong cash margin as we move towards full scale mining operations later this year," Mr King commented.

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.

Following a broad-based economic and technical review of the Twin Hills mine in late 2010, Alcyone commenced early silver production based on the re-irrigation of the existing silver-rich heaps at Twin Hills and delivered its first silver bullion in June 2011.

The leach pads at Twin Hills contain an estimated 400,000 tonnes of material from the previous operation which has only been partially leached. Re-irrigation of this material will enable Alcyone to demonstrate the viability of the leaching process before moving to full-scale commercial silver production later this year, while at the same time generating initial cash flow.

The Company is on-track to commence full-scale commercial silver extraction at the initial rate of 1.5-2.0 million ounces of silver per annum in the September Quarter of 2011.

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 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 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.