

## Alcyone expands footprint with A\$3M debt finance to Black Mountain

### Highlights:

- Alcyone provides A\$3 million in strategic debt financing to Black Mountain.
- Reaffirms Alcyone's goal of diversifying away from a single mining operation.
- Initial production flagged at New Departure Silver Project for Q1 2014.

Precious metals producer Alcyone Resources Limited (ASX: **AYN**) ("**Alcyone**" or "**the Company**") is pleased to announce that it has entered into an agreement with Black Mountain Resources Limited (ASX/AIM: BMZ) ("Black Mountain") whereby Alcyone will provide A\$3 million in long-term debt finance to fund the development of Black Mountain's highly prospective New Departure and Conjecture Silver Projects in the United States.

As part of Alcyone's A\$25 million revolving credit facility with New York based investment management firm Platinum Partners (see ASX announcement dated 11 December 2013), the A\$3 million debt finance facility is to be provided by Alcyone by way of a three-year loan. The proceeds will be used to bring Black Mountain's 70%-owned New Departure Silver Project in Montana into production, provide funds for initial development of its 70%-owned Conjecture Silver Project in Idaho, repay existing debt and provide working capital.

Alcyone Managing Director Michael Reed said the transaction reaffirmed the Company's strategy to build a diversified precious metals company.

*"While the Texas silver project in Queensland will remain our flagship asset, this transaction paves the way for Alcyone to diversify away from a single mining operation in one region,"* Mr Reed said.

*"This transaction builds on Alcyone's strategy of becoming a diversified precious metals play and provides the Company with a strategic foothold in The New Departure and Conjecture Silver Projects, both of which are located in two of the world's most developed silver mining districts."*

### The Facility

The facility is for 36 months (bullet repayment) with interest payable at a rate of 12%, although Black Mountain may repay any funds drawn early provided a minimum of 12 months interest is paid.

Pursuant to the facility, Alcyone will have second ranking security after existing secured creditors and will also have the right to appoint a director to the Board of Black Mountain.

Under the terms of the facility, Alcyone will be issued 4,675,260 fully paid ordinary shares in Black Mountain together with the issue of 4,675,260 unlisted options (\$0.15; 30 November 2016) subject to shareholder approval.

## About the New Departure and Conjecture Projects

Black Mountain's main focus is on near-term production potential at the historic New Departure Silver Mine in Montana where initial production development and ore processing are expected to take place in Q1 2014.

Since it was discovered in the 1880s, the project has produced high grade silver through several operators, though production ceased in the 1980s.

The Company is focussed on restarting production from the first two mining blocks, including the New Departure ore shoot, which historically produced the bulk of the high grade silver.

Recently, Black Mountain announced that additional underground grab samples returned up to 5,194 g/t silver grades at New Departure. The samples were taken from the newly opened up Blue Dot Level which accesses both the Bonanza Zone and Main Zone historic ore blocks and will form a key part of production moving forward in the coming months.

At the Conjecture Silver Project in Idaho, Black Mountain anticipates recommencing mine development in Q2 2014 given weather conditions and short term focus on the New Departure Project.

Mine development will entail completion of the decline ramp to access historic workings and drifting on exposed vein structures.

Black Mountain is focussed on the development of the mine plan, permitting and exploration programme for the project, including a detailed 3-D mine model, using Vulcan software and incorporating the data from historic production and mapping at the project.

**ENDS**

**For further information:**

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Alcyone Resources Limited (**Company**)

ABN

056 776 160

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Fully Paid Ordinary Shares ( <b>Shares</b> )                               |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 606,944,444 Shares   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The Shares will rank parri passu with existing fully paid ordinary shares. |

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**Appendix 3B**  
**New issue announcement**

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Shares rank equally in all respects from the date of issue with the existing class of fully paid ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>300,000,000 Shares were issued at a deemed issue price of \$0.002 per Share.</p> <p>200,000,000 Shares were issued in relation to defaults under various agreements.</p> <p>100,000,000 Shares were issued in partial satisfaction of capital raising fees and interest payments.</p> <p>6,944,444 Shares were issued at a conversion price of \$0.0018 per Share.</p>
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>300,000,000 Shares were issued to Komodo Capital Pty Ltd at a deemed issue price of \$0.002 per Share in satisfaction of a capital raising fee.</p> <p>100,000,000 Shares were issued in partial satisfaction of damages sustained by Bergen Asset Management in relation to defaults under various agreements.</p> <p>100,000,000 Shares were issued YA Global Investments L.P for various breaches by the Company under its convertible security.</p> <p>100,000,000 Shares were issued to Patersons Securities Limited in partial satisfaction of capital raising fees and interest payments.</p> <p>6,944,444 Shares were issued to YA Global Investments L.P upon full conversion of its convertible security.</p>

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6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	28 November 2013
6c	Number of +securities issued without security holder approval under rule 7.1	600,000,000 Shares.
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	6,944,444 Shares issued under Exception 4.
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 271,074,035 securities 7.1A – 614,614,823 securities

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**Appendix 3B**  
**New issue announcement**

7	Dates of entering <sup>+</sup> securities into uncertificated holdings or despatch of certificates	24 December 2013
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8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX (including the securities in section 2 if applicable)	Number	<sup>+</sup> Class
		6,789,896,435	Fully paid ordinary shares.
		60,839,105	Options exercisable at \$0.06 each expiring 14 May 2015 (AYNO).
		1,493,790,333	Options exercisable at \$0.01 each expiring 31 July 2015 (AYNOA).
		Number	<sup>+</sup> Class

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9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the securities in section 2 if applicable)	1,000,000	Options \$0.11 each, expiring 31.03.2015
		1,000,000	Options \$0.15 each, expiring 31.08.2015
		166,666	Performance share rights expiring 29.11.2015
		177,252,724	Performance share rights expiring 15.07.2014
		88,287,496	Performance share rights expiring 27.11.2014
		26,000,000	Options \$0.0496 each, expiring 26.02.2016
		88,000,000	Options \$0.0064 each, expiring 14.08.2018
		1	Convertible security with a face value of A\$1,062,500.
		1	Convertible securities each with a face value of A\$1.
		1,800,000	Convertible Securities with a face value of \$1.
1,790,000	Debt security with a face value of \$1,050,000.		

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable
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## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
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**Appendix 3B**  
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12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the <sup>+</sup> securities will be offered	N/A
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	N/A
15	<sup>+</sup> Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

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20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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**Appendix 3B**  
**New issue announcement**

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- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

**Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

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**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought N/A

39 Class of +securities for which quotation is sought N/A

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?  
N/A

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now N/A

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	N/A	

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**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: .....24 December 2013.....  
(Company secretary)

Print name: .....TREVOR HARRIS.....

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	1,494,254,126
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	3,827,423,724  824,470,385
<b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period	-
<b>“A”</b>	6,146,148,235

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**Appendix 3B**  
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<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15
<b>Multiply “A” by 0.15</b>	921,922,235
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>12,000,000 Shares and 6,000,000 AYNOA Options on 10/10/13.</p> <p>29,548,200 Shares on 5/11/13.</p> <p>2,200,000 Shares and 1,100,000 AYNOA Options on 15/11/2013.</p> <p>600,000,000 Shares on 24 December 2013.</p>
<b>“C”</b>	650,848,200
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<b>“A” x 0.15</b>	921,922,235
<b>Subtract “C”</b>	650,848,200
<b>Total [“A” x 0.15] – “C”</b>	271,074,035 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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**Part 2**

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	6,146,148,235
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	614,614,823
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil
<b>“E”</b>	Nil

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**Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A**

<p>"A" x 0.10 <i>Note: number must be same as shown in Step 2</i></p>	<p>614,614,823</p>
<p><b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i></p>	<p>Nil</p>
<p><b>Total</b> ["A" x 0.10] – "E"</p>	<p>614,614,823 <i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

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