



YTC SELLS TIN PROJECTS INTO TARONGA MINES

- **YTC has reached agreement with Taronga Mines Limited (“TML”), to sell its New England tin assets for 11m Taronga Shares & 5.5 million options**
- **TML owns 100% of the Taronga Tin Deposit, the largest undeveloped tin deposit on mainland Australia**
- **TML will seek to list on the ASX in the near future**
- **YTC Shareholders to receive a priority entitlement in the proposed TML IPO**
- **YTC will own approximately 25% of the issued shares and 50% of the issued options in TML prior to Taronga’s IPO capital raising. One YTC Nominee to be appointed to the TML Board**
- **The YTC tin assets adjoin the Taronga tin deposit, and contain numerous strong exploration targets for ‘Taronga style’ tin mineralisation**
- **YTC retains ownership of its Tallebung & Doradilla tin Projects**

YTC Resources Limited (“YTC” or “the Company”) is very pleased to announce that it has reached an agreement to sell its New England Tin Projects to Taronga Mines Limited (TML) tin company which will shortly be seeking an ASX listing.

The all-script deal sees the beneficial combination of TML’s Taronga Deposit, currently the largest undeveloped tin deposit on mainland Australia, with YTC’s adjoining tenement holding. YTC’s tenement holding contains a number of high priority exploration targets for Taronga style tin mineralisation.

The agreement will see YTC issued with 11 million TML shares and 5.5 million options to acquire shares in TML, representing 25% of the issued shares and 50% of the issued options in TML prior to Taronga’s IPO capital raising.

Through this deal YTC shareholders will gain stronger exposure to a major undeveloped tin deposit and the adjoining exploration upside. YTC Shareholders will also be given a priority entitlement to subscribe for up to a total of \$2 million in the proposed TML IPO and YTC will also have the right to nominate one director to the TML board.

About the Taronga Deposit

The Taronga deposit is located near Emmaville, in north-eastern NSW and is considered to represent a ‘porphyry’ style, sheeted-vein tin deposit. The Taronga deposit represents the largest undeveloped tin deposit on mainland Australia and was extensively explored between 1978 and 1983 by Newmont (Australia) and ICI. Newmont completed a detailed Pre-Feasibility Study (PFS) on the Taronga deposit in 1982-3. PFS work included:

- The completion of 350 diamond core and percussion drill holes.
- Two substantial trial-mining adits into the mineralisation
- A geo-statistical (pre-JORC) Resource Estimation
- Extensive metallurgical testwork and process design
- Bulk sampling

- Detailed infrastructure studies
- 3 stages of pilot plant test work
- Detailed mining studies proposing an open cut mining method delivering 3.7Mt pa ore to a processing plant over a 13 year Mine Life.

In June 1983, Newmont recommended the development of the Taronga Deposit be delayed until tin prices improved. The prevailing tin price in 1983 was around US\$12,000 tonne.

Further details on the Taronga deposit are available via a DIGS search at NSW Industry & Investment website at: dpi.nsw.gov.au Report Ref: GS1983/318.

About YTC's New England tin assets

YTC's New England tin assets include the Torrington project tenements and the Pound Flat Project.

The Torrington project is an extensive tenement area that covers much of the historically important Torrington and Stannum tin fields which have recorded historic production of in excess of 100,000 tons of tin concentrate.

Detailed exploration work by the Electrolytic Zinc Company (EZCO) in the 1980's identified a number of tin bearing 'sheeted' greisen vein zones within the YTC tenement area, which were considered to be highly prospective for further 'Taronga' style tin deposits. These target zones included McDonalds Zone, Emerald Zone, Big Plant Creek Zone & Poverty Point.

The combination of the Torrington project with the adjacent Taronga deposit combines an established large tin deposit with exciting exploration upside.

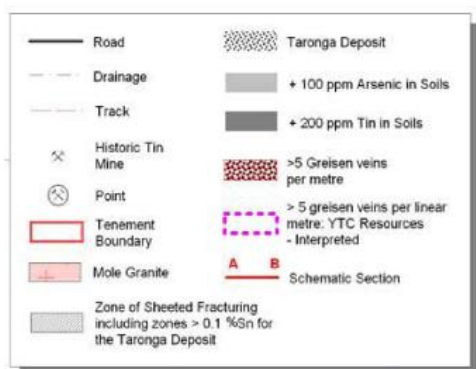
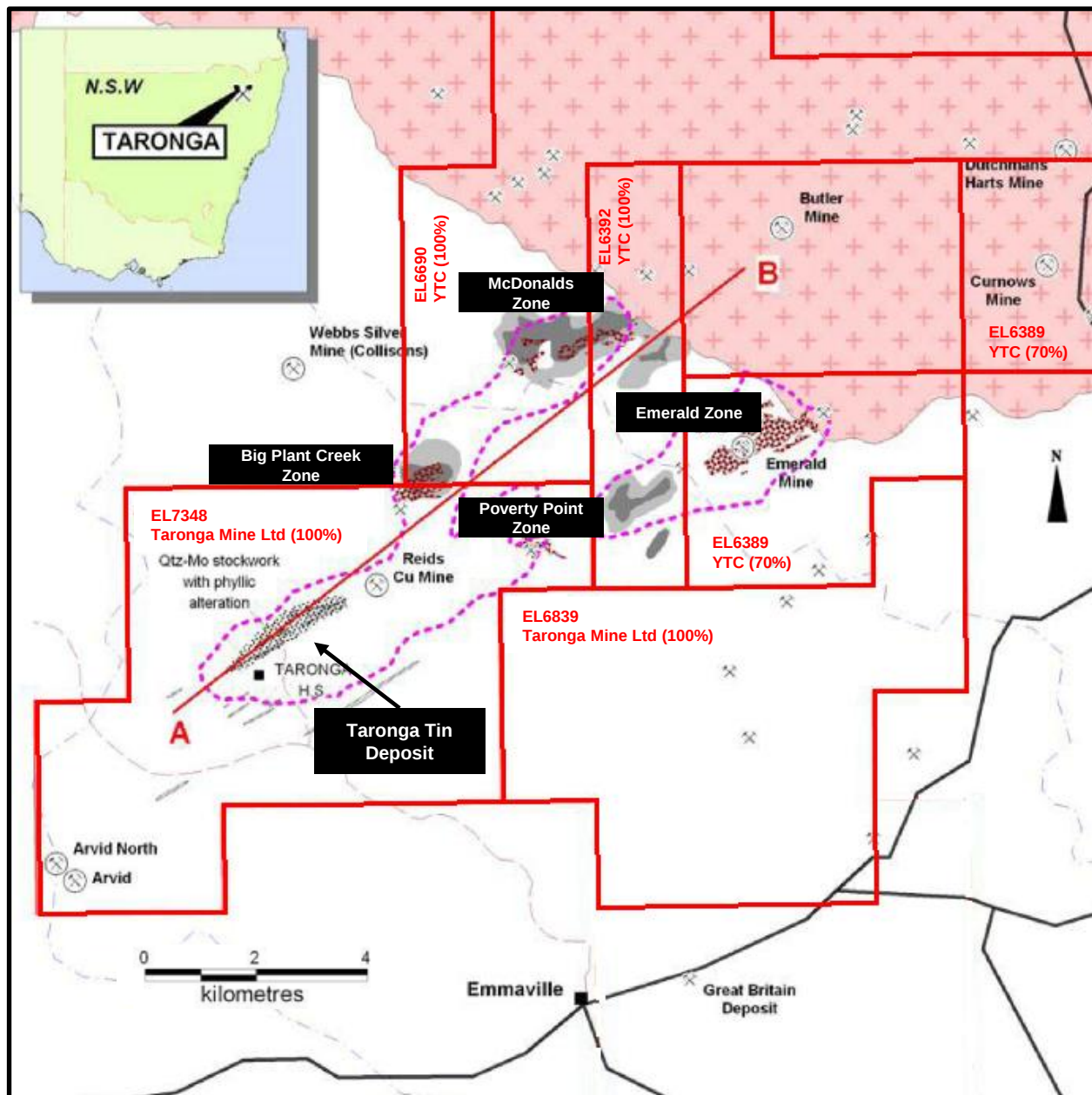
The Pound Flat deposit was initially discovered around 1980 and shares similar characteristics as the Taronga deposit. The project contains a total near surface reserve of 642,600 cubic metres at 1.36kg/m³ and shows potential for a low cost, high margin mining operation with modest capital requirements and could easily be mined in conjunction with the Taronga deposit.

Tin Market

Tin prices have risen by 40% this year due largely to supply constraints. TML's focus on tin will enable them to take advantage of the strong prices by aggressively progressing the combined projects towards production in the near term. YTC shareholders will benefit from this focus through its shareholding and options holding in TML, and through the priority entitlement is the proposed TML IPO on the ASX.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimas Kairaitis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



 Tenement Outline



Torrington Project
Combined Tenement Position
Taronga Mines + YTC
 Scale as Shown



Summary of Key Sale Terms

- YTC to sell to Taronga, its beneficial interests in EL's 6990 (100%), 6990 (100%), 7280 (100%) & 6389 (70%)
- Taronga Mines (TML) to pay the consideration of 11m fully paid ordinary shares at \$0.20 each (**shares**) and 5.5m options to acquire shares in Taronga at \$0.20 (**options**).
- YTC agrees, notwithstanding any escrow that may be imposed by ASX on the Consideration Securities to:
 - not distribute the Consideration Securities to its shareholders before 12 months from the listing of Taronga on ASX; and
 - Not dispose of any of the Consideration Securities to its shareholders before 12 months from the listing of Taronga on ASX without the consent of TML.
- Taronga to pursue an ASX IPO on an best endeavours basis
- YTC to hold the right to appoint one YTC Nominee to the TML Board
- TML agrees to reserve \$2,000,000.00 of the Shares to be offered under the Prospectus for shareholders of YTC by way of a formal priority entitlement, (Priority Entitlement).
- The terms of the Priority Entitlement shall be as follows;
 - Taronga shall exercise its discretion in respect of applications received under the Priority Entitlement with a view to maximizing shareholder spread within Taronga for the purposes of satisfying ASX shareholder spread requirements;
 - Taronga shall be entitled to reject or scale back applications received under the Priority Entitlement for amounts greater than \$10,000.00 per subscriber; and
 - Taronga shall be entitled to nominate a date for closing of the Priority Entitlement which is earlier than the closing date of the Prospectus.
- TML shall hold the first right to Negotiate on any proposed future sale of YTC's interests in the Tallebung (EL6699) and Doradilla (EL6258) tenements, subject to YTC exhausting any other pre-emptive rights to acquire interest in these tenements