

Andrew King – Managing Director

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# ***Growing Silver Production, Resources and Mine Life***

Texas Silver Project, SE Queensland



# 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 Ian Huitson who is a Member of the Australasian Institute of Mining and Metallurgy and Director of Mining Solutions Pty Ltd a mining and management consultancy.*

*Mr Huitson is a mining engineer with over 25 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 Huitson consents to the inclusion in this Report of the information compiled in the form and context in which they appear*

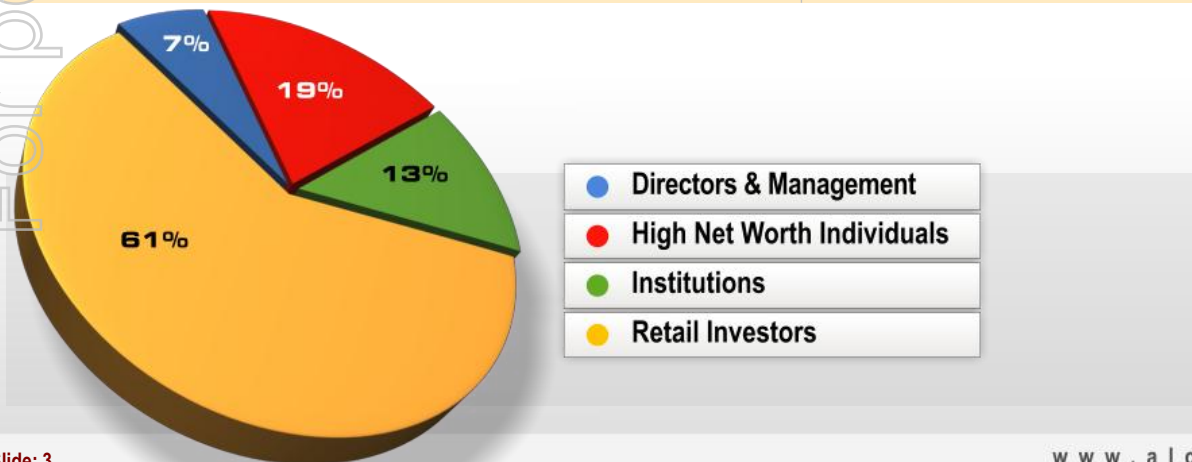
## Forward-Looking Statements

*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.*

## OUR VISION

To build a successful mid-tier Australian resources company with a reputation for focus, integrity and delivering value to shareholders:

<b>Share price:</b>	<b>\$ 0.055</b>
<b>Market Capitalisation</b>	
<i>Undiluted</i>	~A\$80M
<i>Cash (June 30 2012)</i>	A\$2.1M
<b>Top 20:</b>	37%
<b>Ave. Daily Volume (Jan/Feb 2012)</b>	5.1M shares



	Shares	Options
<b>Total</b>	<b>1,499.23 *</b>	<b>61.28.M*</b>

\* As at 30<sup>th</sup> Sept 2012

**Hedging:**  
 ~30% of Production to September 2013  
 \$750K remaining on \$3M prepay – Repaid Dec 12

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

# A Growing Australian Silver Producer

- +700,000oz produced to date from heap leach operations
- ~650 Koz or A\$21M of silver currently in leaching inventory
- Targeting 1 to 1.2Moz for FY 2013
- **Resource** inventory increased to **23Moz**:
  - *69% increase in Twin Hills resource to 16Moz*
  - *35% increase in Mt Gunyan resource to 7Moz*
  - *Underpinning 7+ year mine life*
- **Reserves upgraded**:
  - *30% increase in Twin Hills reserve to 6.6Moz*
- Outstanding exploration potential: 1,100km<sup>2</sup> portfolio



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# A Brief Operational History

Acquired Texas Project – November 09

Re-irrigated existing heaps – April 11

First silver bullion production – June 11

Wet commissioning – September 11

Construction of Leach Pad 4 completed  
– September 12

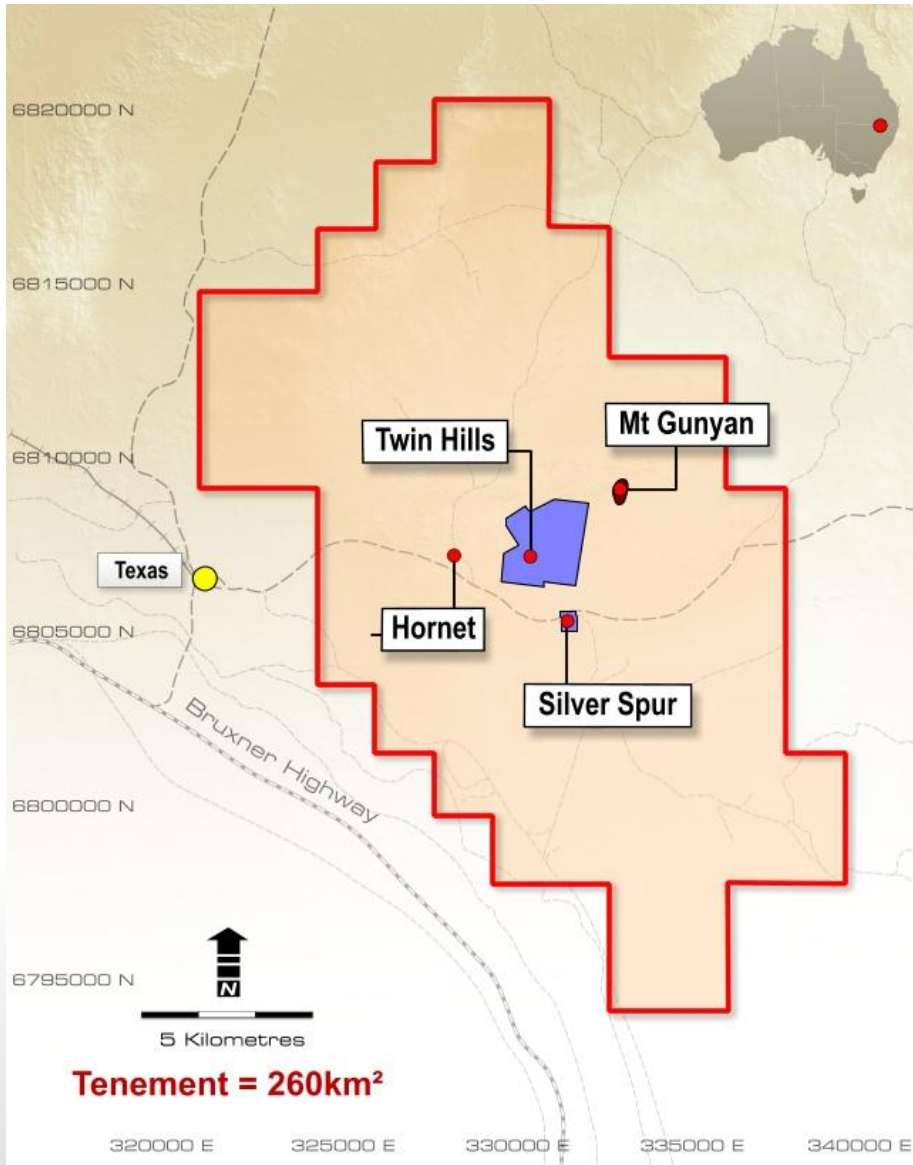
*Next four years Leach Pad sequence  
established*

*Planning for next operation at Mt Gunyan*



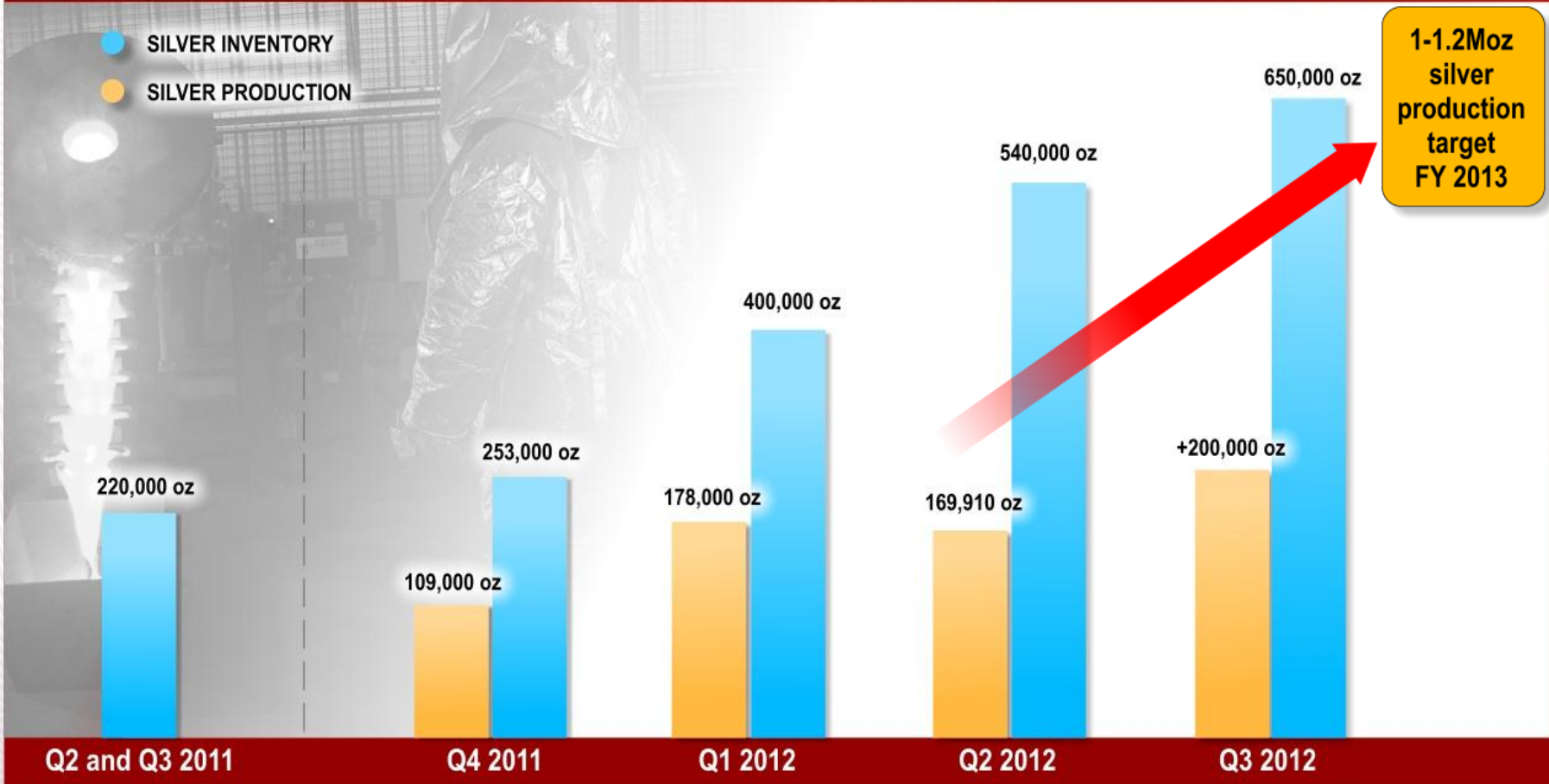
# Texas Project

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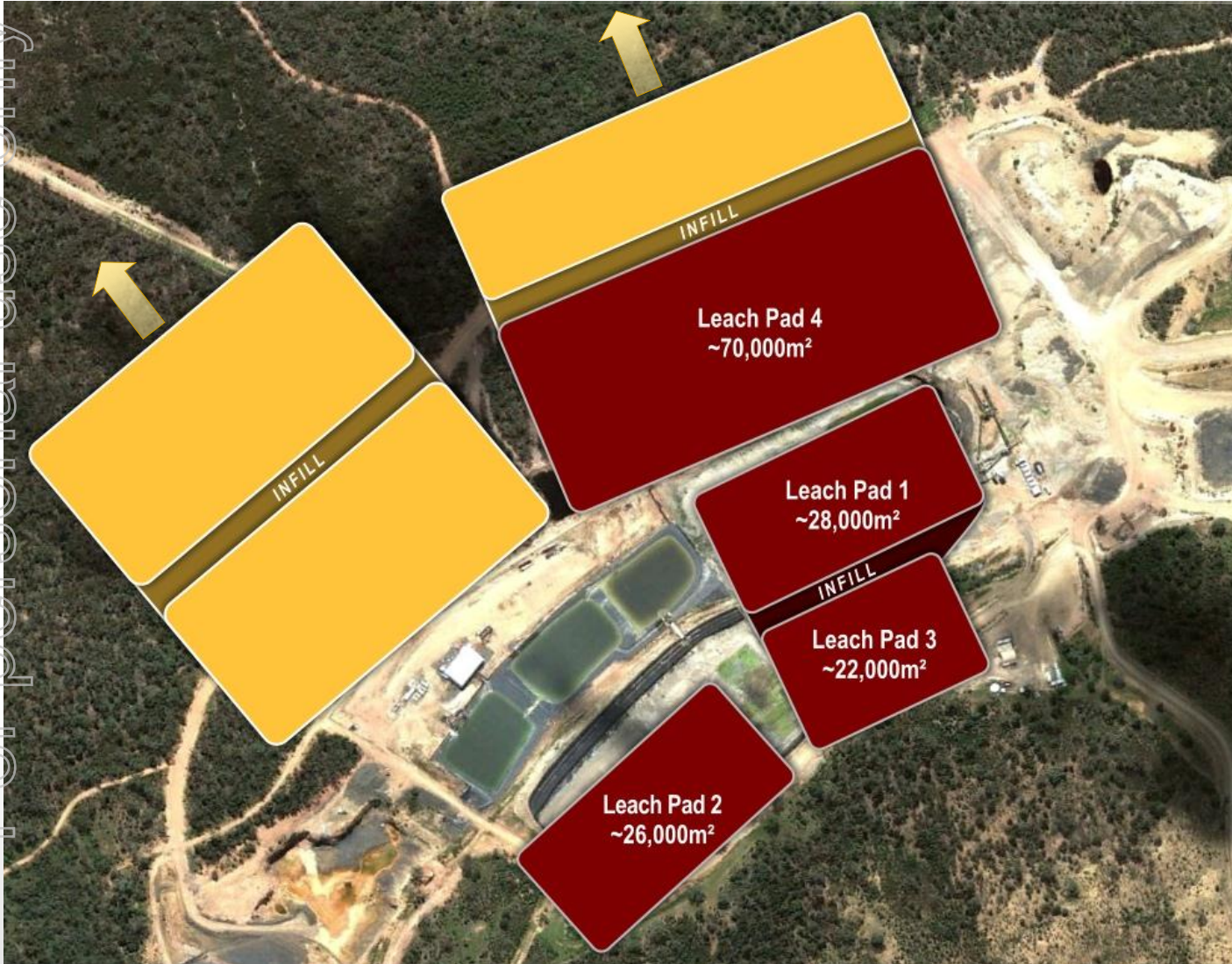
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## SILVER PRODUCTION AND SILVER INVENTORY



# Production Growth

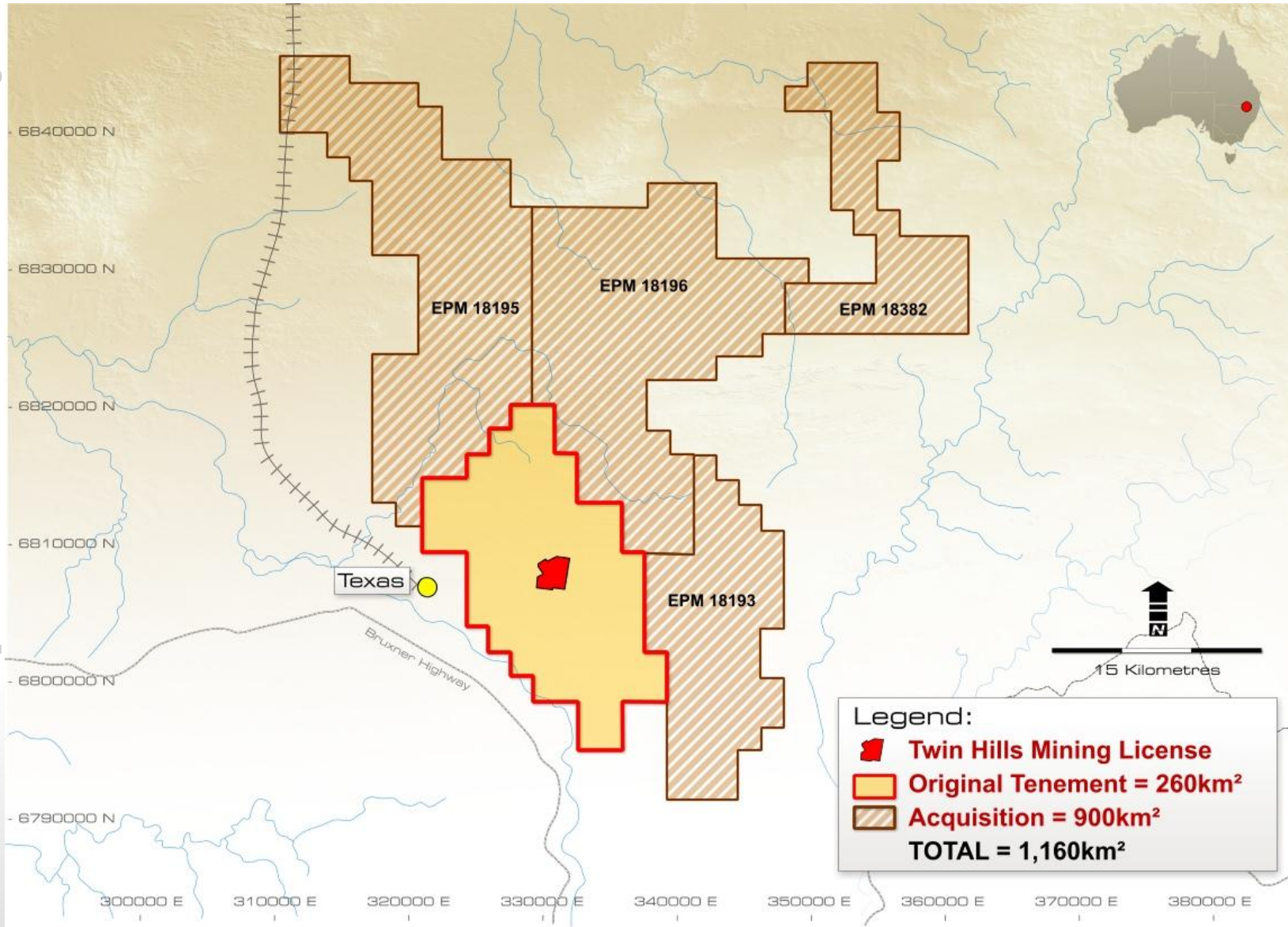
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# Exploration – Expanded Focus

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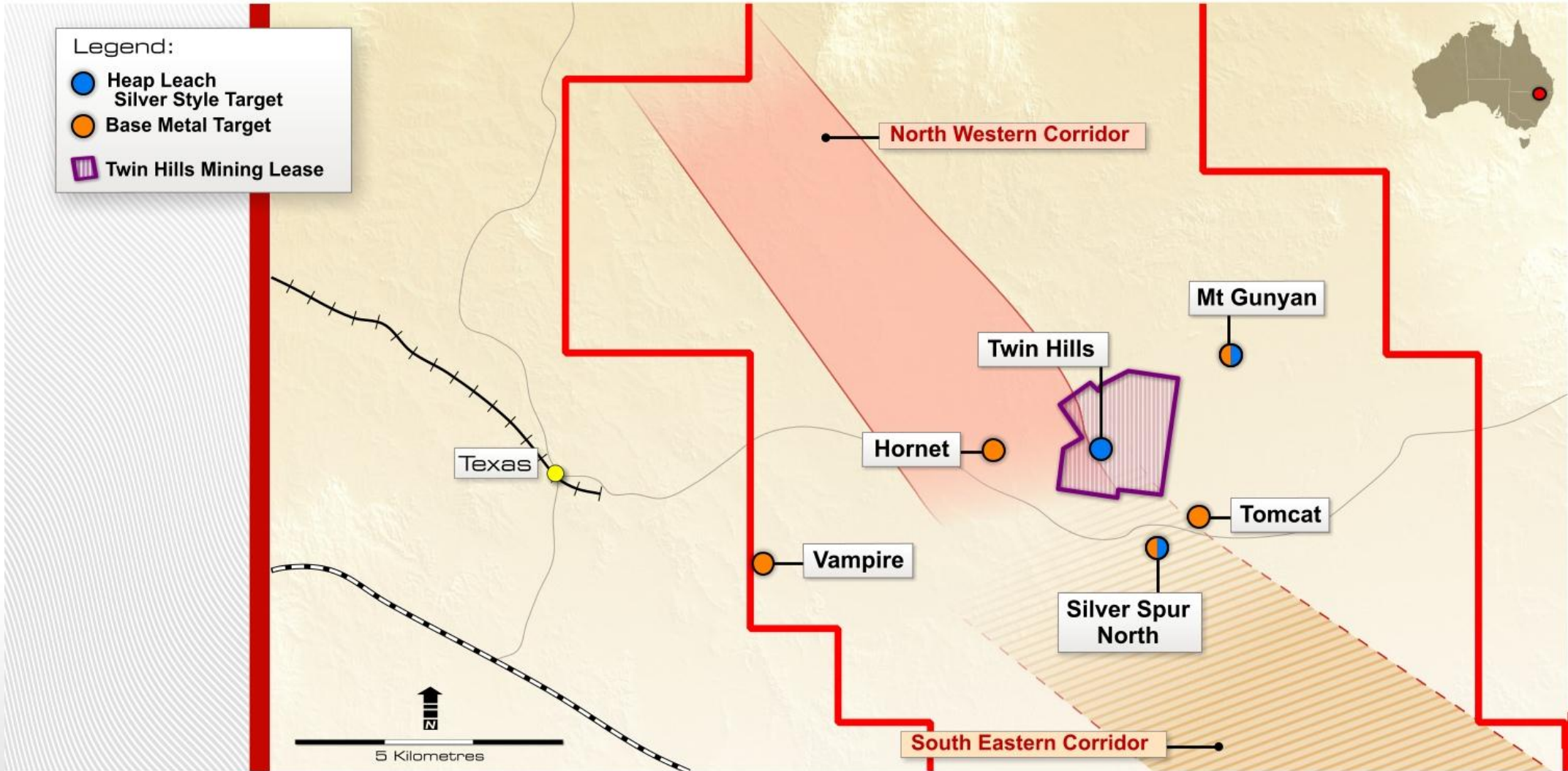


- Actively pursuing silver, base metals and gold

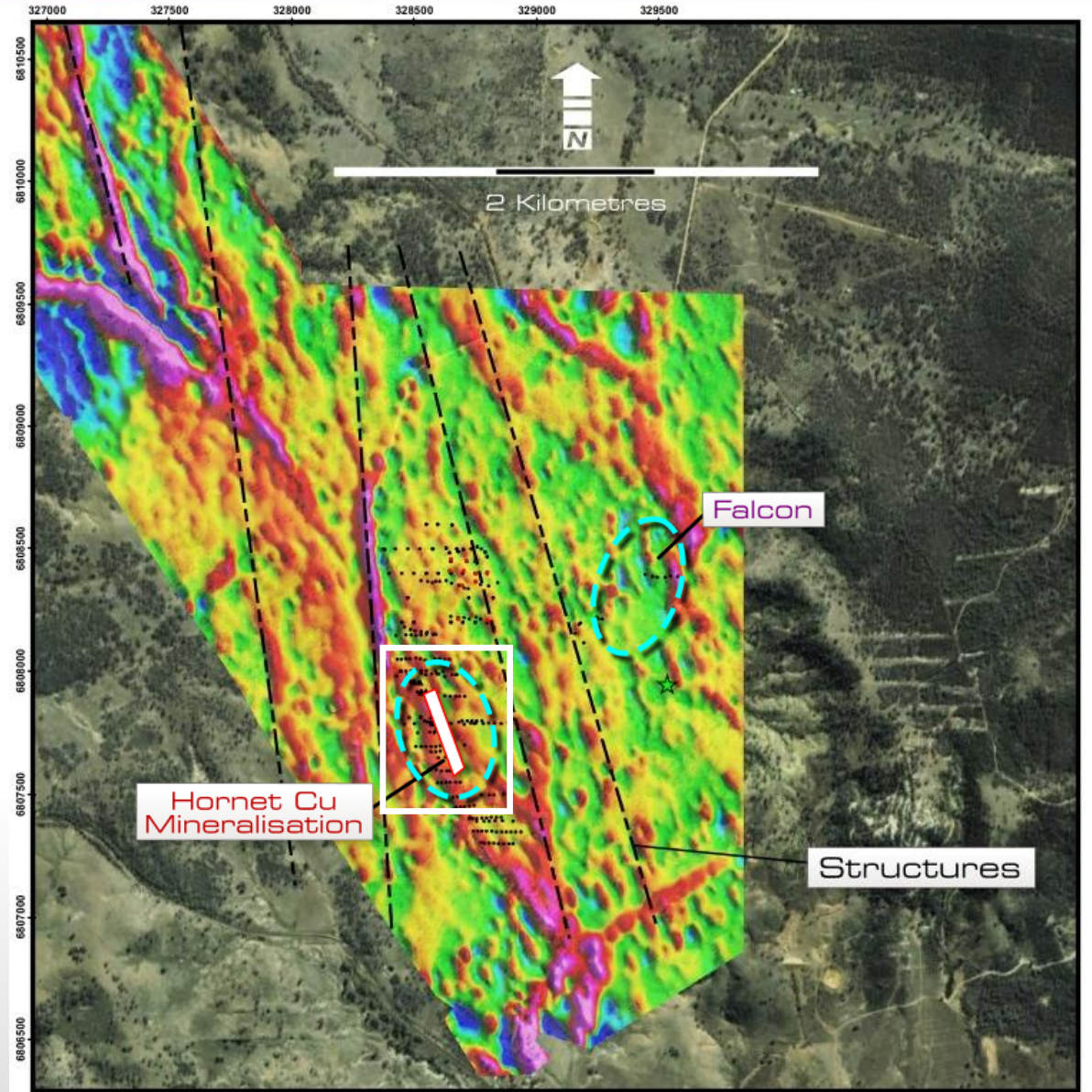
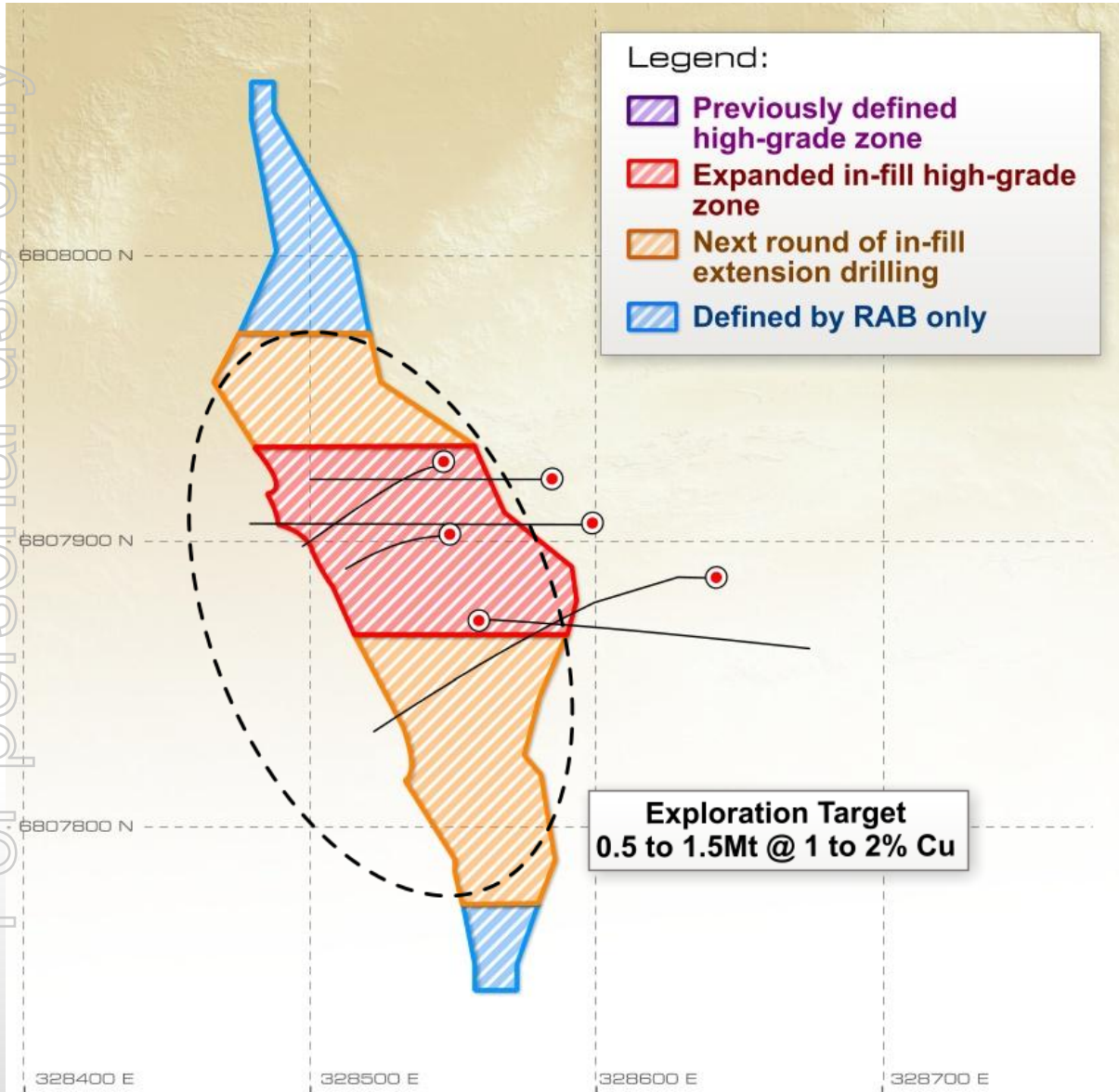


# Exploration Targets

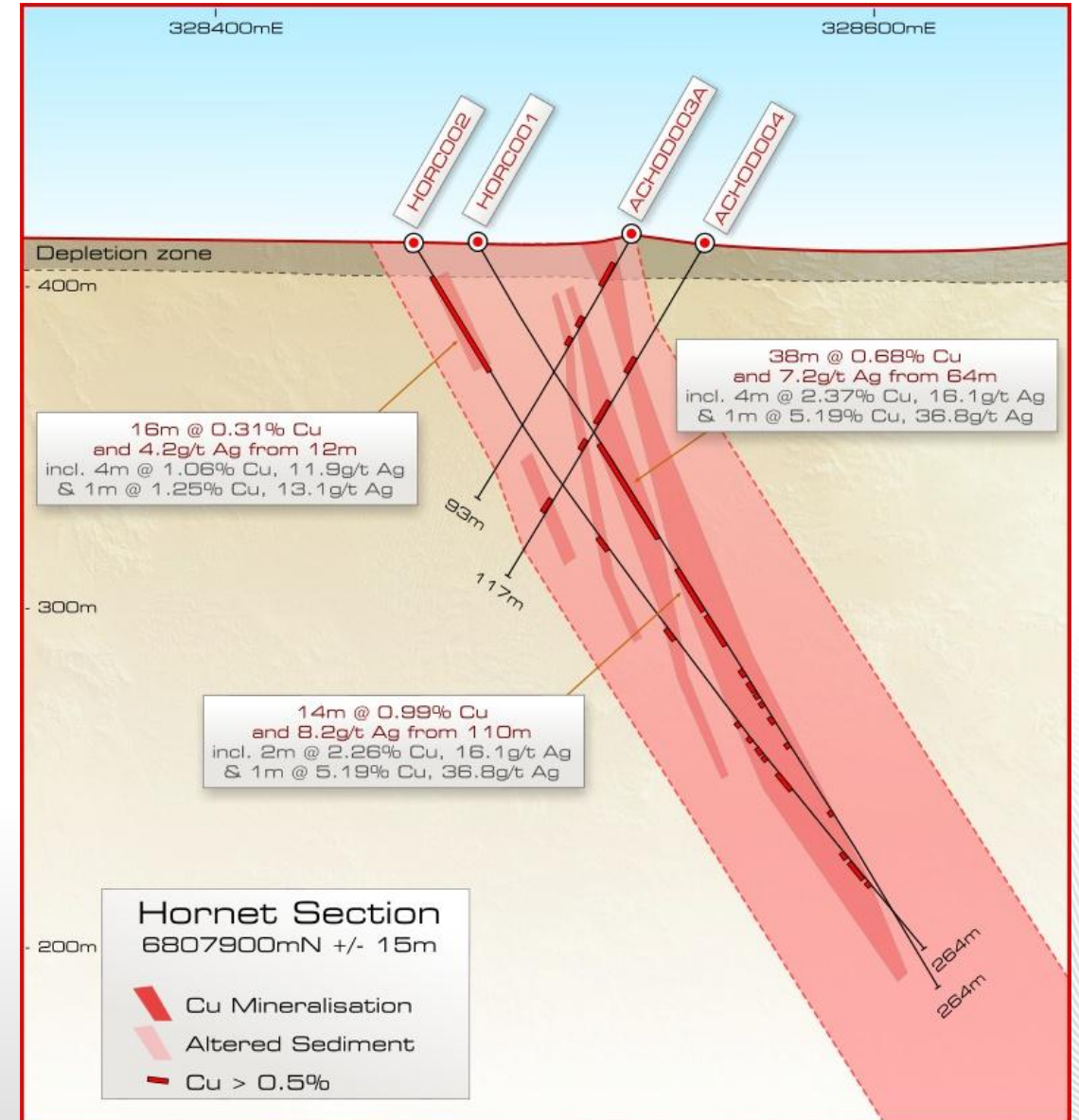
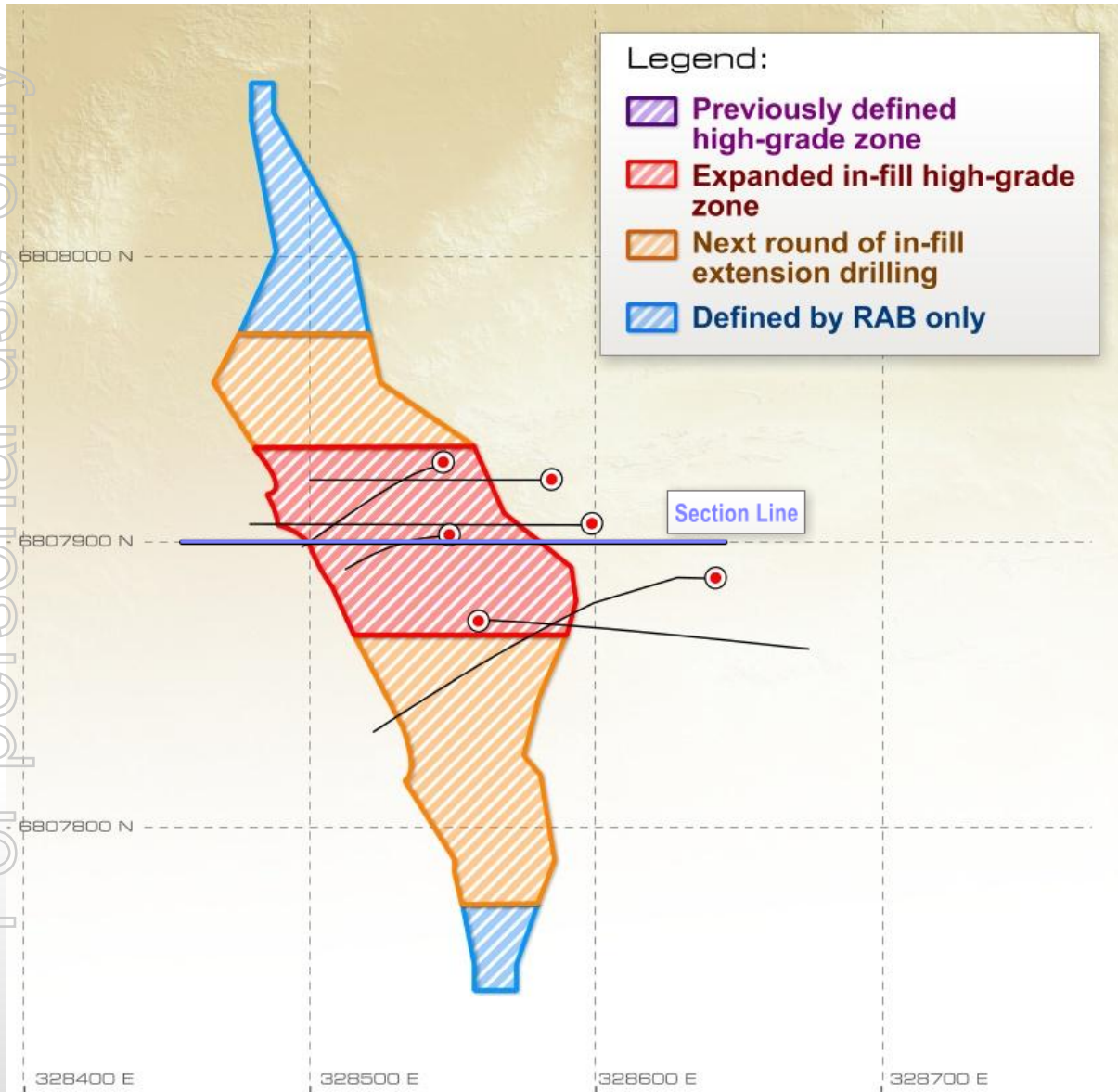
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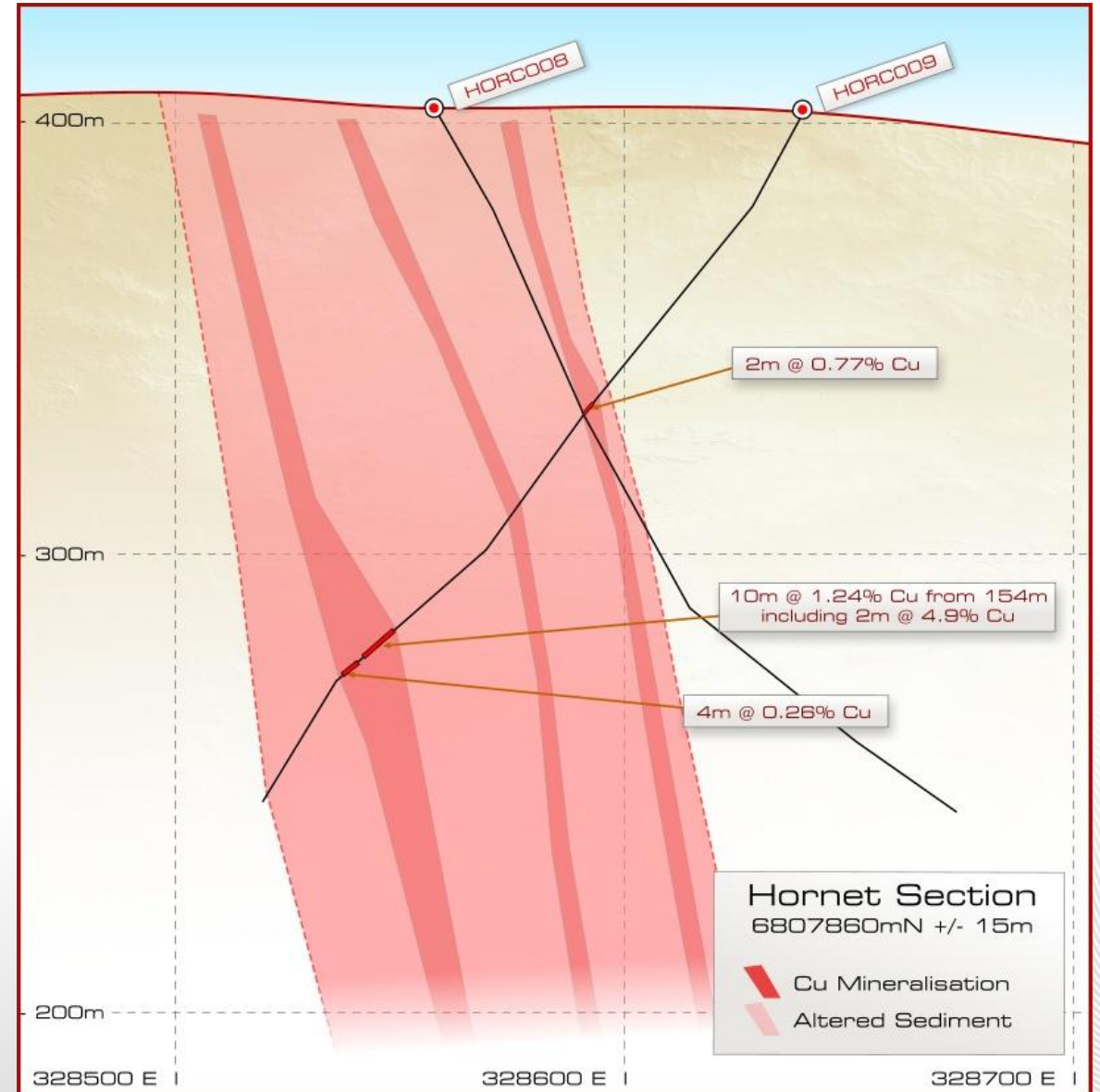
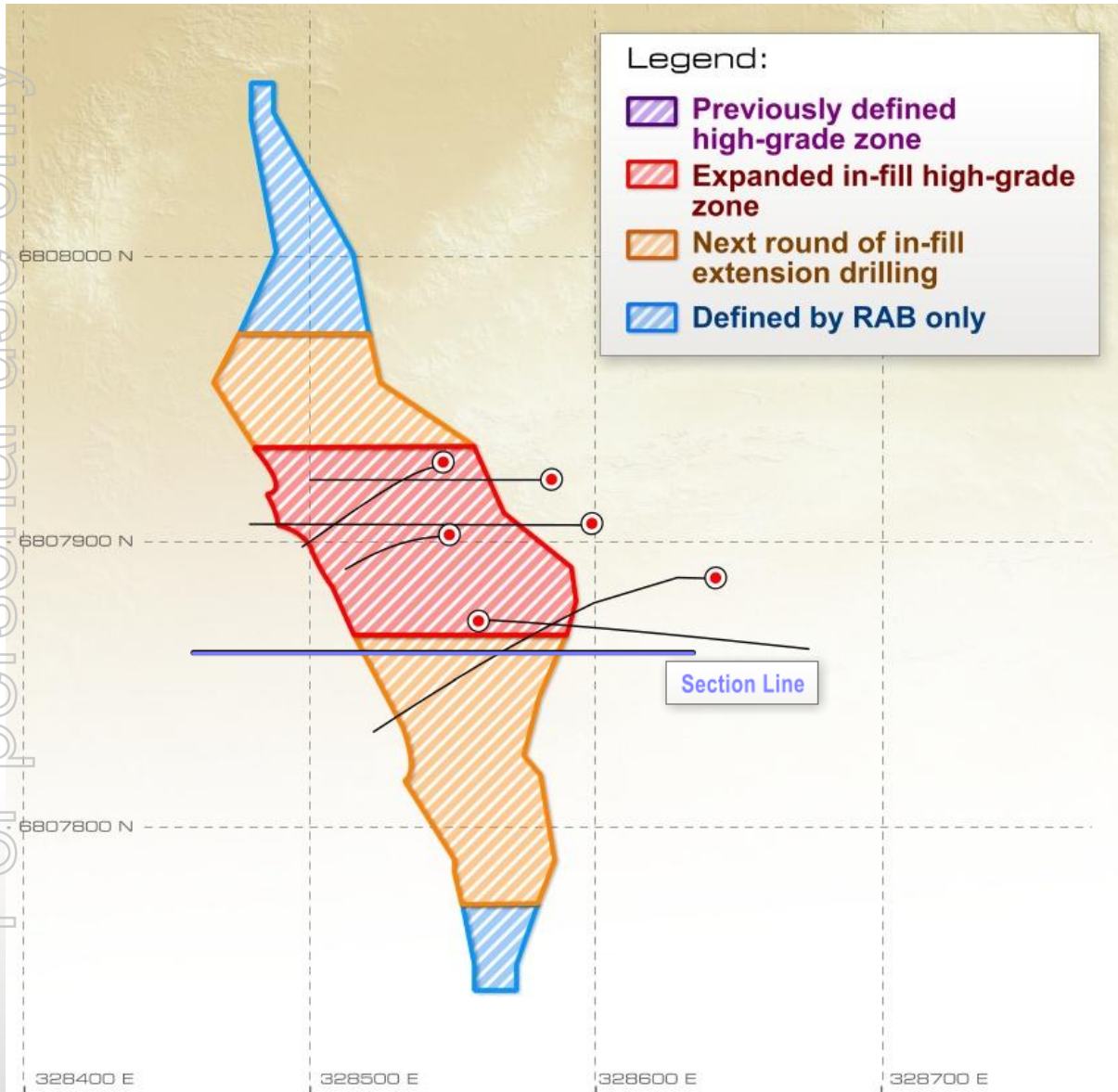
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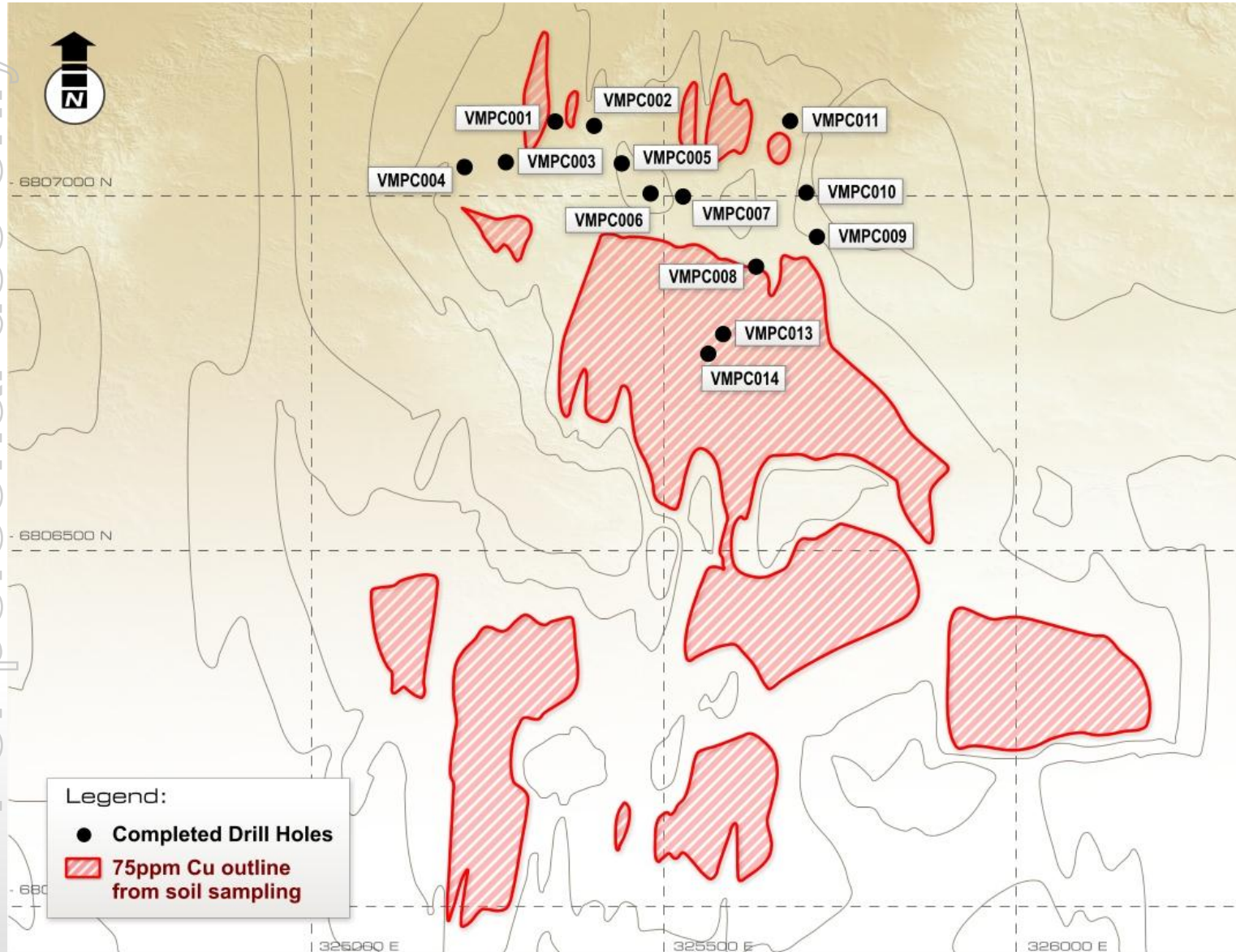
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# Why Silver is the new Gold...

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- Since 1687, the gold-to-silver ratio has ranged from 14.14 to 99.76. Over this period, the average gold-to-silver ratio was 27.28 and today the gold-to-silver ratio is ~50.
- If silver were to rise to bring the gold-to-silver ratio back to its long-term average, the silver price would have to rise

## Production

- New Australian silver producer
- Targeting 1.0M-1.2Moz for FY 2013
- Reserve upgrade to 6.6Moz at Twin Hills (30% increase)

## Exploration

- Mineral Resources upgraded to 23Moz
- Developing Base Metals resource potential (Cu, Ag)
- Reviewing gold potential in new tenements

## Growth

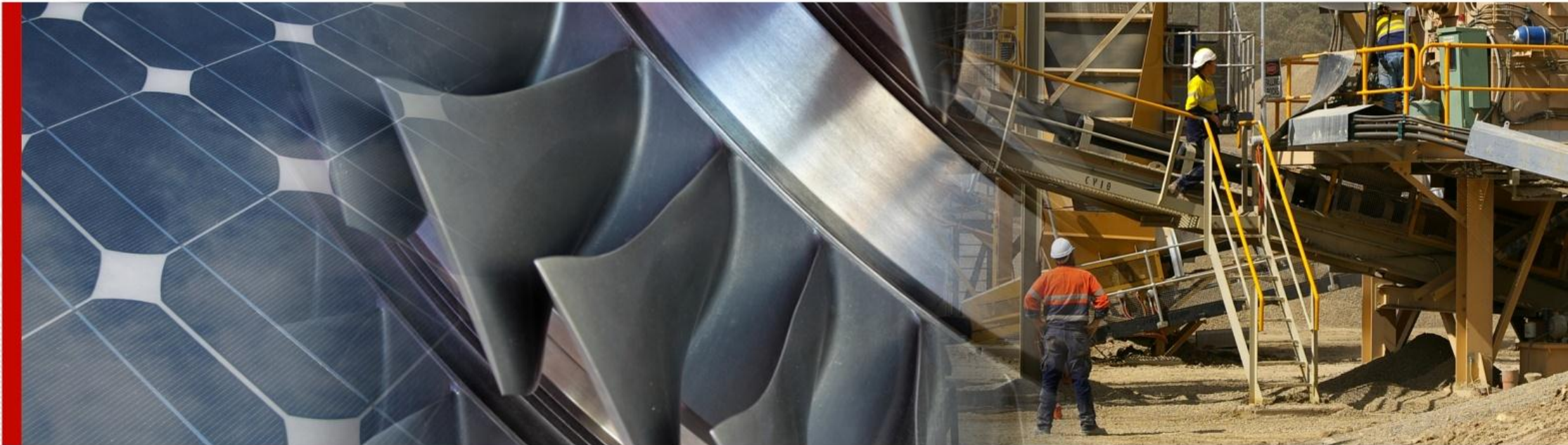
- Strong organic growth program
- Actively assessing new opportunities





**CONTACT:**

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# App. 01 – Alcyone Mineral Resource Inventory

Deposit	Category	Tonnes	Ag g/t	Contained Ag Moz
<b>Twin Hills</b>	Measured	2,151,000	80	5.5
	Indicated	6,152,000	44	8.7
	Inferred	1,045,000	51	1.7
	<b>Total</b>	<b>9,348,000</b>	<b>53</b>	<b>16.0</b>
<b>Mt Gunyan</b>	Measured	754,000	56	1.3
	Indicated	2,884,000	56	5.2
	Inferred	302,000	48	0.5
	<b>Total</b>	<b>3,940,000</b>	<b>55</b>	<b>7.0</b>
<b>Total</b>	<b>All Categories</b>	<b>13,288,000</b>	<b>54</b>	<b>23.0</b>

The Twin Hills Mineral Resource model is as declared at 29 March 2012; is inclusive of the Ore Reserve and depleted for mining to the end of July 2012

The Mt Gunyan Mineral Resource model is as declared at 28<sup>th</sup> August 2012.

Twin Hills is reported above a 26.5g/t Ag cut-off; Mt Gunyan above a 30g/t Ag cut-off.

numbers are rounded and thus may not reflect accurately individual calculations within the table.

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# App. 02 – Twin Hills Ore Reserve

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Category	Tonnes	Ag g/t	Contained Ag Moz	Recovered Ag Moz
Proved	1,860,000	82	4.9	3.5
Probable	3,690,000	47	5.4	3.2
<b>Total</b>	<b>5,550,000</b>	<b>57</b>	<b>10.2</b>	<b>6.6</b>

The Ore Reserve is based on the March 2012 Exploration model and determined using the current mining, processing and administration cost model; \$30/oz Ag price and 65% Ag recovery.

It has been depleted for material mined to end of July 2012

It is reported above a 26.5g/t Ag cut-off

numbers are rounded and thus may not reflect accurately individual calculations within the table.

Class	Tonnes	Ag g/t	Contained Ag Moz	Recovered Ag Moz
Measured	701,000	52.2	1.2	0.7
Indicated	1,676,000	58.4	3.1	1.9
Inferred	28,000	53.7	0.0	0.0
<b>TOTAL</b>	<b>2,405,000</b>	<b>56.5</b>	<b>4.4</b>	<b>2.6</b>

The scoping study has used the August 2012 Mineral Resource and applied the current Twin Hills mining, processing and administration cost model; \$30/oz Ag price and 60% Ag recovery.

It is reported above a 30g/t Ag cut-off

numbers are rounded and thus may not reflect accurately individual calculations within the table.

*NB: The information provided is not an Ore Reserve as Alcyone as yet does not have sufficient data to make supportable economic assumptions regarding the parameters to define such.*