

DECEMBER 2012–QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

A\$158 MILLION FINANCING & OFFTAKE WITH GLENCORE TO DEVELOP HERA AND NYMAGEE

On 22 November 2012, YTC Resources Limited ("YTC" or "the Company") was pleased to announce a A\$158m funding package with Glencore International AG ("**Glencore**") to develop the Hera and Nymagee Projects. The funding is structured as A\$155 million in debt and converting note facilities (together "**Project Finance Facilities**"), in addition to the subscription by Glencore of \$2.95 million in YTC shares at a 25% premium to YTC's 30 day average share price as at 20 November 2012 (together "**the Glencore Transaction**"). The Glencore Transaction is subject to a number of conditions precedent described in the body of this report.

HERA PROJECT COMMENCES

Following the announcement of the Glencore funding transaction, YTC announced it had reached an early works agreement with its preferred underground mining contractors, Pybar Mining Services ('Pybar') to commence immediate site establishment and equipment mobilization to the Hera Project site ("Early Works Agreement"). Under this Agreement, YTC and Pybar have now commenced the Hera decline portal. The Early Works Agreement will transition to the full underground mining contract on completion of the Conditions Precedent to the Glencore Transaction.

DRILLING EXTENDS HERA AND NYMAGEE DEPOSITS

Further strong drilling results were returned from drilling at the northern end of both Hera and Nymagee deposits. At Hera, results included hole HRD049 which targeted the newly discovered Hera North Lens and returned results of:

- HRD049: 4.0m @ 0.11g/t Au, 163g/t Ag, 4.9% Pb and 8.7% Zn

At Nymagee, drilling confirmed the northern extension of the Nymagee North zones with results including:

- NMD078: 9m @ 1.0g/t Au, 25g/t Ag, 0.8% Cu, 0.5% Pb and 0.9% Zn from 518m, and
- NMD078: 2m @ 90g/t Ag, 6.3% Pb and 12.1% Zn from 539m

LARGE SCALE TIN MINERALISATION CONFIRMED AT DORADILLA

Drilling at the Doradilla tin deposit has confirmed strong, results from shallow holes over a 1.8km strike length with best results including:

- DRAC009: 10m @ 1.09% Sn from 80m
- DRAC016: 14m @ 0.44% Sn from 30m

During the quarter, YTC reached agreement with Straits Resources Ltd (ASX: SRQ) to acquire 100% of the Doradilla Project (EL 6258) in north-western NSW. Under the agreement YTC will issue Straits with \$250,000 worth of YTC fully paid ordinary shares at a deemed issue price of \$0.286 per share.

CORPORATE

Cash position of \$9.175m at end of quarter.

As a major shareholder of Taronga Mines Limited, YTC supported the merger of Taronga Mines Ltd with AusNiCo (ASX:ANW). YTC notes the merger transaction has now reached compulsory acquisition stage. On completion YTC will hold approximately 16% of AusNiCo's ordinary shares, and will hold 27.5 million unlisted options in AusNiCo.



A\$158 MILLION FINANCING & OFFTAKE WITH GLENCORE TO DEVELOP HERA AND NYMAGEE

On the 22 November, YTC announced that it has agreed binding terms with Glencore International AG ("Glencore") for the provision of up to A\$155 million in debt and converting note facilities (together "Project Finance Facilities"), in addition to the subscription by Glencore of \$2.95 million in YTC shares, for the construction of the Hera and Nymagee Projects ("the **Glencore Transaction**"), subject to the conditions precedent specified below. Details of the transaction include:

- Glencore to subscribe for a placement of YTC shares to the value of \$2.95 million at a 25% premium to YTC's 30 day VWAP (\$0.3138 per share), to grow its total equity interest in YTC to 9.9%
- Glencore committed to provide YTC with up to A\$155 million in funding comprising two converting note facilities for a total of A\$70 million, and three debt facilities for a total A\$85 million ("Project Finance Facilities"), subject to conditions discussed below
- The Project Finance Facilities have been structured to ensure financial flexibility for YTC and manage cash flow during project ramp-up whilst providing Glencore with the strategic benefits of the base metal concentrate production from Hera and Nymagee and the associated synergies with the existing Glencore operations in the Cobar district
- The development of both Hera and Nymagee will be fully funded into production once the Project Finance Facilities are in place
- YTC will retain sufficient cash reserves to maintain continuous exploration programmes at the Hera and Nymagee Projects, and at its regional targets
- The Project Finance Facilities place YTC in a strong position to commence development of the Hera Gold and Base Metals Project, and establish a strong platform from which it may integrate the Nymagee Copper Project in the medium term
- YTC has agreed life of mine offtake and marketing arrangements with Glencore in respect of base metals production from the Hera and Nymagee projects
- YTC and Glencore will form a Technical Steering Committee to advise on the technical aspects of the mining feasibility, development and operations of the Hera and Nymagee Projects
- YTC well placed to join the ranks of Australia's gold production companies, and begin its transformation from explorer to diversified miner

As part of the Glencore Transaction YTC and Glencore have agreed to strengthen their strategic relationship, by jointly forming a Technical Steering Committee to advise on technical aspects of the Hera and Nymagee Project, and by providing Glencore with one seat on the YTC Board. YTC believes that having Glencore as a project partner will provide significant benefits for YTC shareholders given Glencore's mining and logistical base in the Cobar district centred on the large CSA copper mine.

The Glencore Transaction has already received all internal Glencore approvals, and is subject to several conditions precedent that are considered customary for such a transaction including the parties' execution of definitive transaction agreements. The conditions precedent are specified below.

Hartleys Limited is YTC's corporate advisor in respect of the Glencore Transaction.

The key terms of the binding Term Sheet in respect of the Glencore Transaction are summarised below:

Placement	Shares:	9,390,000
	Amount	A\$2,946,582.00
	Issue Price:	\$0.3138 per share (being a 25% premium to YTC's 30 day VWAP)
	Glencore Position:	The placement will increase Glencore's total shareholding in YTC to 9.9% (undiluted)
Facility A	Limit:	A\$20 million Converting Note Facility
	Conversion:	Convertible at YTC's option at \$0.251 per share
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after execution of definitive agreements
	Drawdown Period:	12 months from execution of definitive agreements
Facility B	Limit:	A\$50 million Converting Note Facility
	Conversion:	Convertible at YTC's option at 60 day VWAP Price prior to conversion
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after execution of definitive agreements
	Drawdown Period:	12 months from execution of definitive agreements
Facility C	Limit:	A\$30 million Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after execution of definitive agreements
	Drawdown Period:	18 months from execution of definitive agreements
Facility D	Limit:	A\$50 million Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Nymagee development
	Maturity Date:	42 months after first drawdown
	Drawdown Period:	12 months after completion of approved Nymagee bankable feasibility study or earlier with Glencore consent
Facility E	Limit:	A\$5m Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Purchase of precious and/or base metal option cover.
	Maturity Date:	42 months after first drawdown
	Drawdown Period:	12 months from execution of definitive agreements

Other key terms to the Project Finance Facilities include:

- No establishment fees;
- Each of the facilities may be drawn down in multiples of US\$1 million;
- Repayments of principal and interest will be deferred until the earlier of Nymagee production starting and 30 months after execution of definitive agreements;
- No hedging requirements;
- No restrictions on the issue of future equity; and
- Life of Mine Offtake Agreement for the base metal production of both the Hera and Nymagee Projects.



CONDITIONS PRECEDENT TO THE GLENCORE FUNDING

The Glencore Transaction is subject to the following conditions precedent:

- execution of definitive transaction agreements by 4 February 2013.
- there being no YTC prescribed occurrence being any of the following: a YTC insolvency event, YTC announcing a competing transaction, YTC agreeing to issue any shares or equity securities or undertaking any capital reorganisation, information previously published by YTC becoming untrue (in any material respect) which has a material adverse impact on YTC's project economics or YTC's financial position, YTC disposing or agreeing to dispose the whole or a substantial part of its business, YTC acquiring or agreeing to acquire any major asset or any key YTC tenement being liable to forfeiture;
- YTC shareholder approval of the Glencore Transaction by 22 May 2013. Conversion of the converting notes to be issued to Glencore will be conditional on shareholder approval (to be sought at the same shareholder meeting) and any regulatory approvals (such as Foreign Investment Review Board approval if applicable);
- Glencore being satisfied that all relevant documents to implement the Glencore Transaction are in full force and effect and that all relevant registrations have been made under any applicable register; and
- there being no material adverse change in the business, operations, assets or financial position of YTC.

SUMMARY OF OTHER AGREED TERMS

- YTC has agreed to exclusively deal with Glencore for a period of up to 2 months subject to customary fiduciary carve-outs.
- Subject to completion of the Glencore Transaction, YTC will grant life of mine offtake and marketing arrangements to Glencore in respect of base metals concentrate production from the Hera and Nymagee projects with YTC able to sell precious metal dore production at its sole discretion.
- On completion of the Glencore Transaction, Glencore and YTC will establish a Technical Steering Committee with equal representation from both parties to advise YTC on the technical aspects of the mining feasibility, development and operations of the Hera and Nymagee Projects.
- Following completion of the Glencore Transaction, Glencore shall have the right to appoint one member to the YTC board whilst holding more than 5% of YTC.
- Subject to obtaining a waiver from ASX, following completion of the Glencore Transaction, Glencore will have a top-up right to maintain its interest in YTC at 9.9%.
- During the term of the Project Finance Facilities, Glencore shall have a right of first offer if YTC chooses to divest Hera or Nymagee. The right of first offer obligates YTC to first offer any sale of the Hera or Nymagee projects to Glencore, following which YTC may sell without restriction to any third party in the subsequent 6 month period on terms not more favourable to the purchaser than were offered to Glencore.
- YTC will not be prevented from issuing further equity during the terms of the Project Finance Facilities on terms it sees fit. The conversion price of the Facility A converting notes will adjust to reflect any YTC share capital reorganisation or share issuance including a placement or rights issue.



HERA PROJECT COMMENCES

On 10 December YTC announced it had reached an early works agreement with its preferred underground mining contractors, Pybar Mining Services ('Pybar') to commence immediate site establishment and equipment mobilization to the Hera Project site ("Early Works Agreement"). This work is to be commenced under existing Part 5 decline approvals ahead of expected grant of the Hera Mining Lease in the March quarter.

Under the Early Works Agreement, YTC and Pybar have now commenced the Hera decline portal. The Early Works Agreement will transition to the full underground mining contract on completion of the conditions precedent to the Project Financing agreed between YTC and Glencore.

HERA PROJECT CONSTRUCTION SCHEDULE

With the commencement of works under the Pybar Early Works Agreement, the project construction timeline, subject to conditions precedent to the funding, has now been set, and critical path items are discussed below. A summary of the Hera Project construction schedule and major contractors is presented below.

	Quarter							
	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Mine								
Mine: Ore to the ROM								
Full Scale Ore Production								
Mill								
Mill Construction								
Mill Practical Completion								
Mill Commissioning								
Mill Acceptance								
Milling Ramp Up								
Full Scale Mill Production								
Tailings Dam								
Stage 1								
Mine Camp								
Stage 1								
Stage 2								
Stage 3								
Revenue								
First gold sales								
First base metal sales								

HERA DECLINE

The commencement of the Hera portal and decline and the establishment of the first production levels and ventilation represents the key critical path to production for the Hera Project. Under the Early Works Agreement with Pybar, the Company is targeting commencement of the Hera decline portal in January 2013. At the time of this report site establishment was well advanced.

PROCESS PLANT

The Company is currently finalising a Scope of Works and associated EPC (fixed price, turnkey, lump sum) contract with Gekko Systems of Ballarat, for the construction and delivery of the Hera Project Process Plant.

EARTHMOVING

Major earthmoving activities at the Hera Project including the Tailings Storage Facility (TSF) and the surface dams will be completed under a continuation of the earthmoving contract with Neill Earthmoving based in Nyngan NSW. Neill Earthmoving completed the Stage 1 earthworks including the box cut and access roads in April 2012.

LONG LEAD TIME ITEMS AND CONTRACTS

YTC has identified the following key long lead time items and orders for in-time delivery been placed or will be placed early 2013:

- Vent fan – under order
- Sewage treatment plant – under order
- Raise Bore Contract – Under final negotiation, expected to be let in early 2013
- Transformer – order to be placed shortly

A number of key long lead items will also be placed on finalisation of the EPC Process Plant contract which include:

- Derrick Screens
- Ball Mill

Recent Hera Project Construction Photos



Pybar Workshop Complete



Pybar Office Installation



Installing Decline Power Station



Completed Boxcut

CONSTRUCTION PROJECTS ALREADY COMPLETED

YTC has already completed a number of key construction milestones at the Hera Project including:

- Main access road
- Borefield and pump & pipe reticulation
- Clear and line contractors laydown area
- Boxcut
- Magazine and access roads
- Decline sedimentation ponds
- Site drainage and evaporation ponds
- Camp car park

These construction projects have been completed under the existing Part 5 approval and each allows YTC to 'fast start' the full-scale Hera Project construction which now commences with the mobilisation of underground contractors to site.

HERA EXPLORATION

HERA NORTH ZONE EXTENDED

Results were received from drill hole HRD049 into the high grade lead-zinc-silver rich Hera North Zone. Hole HRD049 was drilled approximately 50m above hole HRD042W1 (11m @ 107g/t Ag, 7.2% Pb and 12.3% Zn) and intersected further high grade results:

HRD049: 4.0m @ 0.11g/t Au, 163g/t Ag, 4.9% Pb and 8.7% Zn

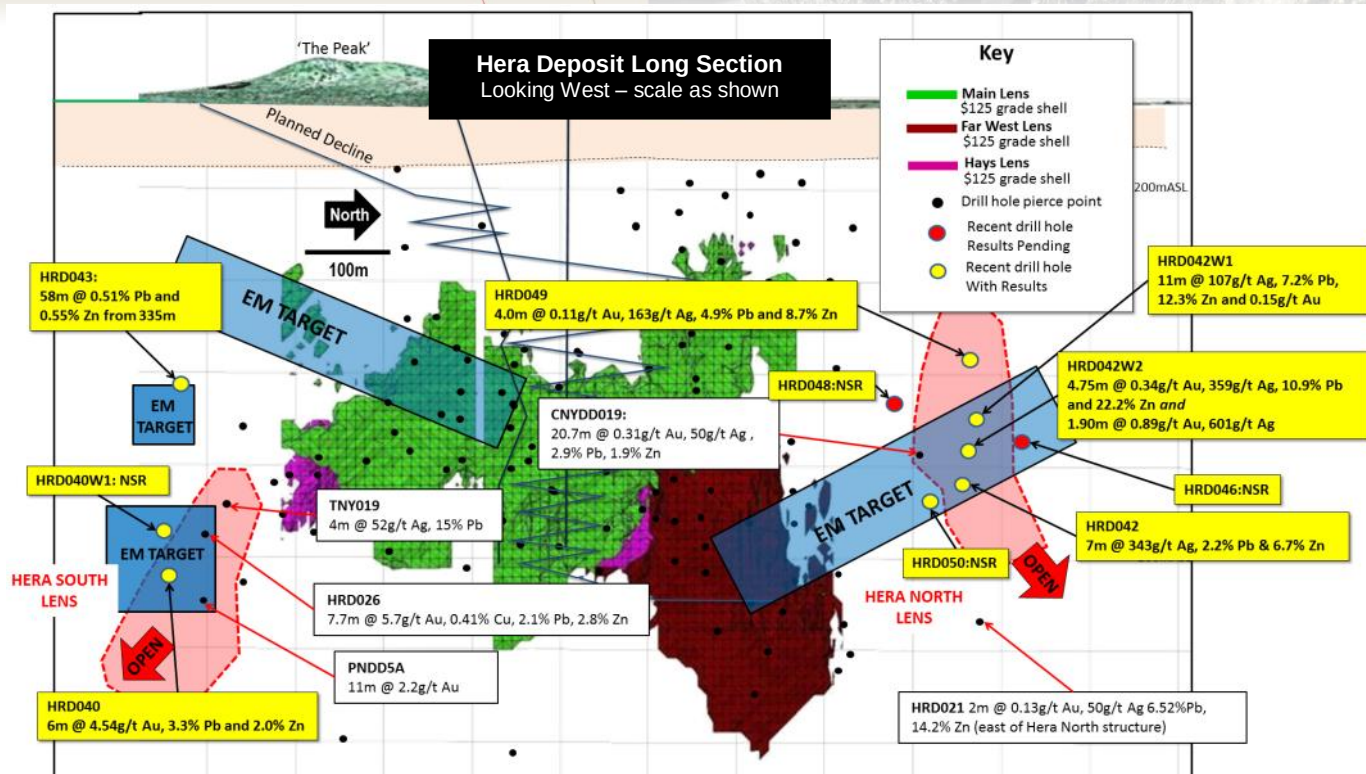
This result extends the vertical extent of the Hera North Lens for over 150m. The southern extent of this particular lens has been limited by weak mineralisation intersected in holes HRD050 and HRD048 (refer accompanying long section), however the Hera North Lens remains **open on a northerly plunge**.

HERA MINERALISATION OPEN TO SOUTH

Results have been received for drill hole HRD043, which was drilled at the southern end of Hera testing a shallow DHEM conductor. The hole drilled just above the plate and recorded an unusual, wide intersection of grading >1% Pb+Zn.

HRD043: 58m @ 0.51% Pb and 0.55% Zn from 335m

Although below ore grade, the intersection confirms the Hera mineralisation remains open to the south. This hole is the southernmost hole at Hera at this level (refer accompanying long section).



FURTHER DOWNHOLE EM (DHEM)

Following the success of the 2012 down hole EM (DHEM) programme and its role in the discovery of the Hera North lens and the open zone intersected in hole HRD040, a programme of further DHEM was completed in December. Results for this survey are now being processed.

NEW GOLD TARGET 12KM SOUTH OF HERA

Ground investigation of an untested gravity high approximately 12km south of Hera identified mineralised outcrops with strong rock chip results up to 2.5g/t Au and 0.7% Pb. A subsequent soil survey delineated a coherent north-west trending gold anomaly over 400m at >10ppb Au with peak values at 50ppb Au (refer figure below). The gold-in-soil values are higher than the response over the Hera deposit and the gold anomaly is coincident with the gravity high. This prospect has been named **Federation** and will be prioritised for drill testing in 2013.

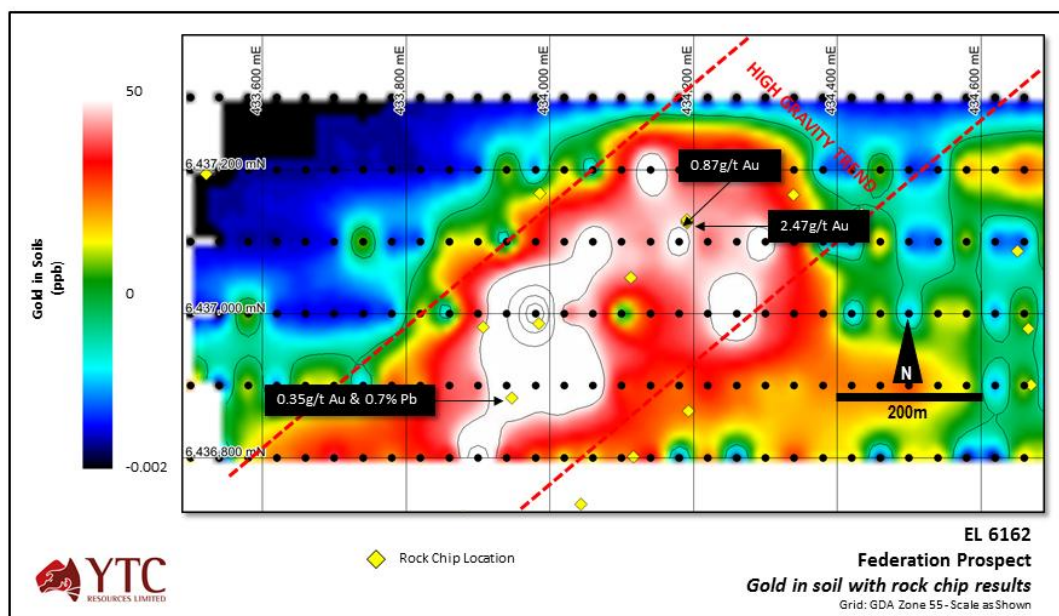


Table 1: Collar summary for Hera drill holes results in this report

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
HRD049	435935	6447541	-55	66.3	399.4	Hera North
HRD043	436792	6446917	-60	250.3	528	Hera South

Table 2: Intersection summary for Hera drill holes in this report

Hole	From (m)	To (m)	Intercept (m)	Est true width (m)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
HRD043	335	393	58	37	-	-	0.5	0.55	-	Hera South
HRD049	278	282	4	2.7	0.11	-	4.9	8.7	163	Hera North Lens

NYMAGEE (YTC- 95%)

NYMAGEE NORTH MINERALISATION EXTENDED

At Nymagee North, hole **NMD078**, was drilled a further 40m north of hole NMD075 (the previous northernmost drill hole at Nymagee) to test the extension of strong poly-metallic intersections recently discovered by YTC. Hole **NMD078** has confirmed the northerly extension of the copper-gold and lead-zinc-silver mineralisation intersected in hole NMD075 as well as recording substantial gold mineralisation, intersecting discrete copper-gold and lead-zinc-silver zones including:

- 9m @ 1.0g/t Au, 25g/t Ag, 0.8% Cu, 0.5% Pb and 0.9% Zn from 518m, and
- 2m @ 90g/t Ag, 6.3% Pb and 12.1% Zn from 539m

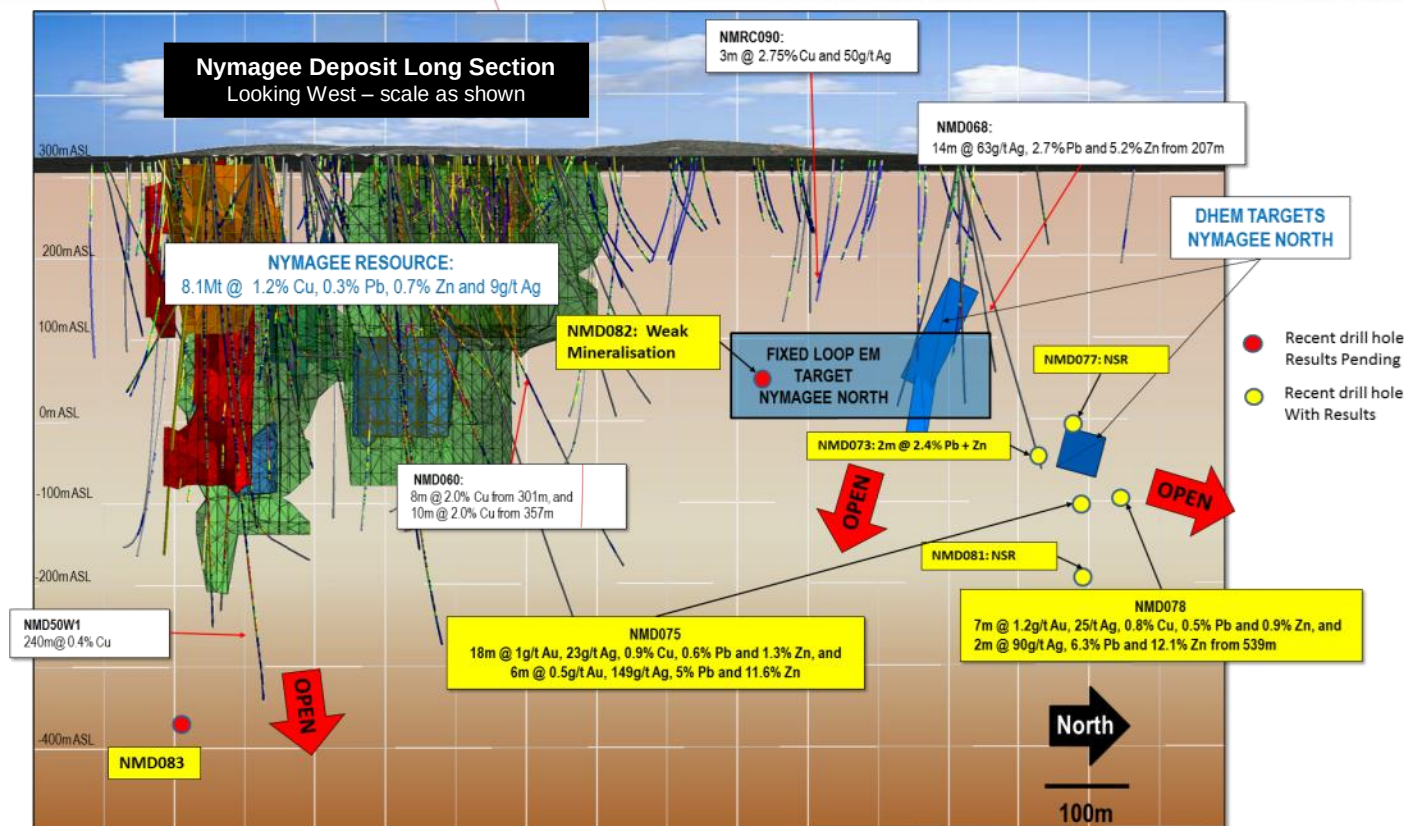
Situated approximately 550m north of the Nymagee Resource, **NMD078** is now the **northernmost drillhole at Nymagee** and demonstrates the mineral system remains open to the north. These results are shown on a long section accompanying this report.

YTC has also completed hole NMD081, to test approximately 100m below hole NMD075. Hole NMD081 intersected strong iron-sulphides from 560 - 629m with minor base metal sulphides but did not return significant results.

Nymagee North continues to return strong base metal intersections with precious metal credits, and YTC remains of the view that the Nymagee North mineralisation recently discovered by YTC potentially represents the upper part of a new mineral deposit.

Hole NMD082, drilled approximately mid-way between Nymagee and Nymagee North intersected weak iron and base metal sulphides in the target zone. The hole has been cased for follow up DHEM survey.

Hole NMD083 is a deep hole beneath the main Nymagee orebody, drilled to provide a platform for DHEM survey. The hole has drifted approximately 70m south of target and may have drifted south of a bounding fault to the Nymagee mineralisation. The hole was completed around 1,000m depth and has now been surveyed by DHEM. No significant mineralisation in the hole was observed.



NYMAGEE DHEM

During December, downhole EM (DHEM) surveys were completed on NMD069, 82 and 83. Results are now being processed.

NEW COPPER-COBALT TARGET AT NYMAGEE

Reconnaissance mapping at Nymagee re-discovered the historic Queens Cross mine shaft located approximately 350m north east of the Nymagee copper mine. The Queens Cross mine is recorded as an historic gold mine however rock chip sampling of outcrop and mullock recorded strong copper values (to 0.8% Cu) and very high grade cobalt (to 1.5% Co).

The Queens Cross mine may lie on a NW trending fault structure which appears to control the main Nymagee orebody. Further follow up exploration including drill testing will be completed in early 2013.

Table 3: Collar summary for Nymagee drill holes in this report

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
NMD078	434345	6452977	-74	250.3	561.7	Nymagee North

Table 4: Intersection summary for Nymagee drill holes in this release

Hole	From (m)	To (m)	Intercept (m)	Est true width (m)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
NMD078	518	527	9	unknown	1.0	0.8	0.5	0.9	25	
	539	541	2	unknown	0.15	0.1	6.3	12.1	90	

YTC MOVES TO 100% OWNERSHIP OF THE DORADILLA PROJECT

During the quarter, YTC announced it had reached agreement with Straits Resources Ltd (ASX: SRQ) to acquire 100% of the Doradilla Project (EL 6258) in north-western NSW. YTC has been exploring the Doradilla Project for large tonnage tin deposits with associated copper, silver, zinc and indium. The tenement (EL 6258) includes the 16km long DMK mineralised skarn which hosts tin deposits at Doradilla, Midway and 3KEL.

Only the northern oxide extension of the DMK skarn has been converted to JORC Resources (YTC-2008), with the Midway-3KEL oxide deposits hosting 7.8Mt @ 0.29% Sn (refer Appendix 1).

EL 6258 was subject to an Exploration Joint Venture Agreement ("EJVA"), between YTC Resources Ltd ('YTC') and Templar Resources Pty Ltd (formerly Templar Resources Limited, a 100% owned subsidiary of Straits Resources Ltd).

Under the EJVA, YTC was earning an initial 70% interest in EL6258 through the exploration expenditure of A\$1.5m within the Sole Funding Period (up to 18th December 2012).

The key terms of the purchase Agreement are:

- YTC will issue Straits \$250,000 worth of YTC fully paid ordinary shares at a deemed issue price of \$0.286 per share
- The tenement will be transferred to YTC or a nominated subsidiary and the EJVA would be set aside
- The Agreement is subject to the approval to transfer the tenements from the NSW Dept of Trade & Investment (Resources & Energy)

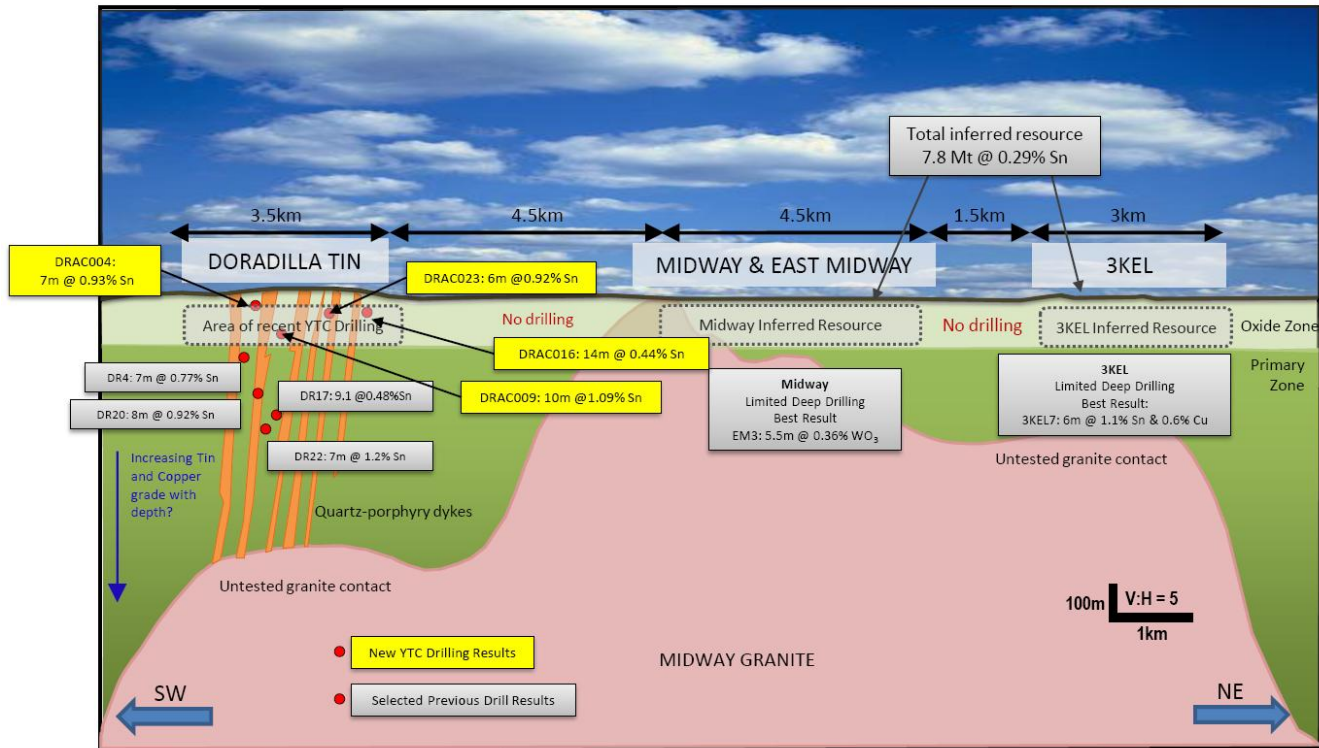
DRILLING CONFIRMS LARGE SCALE TIN MINERALISATION AT DORADILLA

During the quarter YTC completed a programme of 1830m of shallow aircore drilling to test for tin mineralisation within the oxide zone at the Doradilla tin deposit, located at the SW end of the DMK skarn. Previous exploration has shown tin mineralisation extends to over 450m vertical depth but only limited drilling had been completed at shallow levels.

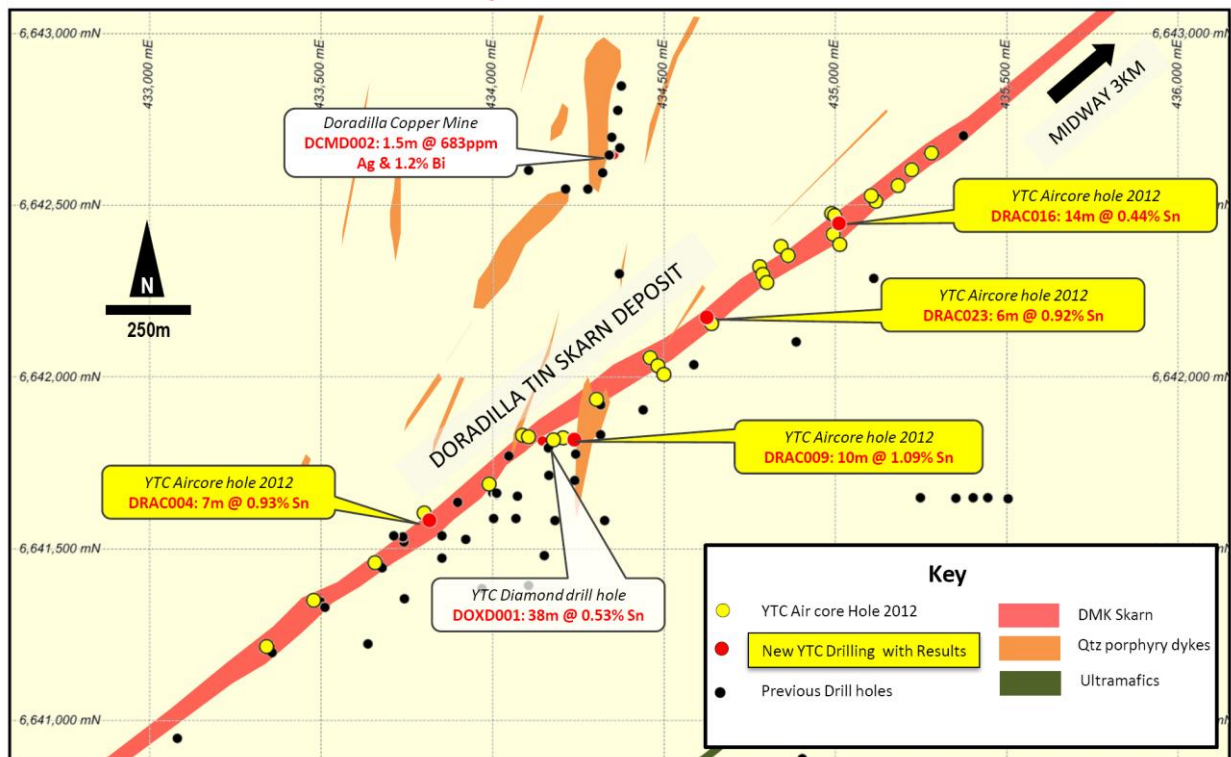
Drilling returned a number of strong tin results over a strike length of over 1.8km, with best results including:

- DRAC004: 7m @ 0.93% Sn from 10m
- DRAC006: 6m @ 0.61% Sn from 44m
- DRAC009: 10m @ 1.09% Sn from 80m
- DRAC016: 14m @ 0.44% Sn from 30m
- DRAC023: 6m @ 0.92% Sn from 24m

The location of these results are shown in plan and long section on the following page.



EL6258 – Doradilla Project. Schematic Long Section of the DMK Skarn. Scale as Shown



EL6258 – Doradilla Project. Drillhole Plan – Doradilla Tin Deposit. Scale as Shown

Table 5: Collar summary for aircore drill hole programme

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
DRAC001	433341	6641218	-60	320	34	Doradilla Oxide
DRAC002	433479	6641353	-60	320	38.5	Doradilla Oxide
DRAC003	433657	6641462	-60	322	20	Doradilla Oxide
DRAC004	433816	6641586	-60	318	17	Doradilla Oxide
DRAC005	433801	6641607	-60	320	17	Doradilla Oxide
DRAC006	433990	6641692	-60	320	51	Doradilla Oxide
DRAC007	434088	6641833	-60	140	2	Doradilla Oxide – did not reach target
DRAC008	434106	6641829	-60	320	3	Doradilla Oxide
DRAC009	434239	6641822	-60	320	94	Doradilla Oxide
DRAC010	434206	6641826	-60	325	83	Doradilla Oxide
DRAC011	435223	6642607	-60	320	102	Doradilla Oxide
DRAC012	435281	6642655	-60	322	120	Doradilla Oxide
DRAC013	435119	6642515	-60	320	40	Doradilla Oxide
DRAC014	435105	6642532	-60	322	60	Doradilla Oxide
DRAC015	434999	6642473	-60	320	2	Doradilla Oxide – did not reach target
DRAC016	435011	6642452	-60	325	51	Doradilla Oxide
DRAC017	434994	6642419	-60	310	70	Doradilla Oxide
DRAC018	434842	6642384	-60	320	115	Doradilla Oxide
DRAC019	434863	6642357	-60	320	75	Doradilla Oxide
DRAC020	434780	6642324	-60	320	53	Doradilla Oxide
DRAC021	434789	6642302	-60	320	76	Doradilla Oxide
DRAC022	434801	6642279	-60	320	79	Doradilla Oxide
DRAC023	434624	6642178	-60	320	39	Doradilla Oxide
DRAC024	434639	6642159	-60	320	72	Doradilla Oxide
DRAC025	434461	6642060	-60	320	41	Doradilla Oxide
DRAC026	434483	6642036	-60	320	75	Doradilla Oxide
DRAC027	434501	6642011	-60	320	12	Doradilla Oxide – did not reach target
DRAC028	434303	6641938	-60	320	63	Doradilla Oxide
DRAC029	435013	6642389	-60	320	98	Doradilla Oxide
DRAC030	435183	6642561	-60	317	141	Doradilla Oxide
DRAC031	434178	6641820	-90	0	101	Doradilla Oxide

Table 6: Intersection summary for drill holes in this release

Hole	From (m)	To (m)	Intercept (m)	Est true width (m)	Sn (%)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
DRAC004	10	17	7	4.5	0.93	0.10	0.10	0.11	1	Hole finished in tin zone
DRAC009	80	90	10	7.7	1.09	-	0.39	-	5	
DRAC016	30	44	14	9.0	0.44	-	0.32	0.45	2	
Includes	30	32	2	1.3	2.50	-	0.68	0.69	1	
DRAC023	6	34	28	18.0	0.21	-	0.38	0.1	3	
Includes	24	36	6	3.9	0.92	-	0.76	-	11	
DRAC006	44	50	6	4.0	0.61	0.18	0.47	0.04	2	

CORPORATE

CASH POSITION

At 31 December 2012, the Company held cash reserves of \$9.175 million.

YTC SUPPORTS THE MERGER OF TARONGA MINES AND AUSNICO (ASX:ANW)

As a major shareholder of Taronga Mines Limited, YTC was pleased to support the merger of Taronga Mines Limited and AusNiCo Ltd (ASX: ANW) through the provision of a pre-bid agreement in respect of 19.9% of its Taronga Mines shareholding. YTC notes that AusNiCo has now moved to compulsory acquisition.

On completion of the merger, YTC expect to hold approximately 16% of ANW's ordinary shares on issue and will hold 27.5 million unlisted options in AusNiCo.

YTC is pleased to be a major shareholder of AusNiCo as it advances the substantial tin assets acquired in the Taronga Mines merger.

Competent Persons Statement – Nymagee & Hera Resource Estimate

The Resource Estimation for both Hera and Nymagee deposits has been completed by Mr Dean Fredericksen the Chief Operating Officer of YTC Resources Ltd who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Dean Fredericksen 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 Fredericksen consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Rimias Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimias 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.

Competent Persons Statement – Hera Ore Reserve

The Information in this report relating to Ore Reserves is based on work undertaken by Mr Michael Leak of Optiro Pty Ltd under supervision of Mr Sean Pearce. This report has been compiled by Sean Pearce, who is a Member of the Australasian Institute of Mining and Metallurgy. Sean Pearce 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 Pearce consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – 3KEL-Midway Resource Estimation

The resource estimates of oxide material at 3KEL and Midway have been performed by Dr William Yeo, MAusIMM, who is an employee of Hellman & Schofield Pty Ltd and who qualifies as a Competent Person under the meaning of the 2004 JORC Code. He consents to the inclusion of these estimates, and the attached notes, in the form and context in which they appear.

ABOUT THE HERA-NYMAGEE PROJECT

The Hera-Nymagee Project represents YTC's flagship Project and consists of the Hera gold-base metal deposit (YTC 100%) and the Nymagee copper deposit (YTC 95%), and is located approximately 100km south-east of Cobar, in central NSW. The deposits are hosted in the Cobar Basin, which also host the major mineral deposits at CSA (Cu-Ag), The Peak (Cu-Au) and Endeavor (Cu-Pb-Zn-Ag).

YTC has commenced development activities at the Hera Gold Project following the completion of the Hera Definitive Feasibility Study ("DFS") which confirmed the technical and financial viability of the development of the Hera deposit as a shallow underground mine and processing plant producing gold and silver doré bars and a bulk lead-zinc concentrate for sale.

The Hera underground decline development has commenced ahead of completion of the Conditions Precedent to the full Project funding, which is expected in the March quarter.

The Company is also currently evaluating the Nymagee copper deposit, located 4.5km to the north, with a view to demonstrating an integrated development of the Hera and Nymagee deposits. The Company considers both deposits have the potential to evolve into very large "Cobar style" mineral systems. YTC received NSW State Government permitting Approval for the Hera Project development on the 1st August 2012 and announced a comprehensive funding package for the development of both Hera and Nymagee deposits, on 22nd November 2012.

APPENDIX 1: MINERAL RESOURCES AND RESERVES

Table 1: Hera Deposit Mineral Resource Estimate (YTC – 100%) – June 2011

Category	Tonnes	NSR (A\$)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au Eq (g/t)	Contained Au ozs Eq
Indicated	2,113,000	243	4.2	17.0	0.2	2.8	3.9	9.2	
Inferred	330,000	207	3.5	14	0.1	2.3	3.3	7.5	
Total	2,444,000	238	4.1	16.7	0.2	2.8	3.8	8.6	677,200

Table 2: Hera Deposit – DFS Mining Reserve (YTC-100%) – September 2011

Source	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au Eq (g/t)	Contained Gold Ounces (Au Eq)
Development Sub-total	278,158	2.86	13.06	0.13	2.26	3.19		
Stope Sub-Total	1,597,760	3.72	15.39	0.17	2.56	3.55		
MINE PROBABLE RESERVE	1,875,918	3.59	15.04	0.16	2.51	3.50	7.00	423,471

Table 3: Nymagee Deposit Mineral Resource Estimate (YTC – 95%) – December 2011

Description	Cut Off	Tonnes	Cu %	Pb %	Zn %	Ag g/t
INDICATED						
Shallow Cu Resource (above 90mRL)	0.3% Cu	5,147,000	1.00	0.10	0.20	5
Deeper Cu Resource (below 90m RL)	0.75% Cu	1,984,000	1.80	0.30	0.60	11
Lead-Zinc-Silver Lens	5% Pb + Zn	364,000	0.50	4.40	7.80	41
INFERRED						
Deeper Cu Resource (below 90m RL)	0.75% Cu	601,000	1.30	0.10	0.20	8
GLOBAL		8,096,000	1.20	0.30	0.70	9
Contained Metal (tonnes)			96,000	27,000	53,000	69

Table 4: Midway & 3KEL deposits – Doradilla JV (YTC earning 70%) – February 2008

Category	Sn Cut-off	Midway		3KEL		TOTAL	
		Tonnes (M)	% Sn	Tonnes (M)	% Sn	Tonnes (M)	% Sn
Inferred	0.1%	4.63	0.25	3.18	0.34	7.81	0.29
Inferred	0.2%	1.97	0.4	1.85	0.48	3.82	0.44
Inferred	0.5%	0.38	0.92	0.56	0.89	0.94	0.90

APPENDIX 2: GOLD EQUIVALENT CALCULATIONS – HERA DFS & HERA RESERVE

This report makes references to the Hera Ore Reserve, DFS outputs and metal equivalents. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered.

Au Equivalent calculation formula = (Metal price x metal grade) ÷ (gold price per oz ÷ 31.1)

The following metal prices, exchange rates and metal recoveries and payabilities were used for the calculation of a gold equivalent

Metal	Recovery	Payability	Source
Au	94%	100%	YTC Metallurgical testwork and Marketing Study
Cu	88%	0%	YTC Metallurgical testwork and Marketing Study
Pb	91%	95%	YTC Metallurgical testwork and Marketing Study
Zn	90%	85%	YTC Metallurgical testwork and Marketing Study
Ag to dore	47%	100%	YTC Metallurgical testwork and Marketing Study
Ag to Bulk Con	46%	0%	YTC Metallurgical testwork and Marketing Study

Metal	Price	Source
Au	US\$1450/oz	20% discount to spot
Pb	US\$2,500/t	LME 15 month buyer
Zn	US\$2,318/t	LME 15 month buyer
Ag	US\$32/oz	20% discount to spot
AUD/USD	1.00	Consensus Forecast

APPENDIX 3: GOLD EQUIVALENT & NSR CALCULATIONS – HERA RESOURCE

This report makes references to the Hera Resource and metal equivalents. It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered.

Au Equivalent calculation formula = (Metal price x metal grade) ÷ (gold price per oz ÷ 31.1)

The following metal prices, exchange rates and metal recoveries and payabilities were used in the estimation of "net recoverable ore value per tonne (NSR)" and for the calculation of a gold equivalent.

Metal	Recovery	Payability	Source
Au	94%	100%	YTC Metallurgical testwork and Marketing Study
Cu	88%	0%	YTC Metallurgical testwork and Marketing Study
Pb	91%	95%	YTC Metallurgical testwork and Marketing Study
Zn	90%	85%	YTC Metallurgical testwork and Marketing Study
Ag to dore	47%	100%	YTC Metallurgical testwork and Marketing Study
Ag to Bulk Con	46%	0%	YTC Metallurgical testwork and Marketing Study

Metal	Price	Source
Au	US\$1200/oz	90% of Consensus forecast, to May 2013 <i>Consensus economics, May2011</i>
Cu	US\$8,370/t	90% of Consensus forecast, to May 2013 <i>Consensus economics, May2011</i>
Pb	US\$2,420/t	90% of Consensus forecast, to May 2013 <i>Consensus economics, May2011</i>
Zn	US\$2,425/t	90% of Consensus forecast, to May 2013 <i>Consensus economics, May2011</i>
Ag	US\$27/oz	90% of Consensus forecast, to May 2013 <i>Consensus economics, May2011</i>
AUD/USD	0.90	