YTC
RESOURCES LIMITED

GENERAL MEETING

10am (AEDST)
Friday 15 March 2013
The Macquarie Room
Pullman Quay Grand
Sydney Harbour

East Circular Quay
61-69 Macquarie Street
Sydney NSW 2000 Australia

Notice of
GENERAL MEETING

This is an important document. Please read it carefully and in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 6361 4700.

YTC RESOURCES LIMITED

ACN 108 476 384

NOTICE OF GENERAL MEETING

YTC Resources Limited ACN 108 476 384 gives notice that a general meeting of members will be held at the Pullman Quay Grand Sydney Harbour, 61-69 Macquarie Street Sydney NSW 2000 on 15 March 2013 at 10 am.

BUSINESS

1. **APPROVAL OF THE ISSUE OF THE SUBSCRIPTION SHARES TO GLENCORE AUSTRALIA FINANCE HOLDINGS PTY LTD**

To consider and, if thought fit, pass the following ordinary resolution.

"That the issue of 9,390,000 fully paid ordinary shares to Glencore Australia Finance Holdings Pty Ltd, which are to be paid in full on application is approved for the purposes of item 7, section 611 of the Corporations Act 2001 (Cth) and for all other purposes."

2. **APPROVAL OF THE ISSUE TO GLENCORE GROUP FUNDING LIMITED OF CONVERTING NOTES AND SHARES ON CONVERSION OF THOSE CONVERTING NOTES**

To consider and, if thought fit, pass the following ordinary resolution.

"That for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company (or one or more wholly owned subsidiaries of the Company) to issue to Glencore Group Funding Limited or its related body corporate:

- *up to A$70 million (plus interest) worth of converting notes (**"Converting Notes"**) following the Company's (or a wholly owned subsidiary's) drawdown under the Converting Notes facility documents; and*

- *upon conversion of the Converting Notes, such number of fully paid ordinary shares in the capital of the Company required for conversion of those notes as determined in accordance with the Converting Notes facility documents,*

a summary of which is set out in the Explanatory Memorandum accompanying the notice of meeting."

Date 13 February 2013

By order of the Board

Richard Willson
Company Secretary

NOTES

These Notes form part of the Notice of Meeting.

Time and place of meeting

Notice is given that a general meeting of members will be held at the Pullman Quay Grand Sydney Harbour, 61-69 Macquarie Street Sydney NSW 2000 on 15 March 2013 at 10 am.

Your vote is important

The business of the general meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00 pm on 13 March 2013.

Voting exclusion statement

In accordance with the ASX Listing Rules and item 7 of section 611 of the *Corporations Act 2001* (Cth), Glencore and any associate of Glencore is precluded from voting, and the Company will disregard any votes cast, on the Resolutions.

However, the Company need not disregard a vote for the purposes of the ASX Listing Rules if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Appointment Form; or
- it is cast by the Chairman of the general meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Appointment Form authorising the Chairman of the meeting to vote as he decides.

Voting in person

To vote in person, attend the general meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Voting by corporate representative

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the general meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the general meeting, evidence of appointment, including any authority under which it is signed, unless it has previously been given to the Company.

Voting by attorney

A Shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company in one of the methods listed above for the receipt of Proxy Forms, so that it is received not later than 7:00 pm on 13 March 2013.

Voting online

You may submit your proxy online by visiting www.securitytransfer.com.au.

To use this option, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your allocated Control Number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority. The online proxy facility may not be suitable for shareholders who wish to appoint two proxies with different voting directions. Please read the instructions for online proxy submissions carefully before you lodge your proxy. Custodians and other intermediaries may submit their proxy online by visiting www.securitytransfer.com.

Forward looking statements

Certain statements in this Explanatory Memorandum relate to the future. These statements reflect views only as of the date of this Explanatory Memorandum. While the Company believes that the expectations reflected in the forward looking statements are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

Notice to persons outside Australia

This Explanatory Memorandum has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of this Explanatory Memorandum may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Explanatory Memorandum should inform themselves of, and observe, any such restrictions.

Disclaimers

No person is authorised to give any information or make any representation in connection with the Transaction which is not contained in this Explanatory Memorandum. Any information or representation not contained in this Explanatory Memorandum, may not be relied on as having been authorised by the Company or the Board in connection with the Transaction.

Privacy

To assist the Company to conduct the General Meeting, the Company may collect personal information including names, contact details and shareholding of Shareholders and the names of persons appointed by Shareholders to act as proxy at the General Meeting. Personal information of this nature may be disclosed by the Company to its share registry, print and mail service providers, and the Company's agents for the purposes of implementing the Transaction. Shareholders have certain rights to access their personal information that has been collected and should contact the Company Secretary if they wish to access their personal information.

Responsibility for information

The information contained in this Explanatory Memorandum (except for the Independent Expert's Report and information regarding Glencore and its intentions) has been prepared by the Company and is the responsibility of the Company. Glencore assumes no responsibility for the accuracy or completeness of that information. Information concerning Glencore and its intentions has been provided by Glencore. None of the Company, its associates or its advisers assumes any responsibility for the accuracy or completeness of that information.

BDO has prepared the Independent Expert's Report and has consented to the inclusion of the report, and references to it, in this Explanatory Memorandum. BDO takes responsibility for that report, and references to it, but is not responsible for any other information contained within this Explanatory Memorandum.

Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Competent Person consent 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.

ASIC and ASX involvement

A copy of the Notice of Meeting and Explanatory Memorandum has been lodged on 7 January 2013 with ASIC pursuant to ASIC Regulatory Guide 74 and ASX pursuant to the Listing Rules. Neither ASIC, ASX nor any of their officers take any responsibility for the contents of the Notice of Meeting and Explanatory Memorandum.

Letter from Chairman

Dear Shareholder

It is with great pleasure that I commend to you the proposed financing arrangement between the Company and Glencore International AG which was announced to the ASX on 22 November 2012 and recommend that you vote in favour of both of the resolutions required to implement the Glencore Facilities.

Your vote is important, and I urge you to return the your personalised proxy form as soon as possible, and to vote in favour of the Glencore Facilities by ticking the boxes "For" both resolutions contained in this Notice.

The Independent Expert has concluded that the Glencore Facilities are fair and reasonable to shareholders. In addition, it has received a positive recommendation from the majority of the Board, including the Managing Director, myself as independent Chairman and all independent non-executive Directors. It has also been recommended by YTC's Finance Committee.

I encourage you consider the contents of this Notice of Meeting ("**Notice**") as a whole in reaching your decision. Importantly, I draw your attention to:

- page 9 of this Notice which contains the reasons why the majority of your Board recommends you vote in favour of the Glencore Facilities, and

- page 9 of this Notice which contains the reasons that you may consider voting against the Glencore Facilities.

Whilst the majority of the YTC Board recommends you vote in favour of the Glencore Facilities, there are three dissenting directors that are not recommending them and their reasons for dissenting are set out in section 7.3(i). Those three dissenting directors are:

- Dr Wenxiang Gao, General Manager of Yunnan Tin Group, and a director of Yunnan Tin Co. Ltd (Shenzhen Stock Exchange);

- Ms Christine Ng, Executive Director of China Yunnan Tin Minerals Group Company Ltd (Hong Kong Stock Exchange); and

- Mr Robin Chambers, Senior Partner of law firm Chambers & Company and Special Counsel - China for law firm Chadbourne & Parke.

I am disappointed that after a long and rigorous process to find and negotiate suitable financing for the Hera Project, and the future of YTC, that your Board has not been able to reach a unanimous recommendation. The majority of the Board share the view that the Glencore Facilities will provide an outstanding outcome for YTC shareholders.

As part of your consideration of the Glencore Facilities I think you may benefit from a brief summary of the process by which the Glencore Facilities were agreed to be the best outcome for YTC shareholders.

The Board through its Finance Committee (comprised of two independent directors and the Managing Director) held discussions and negotiated with a number of parties who would be likely to have an interest in providing finance for the Hera Project and/or securing off-take from both the Hera and Nymagee Projects. The Finance Committee appointed advisors to assist in strategy and negotiations with all parties, and a rigorous process was pursued to find the best available terms.

Following a lengthy, competitive process the most definitive, commercially attractive terms that the Finance Committee was able to negotiate were with Glencore.

While the Finance Committee understands other parties may have a continuing interest in providing finance and/or securing offtake, in the absence of an alternative definitive and superior proposal, the Finance Committee recommended acceptance of the Glencore proposal to the Board. In doing so, the Finance Committee took into account the substantial length of time available to all parties to reach best and final definitive proposals and the need for the Company to secure financing in a timely manner to enable development of the Hera Project to proceed as planned.

NSW Government Approval for the development of Hera was received on 31 July 2012. At that time the second wave of the "Global Financial Crisis" had impacted world economies generally and finance and equity markets in particular. YTC was not immune to these impacts. As a result, the opportunities for an equity raising to finance the development of Hera were, and remain to be severely constrained.

In November 2012 the Finance Committee unanimously recommended the Glencore financing and offtake arrangements to the full Board of YTC, and this recommendation is supported by a majority of the Board; and is now being put to shareholders for approval.

Once again, I recommend the Glencore Facilities to you and urge you to vote in favour of all resolutions. Regardless of the size of your investment in YTC, your vote will be important to secure the Glencore Facilities.

Shareholders should be aware that all of the Funding Package is inter-dependent so that if shareholders do not approve the Resolutions for the Placement and Converting Notes, all Glencore Facilities will fall away and YTC will need to source alternative funding.

I look forward to a very busy 2013 in which your Company, with the strategic support of Glencore, will move to develop the Hera Mine, if the resolutions in this Notice are approved.

Mr Anthony Wehby
Chairman
YTC Resources Limited

Letter from YTC's Managing Director

Dear Shareholder

It is with great pleasure that we provide you with this Notice which sets out the key benefits for the proposed development funding package that YTC has agreed with Glencore International AG. With this Notice, you will find a personalised proxy form. Your vote is important, and I encourage you to return this proxy form as soon as possible, and to vote in favour of the transaction by ticking the boxes to vote "For" both resolutions outlined within this Notice.

On 22 November 2012, YTC announced that it had agreed binding terms with Glencore International AG, pursuant to which Glencore would provide YTC with up to A$155 million in debt and converting note facilities in addition to subscribing to a placement of $2.95 million in YTC shares at a 25% premium to YTC's then 30 day average price, for the construction of the Hera and Nymagee Projects. This Notice and Explanatory Memorandum, which incorporates an Independent Expert's Report, has been provided to allow you to consider and vote on the Glencore Facilities.

Over the last few years, YTC has steadily advanced its Hera and Nymagee Projects to a point where the Hera Project stands ready for immediate development and the Nymagee Project, after tremendous exploration success, has a maiden resource estimate. Pleasingly, both projects also retain substantial exploration upside.

As you will no doubt be aware, YTC has undertaken early site works for the development of the Hera Project, however to complete the mine's development, YTC requires considerable capital. Following a competitive process, YTC secured funding from Glencore on terms that the YTC Finance Committee considers provide an outstanding outcome for YTC shareholders. I strongly support the Glencore Facilities, as do all of YTC's Independent Directors.

YTC engaged BDO Corporate Finance (WA) Pty Ltd as an Independent Expert to consider the Converting Notes and Placement components of the Glencore Facilities. The Independent Expert has concluded that the Glencore Facilities are **fair and reasonable**.

The process of assessing the preferred financing structures for the development of the Hera and Nymagee Projects was managed through a Board Committee process. This allowed the Managing Director and two of the Independent Directors to contribute to the process. The Finance Committee sought funding packages from a diversity of sources including major banks, equity sources, metals traders and smelters including the Yunnan Tin Group.

We believe the Glencore Facilities negotiated with Glencore and presented here for your approval represent the most attractive financing available to the Company on the basis that:

- It provides sufficient funding to advance the Hera Project through to production and is expected to provide sufficient funding to advance the Nymagee Project to production;
- It provides up to $70m of facilities which are convertible to shares at YTC's discretion, providing considerable flexibility for YTC;
- There are no mandatory hedging requirements;
- The funding includes a life of mine offtake agreement with a strong offtake counterparty whilst at the same time allowing YTC to sell its own gold and silver doré production; and
- The Funding Package does not prevent the issue of new equity by YTC in the future.

In recommending the Glencore Facilities for your approval, I am cognisant that the broader funding environment, particularly for junior resource companies, has been difficult for an extended

period of time. This is notwithstanding that commodity prices, and in particular gold, remain strongly favourable for the immediate Hera Project development.

YTC considers the Hera and Nymagee projects represent the commencement of a new, long life, high margin precious and base metals mining operation in the Cobar basin, and I see the Funding Package as the most favourable and flexible structure to allow YTC to deliver this vision.

I strongly recommend the Funding Package, and the shareholder Resolutions to this meeting for your approval.

Shareholders should be aware that all of the Funding Package is inter-dependent so that if shareholders do not approve the resolutions for the Placement and Converting Notes, all Glencore Facilities and related agreements such as the Offtake Agreement and formation of the Technical Steering Committee will fall away and YTC will need to source alternative funding to develop the Hera and Nymagee Projects.

Your vote is important to YTC, regardless of how many shares you own. If you are unable to attend the General Meeting, you are encouraged to vote in favour of the Resolutions by ticking the "For" box in respect of each resolution on your personalised proxy form which is enclosed with this Notice, and returning it in accordance with the directions on the proxy form so that it is received no later than 10:00 am (EST) on Wednesday, 13 March 2013. If you are in doubt as to what actions you should take, please consult your professional advisor without delay.

Sincerely

Managing Director
YTC Resources Limited

EXPLANATORY MEMORANDUM

This information forms part of the Notice of General Meeting.

This explanatory memorandum has been prepared for Shareholders in connection with the general meeting to be held at the Pullman Quay Grand Sydney Harbour, 61-69 Macquarie Street Sydney NSW 2000 on 15 March 2013 at 10 am.

The explanatory memorandum provides information which the directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions contained in the Notice of Meeting.

The Notice of Meeting, Explanatory Memorandum, Independent Expert's Report and Proxy Form are all important documents. They should be read carefully in their entirety before you make a decision on how to vote at the general meeting.

If you have any questions regarding the matters set out in the documents, please contact the Company Secretary on +61 2 6361 4700. You should also contact your stockbroker, accountant, lawyer or other professional adviser.

Key dates

The key dates associated with the General Meeting and this document are set out below:

Event	Date
Date of the Notice of Meeting and Explanatory Memorandum	13 February 2013
Completed Proxy Form to be received no later than	10:00 am on 13 March 2013
Date and time for determining eligibility to attend and vote at the General Meeting	7:00 pm on 13 March 2013
General Meeting of Shareholders	10:00 am on 15 March 2013

Definitions

Capitalised terms used in this Explanatory Memorandum are defined in section 8.1.

Key reasons why you should vote in favour of the Funding Package

The Company considers that the Funding Package has a number of benefits for Shareholders, as summarised below and set out in more detail in section 2.1 (Key Reasons for the Funding Package) of this Explanatory Memorandum.

1. **The Converting Notes are part of the Glencore Facilities, which together provide necessary funding for development of the Hera and Nymagee projects and growth of the Company**

2. **Structuring the Funding Package to utilise Converting Notes is expected to be less dilutionary for shareholders than issuing ordinary shares at a significant discount to market price in a typical placement**

3. **Secures long term offtake arrangements for base metals with a reliable offtake counterparty**

4. **The issue of the Subscription Shares is at a premium to YTC's share price prior to announcement of the Funding Package**

5. **The Converting Notes only convert into YTC shares at YTC's election. Consequently, no shares will be issued to Glencore pursuant to the Converting Notes unless YTC chooses to convert at a future point in time**

6. **Establishes a strategic relationship with Glencore, including the formation of a Technical Steering Committee**

7. **Glencore's Board representative and Technical Steering Committee representatives have the potential to bring additional skills to YTC**

8. **There are no mandatory hedging requirements imposed on YTC by the Funding Package**

9. **The Funding Package does not prevent any future equity issuance by the Company**

Reasons why you may consider not voting in favour of the Funding Package

Shareholders should be aware that there are some potential disadvantages of the Funding Package, as summarised below and set out in more detail in section 2.2 of this Explanatory Memorandum.

1. **Some dilution of the existing interests of Shareholders when the Subscription Shares are issued – approximately 3.7% of YTC's issued share capital**

2. **If YTC were to elect to convert all of the Converting Notes into Shares, Glencore will substantially increase its voting power in the Company and existing Shareholders will be diluted – under one scenario this could be as high as 64.4%, in which case Glencore may potentially gain control of YTC through such conversion without a takeover premium having been paid to YTC Shareholders**

3. **The Company is required to grant Glencore security over assets and provide covenants, this will increase the Company's gearing – the Company considers this standard practice for such facilities**

4. **Granting Glencore the first right of refusal to acquire Hera or Nymagee (if YTC ever elects to dispose of these projects) may inhibit any third party offer to purchase either project**

5. **As part of any future equity issue, and subject to ASX granting a waiver, Glencore will be offered a right to top-up its shareholding at the same price as the equity issue so as to maintain its pre-issue interest in YTC (but not to exceed 9.9%)**

6. **Notwithstanding that the Company, with the assistance of its external corporate advisers, finance experts and metal trading experts, established a finance committee that ran an exhaustive competitive process over a long period of time to identify and negotiate the best funding terms available, you may consider that YTC may be able to obtain superior funding terms or a superior offtake arrangement (no superior proposal has emerged since announcement of the Glencore Funding on 22 November 2012).**

The Independent Expert has found that the Glencore Facilities are fair and reasonable to Shareholders who are not associated with Glencore.

The Majority Directors recommend Shareholders vote in favour of the Resolutions to approve the Glencore Facilities. The Dissenting Directors recommend Shareholders vote against the Resolutions to approve the Glencore Facilities. Further information on the reasons for each Director's recommendation can be found at section 7.3(i).

1. DETAILS OF THE FUNDING PACKAGE

1.1 Parts of the Funding Package to be approved

The Company and Glencore International AG have executed a Binding Terms Sheet for Glencore to provide the Company with up to A$158 million in equity, debt and Converting Note Facilities (the **"Glencore Facilities"**) and have agreed life of mine off-take and marketing agreements for the Hera and Nymagee Projects and to form a Technical Steering Committee to advise on technical aspects of the Projects (together with the Glencore Facilities, the **"Funding Package"**).

The key terms of the Placement and the Converting Note Facilities are summarised below and a more detailed summary is set out in Annexure A. Further details in relation to the debt facilities are set out in section 1.2.

Shareholder approval is sought in relation to the Converting Note Facilities under section 611 item 7 of the Corporations Act as there is potential that if YTC elects to convert the Converting Notes issued under either Facility A and/or Facility B into YTC shares, that Glencore will then hold a relevant interest in more than 20% of the issued voting shares in YTC.

Placement		
	Shares:	9,390,000
	Amount	$2,946,582.00
	Issue Price:	$0.3138 per share (being a 25% premium to YTC's 30 day VWAP at the time the Term Sheet was signed)
	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 the Company'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 for Hera and Nymagee and to reimburse up to $6 million of development funding provided by YTC to Hera
	Maturity Date:	60 months after the date Shareholders approve the Glencore Facilities
	Drawdown Period:	12 months the date Shareholders approve the Glencore Facilities
Facility B		
	Limit:	A$50 million Converting Note Facility
	Conversion:	Convertible at the Company'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 for Hera and Nymagee

	Maturity Date:	60 months after the date Shareholders approve the Glencore Facilities
	Drawdown Period:	12 months from the date Shareholders approve the Glencore Facilities

1.2 **Aspects of the Funding Package not requiring Shareholder approval**

The purpose of this General Meeting is to consider and if thought fit to approve the issue of the Subscription Shares under the Placement, and the issue of the Converting Notes including any Shares issued following conversion of the Converting Notes.

Shareholders should be aware that the Glencore Facilities are inter-dependent, so that if shareholders do not approve the Resolutions for the Placement and Converting Notes, all Glencore Facilities and related agreements such as the Off-take Agreement and formation of the Technical Steering Committee will fall away and YTC will need to source alternative funding to develop the Hera and Nymagee Projects.

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 the date Shareholders approve the Glencore Facilities
	Drawdown Period:	18 months from the date Shareholders approve the Glencore Facilities
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 the date Shareholders approve the Glencore Facilities

1.3 **Conditions precedent and Events of Default**

The Funding Package with Glencore is subject to the following conditions precedent:

- execution of definitive transaction agreements;

- 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;

- Shareholder approval of the Resolutions;

- Glencore being satisfied that all relevant documents to implement the Funding Package are in full force and effect and that all relevant registrations have been made under any applicable register;

- a waiver from Ausmindex of certain provisions of the JV agreement between YTC and Ausmindex in relation to the Nymagee Project; and

- there being no material adverse change in the business, operations, assets or financial position of YTC.

In addition, completion of the Placement and drawdown by YTC of funds under each of the Converting Note Facilities and Debt Facilities will require confirmation by YTC of certain customary representations and warranties and satisfaction of standard financing conditions precedent (for example, delivery of copies of authorisations, corporate approvals and a verification certificate signed by directors of each of YTC, Nymagee and Hera to confirm the identity of authorised officers and that each company is solvent).

Conversion by YTC of the Converting Notes into ordinary shares will be conditional on, among other things, the Foreign Investment Review Board not having objected to the issue of the shares to Glencore on the conversion.

The Converting Notes and Debt Facilities will also contain customary Events of Default, which, when triggered will allow Glencore to accelerate repayment of the debt, enforce its security and suspend YTC conversion rights of the Converting Notes.

1.4 **Summary of Other Key Terms**

- On completion of the Funding Package, Glencore and the Company will establish a Technical Steering Committee with equal representation from both parties to advise the Company on the technical aspects of the mining feasibility, development and operations of the Hera and Nymagee Projects. Glencore's rights with respect to the Technical Steering Committee will fall away in the event that Glencore has transferred all of its rights under the Converting Notes and Debt Facilities and holds less than 5% of YTC's shares.

- Following completion of the Funding Package, Glencore will have the right to appoint one member to the Board whilst it has a relevant interest in more than 5% of the Shares in YTC.

- Subject to obtaining a waiver from ASX, following completion of the Funding Package Glencore will have a pro-rata top-up right to maintain its relevant pre issue interest in the Company (not to exceed 9.9%).

- During the term of the Glencore Facilities, Glencore will have a right of first offer if the Company chooses to divest either Hera or Nymagee. The right of first offer obliges the Company to first offer any sale of the Hera or Nymagee projects to Glencore, and if that is not accepted, the Company 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. The Directors of the Company currently have no intention to sell either Hera or Nymagee.

- The Converting Notes will be transferable by Glencore subject to certain conditions, including YTC consent, the transferee of the Converting Notes acceding to the terms of the Glencore Facilities and agreeing to sell-down its holding of Converting Notes in the event that conversion by YTC would require further YTC shareholder approval. YTC consent is not required for a transfer of the Converting Notes where the transfer is to an entity which is a bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans provided any such bank, financial institution or entity is:
    - not a competitor of YTC; and
    - of good financial standing (a rating of BBB or higher from Standard & Poor's or its equivalent with Moody's).
- The Company will not be prevented from issuing further equity during the term of the Glencore Facilities on terms it sees fit. However, 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. Broadly speaking, the conversion price of the Converting Notes will adjust upwards where a new share issue is priced above the prevailing market price and adjust downwards where priced below the prevailing market price. Specifically, the conversion price of the Facility A Converting Notes will adjust in the following circumstances:
    - YTC declaring an extraordinary dividend;
    - any bonus issue of shares to shareholders;
    - consolidation or sub-division of shares;
    - any issue of shares such as pursuant to a rights issue or placement; and
    - any issue of shares pursuant to a demerger or spin-off.
- While Glencore remains a lender, it is not required to provide further funding or subscribe for Converting Notes if there is a change of control of YTC where the new controlling entity is:
    - a state owned enterprise (being either a Government, a Government controlled body or an entity in respect of which government or their agencies have more than a 50% interest) which is not approved by Glencore; or
    - a competitor of Glencore and is:
        - a mining company with a market capitalisation of greater than $2 billion; or
        - any other person which has a market capitalisation greater than $400 million or has more than $200 million worth of assets outside of Australia,

      and which is not approved by Glencore.

The same regime applies to prevent Converting Notes from converting into Shares without Glencore consent.

1.5 **Purpose of the Funding Package**

The funding from the Glencore Facilities will be used for the construction and working capital of the Hera and Nymagee Projects and, in the case of Facility A, to also reimburse up to $6 million of development funding provided by YTC to Hera. Any retained cash reserves will be used to maintain a continuous exploration programme at the Hera and Nymagee Projects and other YTC regional targets.

1.6 **Glencore Offtake Agreement**

As a component of the funding transaction YTC and Glencore have agreed offtake contracts for the sale of the production of base metal concentrates from the Hera and Nymagee Projects.

The offtake contracts are considered to provide mutual benefit for both parties. For Glencore they provide long term known supply of base metal concentrates. For YTC the benefit in securing a large offtake party removes counterparty risk that can occur with single party smelter contracts.

The key offtake terms for the lead-zinc concentrate offtake contract are:

(a) **Conditionality:** The lead-zinc offtake agreement is conditional on shareholders approving Resolution 1 and Resolution 2.

(b) **Quantity**: The offtake is for 100% of the lead-zinc concentrate production from the Hera Project.

(c) **Duration**: The offtake contract is for life of mine.

(d) **Pricing**: The price of the payable metals in the concentrate is the average London Metal Exchange cash settlement price over a quotational period of one to three months.

(e) **Deductions**: Standard deductions apply including a treatment charge which is referenced to the annual zinc benchmark agreed annually between major zinc mines and major Asian smelters. Other deductions include standard deductions for penalty elements over standard threshold limits.

(f) **Force Majeure**: The contract contains a force majeure clause that can provide relief to the affected party for up to 90 days, except in respect of a shipment where the relevant quotational period has started.

(g) **Termination**: Either party can terminate this agreement if the other party commits a material breach and where the breach is not remedied within 10 business days.

The key offtake terms for the copper concentrate offtake contract are:

(a) **Conditionality:** The copper offtake agreement is conditional on shareholders approving Resolution 1 and Resolution 2.

(b) **Quantity**: The offtake is for 100% of the copper concentrate production from the Nymagee Project.

(c) **Duration**: The offtake contract is for life of mine.

(d) **Pricing**: The price of the payable metals in the concentrate is the average London Metal Exchange cash settlement price over a quotational period of one to three months

(e) **Deductions**: Standard deductions apply including a treatment charge which is referenced to the annual copper benchmark agreed annually between major copper mines and major Asian smelters. Other deductions include standard refining charges for precious metals and standard deductions for penalty elements over standard threshold limits.

(f) **Force Majeure**: The contract contains a force majeure clause that can provide relief to the affected party for up to 90 days, except in respect of a shipment where the relevant quotational period has started.

(g) **Termination**: Either party can terminate this agreement if the other party commits a material breach and where the breach is not remedied within 10 business days.

Precious metal (gold and silver) doré production is able to be sold by the Company at its sole discretion.

The advantages of an offtake agreement are:

(a) The most significant advantage in securing long term offtake contracts lies in the long term revenue security with a financially strong offtake counterparty.

(b) In addition, we note that Glencore operates a significant mining and base metal concentrate logistics infrastructure in the Cobar district. It is reasonable to expect that operational synergies may be realised from these to the benefit of both YTC and Glencore.

(c) The market for mixed lead-zinc concentrates of the type produced by the Hera Project is relatively thin, with a limited number of suitable end-party smelters able to treat concentrates of this type. An offtake counterparty in the business of trading these concentrates to a number of these end-party smelters substantially reduces the counterparty risk for this product.

The disadvantages of an offtake agreement are:

(a) The provision of life of mine offtake contracts is likely to reduce the interest in the acquisition of the YTC assets or the company as a whole from third parties whose significant business include either metal concentrate trading or base metal smelting and refining.

(b) Long term offtake contracts are regularly provided in consideration of significant project financing terms such as the Glencore funding under consideration. YTC's ability to seek additional offtake-linked funding for the Hera-Nymagee Projects with parties other than Glencore will be restricted under the life-of-mine offtake terms.

1.7 Independent Expert's Report

The Independent Expert has found that the Glencore Facilities are fair and reasonable to Shareholders who are not associated with Glencore.

Further detail of the values, the methodology and assumptions used by the Independent Expert are contained in section 11 of the Independent Expert's Report.

The Company also wishes to highlight to Shareholders that, according to the Independent Expert, within the overall value to shareholders, the uplift in total value of the Hera Project is higher post the Funding Package due to the Company having access to beneficial financing terms as it is funded essentially by debt, compared to the value of the Hera Project pre the Funding Package where the Independent Expert has assessed that it

would be funded largely by equity. The total value of the Hera Project does not change, the proportion that flows through to Shareholders however does vary.

1.8 Directors' Recommendations

The Majority Directors recommend Shareholders vote in favour of the Resolutions to approve the Glencore Facilities. The Dissenting Directors recommend Shareholders vote against the Resolutions to approve the Glencore Facilities. Further information on the reasons for each director's recommendation can be found at section 7.3(i).

2. RATIONALE FOR THE FUNDING PACKAGE

The Funding Package provides the Company with funding to develop the Hera and Nymagee Projects. In addition, Glencore, an existing Shareholder, is a corporation with vast experience in the development and operation of base metal projects, including operating the CSA Copper Mine in the Cobar district. Glencore represents a logical and mutually beneficial funding and offtake partner for the Hera and Nymagee Projects. If the relevant aspects of the Funding Package are approved, Glencore and YTC will form a Technical Steering Committee to advise on technical aspects of the Hera Project and the Nymagee Project.

The Majority Directors believe that the terms agreed between Glencore and the Company are attractive to Shareholders and provide the Company with **funding certainty at a relatively low cost of funds with minimal dilution to Shareholders** (assuming the Converting Notes are not converted by the Company into Shares).

The Majority Directors believe that this funding and Glencore's expertise and existing mining and logistics infrastructure in the Cobar district will allow the Company to realise its vision for a large scale, long life mining precinct around the Hera and Nymagee Projects.

2.1 Key reasons for the Funding Package

(a) ***The Converting Notes are part of the Glencore Facilities, which together provide necessary funding for development of the Hera and Nymagee Projects and growth of the Company***

The Glencore Facilities will provide YTC with the necessary funding to develop the Hera Project and is expected to provide the necessary funding to develop the Nymagee Project. These facilities have been structured to ensure financial flexibility for the Company and manage cash flow during project ramp-up.

The Company will retain sufficient cash reserves to maintain continuous exploration programmes at the Hera and Nymagee Projects, and its regional targets.

These facilities will provide the Company with the development funding required to begin its transformation from explorer to diversified miner, and to join the ranks of Australia's gold production companies.

If the relevant aspects of the Funding Package are not approved, the Company may not be able to proceed as effectively with its planned development as it would if it obtained access to the Glencore Facilities. This is likely to significantly delay the date for first production from both the Hera Project and the Nymagee Project.

(b) ***Structuring the Funding Package to utilise Converting Notes is expected to be less dilutionary for shareholders than issuing ordinary shares significant discount to market in a typical placement***

If the funding is repaid and the Converting Notes are not converted into Shares by YTC, the Funding Package will only result in the issue of 9,390,000 new Shares to Glencore, and these will be issued at a price of $0.3138 each, reflecting a 25% premium to YTC's 30 day VWAP as at close of trading on the ASX on 20 November 2012.

In the absence of the Converting Note Facilities, the Company would need to pursue other funding alternatives. If those alternatives included equity funding, such as a placement, the result would likely be more dilutionary to existing Shareholders than the impact of conversion of the Converting Notes. For example, a large equity raising is typically undertaken at a discount to recent trading prices which would result in dilution to existing shareholders much more significantly than under the Funding Package.

(c) ***Secures offtake arrangements for base metals.***

The Funding Package secures offtake arrangements with Glencore in respect of 100% of base metals for the life of mine from both the Hera and Nymagee Projects.

Importantly, precious metal (gold and silver) doré production is able to be sold by the Company at its sole discretion.

(d) ***The issue of the Subscription Shares is at a premium to YTC's share price prior to the announcement of the Funding Package.***

The price for the issue of the Subscription Shares represents a 25% premium to the 30 day VWAP prior to the date of signing the Term Sheet (ie 20 November 2012).

If the Funding Package is not approved, the Company will need to source alternative funding arrangements to develop its projects. There can be no guarantee that alternative funding will be available to the Company, or, if available, that it will be offered on terms that are better than, or comparable to the Glencore Facilities, and in particular the funding to be received as a result of issuing the Subscription Shares.

(e) ***The Converting Notes only convert into YTC Shares at YTC's election. Consequently no shares will be issued to Glencore pursuant to the Converting Notes unless YTC chooses to convert at a future point in time.***

The Converting Notes will be subscribed for, and issued to, Glencore upon YTC giving Glencore a drawdown request in accordance with the terms of the Converting Note Facility Documents. A drawdown request may be issued by YTC from time to time (with minimum subscriptions of $1 million).

Once the amounts have been drawn down and the Converting Notes issued, YTC may elect to either:

- repay the amounts drawn down under Facility A and/or Facility B; or
- convert those Converting Notes into Shares at any time beginning 18 months after the date Shareholders approve the Glencore Facilities (and the conditions precedent to conversion are satisfied).

If YTC elects to convert the Converting Notes in Facility A or Facility B into Shares it must convert all Converting Notes issued under that facility. If YTC does not make such an election, no YTC Shares will be issued to Glencore. For further information on the dilutionary impact of a conversion of the Converting Notes, see section 6.

This process and the Company's ability to elect if and when to convert the Converting Notes allows YTC to determine the most favourable time to convert the Converting Notes if it chooses to proceed with conversion.

(f) ***Establishes a strategic relationship with Glencore, including the formation of a Technical Steering Committee***

The Funding Package strengthens the Company's strategic relationship with Glencore and provides for the formation of a Technical Steering Committee with Glencore. The Technical Steering Committee will provide significant benefits to Shareholders, given Glencore's mining and logistical base in the Cobar district, centred on its large CSA Copper Mine.

The Company 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. As part of the Funding Package the Company has also agreed to provide Glencore with a seat on the Board for as long as Glencore and its Related Bodies Corporate have a relevant interest in at least 5% of the Company's shares.

The Company and the Majority Directors believe that having Glencore as a project partner will provide significant benefits for Shareholders, given Glencore's mining and logistical base in the Cobar district centred on the large CSA copper mine.

(g) ***Glencore's Board representative and Technical Steering Committee representatives have the potential to bring additional skills to YTC***

Glencore will have the right to appoint one member to the Board for so long as it holds a relevant interest in more than 5% of YTC's Shares. The Company believes that this has the potential to add value to the Board by bringing additional experience in the financing, development and operation of major base metal assets.

(h) ***There are no mandatory hedging requirements imposed on YTC by the Funding Package***

Unlike standard bank debt facilities, the Glencore Facilities do not impose any hedging requirements on the Company, providing maximum flexibility to the Company to consider the need for hedging at a future point in time.

(I) ***The Funding Package does not prevent any future equity issuance by the Company***

The Funding Package with Glencore provides the Company with significant flexibility to manage its cash flow and future capital raising ability. In this respect, the Funding Package with Glencore would not prevent YTC from issuing new equity in the future, even though such equity issues may dilute Glencore's shareholding in the Company.

2.2 **Reasons why you may consider not voting in favour Funding Package**

(a) ***Some dilution of the existing interests of Shareholders when the Subscription Shares are issued – approximately 3.7% of YTC's issued share capital***

Following the issue of the Subscription Shares your shareholding will be diluted. The Subscription Shares represent approximately 3.7% of the existing YTC Shares on issue. The Majority Directors believe that this is a less dilutionary approach than, for example, a placement of shares at a discount to a non-strategic investor.

(b) ***If YTC were to elect to convert all of the Converting Notes into Shares, Glencore will substantially increase its voting power in the Company and existing Shareholders will be diluted – under one scenario this could be as high as 64.4%, in which case Glencore may potentially even gain control of YTC without providing Shareholders with a takeover premium***

If Converting Notes are issued to Glencore upon drawdown of the Converting Note Facilities, and YTC elects for those Converting Notes to be converted into Shares in accordance with their terms, there will be a dilution of the current holdings of Shareholders. In addition, Glencore may increase its voting power in the Company (see section 6.4).

The level of Glencore's increased shareholding and maximum voting power will ultimately depend on:

(i) the extent to which the Company draws down under the Converting Note Facilities, and therefore the value of the Converting Notes issued to Glencore;

(ii) the extent to which the Company elects to convert the Converting Notes into Shares and not repay the Converting Notes in cash;

(iii) the Conversion Price for the Converting Notes (as adjusted in accordance with the terms of the Converting Note Facility Documents);

(iv) the number of Shares on issue at the time the Converting Notes are converted into Shares; and

(v) the number of other Shares held by Glencore at the time the Converting Notes are converted into Shares.

Details of the potential capital structure of the Company, and Glencore's potential holding of Shares, as a result of the issue of the Converting Notes and their potential conversion, is set out in section 6.4.

For example, if the Conversion Price is $0.35 or less, on conversion of all the Converting Notes Glencore may hold a relevant interest in more than 50% of the Shares. Glencore would effectively be able to control YTC but in those circumstances it would not have paid a premium to obtain that control.

In addition, while Glencore holds a relevant interest in more than 5% of YTC Shares, Glencore will have the right to request that the Company appoint to the Board one person nominated by Glencore, and will therefore participate in YTC Board discussions and decisions.

(c) ***The Company is required to grant Glencore security over assets and agree covenants, this will increase the Company's gearing – the Company considers this standard practice for such facilities***

As part of the Funding Package and the financing to be provided under the Glencore Facilities the Company will be required to provide Glencore with security over the Hera and Nymagee Projects. This will restrict the Company's ability to deal with those assets without the prior consent of Glencore.

In addition, the Company will be required to agree to certain typical covenants and undertakings which will regulate (directly and indirectly) some aspects of the operation of the business, including maintenance of business and authorisations, reporting obligations, prevention of events of default, restrictions on granting further encumbrances and various undertakings with respect to the conduct of the

Hera and Nymagee Projects. If the Company breaches these covenants and undertakings, Glencore may have the ability to exercise its default rights under the Glencore Facilities documents, including potentially enforcing its security and suspending YTC conversion rights of the Converting Notes.

Any debt the Company incurs will increase the Company's gearing and the debt associated with the Funding Package is no different. However, when you vote on the Funding Package you may wish to consider whether that increased gearing is desirable – the independent expert has concluded that by using debt funding rather than equity funding, this is beneficial to the value of shareholders' equity.

(d) **Granting Glencore the first right of refusal to acquire the Hera or Nymagee projects (if YTC ever elects to dispose of these projects) may inhibit any third party offer to purchase either project**

Glencore will be given a first right of refusal to buy each of the Hera and Nymagee projects during the life of the facilities. This right may inhibit any third party offer to purchase either project because Glencore will be able to pre-empt the third-party at its proposed price but was a key term on which the Funding Package was obtained on commercially attractive terms.

(e) ***As part of any future equity issue, subject to an ASX waiver being granted, Glencore will be offered a right to top-up its shareholding so as to maintain its interest in the Company***

As described in section 1.4, although the Company is not prevented under the Funding Package documents from issuing new equity to raise new funds, any such issuance will trigger Glencore's top-up right (assuming the ASX waiver is granted) such that it will have the right to subscribe for further shares so as to maintain its level of shareholding in the Company. This right may result in other Shareholders having their shareholdings in the Company diluted.

Shareholders may view that a 9.9% relevant interest (such as that which Glencore may maintain if it exercises its top-up right) can effectively prevent compulsory acquisition if the interest of the 9.9% relevant interest holder is not aligned with a third party bidder. However, the Majority Directors note that Yunnan Tin Group currently holds a relevant interest in 12.12% of the YTC Shares and therefore this circumstance already exists.

(f) ***Notwithstanding that the Company, with the assistance of its external corporate advisers, finance experts and metal trading experts, established a finance committee that ran an exhaustive competitive process over a long period of time to identify and negotiate the best funding terms available, you may consider that YTC may be able to obtain superior funding terms or a superior offtake arrangement (no superior proposal has emerged since announcement of the Glencore Funding on 22 November 2012)***

The Board through its Finance Committee (comprised of two Independent Directors and the Managing Director) held discussions and negotiated with a number of parties who would be likely to have an interest in providing finance for the Hera Project and/or securing off-take from both the Hera and Nymagee Projects. The Finance Committee appointed advisors to assist in strategy and negotiations with all parties, and a rigorous process was pursued to find the best available terms. Following a lengthy, competitive process the most definitive, commercially attractive terms that the Finance Committee was able to negotiate were with Glencore.

Once comfortable with the terms of the Funding Package the Finance Committee then recommended acceptance of the Glencore proposal to the Board. In doing so, the Finance Committee took into account the substantial length of time available to all parties to reach best and final definitive proposals and the need for the Company to secure financing in a timely manner to enable development of the Hera Project to proceed as planned.

Notwithstanding this, you may consider that a superior proposal, including a funding proposal which incorporates potentially superior offtake terms, may still arise which will be more attractive than the Funding Package and this may be a reason you may consider voting against the Funding Package. If you are considering this, the Majority Directors would also like to highlight that other potential funders have had months to provide alternative proposals and as at the date of this document no other proposals have been presented to the Board since the Company announced the Funding Package on 22 November 2012.

2.3 Independent Expert Considers Transaction is Fair and Reasonable

The Independent Expert has considered the Glencore Facilities and found that the Glencore Facilities are fair and reasonable to Shareholders not associated with Glencore.

In light of the findings of the Independent Expert, and after considering the potential advantages and disadvantages of the Funding Package, the Majority Directors recommend Shareholders vote in favour of the Resolutions to approve the Glencore Facilities. The Dissenting Directors recommend Shareholders vote against the Resolutions to approve the Glencore Facilities. Further information on the reasons for each Director's recommendation can be found at section 7.3(i).

3. ABOUT GLENCORE

The main counterparties to the Transaction are Glencore Group Funding Limited and Glencore Australia Finance Holdings Pty Ltd

Glencore Group Funding Limited Dubai International Financial Centre Corporation. Glencore Group Funding Limited is a wholly owned subsidiary of Glencore International AG (which is itself a wholly owned subsidiary of Glencore International plc). Glencore Group Funding Limited is the counterparty to the Converting Notes Subscription Agreement. Glencore Australia Finance Holdings Pty Ltd (ACN 160 626 102) is a company registered in Australia and is also a wholly owned subsidiary of Glencore International AG.

Glencore, headquartered in Baar, Switzerland, was founded in 1974 and is one of the world's leading integrated producers and marketers of commodities, with a multi-billion dollar market capitalisation. Glencore has worldwide activities in the production, sourcing, processing, refining, transporting, storage, financing and supply of metals and minerals, energy products and agricultural products. Glencore International plc became a publicly traded company in May 2011, with a primary listing on the London Stock Exchange and a secondary listing on the Hong Kong Stock Exchange. Glencore's initial public offering was the largest in the history of the premium listing segment of the London Stock Exchange.

Close to 3,000 people work in Glencore's marketing operations, while Glencore's industrial operations directly or indirectly employ over 58,000 people. On a consolidated basis, turnover for the six months ended 30 June 2012 was US$108 billion. At 30 June 2012 total assets were US$93.7 billion and total Glencore equity funds were US$34.8 billion.

Further information regarding Glencore's Directors, management, operations and financial position can be found at http://www.glencore.com.

3.1 Glencore's intentions

This section sets out Glencore's intentions, on the basis of the facts and information concerning the Company which are known to it and the existing circumstances affecting the business of the Company.

(a) Review

Glencore and its advisers have reviewed certain information that has been publicly released on the Company, its current activities and its plans for the future, and had certain limited discussions with the Company in relation to its businesses.

However, Glencore does not necessarily have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on all of these matters have not been made, and any decisions already made may be subject to change.

If the Company converts the Converting Notes, Glencore may, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of the Company in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements referred to in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements referred to in this section 3 should be read in this context.

(b) Intentions

Glencore's current intentions (if the Transaction is approved and completes) are for the Company to realise production at the Hera and Nymagee Projects as soon as practical, on a sustainable basis and to maximise the value of the Company for all Shareholders over the long term.

Except for the changes and intentions referred to in this section 3.1 and elsewhere in this Explanatory Memorandum, Glencore intends, based on the information presently known to it:

- to continue the business of the Company as it is currently conducted;
- not to make any major changes to the business of the Company or the deployment of the Company's assets;
- not to inject further capital into the Company (except under the Facilities);
- not to transfer any Company property between the Company and Glencore or any person associated with Glencore (except under the Offtake Agreements);
- to continue the employment of the Company's existing Employees;
- not to interfere with the Company maintaining a strong board that operates independently of, and separately to, Glencore; and
- not to significantly change the financial or dividend distribution policies of the Company.

It is YTC and not Glencore that has the right to convert the Converting Notes. YTC has explained elsewhere in this Explanatory Memorandum that Glencore may be

placed in a position of control over YTC under certain scenarios if YTC converts the Converting Notes.

Before YTC can convert the Converting Notes, a number of conditions must be satisfied: Shareholder approval, appropriate disclosure to ensure there are no restrictions on the noteholders' ability to sell their notes, the noteholders having obtained FIRB approval and any other regulatory approvals that apply to the noteholders (if any), there being no change of control of YTC (as described in 1.4), and the shares are listed on the ASX.

If Glencore were to gain effective control of YTC, subject to the Corporations Act and YTC's constitution, Glencore would have the ability to appoint a majority of the directors on YTC's Board.

If YTC were to become a partly owned subsidiary of Glencore, the implementation of any change Glencore intends to make to the objectives and goals of YTC (which Glencore has not currently identified) will be subject to:

- the law and the ASX Listing Rules, particularly in relation to related party transactions and conflicts of interest; and
- the legal obligation of YTC's Board to act for proper purposes and in the best interests of YTC's Shareholders as a whole.

3.2 Proposed Director if members approve the Resolutions

Under the Subscription Agreement, Glencore may nominate a representative to YTC's board. The initial Glencore nominated Director to the Board of the Company is Michael Menzies. Michael is currently a Mining Manager Consultant at Glencore with extensive expertise and experience in business similar to that conducted by the Company.

Michael has more than 35 years' experience in the mining industry and has occupied a variety of operational and management roles covering open cut and underground mining and processing operations in each of base metals, gold and coal. Michael also has extensive experience in mineral sands mining and primary processing and in lead/zinc smelting. Michael has worked for Glencore in a number of capacities since 2010 including conducting operations review and mining project evaluation work, primarily in the base metals sector.

Michael has no other association with YTC or any of its associates. Michael will also be one of Glencore's Nominees on the Technical Steering Committee.

4. ABOUT YTC

4.1 History

YTC Resources Ltd was incorporated in March 2004 and listed on the ASX (ASX: YTC) in May 2007.

4.2 Key Assets

The Company is focussed on the development and exploration of the Hera Project and the Nymagee Project in the Cobar district of NSW. The Company has a 100% interest in the Hera Project, and a 95% interest in the Nymagee Project.

The Company has released the findings of the Definitive Feasibility Study ("**DFS"**) on the Hera gold and base metal deposit as Stage 1 of the development of the Hera-Nymagee Project. Stage 2 of the Feasibility study will look at the integration of the Nymagee copper deposit, located 4.5km to the north of Hera.

The Hera DFS has demonstrated a financially robust and technically feasible mining and processing operation. The first Nymagee Resource Estimate demonstrated Nymagee contained 96,000 tonnes of copper (Cu), 27,000 tonnes of lead (Pb), 53,000 tonnes of Zinc (Zn) and 2.2MOz of silver (Ag), with the mineralisation remaining open to the north and at depth.

In addition to the Hera-Nymagee Project, the Company is undertaking exploration work on a number of other projects including the Baldry Gold project, the Doradilla Tin project, the Kadungle Copper-Gold project and the Tallebung Tin-Tungsten project. The Company is also a significant shareholder in the tin focused AusNiCo (ASX:ANW).

4.3 Mineral Resources and Ore 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**

4.4 **Current Directors**

As at the date of this Explanatory Memorandum, the Company's Directors are:

Director	Position	Relevant interest in YTC Shares
Anthony Wehby	Non-Executive Chairman	745,000 Ordinary Shares 300,000 – 35 cent Options expiring 29-11-2015 (Vesting 29-11-2013) 300,000 – 45 cent Options expiring 29-11-2015 (Vesting 29-11-2014)
Rimas Kairaitis	Managing Director	(**Direct**) 250,000 Unlisted Performance Rights 300,000 – 35 cent Options expiring 29-11-2015 (Vesting 29-11-2013) 300,000 – 45 cent Options expiring 29-11-2015 (Vesting 29-11-2014) (**Indirect – Smiff Pty Ltd**) 4,438,544 Ordinary Shares
Wenxiang Gao	Director	510,000 Ordinary Shares 250,000 – 35 cent Options expiring 29-11-2015 (Vesting 29-11-2013) 250,000 – 45 cent Options expiring 29-11-2015 (Vesting 29-11-2014)
Robin Chambers	Director	(**Direct**) 250,000 – 35 cent Options expiring 29-11-2015 (Vesting 29-11-2013) 250,000 – 45 cent Options expiring 29-11-2015 (Vesting 29-11-2014)

		(**Indirect – Broad Street Management Pty Ltd**) 860,003 Ordinary Shares
Christine Ng	Director	250,000 – 35 cent Options expiring 29-11-2015 (Vesting 29-11-2013) 250,000 – 45 cent Options expiring 29-11-2015 (Vesting 29-11-2014)
Gary Comb	Director	(**Direct**) 250,000 – 35 cent Options expiring 29-11-2015 (Vesting 29-11-2013) 250,000 – 45 cent Options expiring 29-11-2015 (Vesting 29-11-2014) (**Indirect – Bluedale Pty Ltd**) 250,000 Ordinary Shares
Mark Milazzo	Director	250,000 – 35 cent Options expiring 29-11-2015 (Vesting 29-11-2013) 250,000 – 45 cent Options expiring 29-11-2015 (Vesting 29-11-2014)
Guoqing Zhang	Alternate Director for Wenxiang Gao	0
Yong Chen	Alternate Director for Wenxiang Gao and Christine Ng	0
Richard Willson	Alternate Director for Gary Comb, and Company Secretary and Chief financial Officer	(**Direct**) 50,000 Unlisted Performance Rights (**Indirect – Red Dog #1 Pty Ltd**) 100,000 – 45 cent Options expiring 31-12-2014

4.5 **Current capital structure**

The following sets out the capital structure of the Company as at the date of this Explanatory Memorandum.

Securities on issue	Number
Shares	252,724,334
Options exercisable at $0.40 on or before 31 December 2014	340,000
Options exercisable at $0.45 on or before 31 December 2014	950,000
Options exercisable at $0.35 on or before 29 November 2015	1,850,000

Options exercisable at $0.45 on or before 29 November 2015	1,850,000
Performance rights	840,000

4.6 **Top 20 Shareholders**

The top 20 Shareholders of the Company as at 31 January 2013, being the last practical date before the date of this Explanatory Memorandum are shown in the table below:

Shareholders	Shares	Relevant interest % (approximate)
Yunnan Tin Australia TDK Resources Pty Ltd	30,630,504	12.12
HSBC Custody Nominees Australia Pty Ltd	17,904,888	7.08
Pershing Australia Nominees Pty Ltd	16,560,316	6.55
Yunnan Tin YTC Holdings Pty Ltd	12,141,905	4.80
Lion Selection Group Ltd	10,170,000	4.02
JP Morgan Nominees Australia Ltd (i)	9,424,420	3.73
JP Morgan Nominees Australia Ltd (ii)	6,094,822	2.41
Lujeta Pty Ltd	6,000,000	2.37
West Trade Enterprise Pty Ltd	4,200,000	1.66
Smiff Pty Ltd	4,167,244	1.65
Vulcan Cust Limited	3,867,322	1.53
Brian Mccubbing	3,000,000	1.19
1215 Cap Pty Ltd	2,794,102	1.11
B & M Jackson Pty Ltd	2,541,045	1.01
Geraldton Agricultural SV	2,188,476	0.87
Ian Bruce Cooper	1,805,000	0.71
Nicholas S + MJ Draper	1,7000,000	0.67
Jojo Enterprise Pty Ltd	1,485,796	0.59
Nefco Nominees Pty Ltd	1,450,000	0.57

Kurraba Inv Pty Ltd	1,371,938	0.54
Top 20 total	139,734,481	55.27

4.7 **Substantial Shareholders**

Based on the substantial holder reporting information provided to YTC, the Substantial Shareholders of the company are:

Shareholder	Number of shares	Relevant interest (%)
Yunnan Tin Australia TDK Resources Pty Ltd, Yunnan Tin Company Group Limited[1]	24,237,433	14.91
Singpac Investment Holding Pte Limited, Glencore Finance (Bermuda) Ltd, Glencore International AG and Glencore International Plc[2]	16,172,864	6.49
Yunnan Tin (YTC) Holdings Pty Ltd, China Yunnan Tin Minerals Group Company Limited[3]	9,761,905	6.00

1 Based on last notice of change of interests of substantial shareholder, lodged on 14 October 2009

[2] Based on last notice of initial substantial holder, lodged on 8 March 2012

[3] Based on a notice of change of interests of substantial shareholder lodged on 13 October 2009

5. IMPACT ON THE COMPANY'S FINANCIAL POSITION

Set out below is a pro forma consolidated balance sheet for the Company (unaudited) as at 31 December 2012, assuming the Funding Package had occurred at that date in the form described in the following scenarios:

Scenario 1 Assumes only the Subscription Shares have been issued and Facility A of the Converting Notes is drawn down by the Company, and no conversion of the Converting Notes into Shares has occurred.

Scenario 2 Assumes the Subscription Shares have been issued and both Facility A and Facility B of the Converting Notes is drawn down by the Company and no conversion of the Converting Notes into Shares has occurred.

Scenario 3 Assumes the Subscription Shares have been issued and both Facility A and Facility B of the Converting Notes are drawn down by the Company and no conversion of the Converting Notes into Shares has occurred, and assumes that Facilities C, D and E are drawn down.

5.1 Pro forma balance sheet

The pro forma balance sheet set out below has been prepared in accordance with the Australian Accounting Standards and the Corporations Act. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (**AIFRS**). This financial information also complies with International Financial Reporting Standards issued by the International Accounting Standards Board. The pro forma financial information is presented in an abbreviated format and does not contain all the disclosure that is usually provided in financial statements prepared in accordance with the presentation and disclosure requirements of AIFRS and the Corporations Act.

Pro forma Balance Sheet				
	31/12/2012	**Scenario 1**	**Scenario 2**	**Scenario 3**
ASSETS				
Current Assets				
Cash	9,174,559	32,121,141	82,121,141	167,121,141
Trade and Other Receivables	54,496	54,496	54,496	54,496
Prepayments	142,804	142,804	142,804	142,804
Total Current Assets	9,371,859	32,318,441	82,318,441	167,318,441
Non-current Assets				
Property, Plant & Equip. (PP&E)	1,339,681	1,339,681	1,339,681	1,339,681
Investments in Associates	1,152,118	1,152,118	1,152,118	1,152,118
Financial Assets	110,000	110,000	110,000	110,000

Pro forma Balance Sheet				
	31/12/2012	Scenario 1	Scenario 2	Scenario 3
Exploration and Evaluation Assets	48,905,913	48,905,913	48,905,913	48,905,913
Mine Development	5,233,305	5,233,305	5,233,305	5,233,305
Total Non-current Assets	56,741,017	56,741,017	56,741,017	56,741,017
TOTAL ASSETS	**66,112,876**	**89,059,458**	**139,059,458**	**224,059,458**
LIABILITIES				
Current Liabilities				
Trade and Other Payables	1,509,721	1,509,721	1,509,721	1,509,721
Provisions	166,764	166,764	166,764	166,764
Total Current Liabilities	1,676,485	1,676,485	1,676,485	1,676,485
Non-current Liabilities				
Provision for Hera Royalty	7,795,391	7,795,391	7,795,391	7,795,391
DEBT FACILITIES	-	20,000,000	70,000,000	155,000,000
Total Non-current Liabilities	7,795,391	27,795,391	77,795,391	162,795,391
TOTAL LIABILITIES	**9,471,876**	**29,471,876**	**79,471,876**	**164,471,876**
NET ASSETS	**56,641,000**	**59,587,582**	**59,587,582**	**59,587,582**
EQUITY				
Contributed Equity	67,074,707	70,021,289	70,021,289	70,021,289
Reserves	2,030,934	2,030,934	2,030,934	2,030,934
Carried Forward Retained Losses	(10,507,012)	(10,507,012)	(10,507,012)	(10,507,012)
Current Year Losses	(1,957,629)	(1,957,629)	(1,957,629)	(1,957,629)
TOTAL EQUITY	**56,641,000**	**59,587,582**	**59,587,582**	**59,587,582**

5.2 **Use of funds made available under the Glencore Facilities**

The funding from the Glencore Facilities will be used for the construction of the Hera and Nymagee Projects and from Facility A to reimburse up to $6 million of development funding provided by YTC to Hera, with the exception of Facility E of $5 million, which is for use by Hera and Nymagee to purchase precious and/or base metals options cover if they elect to purchase option cover. Any retained cash reserves will be used to maintain a continuous exploration programme at the Hera and Nymagee Projects and other YTC regional targets.

6. IMPACT ON THE COMPANY'S CAPITAL STRUCTURE

6.1 **Current capital structure**

See section 4.5 for details of the Company's current capital structure.

6.2 **Potential capital structure as a result of the Funding Package**

As at the date of this Explanatory Memorandum, Glencore has a relevant interest in 6.55% of the Company (6.47% on a Fully Diluted Basis).

If the Glencore Facility is approved and Resolutions 1 and 2 are passed by Shareholders, and all other conditions to the relevant agreements are satisfied, the Subscription Shares will be issued and, if the Company elects to draw down the Converting Note Facilities, Converting Notes will be issued to Glencore.

Assuming that the Company issues the Subscription Shares, and the Company (or one or more of its wholly owned subsidiaries) draws down the Converting Note Facilities for the full $70 million, and **no** Converting Notes have been converted into Shares, the capital structure of the Company will be as follows:

Securities on issue	**Number**
Shares	262,114,334
Options exercisable at $0.40 on or before 31 December 2014	340,000
Options exercisable at $0.45 on or before 31 December 2014	950,000
Options exercisable at $0.35 on or before 29 November 2015	1,850,000
Options exercisable at $0.45 on or before 29 November 2015	1,850,000
Performance Rights expiring on 15 March 2016	840,000
Converting Notes	$70 million

Under the terms of the Converting Note Facility Documents, in certain circumstances YTC may elect to convert the Converting Notes into Shares in the Company and not repay the Converting Note Facilities in cash. The capital structure of the Company if the Converting Notes are converted into Shares and not repaid in cash, is set out below.

6.3 **Conversion mechanism for Converting Notes**

The number of Shares to be issued upon conversion of a Converting Note is determined as follows:

$$\frac{\text{Principal Amount}}{\text{Conversion Price in effect on the conversion date}}$$

Where:

Principal Amount means, in respect of each Converting Note at any time, the outstanding principal amount of that Converting Note.

Conversion Price means:

- for Converting Notes issued as Facility A: $0.251 per share; and
- for Converting Notes issued as Facility B: the 60 day VWAP prior to the conversion notice.

The Conversion Price in effect on the conversion date will be the Conversion Price, subject to any subsequent adjustment in accordance with the Converting Notes Facility Documents. In the case of Facility A (but not Facility B), the conversion price of the Converting Notes will be adjusted as described in section 1.4 of this Notice of Meeting.

6.4 **Glencore's potential shareholding in the Company**

The level of Glencore's maximum potential shareholding will ultimately depend on:

(a) the extent to which the Company draws down under the Converting Note Facility and therefore the value of the Converting Notes issued to Glencore;

(b) the extent to which the Converting Notes are converted into Shares and not repaid in cash;

(c) the Conversion Price for the Converting Notes (as adjusted in accordance with the terms of the Converting Note Facility Documents);

(d) the number of Shares on issue at the time the Converting Notes are converted into Shares; and

(e) the number of Shares held by Glencore at the time the Converting Notes are converted into Shares.

The table below assumes the following:

- The Company draws down both of the Converting Note Facilities for the full $70 million, and therefore $70 million of Converting Notes are issued to Glencore.
- All Converting Notes are converted into Shares in accordance with their terms.
- Glencore does not acquire any Shares (other than the Subscription Shares) between the date of this document and the date of conversion of the Converting Notes.

- Shareholdings on both a Fully Diluted Basis (which assumes that all Options currently on issue are exercised for Shares) and on an undiluted basis (which assumes that no Options are exercised).
- The Company does not issue any additional Shares prior to the conversion of the Converting Notes.
- No adjustment event occurs which would result in an amendment to the conversion price of the Converting Notes (for example, if the Company makes a bonus issue of Shares, or if there is a consolidation or subdivision of Shares).

For the avoidance of doubt, none of these scenarios represent the potential maximum or potential minimum number of Shares that may be issued to Glencore, nor the potential maximum or minimum voting power than Glencore may obtain. In particular, Shareholders should note that:

- the conversion price for Facility B is not a fixed amount (it is the 60 day VWAP prior to the conversion notice) and could increase or decrease prior to the conversion of any Converting Notes issued under Facility B. The lower the conversion price the greater the number of Shares that will be issued following any conversion of the Converting Notes; and
- prior to conversion of the Converting Notes Glencore would not be restricted from acquiring Shares on-market, subject to the limits imposed by Australia's takeover laws. If Glencore acquires such additional Shares, this will increase Glencore's total percentage shareholding following any conversion of the Converting Notes.

Capital structure ***Conversion price***	**Scenario 1** ***Facility A - $0.251*** ***Facility B - $0.18***	**Scenario 2** ***Facility A - $0.251*** ***Facility B - $0.251***	**Scenario 3** ***Facility A - $0.251*** ***Facility B - $0.35***	**Scenario 4** ***Facility A - $0.251*** ***Facility B - $0.45***
Shares on issue[4]	263,544,015	263,544,015	263,544,015	263,544,015
Options	6,165,000	6,165,000	6,165,000	6,165,000
Performance Rights	840,000	840,000	840,000	840,000
Fully diluted shares on issue	**269,374,015**	**269,374,015**	**269,374,015**	**269,374,015**
Maximum Shares issued upon conversion of Facility A	79,681,275	79,681,275	79,681,275	79,681,275
Maximum Shares issued upon conversion of Facility B	277,777,778	199,203,187	142,857,143	111,111,111

[4] (including Subscription Shares and assuming issue of the OZ Consideration Shares and the Straits Considerations Shares)

Capital structure ***Conversion price***	**Scenario 1** ***Facility A - $0.251*** ***Facility B - $0.18***	**Scenario 2** ***Facility A - $0.251*** ***Facility B - $0.251***	**Scenario 3** ***Facility A - $0.251*** ***Facility B - $0.35***	**Scenario 4** ***Facility A - $0.251*** ***Facility B - $0.45***
Total Shares on issue following conversion of Facility A and Facility B (undiluted)	621,003,068	542,428,477	486,082,433	454,336,401
Total Shares on issue following conversion of Facility A and Facility B (fully diluted)	628,008,068	548,258,477	491,912,433	460,166,401
Shares currently held by Glencore	16,560,316	16,560,316	16,560,316	16,560,316
Shares held by Glencore following conversion of Facility A (including Subscription Shares)	105,631,591	105,631,591	105,631,591	105,631,591
Shares held by Glencore following conversion of Facility A and Facility B (including Subscription Shares)	399,969,685	304,834,778	248,488,734	216,742,702
Total % shareholding by Glencore (undiluted)	**64.4%**	**56.2%**	**51.1%**	**47.7%**
Total % shareholding by Glencore (fully diluted)	**63.7%**	**55.6%**	**50.5%**	**47.1%**

6.5 Top-up right

Subject to obtaining a waiver from ASX, following completion of the Funding Package Glencore will have a pro rata top-up right to maintain its interest in the Company.

7. ADDITIONAL INFORMATION

7.1 Regulatory requirements

Section 606(1) of the Corporations Act provides that a person must not (without an available exemption under the Corporations Act) acquire a relevant interest in issued voting shares of a listed company if the person acquiring the interest does so through a transaction in relation to the securities entered into by or on behalf of the person and, because of the transaction, that person's or someone else's voting power in the listed company increases:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

Under section 608(1) of the Corporations Act, a person has a relevant interest in securities if they are the holder of the securities, have power to exercise, or control the exercise of, a right to vote attached to the securities or have power to dispose of, or control the exercise of a power to dispose of, the securities. It does not matter how remote the relevant interest is, or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

As mentioned above, Glencore has a relevant interest of approximately 6.55% in the Company. As a consequence of this, and the potential for Glencore to acquire voting power of more than 20% in the Company upon conversion of the Converting Notes to shares, the issue of the Converting Notes (and the issue of any Shares upon conversion of the Converting Notes) needs to fall within a relevant exemption from the prohibition on exceeding the 20% limit (set out above).

7.2 Section 611, item 7 approval

An exemption for the issue of the Converting Notes (and the issue of any Shares upon conversion of the Converting Notes) is available under item 7 of section 611 of the Corporations Act.

This section broadly provides that an acquisition approved previously by a resolution passed at a general meeting of the company in which the acquisition is made is exempt from the prohibition in section 606(1), if:

- no votes are cast in favour of the resolution by:
    - the person proposing to make the acquisition and their associates; or
    - the persons (if any) from whom the acquisition is to be made and their associates; and
- the members of the cCmpany were given all information known to the person proposing to make the acquisition or their associates, or known to the Company, that was material to the decision on how to vote on the resolution, including:
    - the identity of the person proposing to make the acquisition and their associates;

- the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;
- the voting power that person would have as a result of the acquisition;
- the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition;
- the voting power that each of that person's associates would have as a result of the acquisition.

The Notice of Meeting includes a voting prohibition statement restricting Glencore and each of its associates from voting on the resolutions. The information required under item 7 of section 611 of the Corporations Act is also set out below.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person, and the person's associates, have a relevant interest.

An "associate" of a company includes (among others):

- a body corporate that controls the company or a body corporate controlled by the company;
- a person with whom the company has, or proposes to enter into, a relevant agreement for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- a person who is acting or proposing to act in concert in relation to the company's affairs.

Resolution 1 seeks Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act for the issue of the Subscription Shares.

Resolution 2 seeks Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act for the issue of the Converting Notes, and the issue of Shares upon conversion of the Converting Notes, to be issued to Glencore Group Funding Limited.

The following information is provided to Shareholders:

(a) ***The identity of the person proposing to make the acquisition and their associates***

The Converting Notes, and any Shares issued upon conversion of the Converting Notes, being issued pursuant to Resolution 2, are being issued to Glencore Group Funding Limited or its related body corporate.

See section 3 for further information about Glencore, including information about Glencore Group Funding Limited.

(b) ***The maximum extent of the increase in that person's voting power in the company and the voting power that would result from the acquisition***

Glencore, including Glencore Group Funding Limited, currently has voting power of 6.554% in the Company. The increase in Glencore's voting power from this initial point will ultimately depend on:

(i) the number of options exercised and shares subsequently issued;

(ii) the amount owed under Facility A and Facility B at the relevant time;

(iii) the extent to which the Converting Notes are converted into Shares and not repaid in cash;

(iv) the Conversion Price for the Converting Notes (as adjusted in accordance with the terms of the Converting Note Facility Documents);

(v) the number of Shares on issue at the time the Converting Notes are converted into Shares; and

(vi) the number of Shares held by Glencore at the time the Converting Notes are converted into Shares

For illustrative purposes, various scenarios have been included in section 6.4.

(c) ***The maximum extent of the increase in the voting power of each of that person's associates and the voting power that would result from the acquisition***

The maximum extent of each of Glencore Group Funding Limited's associates' increase in voting power, and its voting power, will be equivalent to the increase in voting power held by Glencore Group Funding Limited. For further details of the potential voting power of Glencore, see sections 6.4.

7.3 **ASIC Regulatory Guide 74**

ASIC Regulatory Guide 74 requires that the following information be provided to Shareholders to enable Shareholders to make an informed decision on the Resolutions:

(a) ***The identity of the allottee or purchaser and any person who will have a relevant interest in the shares to be allotted or purchased***

The Converting Notes, and any Shares issued upon conversion of the Converting Notes, are currently intended to be issued to Glencore Group Funding Limited (a wholly owned subsidiary of Glencore, which is itself a wholly owned subsidiary of Glencore International plc). Glencore Group Funding Limited is entitled to transfer the Converting Notes to any Related Body Corporate or an entity of good standing consented to by YTC. Glencore Group Funding Limited is also entitled to nominate any Related Body Corporate to subscribe for the shares if the Company elects to convert the Converting Notes. As a result, any Shares issued upon conversion may be issued to Glencore Group Funding Limited or a Related Body Corporate.

See section 3 for further information about Glencore and Glencore Group Funding Limited.

(b) ***Full particulars (including the number and the percentage) of the shares in the company to which the allottee or purchaser is or will be entitled immediately before and after the proposed acquisition***

Full details of the of the potential shares in the Company to which the allottee or purchaser is or will be entitled immediately before and after the proposed acquisition are set out in section 6.4.

(c) ***The identity, associations (with the allottee, purchaser or vendor and with any of their associates) and qualifications of any person who it is intended will become a director if the Shareholders agree to the allotment or purchase***

See section 3.1 above.

(d) ***A statement of the allottee's or purchaser's intentions regarding the future of the company if Shareholders agree to the allotment or purchase, and in particular, any intention to change the business of the company; any intention to inject further capital into the company and if so, how, the future employment of the present employees of the company; any proposal whereby any property will be transferred between the company and the allottee, vendor or purchaser or any person associated with any of them; and any intention to otherwise redeploy the fixed assets of the company***

See section 3.1 above.

(e) ***Particulars of the terms of the proposed allotment or purchase and any other contract or proposed contract between the allottee and the company or vendor or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the allotment or purchase***

Placement		
	Shares:	9,390,000
	Amount	$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
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital and to reimburse up to $6 million of development funding provided by YTC to Hera
	Maturity Date:	60 months after the date Shareholders approve the Glencore Facilities
	Drawdown Period:	12 months from the date Shareholders approve the Glencore Facilities
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 the date Shareholders approve the Glencore Facilities

	Drawdown Period:	12 months from the date Shareholders approve the Glencore Facilities

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 the date Shareholders approve the Glencore Facilities
	Drawdown Period:	18 months from the date Shareholders approve the Glencore Facilities

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 the date Shareholders approve the Glencore Facilities

Further details of Facility A and Facility B are set out in Annexure A.

(f) ***When the allotment is to be made or the purchase is to be completed***

The Converting Notes will be subscribed for, and issued to, Glencore Group Funding Limited upon receipt of a subscription request by the Company, in accordance with the terms of the Converting Note Facility Documents.

A subscription request may be issued by the Company from time to time (with minimum subscriptions of $1 million):

(i) Converting Notes – Facility A

- Drawdown in multiples of $1 million on 30 days' notice at any time during the 12 months commencing on the date Shareholders approve the Glencore Facilities.

- Convertible at the Company's option, not earlier than 18 months after the date Shareholders approve the Glencore Facilities (and conditions precedent satisfied).

- If converted the total amount must be converted.

(ii) Converting Note – Facility B

- Drawdown in multiples of $1 million on 30 days' notice at any time during the 12 months commencing on the date Shareholders approve the Glencore Facilities.

- Convertible at the Company's option, not earlier than 18 months after the date Shareholders approve the Glencore Facilities (and conditions precedent satisfied).

- If converted the total amount must be converted.

(g) ***An explanation of the reasons for any proposed allotment***

An explanation of the rationale for the Funding Package, including the issue of the Converting Notes, is set out in section 2.

(h) ***The interests of the Directors in the Resolutions***

The Directors do not have a material personal interest in the outcome of the resolutions other than in their capacity as Shareholders. The Directors' interests in Shares and Options are set out in section 4.4 above.

(i) ***The recommendation or otherwise of each director as to whether the non-associated Shareholders should agree to the acquisition, and the reasons for that recommendation or otherwise***

Majority Directors

The Majority Directors recommend Shareholders **vote in favour of the Resolutions** to approve the Glencore Facilities. This recommendation is based on the information set out in this document and as a result of the Independent Expert finding that the Glencore Facilities are in the best interests of all Shareholders who are not associated with Glencore.

The Majority Directors are:

- Mr Anthony Wehby: Independent non-Executive Chairman. A Fellow of the Institute of Chartered Accountants in Australia and former partner of PricewaterhouseCoopers Australia (Coopers & Lybrand)

- Mr Gary Comb: IndependentNon-Executive Director, an engineer and former Managing Director of Jabiru Metals Ltd and former CEO of BGC Contracting.

- Mr Mark Milazzo: Independent Non-Executive Director, a Mining Engineer and former General Manager of Olympic Dam Mine and former General Manager with HWE Mining Contractors.

- Mr Rimas Kairaitis – Managing Director.

The Majority Directors note that the process conducted to secure funding was managed by a committee of the YTC Board made up of the Managing Director and

non-aligned Directors. It was a competitive, arm's length process which interacted with Glencore, commercial lending banks, equity capital market advisors and third party smelting and metal trading groups.

The Majority Directors concluded that the Funding Package represents the best funding proposal for the Company for the reasons set out in this Notice of Meeting, including those set out in more detail in section 2.1.

The Majority Directors further note that the Independent Expert has found the Glencore Facilities to be fair and reasonable to YTC Shareholders.

Dissenting Directors

The Dissenting Directors recommend Shareholders vote against the Resolutions to approve the Glencore Facilities. This recommendation is based on the reasons set out below.

The Dissenting Directors are:

- Dr Wenxiang Gao, General Manager and Director of the Yunnan Tin Group, and a Director of Yunnan Tin Co.Ltd (Shenzhen Stock Exchange);
- Ms Christine Ng, Executive Director of China Yunnan Tin Minerals Group Company Ltd (Hong Kong Stock Exchange); and
- Mr Robin Chambers, Senior Partner of law firm Chambers & Company and Special Counsel - China for law firm Chadbourne & Parke.

The Dissenting Directors recommend Shareholders vote against the Resolutions for the following reasons:

(i) According to BDO's IER, Glencore will acquire at least 47% (and possibly 55.5%) of YTC's shares if all the Converting Notes are converted without paying any form of premium even though the BDO IER estimates that a control premium of 25% - 35% is appropriate for YTC shares. A holding of 47% - 55.5% of YTC's shares would give Glencore effective control of the Company because it could appoint all Directors and operate YTC as it wished.

The Majority Directors note that that the scenarios considered by the Dissenting Directors and the Independent Expert are based on assumptions both on price and conversion and do not consider the full range of possibilities. It is the Company's intention to repay the facilities in full on the basis of the projected performance of the Hera and Nymagee Projects. If conversion occurs, it will be solely at the election of YTC and may well be at a price (in the case of Facility B) substantially higher than the assumptions shown.

(ii) Glencore will be given "a life of mine" right to the off-take of all base metals with all marketing rights from both the Hera and Nymagee projects. This is a very valuable (but unquantified) right that will be provided without charge to Glencore.

The Majority Directors believe point 7.3(i)(ii) fails to consider the commercial reality that the term of the offtake arrangement - life of mine - is part consideration for the scale, pricing and conditions of the Funding Package as a whole.

(iii) Glencore will be given an unexplained "top-up" right to maintain its interest at YTC at 9.9%. This is a very valuable takeover blocking stake that will inhibit any takeover offer by a third party. In consequence, YTC's share market price will tend to reflect its profitability without any takeover premium.

The "top-up right" referred to in point 7.3(i)(iii) is subject to the ASX granting a waiver for this right. The Majority Directors note that 9.9% is not a blocking stake under company law to a partial takeover or a takeover effected by a scheme of arrangement, which only requires a majority in number holding 75% of the shares voted to approve the scheme.

The Majority Directors also wish to highlight that Yunnan Tin Group currently holds a relevant interest in 12.2% of the Shares on issue. This would be expected to have a more significant impact on any third party considering a takeover offer for YTC.

(iv) Glencore will be given a first right of refusal to buy each of the Hera and Nymagee projects during the life of the facilities. This is a very valuable (but unquantified) right that will inhibit any third party offer to purchase either project because Glencore will be able to pre-empt the third-party at its proposed price.

The Majority Directors recognise the first right of refusal referred to in point 7.3(i)(iv) is a valuable right but consider it to be reasonable and commensurate with the scale of the Funding Package as a whole.

(v) The interest charges under the Glencore facilities are high (BBSW (4-5%)). If the BBSW increases significantly, this may become a very high financing charge that will increase the difficulty for YTC to repay or refinance the principal to Glencore.

The Majority Directors are of the view that the interest rate of the facilities referred to in point 7.3(i)(v) is competitive with, or more favourable than interest rates available from commercial lenders and other parties with whom terms were negotiated.

(vi) YTC suggests that an advantage of the Glencore arrangements is that YTC may issue additional equity. But, in our opinion, prospective new investors are unlikely to subscribe at a worthwhile price in view of Glencore's 9.9% blocking stake, its possible 55% ownership of YTC shares and YTC's need to repay or refinance $155m in debt.

The Majority Directors note with regard to point 7.3(i)(vi), that 9.9% is not necessarily a blocking stake and that Yunnan Tin Group holds a relevant interest in 12.2% of Shares in any event. They draw Shareholders' attention to the positive response in the Company's share price in response to the funding announcement as an endorsement by new and existing shareholders of the Glencore funding transaction.

(j) ***Any intention of the acquirer to change significantly the financial or dividend policies of the company***

Glencore has not indicated any such intention to YTC.

(k) ***An analysis of whether the proposal is fair and reasonable when considered in the context of the interests of the Shareholders other than***

those involved in the proposed allotment or purchase or associated with such persons

In accordance with ASIC Regulatory Guide 74, the Company commissioned BDO to prepare an Independent Expert's Report to assess whether the Glencore Facilities are fair and reasonable to Shareholders not associated with the Funding Package.

The Independent Expert's Report concluded that the Glencore Facilities are fair and reasonable to Shareholders who are not associated with Glencore.

A copy of the Independent Expert's Report is contained in Attachment A.

Neither the Company nor the Directors are aware of any additional information not set out in this Explanatory Memorandum that would be relevant to Shareholders in deciding how to vote on the Resolutions.

7.4 **Application of Listing Rule 7.1**

Listing Rule 7.1 imposes a limit on the number of equity securities (eg shares or options to subscribe for shares) which a company can issue without shareholder approval. In general terms, a company may not, without prior shareholder approval, issue equity securities if the equity securities will in themselves or when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of fully paid ordinary shares on issue at the commencement of that 12 month period.

Listing Rule 7.2, exception 16 states that Listing Rule 7.1 does not apply to an issue of securities approved by shareholders for the purposes of item 7 of section 611 of the Corporations Act. Accordingly, the resolutions do not seek approval for the issue of Converting Notes, or the issue of Shares upon conversion of the Converting Notes, to Glencore for the purposes of Listing Rule 7.1.

7.5 **Voting prohibition statement**

In accordance with item 7 of section 611 of the Corporations Act, none of Glencore and its associates are permitted to vote in favour of the Resolutions.

7.6 **Consents**

Each of the following persons has consented in writing to being named in this Explanatory Memorandum in the form and context in which they are named, and has not withdrawn that consent as at the date of this Explanatory Memorandum:

- Glencore; and
- BDO.

The Independent Expert also consents to the inclusion of the Independent Expert's Report and references to the Independent Expert's Report in this Explanatory Memorandum, in the form and context in which they are included.

8. INTERPRETATION

8.1 Definitions

Term	Meaning
ASIC	Australian Securities and Investments Commission.
ASIC Regulatory Guide 74	*ASIC Regulatory Guide 74: Acquisitions agreed to by Shareholders*.
Associate	Has the meaning given to that term in section 11 and sections 13 to 17 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market conducted by it.
BDO	BDO Corporate Finance (WA) Pty Ltd
Board	The Board of Directors of the Company.
Company	YTC Resources Limited ACN 108 476 384
Converting Notes	Notes issued to Glencore Group Funding Limited by the Company or its wholly owned subsidiary following the Company's drawdown of the Converting Note Facilities
Converting Note Facilities	Both Facility A and Facility B
Converting Notes Facility Documents	The documents to be entered into between the Company and Glencore (or its related bodies corporate) setting out the agreed terms under which Glencore (or its related bodies corporate) will lend money to the Company under Facility A and Facility B
Debt Facilities	Facility C and Facility D and Facility E
Director	A Director of the Company.
Dissenting Directors	Wenxiang Gao, Robin Chambers and Christine Ng.
Explanatory Memorandum	This explanatory memorandum accompanying, and forming part of, the Notice.

Term	Meaning
Facility A	The converting note facility of that title described in section 1.1.
Facility B	The converting note facility of that title described in section 1.1.
Funding Package	The Converting Note Facilities and each of Facilities C, D and E as described in section 1.
General Meeting	The general meeting of the Company the subject of the Notice of Meeting.
Glencore	Glencore International plc and its related bodies corporate
Glencore Facilities	means the transaction as described in section 1.1
Glencore International AG	Glencore International AG, a company incorporated under the laws of Switzerland.
Independent Expert	means BDO
Independent Expert's Report	The report prepared by the Independent Expert and contained in Attachment A
Listing Rules	The official listing rules of ASX as from time to time amended or waived in their application to a party.
Majority Directors	Anthony Wehby, Rimas Kairaitis, Gary Comb and Mark Milazzo.
Notice of Meeting	This notice of meeting incorporating the Explanatory Memorandum to be send to Shareholders for the purpose of convening the General Meeting.
OZ Consideration Shares	means the 555,556 Shares to be allotted to OZ Minerals Investments Pty Ltd in consideration for the acquisition by YTC of EL 7446, 7447, 7524 and 7529.
Placement	The proposed placement of ordinary YTC shares to Glencore to the value of $2.95 million the subject of Resolution 1 of this Notice of Meeting.
Proxy Form	The proxy form attached to or accompanying the Notice.
Resolutions	A resolution contained in the Notice of Meeting, including resolution 1 and resolution 2.

Term	Meaning
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	The holder of a Share.
Straits Consideration Shares	means the 874,125 consideration shares to be allotted to Templar Resources Pty Ltd in consideration for the acquisition by YTC of the interest in EL 6258 which it doesn't already own.
Subscription Agreement	The agreement of that name between the Company and Glencore Australia Finance Holdings Pty Ltd dated on or about the date of this document.
Subscription Shares	The 9,390,000 fully paid ordinary shares to be issued to Glencore Australia Holdings Pty Ltd pursuant to the Subscription Agreement.
Term Sheet	The document executed on 21 November 2012 by YTC and Glencore International AG, which contains the terms and conditions, subject to conditions, pursuant to which Glencore makes a legally binding offer to enter into a financing agreement with YTC and offtake agreements for material produced by the Hera Project and Nymagee Project.
Transaction	means the transaction as described in section 1.1
YTC	The Company.
YTC Finance Committee	means the committee comprised of two independent directors and the Managing Director which was formed by the Board to consider financing options available to the Company to finance and develop the Hera and Nymagee Projects.

8.2 **Interpretation**

(a) A reference to $ or dollars is a reference to Australian dollars unless expressly stated otherwise.

(b) All references to time and date are references to the time and date in Sydney Australia.

(c) A reference to a Business Day means a day other than a Saturday, Sunday or public holiday in Sydney, Australia.

ANNEXURE A

1. **SHARE SUBSCRIPTION**

Price	0.3138 per share (being a 25% premium to the Company's 30 day VWAP prior to the date of execution of the Term Sheet (20 November 2012)).
Number of Shares	That number of standard voting shares to take Glencore's relevant interest in YTC to 9.9% following the subscription under the Placement.
Date of Share Purchase	Upon execution of transaction documents and completion of Conditions Precedent described in section 1.3 of this Notice of Meeting.
Included Rights	(a) Glencore shall have the right to appoint one member to the YTC board while maintaining above 5% ownership. (b) During the term of the Facilities, Glencore shall have 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.

2. **CONVERTING NOTES - FACILITY A**

Facility Limit:	A$20 Million (plus interest which capitalises before amortisation of the loan commences).
Conversion:	$0.251 (being the 30 day VWAP for the Company's Shares prior to the date of the Term Sheet (20 November 2012)), convertible at the issuer's option, not earlier than 18 months after the date the Transaction Documents are signed. No undrawn or repaid amounts can be converted. If converted, the total outstanding balance must be converted in full.
Maturity Date:	60 months after the shareholders approving the Glencore Facilities.
Drawdown size:	Multiples of A$1 Million on 30 days' notice.
Drawdown Period:	12 months commencing from the date shareholders approve the Glencore Facilities. Drawdown at borrower discretion.
Interest Payment Dates:	The 15th day in April, July, October and January of each year.

Interest Periods: Each period on, and from, an Interest Payment Date to, but excluding, the following Interest Payment Date provided that the first Interest Payment Date will commence on the Drawdown Date and the final Interest Period will end on the Maturity Date.

Interest: During an Interest Period, interest will accrue on a daily basis at a rate equal to the Base Rate (determined on the first day of that Interest Period) plus the Margin Rate.

On or prior to the Repayment Date:

(a) interest will accrue, but will not be payable on the principal amount of the loan; and

(b) interest will capitalise (and be added to the principal amount of the loan) on:

(i) each yearly anniversary of the drawdown date; and

(ii) the Repayment Date.

Interest which accrues after the Repayment Date, must be paid in accordance with the paragraph headed "Payments" below.

Payments: Payments of principal and interest will commence on the earlier of:

(a) Nymagee production starting; and

(b) 30 months after the date shareholders approve the Glencore Facilities,

(the **"Repayment Date"**)

Quarterly payments of interest (in arrears) commencing on each Interest Payment Date following the Repayment Date and ending on the Maturity Date.

Principal repayments will be made:

(a) in a mandatory amount based on straight line amortisation from the Repayment; and

(b) using 80% of free cash available under the cashflow waterfall after paying for all operating costs, mandatory scheduled debt service and other agreed costs.

Principal repayments will be required to be made on the Repayment Date and each Interest Payment Date following the Repayment Date.

Margin protection If at any time the Convertible Notes are transferred to and held by a bank, compensation may be paid to that bank to account for market disruption events or increased costs of that bank.

Gross-up If the holder of a Converting Note is not domiciled in Australia and YTC is required to withhold tax in relation to any payment made to the holder of that note in connection with the facility, YTC will be required to gross-

	up the relevant payment.
Prepayment:	No penalty or break costs except for break costs incurred if repayment does not occur on an Interest Payment Date.
Security:	Specific security deed granted by YTC in favour of a security trustee over YTC's shareholding in Nymagee and Hera and its interest in the Nymagee JV agreement. All asset security granted by Hera and Nymagee.
Events of Default and Representations and Warranties	Customary Events of Default and YTC representations and warranties.
Hedging Requirements:	None.
Base Rate:	3M Australia BBSW.
Margin Rate:	4.0% pa and 6.5% during a default.
Establishment Fee:	None.
Commitment Fees:	None.
Rights	The converting notes are non-voting and do not carry any entitlement to participate in any rights issues, returns of capital, bonus issues or capital restrictions. If YTC reorganises its share capital, the number of shares issued under the converting note will be amended in accordance with the ASX Listing Rules.
Transferability	The Converting Notes will be transferable by Glencore subject to certain conditions, including YTC consent (unless certain conditions are met), the transferee of the Converting Notes acceding to the terms of the Glencore Facilities and agreeing to sell-down its holding of Converting Notes in the event that conversion by YTC would require further YTC shareholder approval.
Uses:	Hera development, Nymagee feasibility study and development, general working capital for Hera and Nymagee and to reimburse up to $6 million of development funding provided by YTC to Hera.

3. **CONVERTING NOTES – FACILITY B**

Facility Limit:	A$50 Million (plus interest which capitalises before amortisation of the loan commences).
Conversion:	priced at 60 day VWAP prior to the relevant conversion notice, convertible at the issuer's option, not earlier than 18 months after the date the Transaction Documents are signed. No undrawn or repaid amounts can be converted. If converted, the total outstanding balance must be converted in full.

Maturity Date:	60 months after the date shareholders approve the Glencore Facilities.
Drawdown size:	Multiples of A$1 Million on 30 days' notice.
Drawdown Period:	12 months commencing from the date Shareholders approve the Glencore Facilities. Drawdown at borrower discretion.
Interest Payment Dates:	The 15th day in April, July, October and January of each year.
Interest Periods:	Each period on, and from, an Interest Payment Date to, but excluding, the following Interest Payment Date provided that the first Interest Payment Date will commence on the Drawdown Date and the final Interest Period will end on the Maturity Date.
Interest:	During an Interest Period, interest will accrue on a daily basis at a rate equal to the Base Rate (determined on the first day of that Interest Period) plus the Margin Rate. On or prior to the Repayment Date: (a) interest will accrue, but will not be payable on the principal amount of the loan; and (b) interest will capitalise (and be added to the principal amount of the loan) on: (i) each yearly anniversary of the drawdown date; and (ii) the Repayment Date. Interest which accrues after the Repayment Date, must be paid in accordance with the paragraph headed "Payments" below.

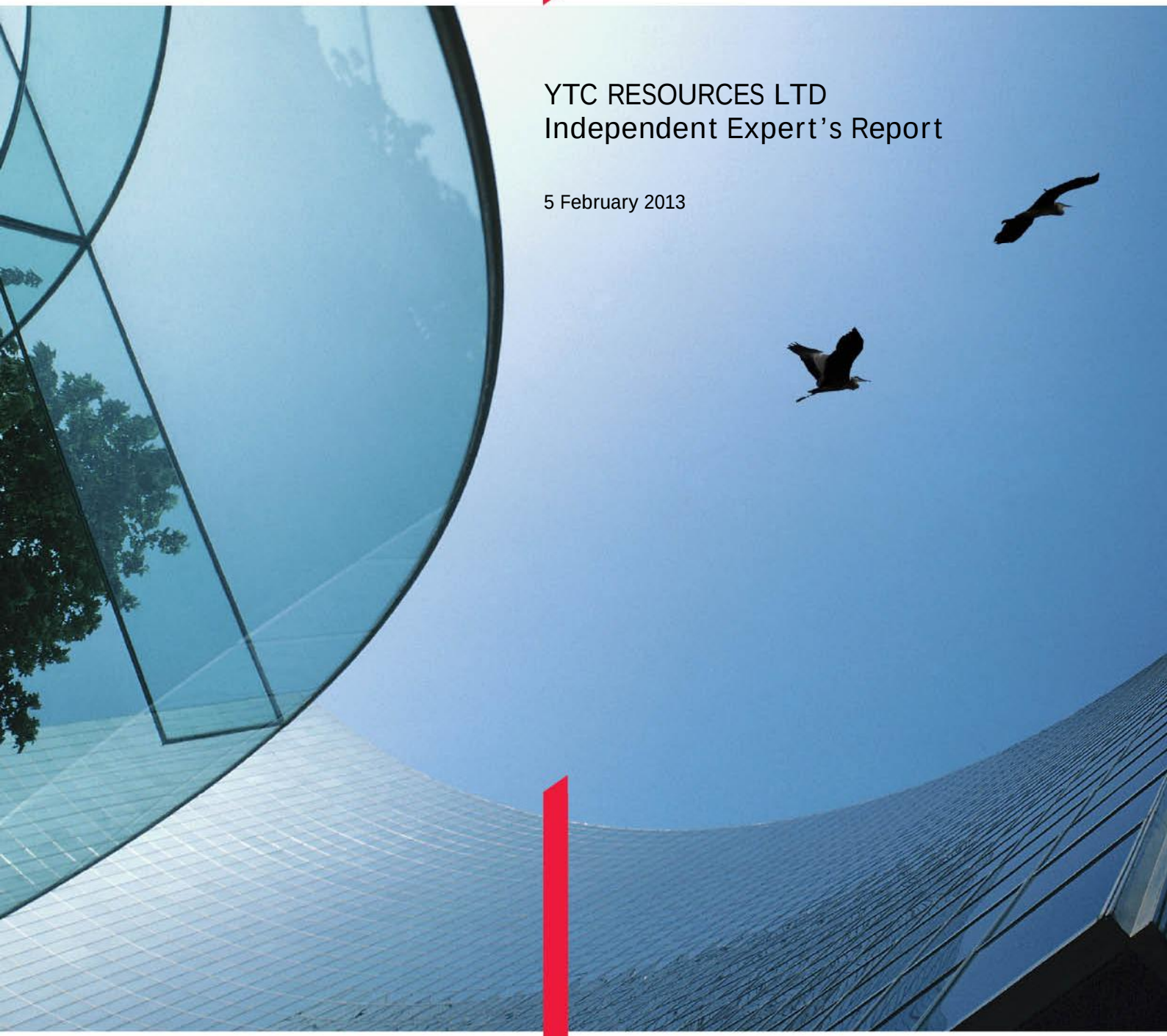
Payments:	Payments of principal and interest will commence on the earlier of: (c) Nymagee production starting; and (d) 30 months after the date shareholders approve the Glencore Facilities, (the **"Repayment Date"**) Quarterly payments of interest (in arrears) commencing on each Interest Payment Date following the Repayment Date and ending on the Maturity Date. Principal repayments will be made: (a) in a mandatory amount based on straight line amortisation from the Repayment Date; and (b) using 80% of free cash available under the cashflow waterfall after: (i) paying for all operating costs, mandatory scheduled debt service and other agreed costs; and (ii) making cash sweep repayments under Facilities A. Principal repayments will be required to be made on the Repayment Date and each Interest Payment Date following the Repayment Date.
Margin protection	If at any time the Convertible Notes are transferred to and held by a bank, compensation may be paid to that bank to account for market disruption events or increased costs of that bank.
Gross-up	If the holder of a Converting Note is not domiciled in Australia and YTC is required to withhold tax in relation to any payment made to the holder of that note in connection with the facility, YTC will be required to gross-up the relevant payment.
Prepayment:	No penalty or break costs except for break costs incurred if repayment does not occur on an Interest Payment Date.
Security:	Specific security deed granted by YTC in favour of a security trustee over YTC's shareholding in Nymagee and Hera and its interest in the Nymagee JV agreement. All asset security granted by Hera and Nymagee.
Events of Default and Representations and Warranties	Customary Events of Default and YTC representations and warranties.
Hedging Requirements:	None.
Base Rate:	3M Australia BBSW.
Margin Rate:	4.0% pa and 6.5% during a default.

Establishment Fee:	None.
Commitment Fees:	None.
Rights	The converting notes are non-voting and do not carry any entitlement to participate in any rights issues, returns of capital, bonus issues or capital restrictions. If YTC reorganises its share capital, the number of shares issued under the converting note will be amended in accordance with the ASX Listing Rules.
Transferability	The Converting Notes will be transferable by Glencore subject to certain conditions, including YTC consent (unless certain conditions are met), the transferee of the Converting Notes acceding to the terms of the Glencore Facilities and agreeing to sell-down its holding of Converting Notes in the event that conversion by YTC would require further YTC shareholder approval.
Uses:	Hera development, Nymagee feasibility study and development, general working capital for Hera and Nymagee

YTC
RESOURCES LIMITED

2 Corporation Place
Orange NSW Australia 2800
Phone: (02) 6361 4700
Fax: (02) 6361 4711
Email: office@ytcresources.com
www.ytcresources.com
ASX Code: YTC

ABN 37 108 476 384



YTC RESOURCES LTD
Independent Expert's Report

5 February 2013

Financial Services Guide

5 February 2013

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("we" or "us" or "ours" as appropriate) has been engaged by YTC Resources Ltd ("YTC") to provide an independent expert's report on the proposal for YTC to enter into financing arrangements with Glencore International AG ("Glencore"). You will be provided with a copy of our report as a retail client because you are a shareholder of YTC.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $70,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from YTC for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

5 February 2013

The Directors
YTC Resources Limited
PO Box 7077
ORANGE NSW 2800

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 22 November 2012, YTC Resources Limited ("YTC" or "the Company") announced that it had agreed binding terms with Glencore International AG ("Glencore") for the provision of up to $155 million in debt and converting note facilities (together "Project Finance Facilities") in addition to the subscription by Glencore for 9,390,000 YTC shares at $0.3138 per share (a total of $2.95 million) for the construction of YTC's Hera and Nymagee Projects ("Proposed Transaction").

The Project Finance Facilities include two convertible debt components, the first relating to $20 million of debt convertible into shares at 25.10 cents ("Facility A"). The second facility relates to $50 million of debt convertible at the 60 day VWAP prior to the date of the conversion notice being provided to Glencore ("Facility B"). We note that conversion price for Facility B is currently unknown.

If YTC elects to convert the converting note facilities, conversion by YTC will result in Glencore holding an interest in YTC in excess of 20% and so will be subject to shareholder approval which will be sought under item 7 of section 611 of the Corporations Act 2001 ("the Act").

2. Summary and Opinion

2.1 Purpose of the report

The directors of YTC have requested that BDO Corporate Finance (WA) Pty Ltd ("BDO") prepare an independent expert's report ("our Report") to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non associated shareholders of YTC ("Shareholders").

Our Report is prepared pursuant to section 611 of the Act and is to be included in the Explanatory Memorandum issued by YTC in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 'Content of Expert's Reports' ("RG 111"), and Regulatory Guide 112 ("RG 112") 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of our Report. We have considered:

- How the value of a YTC share pre the Proposed Transaction compares to the value of a YTC share post the Proposed Transaction;
- The likelihood of a superior alternative development funding transaction being available to YTC;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to Shareholders.

2.4 Fairness

In Section 12 we determined that the value of a YTC share pre the Proposed Transaction compares to the value of a YTC share post the Proposed Transaction, as detailed hereunder. As noted in section 1, the conversion price for Facility B is unknown. As such we considered fairness under two scenarios. In the first scenario we used the 60-day VWAP of $0.272 immediately prior to the announcement of the Proposed Transaction as the conversion price for Facility B ("Pre-announcement pricing scenario"). In the second scenario we analysed the quoted market price of YTC over a two-year trading period up to the date of the Proposed Transaction. We used the lowest observed quoted market price of YTC of $0.180 over this measurement period as the conversion price for Facility B ("Low price scenario").

a) Pre-announcement pricing scenario

	Ref	Low	Preferred	High
Value of a YTC share pre the Proposed Transaction	10.11	$0.0289	$0.0674	$0.1064
Value of a YTC share post the Proposed Transaction	11.7 a)	$0.0415	$0.0858	$0.1389

The above valuation ranges are graphically presented below:

b) Low-price scenario

	Ref	Low	Preferred	High
Value of a YTC share pre the Proposed Transaction	10.11	$0.0237	$0.0553	$0.0873
Value of a YTC share post the Proposed Transaction	11.7 b)	$0.0352	$0.0728	$0.1179

The above pricing indicates that, in the absence of any other relevant information the Proposed Transaction is fair for Shareholders under both scenarios.

It is important to note that within the overall value to shareholders, the uplift in total value of the Hera Project is higher post the Proposed Transaction due to the Company having access to beneficial financing terms as it is funded essentially by debt, compared to the value of the Hera Project pre the Proposed Transaction where we have assessed that it would be funded largely by equity. The total value of the Hera Project does not change, the proportion that flows through to Shareholders however does vary.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.2	The Proposed Transaction is Fair and therefore it is reasonable	13.3	Dilution of existing shareholders' interests on issue of Subscription Shares
13.2	Enables YTC to establish a strategic relationship with Glencore, and draw on Glencore's operating experience at Cobar	13.3	Additional dilution if some or all of the convertible notes are converted into shares
13.2	Allows the Company to focus on its projects rather than raising finance	13.3	Granting of security over assets to Glencore and agreeing to covenants
13.2	Provides certainty of necessary funding for Hera and Nymagee projects	13.3	Increased level of gearing
13.2	Offtake Agreement is advantageous for YTC		
13.2	Using debt financing expected to be less dilutionary than equity funding		
13.2	Subscription Shares are at premium to market price		
13.2	Convertible notes only convert at YTC's election		
13.2	No change to current operating arrangements		
13.2	No mandatory hedging arrangements imposed on YTC by the Proposed Transaction		

Other key matters we have considered include:

Section	Description
13.1	Potential decline in share price if not approved
13.4.1	Alternative Proposal
13.1 /13.4.2	Future Funding requirements

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act 2001 ("the Act") expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

If YTC elects to convert Facility A as part of the Proposed Transaction, following conversion Glencore will hold approximately 30.90% of the issued capital of YTC.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of YTC, by either:

- undertaking a detailed examination of the Proposed Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert Report.

The directors of YTC have commissioned this Independent Expert's Report to assist Shareholders.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of "fair and reasonable". In determining whether the Placement is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert

believes that there are sufficient reasons for security holders to vote in favour of the Proposed Transaction in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a share in YTC prior to the Proposed Transaction on the basis that there is no financing facility from Glencore and the value of a share in YTC following the Proposed Transaction (excluding a premium for control) with the Glencore financing in place. We have made this assessment under two alternative scenarios based on pre-announcement pricing and a low pricing scenario. (fairness – see section 12 "Is the Proposed Transaction Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above (reasonableness – see section 13 "Is the Proposed Transaction Reasonable?").

3.4 APES 225 compliance

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ("APES 225").

A Valuation Engagement is defined by APES 225 as follows:

"...an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time."

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

On 21 November 2012, YTC and Glencore signed a term sheet in relation to financial arrangements between the parties ("Term Sheet"). Details of this were released to the market on 22 November 2012.

The Term Sheet sets out the terms and conditions pursuant to which Glencore made a legally binding offer to enter into a financing arrangement with YTC and offtake agreements for material produced from the Hera Project ("Hera") and the Nymagee Project ("Nymagee") .

The Proposed Transaction comprises the following elements. Glencore will procure that it (or a wholly owned subsidiary of Glencore) will:

a) subscribe for that number of shares in YTC which result in Glencore holding a total of 9.9% of all issued YTC shares following the subscription, at a 25% premium to the 30 day VWAP prior to the date of the Term Sheet ("Placement")
b) provide YTC with Facility A which is a $20 million convertible debt facility
c) provide YTC with Facility B which is a $50 million convertible debt facility
d) provide YTC with a $30 million debt facility ("Facility C")
e) provide YTC with a $50 million debt facility ("Facility D")
f) provide YTC with a $5 million debt facility ("Facility E")
g) jointly form a technical committee with YTC to review and advise on Hera and Nymagee development
h) enter into an offtake agreement with YTC for material produced by Hera and Nymagee ("Offtake Agreement"),

and will provide Logistics Administration Support and Technical Services to YTC through the establishment of a Technical Steering Committee.

Summary details of the debt facilities

Facility A, Facility B, Facility C and Facility D may be used to fund development of Hera, Nymagee feasibility studies, Nymagee development and general working capital. Facility E may be used to purchase precious and/or base metals options cover.

Set out in the table below is a summary of the key terms of the debt facilities

Item	Type	Interest Rate	Maturity	Drawdown period	Amount raised ($A)
Facility A	Convertible Debt	3M AUD BBSW + 4.0%	60 m after date of approval of Proposed Transaction	12 m from date of approval of Proposed Transaction	20,000,000
Facility B	Convertible Debt	3M AUD BBSW + 4.0%	60 m after date of approval of Proposed Transaction	12 m from date of approval of Proposed Transaction	50,000,000
Facility C	Debt	3M AUD BBSW + 4.5%	60 m after date of approval of Proposed Transaction	18 m from date of approval of Proposed Transaction	30,000,000
Facility D	Debt	3M AUD BBSW + 4.5%	42 m after first drawdown	12 m after completion of approved Nymagee bankable feasibility study or earlier with Glencore consent	50,000,000
Facility E	Debt	3M AUD BBSW + 4.5%	42 m after first drawdown	12 m from date of approval of Proposed Transaction	5,000,000
Total					155,000,000

Key details of the Offtake Agreement

The Term Sheet specifies the Offtake Agreement with Glencore for 100% of the base metals for the life of mine for both the Hera and Nymagee projects. The Term Sheet also specifies that the precious metal dore production is able to be sold at the sole discretion of YTC.

The Offtake Agreement relates to agreed contracts between YTC and Glencore for the sale of the production of base metal concentrates from the Hera Project and the Nymagee Project. The Offtake Agreement removes counterparty risk for YTC while providing Glencore with a long term known supply of base metal concentrates. The Offtake Agreement comprises contracts relating to lead-zinc concentrate and to copper concentrate.

The key terms for the lead-zinc concentrate offtake contract are:

a) Conditionality: The agreement is conditional on shareholders approving the Proposed Transaction
b) Quantity: The offtake is for 100% of the lead-zinc concentrate production from the Hera Project
c) Duration: The contract is for life of mine
d) Pricing: The payable metals in the concentrate are priced with reference to the average London Metal Exchange cash settlement price over a Quotational Period of one or three months
e) Deductions: Standard deductions apply including a Treatment Charge which is referenced to the annual Zinc Benchmark agreed annually between major zinc mines and major Asian smelters. Other deductions include standard deductions for penalty elements over standard threshold limits.
f) Force Majeure: The contract contains a force majeure clause that can provide relief to the affected party for up to 90 days, except in respect of a shipment where the relevant Quotational Period has started.
g) Termination: Either party can terminate the agreement if the other party commits a material breach and where the breach is not remedied within 10 business days.

The key terms for the copper concentrate offtake contract are:

a) Conditionality. The agreement is conditional on shareholders approving the Proposed Transaction
b) Quantity: The offtake is for 100% of the copper concentrate production from the Nymagee Project
c) Duration: The contract is for life of mine
d) Pricing: The payable metals in the concentrate are priced with reference to the average London Metal Exchange cash settlement price over a Quotational Period of one to three months
e) Deductions: Standard deductions apply including a Treatment Charge which is referenced to the annual Copper Benchmark agreed annually between major copper mines and major Asian smelters. Other deductions include standard Refining Charges for precious metals and standard deductions for penalty elements over standard threshold limits.
f) Force Majeure: The contract contains a force majeure clause that can provide relief to the affected party for up to 90 days, except in respect of a shipment where the relevant Quotational period has started.
g) Termination: Either party can terminate the agreement if the other party commits a material breach and where the breach is not remedied within 10 business days.

As part of the Proposed Transaction, YTC has agreed to provide Glencore with a seat on the Board of Directors of YTC for a nominee of Glencore, as long as Glencore holds an interest of at least 5% in the share capital of YTC.

The Convertible notes in Facility A and Facility B, once drawn down can only convert at YTC's election - YTC has the option of repaying both tranches of the convertible notes in cash.

The Proposed Transaction is subject to certain conditions precedent as set out in the Term Sheet and as described in the Notice of Meeting.

The level of Glencore's increased shareholding and maximum voting power will ultimately depend on:

- the extent to which YTC draws down the convertible note facilities
- the extent to which YTC elects to convert the convertible notes to shares rather than repay them in cash
- the conversion price for Facility B of the convertible notes
- Any additional shares issued/options converted up to time of conversion of convertible notes into shares
- The number of shares held by Glencore at the time of conversion. We note that Glencore has a 'top-up' arrangement which allows it to retain a 9.9% interest in YTC.

Set out below is a table summarising the undiluted position assuming that Facility A is fully drawn down and YTC elects to convert the $20 million of convertible notes into shares at the conversion price of 25.10 cents as set out in the Term Sheet.

	Glencore		Others		Total	
Range of Shares Held	Shares	%	Shares	%	Shares	%
Current position	16,560,316	6.55%	236,164,018	93.45%	252,724,334	100.00%
Placement at 31.38 cents per share	9,390,000		-		9,390,000	
After placement only	25,950,316	9.90%	236,164,018	90.10%	262,114,334	100.00%
Conversion Facility A (at 25.10 cents per share)	79,681,275		-		79,681,275	
After Placement & Facility A conversion	105,631,591	30.90%	236,164,018	69.10%	341,795,609	100.00%

The conversion price for the conversion of Facility B Convertible Notes is a floating price, determined by reference to the 60 day VWAP prior to the date of the conversion notice being provided to Glencore. The table below reflects the pre-announcement pricing scenario whereby the conversion price is based on the 60 day VWAP to the date of announcement, being 27.20 cents per share for Facility B conversion. Note that this is a hypothetical scenario.

	Glencore		Others		Total	
Range of Shares Held	Shares	%	Shares	%	Shares	%
After Placement & Facility A conversion	105,631,591	30.90%	236,164,018	69.10%	341,795,609	100.00%
Conversion Facility B (at 27.20 cents per share)	183,823,529		-		183,823,529	
After Placement & Facility A + B conversion	289,455,120	55.07%	236,164,018	44.93%	525,619,138	100.00%

If the ASX market price of YTC shares decreases over the period from the pre-announcement price (represented by the 60 day VWAP to 21 November 2012) to the date of conversion then the number of shares issued to Glencore on conversion of Facility B would increase. We have considered a low price scenario whereby the share price of YTC declines to 18.00 cents, based on the lowest observed market price of YTC over a two year trading period prior to the date of the Proposed Transaction. In this situation

the total interest of Glencore in YTC on conversion would be approximately 62%, as shown below. Note that this is a hypothetical scenario.

	Glencore		Others		Total	
Range of Shares Held	Shares	%	Shares	%	Shares	%
After Placement & Facility A conversion	105,631,591	30.90%	236,164,018	69.10%	341,795,609	100.00%
Convertible notes - Facility B (at 18.00 cents)	277,777,778		-		277,777,778	
After Placement & Facilities A + B conversion	383,409,369	61.88%	236,164,018	38.12%	619,573,387	100.00%

5. Profile of YTC Resources Limited

5.1 Background and board of directors/ senior management

YTC is an exploration and mineral development company based in Orange, New South Wales. The Company listed on the Australian Securities Exchange ("ASX") on 8 May 2007.

The Company's current board members and senior management comprise:

- Mr Anthony Wehby, Non-Executive Chairman
- Mr Rimas Kairaitis, Managing Director & Chief Executive Officer
- Dr Wenxiang Gao, Non-Executive Director
- Mr Robin Chambers, Non-Executive Director
- Ms Christine Ng, Non-Executive Director
- Mr Gary Comb, Non-Executive Director & Independent Director
- Mr Mark Milazzo, Non-Executive Director
- Mr Yong Chen, Alternate Director
- Dr Guoqing Zhang, Alternate Director
- Mr Richard Willson, Alternate Director, Chief Financial Officer & Company Secretary
- Mr Dean Fredericksen, Chief Operations Officer
- Mr Sean Pearce, General Manager – Hera Project
- Mr Stuart Jeffrey, Principal Geologist – Hera & Nymagee Projects

The Company's most recent capital raising was completed in March 2011 with $25 million raised through the placement of 44 million shares at $0.57 each to domestic and international institutional and sophisticated investors.

5.2 Projects

YTC focuses its gold-copper and tin exploration within the state of New South Wales. The Company's main focus is the development and integration of the Hera and Nymagee deposits. Other projects include the Baldry Copper-Gold Project, the Doradilla Tin Project, the Kadungle Copper-Gold Project, the Tallebung Tin-Tungsten Project, and the Taronga Mines. A brief summary of YTC's projects is set out below. Full details may be found in Appendix 6.

Hera-Nymagee deposits

YTC's focus is the development and ongoing exploration of the Hera-Nymagee deposits which includes the gold and base metal Hera deposit and the Nymagee copper deposit. YTC plans to integrate the Hera and Nymagee deposits to produce gold, copper, silver, lead and zinc.

Hera Project

The Company has a 100% interest in the Hera Project which the Company acquired from CBH Resources in September 2009. The Hera Project is located 100km south-east of Cobar and is hosted in the Cobar Basin rocks. The Hera deposit represents multiple lenses of gold and base metal mineralisation.

In September 2011 the Company released a Definitive Feasibility Study which confirmed the technical and financial viability of the development of the Hera deposit. From December 2011 to April 2012 the Company completed the Stage 1 earthworks. The early completion of Stage 1 allowed for a 3 month 'head start' to full development activities expected to commence shortly after permitting and project financing. The Company received State Government Approval for the Hera Project in August 2012. Stage 2

Feasibility studies will look at the optimum strategy for the integration of the Nymagee deposit into the Hera development.

Nymagee Project

YTC has a 95% interest in the Nymagee Joint Venture tenements which are located immediately north of the Hera deposit. The remaining 5% is owned by the Ausmindex NL.

YTC is the manager and operator of the Joint Venture and is undertaking exploration at Nymagee to pursue the combined development of Nymagee and Hera.

In October 2010 the Company discovered copper in the Nymagee deposit. In December 2011 the Company announced the discovery of a new zone of massive sulphides located approximately 500 meters north of the Nymagee deposit. Further drill testing of this zone is programmed for 2013.

In May 2012 the Company purchased a tenement holding immediately surrounding its Hera-Nymagee Project from OZ Exploration Pty Ltd, a subsidiary of OZ Minerals Ltd. The acquisition agreement saw the acquisition of a 100% interest in the tenement holding for a consideration of 555,556 YTC shares at $0.45 per share.

Other Projects

Baldry Project

Located 37km north-east of Parkes, the Baldry tenement covers 64 km^2 within freehold pastoral land. The tenement is prospective for low-sulphidation epithermal gold mineralisation at the Blue Hills and Emu Swamp and beneath the Mt Aubrey deposit.

Doradilla Project

The Doradilla Project is a large tin project with potential for associated nickel, copper, silver, bismuth, indium and zinc mineralisation. YTC has secured the right to earn 70% of the Doradilla Project from Templar Resources, a wholly owned subsidiary of Goldminco Corporation Ltd, for a consideration of $1.5 million over 5 years.

On 1 November 2012, the Company announced that it will acquire 100% ownership of the project by issuing $250,000 of shares at $0.286 each (874,126 shares) to Straits Resources Ltd for the remaining 30%. As at 1 November, the Company had sole funded approximately $1.25 million of exploration expenditure.

Kadungle Project

The Kadungle Copper-Gold Project is located approximately 55km north-west of Parkes in central NSW covering 176 km^2 within broad-acre pastoral properties. YTC has a 100% interest in this project. The observed mineralisation in the Kadungle drilling to date indicates a large potential for porphyry related copper-gold and epithermal gold mineralisation.

Tallebung Project

YTC's main tin focus is the Tallebung Project. The Tallebung deposit is located 70km northwest of Condobolin in central NSW. High priority drill targets identified in 2011 have not been tested as the target area is subject to a Right to Negotiate ("RTN") process under the Native Title Act 1993 (Cth). YTC expects access to be resolved in early 2013.

Taronga Mines

The Taronga deposit is located near Emmaville, in north-eastern NSW and represents the largest undeveloped tin deposit on mainland Australia. In October 2012 the Company sold its interests in the tin

tenements through in return for 12.4 million shares and 5.5 million options in Taronga Mines Limited ("Taronga Mines"), an unlisted public company. Taronga Mines is currently subject to a takeover from AusNiCo Limited. Completion of that transaction will see YTC hold approximately 16% of AusNiCo Limited.

5.3 Financial Information

Set out in the following tables is the summary financial information for YTC.

Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-12 $000s	Audited as at 30-Jun-11 $000s
CURRENT ASSETS		
Cash and cash equivalents	15,087	28,605
Trade and other receivables	158	341
Prepayments	134	62
Held-for-sale exploration assets	-	395
TOTAL CURRENT ASSETS	15,379	29,403
NON-CURRENT ASSETS		
Property, plant and equipment	1,358	731
Investments in associates – shares in Taronga Mines Ltd	1,152	-
Financial assets – [does not agree to note to accounts]	110	-
Deferred exploration and evaluation expenditure	45,609	33,480
Development costs	3,734	-
TOTAL NON-CURRENT ASSETS	51,963	34,211
TOTAL ASSETS	67,342	63,614
CURRENT LIABILITIES		
Trade and other payables	793	871
Provisions	155	111
TOTAL CURRENT LIABILITIES	948	982
NON-CURRENT LIABILITIES		
Provisions	7,795	3,732
TOTAL NON-CURRENT LIABILITIES	7,795	3,732
TOTAL LIABILITES	8,743	4,714
NET ASSETS	58,599	58,900
EQUITY		
Contributed equity	67,075	65,713
Reserves	2,031	1,617
Accumulated losses	(10,507)	(8,430)
TOTAL EQUITY	58,599	58,900

Source: YTC's 2012 Annual Report

Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year to 30-Jun-12 $'000	Audited for the year to 30-Jun-11 $'000
Revenue		
Management fee	383	115
Interest revenue	1,234	747
Gain on sale of tenements	636	-
R&D Refund	200	-
Expenses		
Compliance costs	(81)	(103)
Consulting expense	(468)	(337)
Audit fees	(55)	(52)
Employee benefits expense	(1,822)	(1,755)
Directors fees	(341)	(224)
Office rental and outgoings	(86)	(73)
Promotion	(116)	(159)
Administration expense	(437)	(404)
Travel expenses	(541)	(361)
Capitalised exploration costs written off	(362)	(2)
Loss on disposal of assets	(1)	-
Depreciation	(200)	(97)
Amortisation	(20)	(20)
Loss from continuing operations before income tax	(2,077)	(2,725)
Income tax expense	-	-
Loss from continuing operations after income tax	(2,077)	(2,725)
Foreign currency translation differences	-	-
Total comprehensive loss for the year	(2,077)	(2,725)

Source: YTC's 2012 Annual Report

YTC's deferred exploration and evaluation expenditure increased from $33.48 million as at 30 June 2011 to $45.61 million as at 30 June 2012. This comprises exploration expenditure incurred and deferred acquisition costs (being the provision for estimated royalty payable on gravity gold doré production from the Hera deposit). The balance is summarised in the following table:

	30 June 2012 $000s	30 June 2011 $000s
Balance at 1 July 2011	33,480	20,938
Exploration expenditure during the year	8,428	10,573
Increase in deferred acquisition costs	4,063	2,366
Reclassified as held-for-sale	-	(395)
Impairment charge recognised	(362)	(2)
Balance at 30 June 2012	45,609	33,480

The Company has capitalised development expenditure of $3.734 million as at 30 June 2012. This relates to expenditure incurred for the Hera deposit under the terms and conditions of the existing exploration license.

As at 30 June 2012 the Company showed investments in associates of $1.152 million being Taronga Mines shares. This investment was received in return for the sale of tin tenements to Taronga Mines which resulted in a gain of $636,648 for the year ended 30 June 2012.

The $7.795 million non-current provision as at 30 June 2012 relates to deferred acquisition costs for the future royalty payable on the acquisition of the Hera Project from CBH Resources Limited in 2009. The increase in value from $3.733 million at 30 June 2011 is the revaluation of the net present value of projected royalty payments due under the terms of the acquisition, with a corresponding adjustment to exploration and evaluation assets acquired.)

Contributed equity increased over the year to 30 June 2012 due to the exercise of 4.21 million options at various times during the year and also the issue of 160,970 shares on 28 July 2011.

YTC recorded losses in the two years to 30 June 2012, a loss of $2.077 million for the year ended 30 June 2012 and a loss of $2.725 million for the year ended 30 June 2011.

The Company's main revenue, being interest revenue, has increased to $1.234 million for the year ended 30 June 2012 as a result of interest received on cash and cash equivalents.

The major expense is employee benefits expense comprising salaries and the expense for options and performance rights. The Company wrote off capital exploration costs of $361,554 being the impairment recognised on exploration expenditure incurred on tenements where prospectivity will not be pursued or has deteriorated.

5.4 Capital Structure

The share structure of YTC as at 5 December 2012 is outlined below. Note that this total does not include the 874,126 shares to be issued to Straits Resources for the Doradilla acquisition since the agreement is subject to a number of conditions precedent which are not expected to be achieved until mid 2013.

	Number
Total Ordinary Shares on Issue	252,724,334
Top 20 Shareholders	140,387,586
Top 20 Shareholders - % of shares on issue	55.55%

Source: YTC company information

The range of shares held in YTC as at 5 December 2012 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	% of Issued Capital
1-1,000	200	77,153	0.03%
1,001-5,000	626	2,013,092	0.80%
5,001-10,000	558	4,839,846	1.92%
10,001-100,000	1,225	44,763,058	17.71%
100,001 – and over	230	201,031,185	79.55%
TOTAL	2,839	252,724,334	100.00%

Source: YTC company information

The ordinary shares held by the most significant shareholders, some of whom are nominees, as at 5 December 2012 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
Yunnan Tin Aust TDK Pty Ltd	30,630,504	12.12%
HSBC Custody Nom Aust Ltd	18,277,323	7.23%
Pershing Australia Nominees Pty Ltd	16,560,316	6.55%
Yunnan Tin YTC Holdings Pty Ltd	12,141,905	4.80%
Total Top 4	77,610,048	30.71%
Others	175,114,286	69.29%
Total Ordinary Shares on Issue	252,724,334	100.00%

Source: YTC company information

YTC had the following options on issue as at 5 December 2012:

Name	# of Options	Exercise Price	Expiry Date	Cash raised if options exercised
Employee options	1,175,000	$0.40	31 Dec 2012	$470,000
Employee options	340,000	$0.40	31 Dec 2014	$136,000
Employee options	950,000	$0.45	31 Dec 2014	$427,500
Employee options	1,850,000	$0.35	29-Nov-15	$647,500
Employee options	1,850,000	$0.45	29-Nov-15	$832,500
Performance rights	840,000	$nil	15-Mar-16	-
Total	7,005,000			$2,513,500

Source: YTC company information

6. Profile of Glencore

6.1 History

Glencore International AG ("Glencore") is a wholly owned subsidiary of Glencore International plc.

Glencore International plc ("Glencore International") is a public company listed on the London and Hong Kong Stock Exchanges, registered in Jersey and headquartered in Baar, Switzerland. It was founded in 1974 as 'Marc Rich + Co AG' and originated as a metals, minerals and crude oil marketing company. In the 1980s it expanded its operations to include agricultural and energy products. In 1994, the company was renamed Glencore after a management buyout. Currently Glencore's industrial operations employ over 58,000 people in 33 countries.

Glencore International has three offices in Australia, located in Brisbane, Melbourne and Sydney and mining bases in Western Australia and in New South Wales.

Glencore International has interests in various publicly listed companies, including Xstrata, Century Aluminium, Katanga Mining, UCR, Chemoil Energy and Recyclex. In November 2012 Glencore International announced its merger with Xstrata after Xstrata's shareholders approved the plan. The deal still requires final anti-trust regulatory approval from China.

Additional information on Glencore is provided in the Notice of Meeting.

7. Economic analysis

Global growth is forecast to be a little below average for a time, but the downside risks appear to have abated, for the moment at least. The United States has so far avoided a severe fiscal contraction and financial strains in Europe have lessened considerably over recent months. Growth in China has stabilised at a fairly robust pace. Around Asia generally, growth was dampened by the earlier slowing in China and the weakness in Europe, but again there are signs recently of stabilisation. Some commodity prices have firmed over recent months.

Sentiment in financial markets has continued to improve, with risk spreads narrowing and funding conditions for financial institutions becoming more favourable. Long-term interest rates faced by highly rated sovereigns, including Australia, remain at exceptionally low levels. Borrowing conditions for large corporations are very attractive. Share prices have made further gains. However, the task of putting private and public finances on sustainable paths in several major countries is far from complete and, accordingly, financial markets remain vulnerable to setbacks in these areas.

In Australia, most indicators available for this meeting suggest that growth was close to trend in 2012, led by very large increases in capital spending in the resources sector, while some other sectors experienced weaker conditions. Looking ahead, the peak in resource investment is approaching. As it does, there will be more scope for some other areas of demand to strengthen.

Present indications are that moderate growth in private consumption spending is occurring, though a return to the very strong growth of some years ago is unlikely. The near-term outlook for non-residential building investment, and investment generally outside the resources sector, remains relatively subdued. Public spending is forecast to be constrained. On the other hand, there are indications of a prospective improvement in dwelling investment, with dwelling prices moving higher, rental yields increasing and building approvals higher than a year ago. Exports of natural resources have been strengthening, though recent bad weather is affecting some shipments.

Inflation is consistent with the medium-term target, with both headline CPI and underlying measures at around 2¼ per cent on the latest reading. Looking ahead, with the labour market softening somewhat and unemployment edging higher, conditions are working to contain pressure on labour costs. Moreover, businesses are likely to be focusing on lifting efficiency under conditions of moderate demand growth. These trends should help to keep inflation low, even as the effects on prices of the earlier exchange rate appreciation wane. The Bank's assessment remains that inflation will be consistent with the target over the next one to two years.

During 2012, there was a significant easing in monetary policy. Though the full impact of this will still take further time to become apparent, there are signs that the easier conditions are having some of the expected effects: the demand for some categories of consumer durables has picked up; housing prices have moved higher; there are early indications of a pick-up in dwelling construction; and savers are starting to shift portfolios towards assets offering higher expected returns. On the other hand, the exchange rate remains higher than might have been expected, given the observed decline in export prices, and the demand for credit is low, as some households and firms continue to seek lower debt levels.

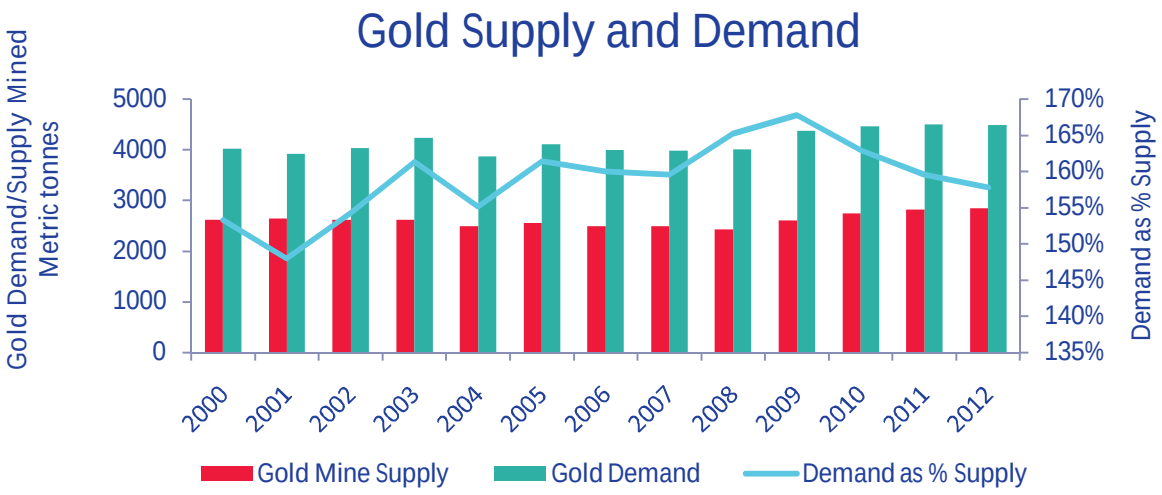
The Board's view is that with inflation likely to be consistent with the target, and with growth likely to be a little below trend over the coming year, an accommodative stance of monetary policy is appropriate. The inflation outlook, as assessed at present, would afford scope to ease policy further, should that be necessary to support demand. At today's meeting, taking into account the flow of recent information and noting that there had been a substantial easing of policy as a result of previous decisions, the Board judged that it was prudent to leave the cash rate unchanged. The Board will continue to assess the outlook and adjust policy as needed to foster sustainable growth in demand and inflation outcomes consistent with the target over time.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 5 February 2013

8. Industry analysis

8.1 Gold

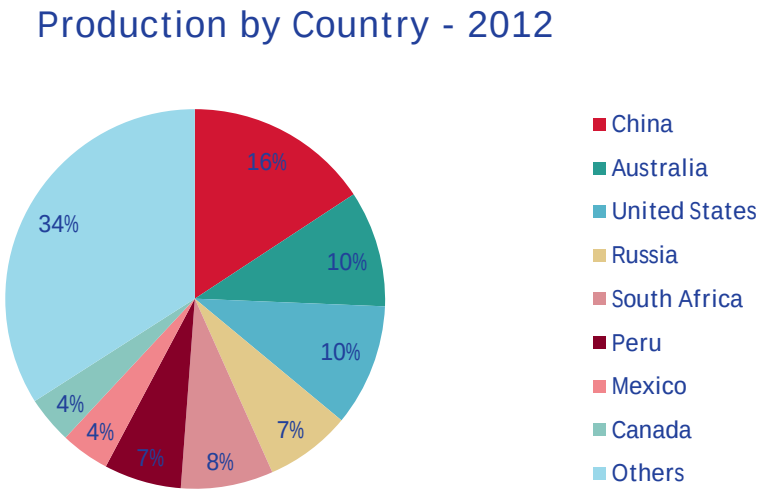
Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.



Source: Bloomberg and BDO Analysis

As illustrated in the chart above, gold mine production was approximately 2,842 metric tonnes in 2012 and gold consumption was 4,484 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainly during the past few years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased steadily between 2009 and 2012, with demand as a percentage of supply remaining at over 150% for the same period.

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China and Australia.

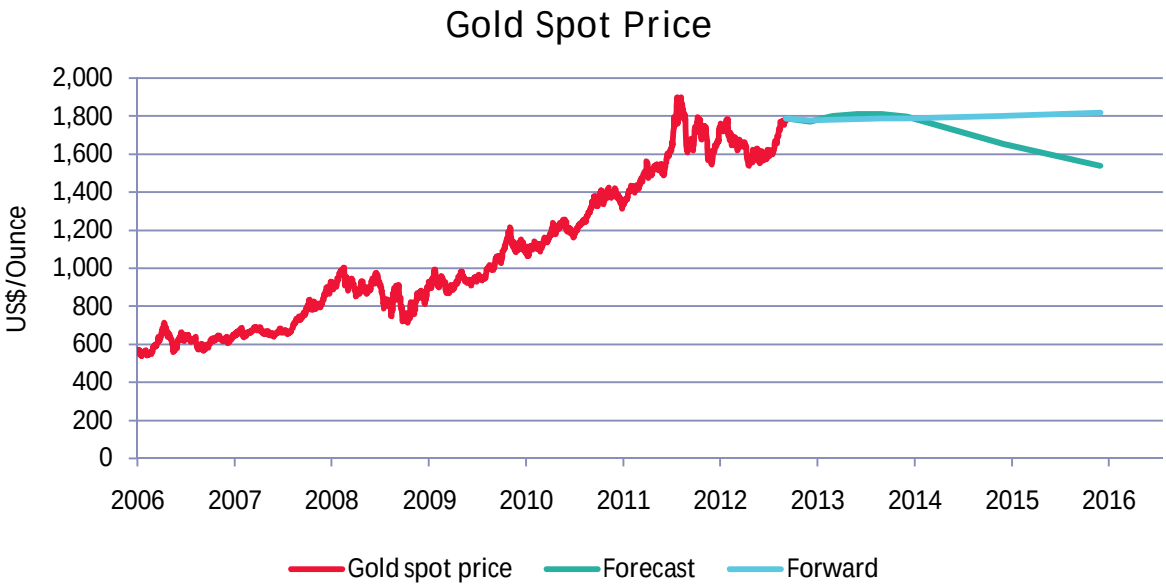


Source: Bloomberg and BDO Analysis

8.1.1 Prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand. As can be seen in the graph below, the value of gold peaked at US$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US$1,545 per ounce; however gold prices have since recovered reaching US$1,664 on 29 January 2013.

Gold prices are forecast to fall over the next three years to approximately US$1,400 per ounce in 2016. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.



Source: Bloomberg, Consensus Economics and BDO Analysis

8.2 Copper

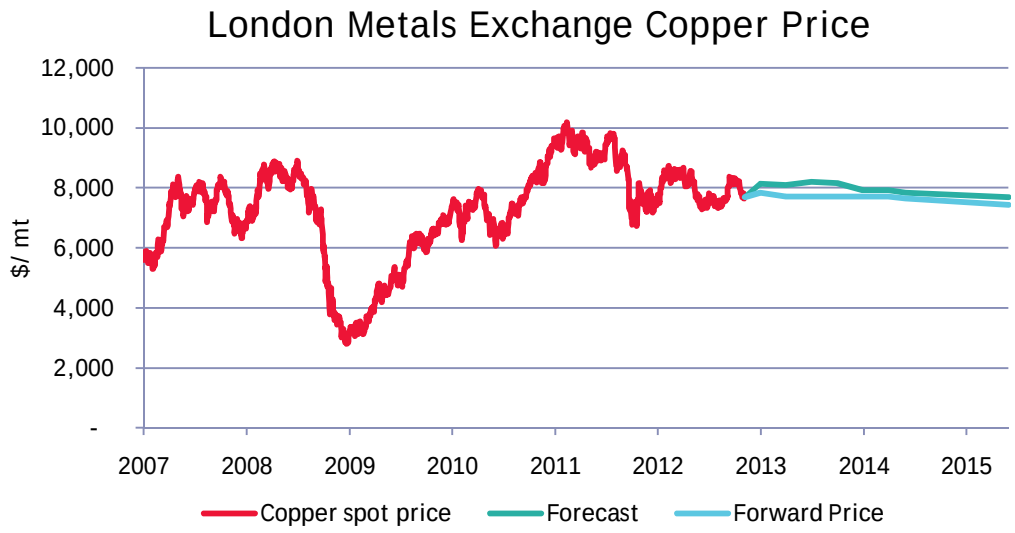
Copper is a soft malleable, ductile metal used primarily for its excellent electrical and thermal conductive properties and its resistance to corrosion. As well as electrical and electronic applications, copper is utilised extensively as an alloy. Copper is produced from an oxide or sulphide ore from which it is converted to copper metal.

The majority of copper ore bodies can be classified as either porphyries (where copper occurs in igneous rock), strata bound ore bodies (sedimentary rock), and volcanic hosted massive sulphide deposits (volcanic rock along with other base metal sulphides). In these deposits copper is mined in very low concentrations and consequently is a volume intensive process. For this reason open pit mining is the preferred method of extraction, however underground mining and leach mining are also used in limited circumstances.

According to the International Copper Study Group ("ICSG"), the global growth in copper demand is expected to exceed global growth in copper production, with the annual production deficit, estimated at 200,000 metric tonnes ("Mt") of refined copper in 2011 expected to increase to approximately 250,000 Mt in 2012. Total copper capacity growth for mines is expected to average 4.4% until 2014, according to the ICSG, while total refining capacity is expected to grow about 3.3%. The ICSG also expects that in 2012, China's copper usage is forecast to increase by approximately 6% on 2011 consumption, meaning that they are expected to continue being the predominant country for copper demand.

8.2.1 Prices

Copper is a global commodity and, as such, prices are determined by global supply and demand factors. Due to this, copper prices have historically reflected global economic cycles and experienced major fluctuations reflecting equity market movements. At the beginning of 2008, supply concerns, falling inventories and increased demand from emerging economies provoked a significant and accelerated rise in the copper price. Prices increased even further in the latter half of 2010 and throughout the beginning of 2011 reaching a peak of over US$10,000/Mt in February 2011. Since that peak prices have stabilised at around $8,000 per tonne.



Source: Bloomberg, Consensus Economics and BDO Analysis

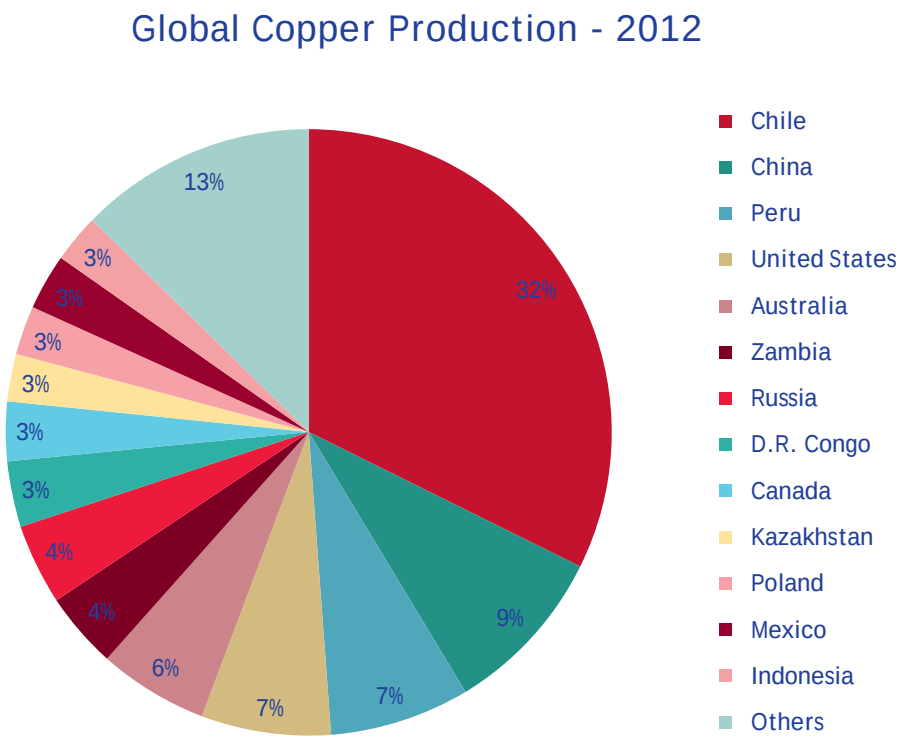
Although prices have since fallen on the back of a global surplus, long term price forecasts indicated that demand should meet forecast supply levels and stabilise any further deprecation in prices. Consensus Economics expects copper prices to average $8,093 per tonne in 2013.

8.2.2 Outlook

After falling by over 20% in 2011, copper prices have recovered as much as 10% in the first month of 2012, before fluctuating between $7,400 and $8,700 for the past 12 months. The turnaround has been driven by both subsiding fears over the European debt crisis and by positive outlooks for Chinese manufacturing. Looking forward the consensus seems to indicate that copper prices will remain relatively stable with a slight decline in value as global GDP growth slows and mine supply rises.

8.2.3 Production

Most of the world's copper comes from South and Central America, particularly in Chile and Peru. In the year 2012 Chile and Peru account for 39% of the world's copper production. The graph below shows the split between the different country's production for the year 2012:



Source: US Geological Survey

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ("FME")
- Discounted cash flow ("DCF")
- Quoted market price basis ("QMP")
- Net asset value ("NAV")
- Market based assessment.

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

In our assessment of the value of YTC, both prior to and following the Proposed Transaction, we have chosen to employ the following methodologies:

Sum-of-parts

This method estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods.

The component parts of YTC are valued using NAV as our primary methodology, complemented by the DCF methodology in respect of the Hera Project and the independent technical valuation of the other mineral assets of YTC by Behre Dolbear Australia Pty Ltd ("Behre Dolbear").

In valuing YTC's mineral assets, we have relied on the independent specialist valuation performed by Behre Dolbear in accordance with the Valmin Code and the JORC Code. We are satisfied with the valuation methodologies adopted by Behre Dolbear which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of Behre Dolbear's report is attached in Appendix 6.

We assessed the value of a share in YTC by utilising a 'Sum of Parts' valuation of the assets and liabilities of YTC.

It is important to note that our rationale in our overall assessment is to compare the value of a YTC share pre the Proposed Transaction and the value of a YTC share post the Proposed Transaction. We consider that there are two major differences in relation to the valuation between the 'pre' and 'post'.

1. The valuation of a YTC share pre the Proposed Transaction is performed on a controlling basis, compared to the valuation of a YTC share post the Proposed Transaction which represents the minority interest value that results to existing Shareholders in the event that Glencore converts Facility A and Facility B.
2. The effect of the funds to be introduced by Glencore, in particular the impact that this will have on the assumption made with regard to the funding of the Hera Project.

We consider that all other components of the 'sum-of-parts' comprising the overall value of YTC will be unchanged between 'pre' and 'post' the Proposed Transaction.

The valuation of the Hera Project is based on the net present value of the discounted cashflows from the project. We consider that the broad parameters of the discounted cashflow model, that is the revenues and operational costs, are the same for both 'pre' and 'post' the Proposed Transaction. The difference arises from whether the project is funded by:

- debt etc provided by Glencore under the Proposed Transaction ('post' value) or
- alternative funding if the Proposed Transaction does not proceed ('pre' value). We have assumed that the alternative funding would be from a different source to that set out in the Proposed Transaction.
- We have assumed that equity and debt of the same amount as the total debt to be provided by Glencore under the Proposed Transaction can be provided by alternative financiers/ raised in the market. We have further assumed that the price at which the equity funding can be raised is at a discount to the current market value.

The valuation implications of the differences between 'pre' and 'post' are as follows:

- The value of the Hera Project based on the discounted cashflows from the project. These cashflows will vary depending on how the project is funded. For the valuation assessment post the Proposed Transaction, the project will be funded by debt (from Glencore). For the valuation assessment pre the Proposed Transaction we have provided an analysis of the current market to determine an appropriate ratio of debt to equity, the cost of debt and the cost of equity YTC will be able to achieve in order to fund the Hera Project.
- The number of shares on issue 'pre' the Proposed Transaction will include the additional equity required to fund the Hera Project.
- The number of shares on issue 'post' the Proposed Transaction will include the Placement shares to Glencore and the shares that may be issued if YTC elects to convert the convertible notes. (Note that conversion of the whole of the first tranche of convertible notes – Tranche A - will cause Glencore's holding to exceed 20% of the total shares on issue.)
- Debt. We have assumed that the debt funding provided by Glencore under the Proposed Transaction will be converted under the convertible note facilities and we have then subtracted any remaining debt from the overall equity value of YTC. For the valuation 'pre' the Proposed Transaction, we have assumed that YTC will not elect to repay any debt funding included in the scenario during the course of the life of the Hera Project and have therefore subtracted the debt from the overall equity value of YTC.

10. Valuation of YTC pre the Proposed Transaction

10.1 Sum of Parts Valuation of YTC

We have valued YTC based on the sum of parts in which the key components are:

- Hera Project valued on a DCF basis
- Other mineral assets valued by Behre Dolbear, an independent technical expert
- Other assets and liabilities valued on a net asset basis.

10.2 DCF Valuation of Hera Project

We selected the DCF approach in valuing the Hera Project as there is a reserve declared and development of the mine has commenced. The DCF approach estimates the fair market value by discounting the future cash flows arising from the Hera Project to their net present value. Performing a DCF valuation requires the determination of the following:

- The future cash flows that the Hera Project is expected to generate; and
- An appropriate discount rate to apply to the cash flows of the Hera Project to convert them to present value equivalent.

We note that the broad parameters of our valuation of the Hera Project pre and post the Proposed Transaction are the same. The integral difference between the value to Shareholders pre the Proposed Transaction and the valuation post the Proposed Transaction relates to the type of financing obtained to fund the project. The valuation of the Hera Project pre the Proposed Transaction assumes that the Hera Project will not be funded through the project finance facilities agreed to between YTC and Glencore. In valuing the Hera Project pre the Proposed Transaction we have considered alternative methods of financing through which YTC will be required to obtain funding.

We have determined that the total amount of pre-production capital expenditure required for the project is assumed to be $73.5 million, consistent with YTC's announcement to the market on 19 September 2012 ("initial funding requirement"). This initial funding requirement is assumed to be the same when valuing the Hera Project both pre and post the Proposed Transaction (refer section 11 below).

The Hera Project Model

A cash flow model for the Hera Project was prepared by the management of YTC ("Hera Model"). The Hera Model estimates the future cash flows expected from the Hera Project. The Hera Model depicts forecasts of real, pre-tax cash flows over the life of mine on a monthly basis. The Hera Project is forecast to commence production in July 2014. The Hera Model was prepared based on the estimated production profile, operating costs and capital expenditure over the life of mine. The main assumptions underlying the Hera Model include:

- Gold, lead, zinc and silver prices
- Mining and production volumes
- Mining and maintenance costs
- Capital expenditure
- Foreign exchange rates

- Royalties
- Discount rate.

We undertook the following analysis on the Hera Model:

- Appointed Behre Dolbear as technical expert to review and where required, provide changes to the technical assumptions underlying the Hera Model;
- Conducted independent research on certain economic and other inputs such as commodity prices, foreign exchange rates, inflation, depreciation and taxation assumptions and discount rate applicable to the future cash flows of the Hera Project;
- Held discussions with YTC's management regarding the preparation of the Hera Model and its views;
- Adjusted the Hera Model ("Adjusted Hera Model") to reflect any changes to the technical assumptions as a result of Behre Dolbear's review and any changes to the economic and other input assumptions from our research; and
- Performed a sensitivity analysis on the value of the Hera Project as a result of flexing selected assumptions and inputs.

Appointment of a technical expert

Behre Dolbear was engaged to prepare a report providing a technical assessment of certain key assumptions underlying the Hera Model. Behre Dolbear's assessment involved the review and provision of input on the reasonableness of the following assumptions adopted in the Hera Model:

- Quantum of resources used;
- Mining physicals (including tonnes, recovery and grade);
- Operating costs (mining operation costs, milling costs, treatment/refining costs, transport costs, royalties and general and administration costs); and
- Capital costs (mining capital costs, milling capital costs and general and administration capital costs).

Based on Behre Dolbear's report, we highlight the following points in relation to the Hera Model:

- Production estimates are reasonable;
- Operating costs are considered reasonable and accurate to within +/- 10%;
- Capital cost estimates are considered reasonable in the Hera Model but it was recommended that sensitivities of +/- 15% be applied to the valuation of the Hera Project;
- Allowance for closure costs were understated in the Hera Model and recommended to be increased by 50%;
- The value of the Hera Project recommended to be tested with regards to sensitivity to gold grade and recovery rates of gold and silver to Dore;
- Behre Dolbear recommended the adoption of an extra 18 months in the Hera Model to capture the reasonable expectation of the conversion of resource to reserve which would extend the life of mine at Hera. It is important to note that the extension of the life of mine is captured from the beginning of March 2020 until the end of August 2021 in the Adjusted Hera Model.

A copy of Behre Dolbear's report is included in Appendix 6.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the Adjusted Hera Model is based. Accordingly, actual results may vary materially from those forecast, as it is often the case that some events and circumstances do not occur as expected, or are not anticipated, and those differences may be material.

Commodity prices

Revenue has been estimated as the product of annual saleable output and the forecast prices. The Adjusted Hera Model has been based on forecast prices and exchange rates. Since commodity prices are quoted in US Dollars, the values are then converted to AUD.

We adopted forecast prices having considered:

- Historical spot and forward prices; and
- Consensus Economics price forecasts.

The commodity prices per ounce that are assumed within the Adjusted Hera Model over the period from 2013 to 2017 are summarised in the table below (in nominal terms):

Commodity	2013	2014	2015	2016	2017	Long term
Lead (USD/tonne)	2,217	2,350	2,517	2,434	2,365	2,258
Zinc (USD/tonne)	2,134	2,352	2,530	2,466	2,402	2,395
Gold (USD/Oz)	1,850	1,700	1,550	1,400	1,325	1,325
Silver (USD/oz)	34.62	32.03	26.66	23.64	22.47	21.88

We note that the terms of the off-take agreement are based on benchmark terms. As such we have adopted the same commodity prices in our valuation of the Hera Project pre and post the Proposed Transaction. We note that if sales prices achieved by the Company were to differ between the two scenarios, sales prices achieved in the pre the Proposed Transaction scenario would be expected to be lower due to marketing and other costs that must be incurred by YTC in searching for a suitable buyer.

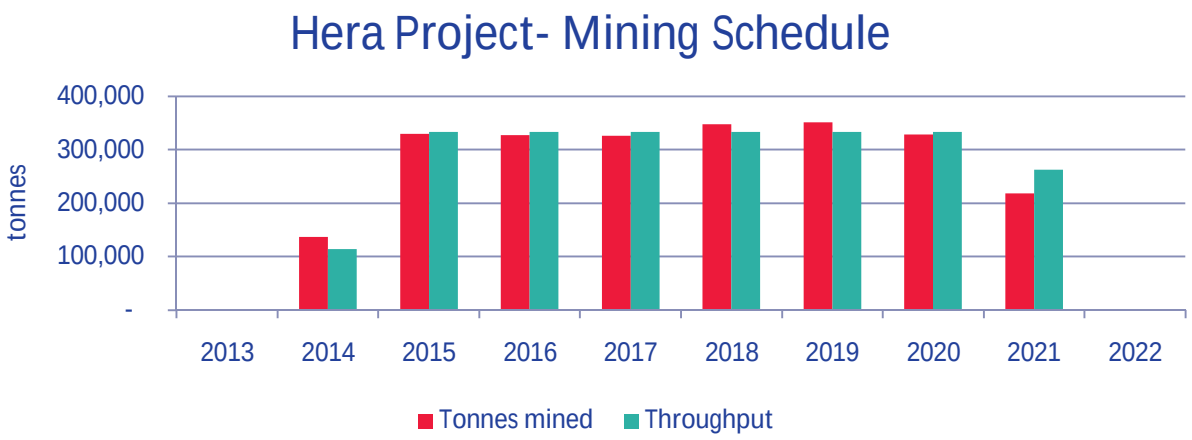
Foreign exchange rate

All commodity prices are stated in USD and the cash flows in the Adjusted Hera Model are in AUD. The exchange rate assumptions used in the Adjusted Hera Model are as follows:

	2013	2014	2015	2016	2017	Long Term
USD:AUD	1.000	0.950	0.920	0.895	0.888	0.888

Mining and Milling schedule

The Adjusted Hera Model reflects the mining and milling schedule depicted in the graph below:



Source: Adjusted Hera Model, BDO analysis

The Adjusted Hera Model includes the adoption of an extra 18 months to capture the reasonable expectation of the conversion of resource to reserve which would extend the life of mine at Hera. The additional year has been included from the beginning of March 2020 until the end of August 2021 and should be considered when interpreting our valuation assessment of the Hera Project.

The Hera Project is forecast to produce the following saleable product:

- Lead
- Zinc
- Gold
- Silver (comparatively immaterial)

The Adjusted Hera Model assumes the following annual average grades.

Grade	2014	2015	2016	2017	2018	2019	2020*	2021*
Gold (g/t)	2.6	2.5	3.6	3.3	3.4	4.8	4.3	3.6
Silver (g/t)	14.6	13.1	14.7	15.7	14.8	16.9	14.6	15.2
Zinc (%)	3.7%	3.6%	3.3%	3.2%	*3.2%*	4.0%	3.3%	3.1%
Lead (%)	2.6%	2.5%	2.5%	2.5%	2.4%	2.6%	2.5%	2.3%

Source: Behre Dolbear Independent Report, BDO Analysis

The Adjusted Hera Model assumes the following recovery rates which Behre Dolbear has confirmed to be appropriate.

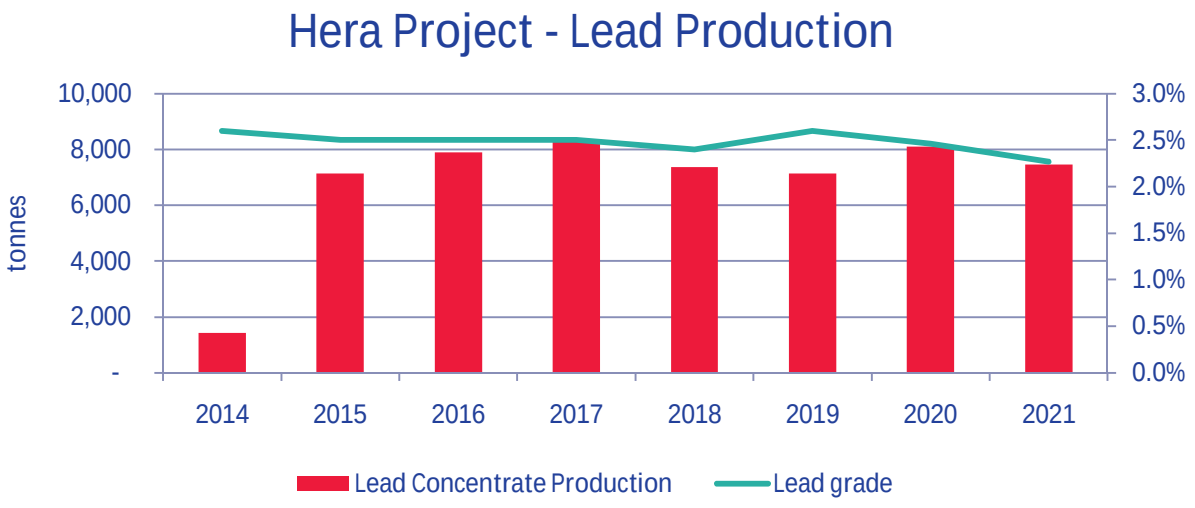
*The grades for 2020 and 2021 are not explicitly detailed in Behre Dolbear's Independent Report as they reflect a significant proportion of the life of mine extension. We have confirmed with BDA that the grades captured in the extension of the life of mine by the Adjusted Hera Model are reasonable.

Recovery to dore	Recovery Rate
Gold	94%
Silver	47%

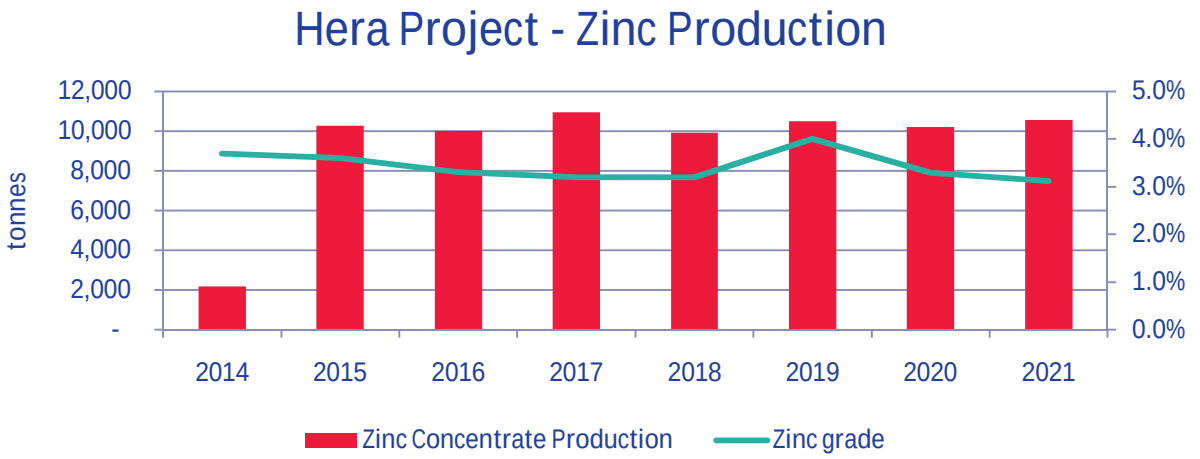
Recovery to bulk concentrate	Recovery Rate
Lead	91%
Zinc	90%
Gold	4%
Silver	46%

Source: Adjusted Hera Model, Behre Dolbear Independent Report

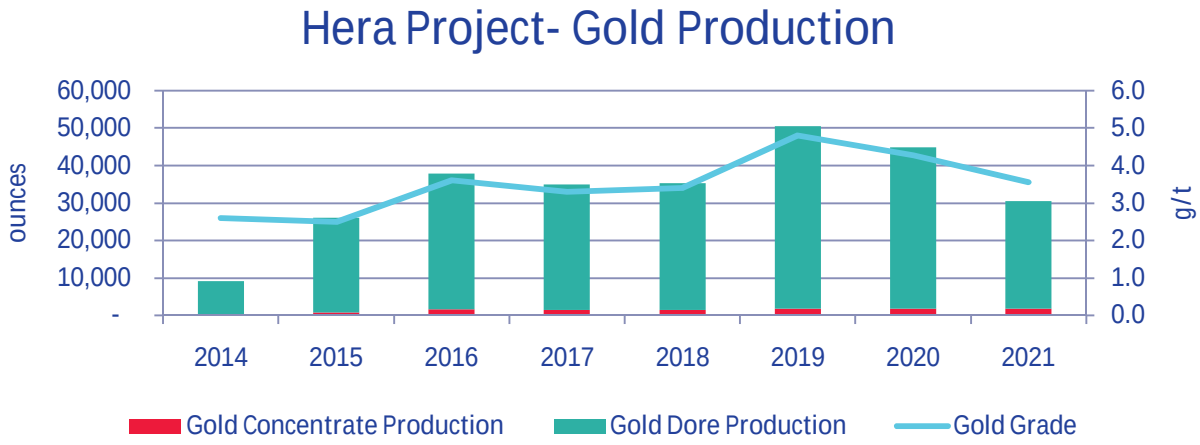
Given the mining and milling assumptions detailed above, the Adjusted Hera Model generates the following production profiles for lead, zinc, gold and silver:



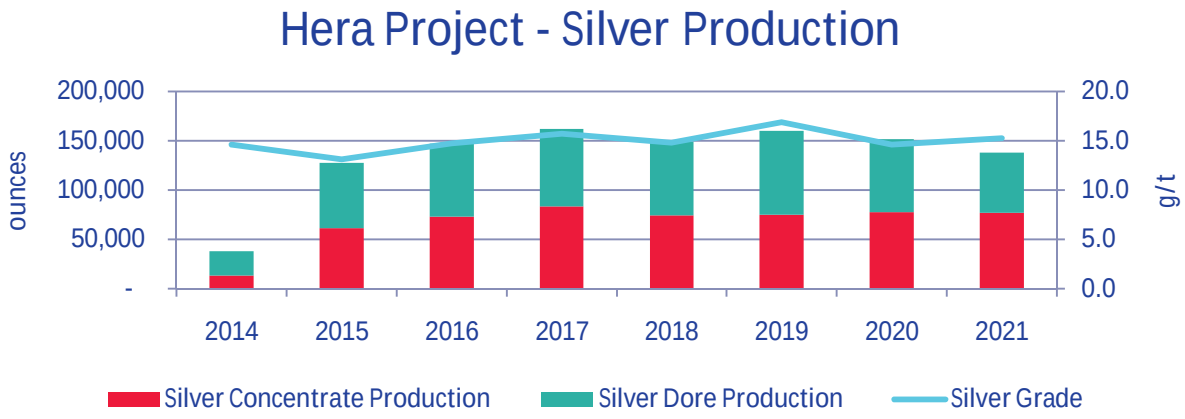
Source: Adjusted Hera Model, BDO analysis



Source: Adjusted Hera Model, BDO analysis



Source: Adjusted Hera Model, BDO analysis



Source: Adjusted Hera Model, BDO analysis

The production assumptions above result in the following gross revenue estimates over the life of the mine as set out below – figures in AUD:

Revenue Source	2013	2014	2015	2016	2017	2018	2019	2020	2021
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Lead	-	3.1	16.8	19.1	19.5	17.2	16.5	19.5	17.5
Zinc	-	4.1	21.0	20.3	21.7	18.7	20.0	20.4	21.0
Gold	-	16.1	42.7	57.1	49.4	49.9	71.6	66.7	35.9
Silver	-	0.8	1.9	2.0	2.0	1.8	2.1	1.9	8.5
Total	-	24.1	82.4	98.5	92.6	87.6	110.2	108.5	82.9

Source: Adjusted Hera Model, BDO analysis

Mining and processing costs

The following table outlines the average mining and milling operating costs that are forecast in the Adjusted Hera Model. We note that the Adjusted Hera Model depicts inflated costs but we have included real costs in the table below for comparative purposes.

Operating Cost AUD	2013 $m	2014 $m	2015 $m	2016 $m	2017 $m	2018 $m	2019 $m	2020* $m	2021* $m
Mining (nominal)	-	16.3	26.8	30.9	24.9	22.2	20.4	20.3	13.3
Mining (real)	-	15.6	25.1	28.1	22.1	19.4	17.3	17.3	10.8
Milling (nominal)	-	3.8	12.0	12.4	12.7	13.0	13.3	13.8	11.6
Milling (real)	-	3.7	11.3	11.3	11.3	11.3	11.3	11.3	9.4

Source: Adjusted Hera Model, Behre Dolbear Independent report, BDO Analysis

*The costs for 2020 and 2021 are not explicitly detailed in Behre Dolbear's Independent report as they reflect a significant proportion of the life of mine extension.

The Hera Model also forecasts the following operating costs:

- Site Administration costs
- Bulk concentrate treatment costs
- Refining Charges
- Road/Port/Sea Costs
- Royalties (discussed below)

All costs in the Adjusted Hera Model have been converted from real to nominal values.

Mine and processing capital expenditure

The Hera Model forecast real capital expenditure requirements including the initial funding requirement of $73.5 million. The Adjusted Hera model adjusts real capital expenditure forecast into nominal terms. Total capital expenditure forecast in the Adjusted Hera model, expressed in nominal terms and including sustaining capital expenditure, is approximately $115 million.

Closure Costs

The Hera Model includes an allowance for closure costs which Behre Dolbear has recommended be increased by 50%. We have incorporated this recommendation made by Behre Dolbear in the Adjusted Hera Model.

Royalties

The Adjusted Hera Model considers that YTC is required to pay the following royalties:

- CBH royalty
- NSW State Government royalty

On 18 June 2009 the Company reached an agreement to purchase a 100% interest in the Hera Project and 80% interest in the Nymagee Joint Venture from CBH. As part of the consideration/ total cost of

acquisition, YTC is required to pay 5% gold royalty on gravity gold Dore production from the Hera deposit capped at 250,000 ounces of gold.

YTC is required to pay an Ad valorem royalty to the NSW State Government. The Ad Valorem royalty is levied at 4% and is calculated based on the ex-mine value of the minerals recovered. The ex-mine value refers to the value of the mineral once it is mined and brought to the surface.

Inflation

In our assessment of the inflation rate, we have considered forecasts prepared by economic analysts and other publicly available information including broker consensus to arrive at our inflation rate assumptions. From our analysis, target inflation is in the range of 2% to 3% which is consistent with the Reserve Bank of Australia's target inflation rate range. The cash flows included in the Adjusted Hera Model are stated in real terms, and an inflation rate of 2.5% has been used to convert operating and capital costs from real to nominal terms.

Tax

As at 30 June 2012 the Company has a carry forward tax loss position of $35,776,750. The Adjusted Hera Model takes into consideration tax losses available to YTC and a corporate tax rate of 30%.

The Adjusted Hera Model forecasts that YTC will start paying tax on the Hera Project pre the Proposed Transaction in February 2018 ("Pre Transaction taxation point").

The Adjusted Hera Model forecasts that YTC will start paying tax on the Hera Project post the Proposed Transaction in August 2019 ("Post Transaction taxation point")

Depreciation

The Hera Model does not include depreciation. We consider the most appropriate method of depreciation to be applied to the Hera Project is the Units of Production method ("UOP"), which we have captured in the Adjusted Hera Model. UOP considers the useful life of an asset based on the total number of units expected to be produced by the asset.

Funding scenarios

We have considered a number of different scenarios for funding the Hera Project. The following scenario describes the most reasonably achievable method by which we consider YTC will be able to raise the financing required for the Hera Project, being the $73.5 million pre-production capital expenditure, should the Proposed Transaction not be approved by Shareholders.

Preferred Debt / Equity Structure

We have researched the debt/equity structure currently adopted by Australian listed mining exploration companies. The purpose of our analysis was to determine an appropriate measure for the amount of debt YTC will need to source, and the cost at which that level of debt can be borrowed, in order to finance the Hera Project should the Proposed Transaction be rejected by shareholders. We have considered the following in our assessment of a preferred debt to equity structure for YTC, should the Proposed Transaction not proceed:

- The current debt to equity ratios of Australian listed mining companies at a comparable stage of development to YTC

- The cost of debt where debt is greater than zero
- Type of debt
- Nature of operations

We have determined the preferred debt/equity structure for YTC under this funding scenario to comprise $6.68 million debt and $66.82 million equity ("preferred funding scenario"). This implies that the initial funding requirement for the Hera Project will be funded using a debt to equity ratio of 10% under this scenario. We consider that the cost of this level of debt would be approximately 10% per annum. We have based our assessment of the cost of debt on the fact that it should be greater than the interest rate attached to the convertible notes, but also less than the Company's cost of equity. More details regarding our assessment of the cost of debt under the preferred funding scenario can be found in Appendix 3.

We have assumed that the equity will be raised at a discount to the quoted market price of YTC's shares as at the date of the Proposed Transaction. We consider an appropriate discount for placements to be in the range of 10% and 20%. Under this scenario we have selected a preferred value for the discount to be applied to a placement of 15%. We have based our conclusions on placements made by Australian listed mining exploration companies during 2011 and 2012 focusing on those where the placement is significant in relation to the company's market capitalisation. More detailed information is contained in Appendix 5.

Discount rates

We have determined a nominal pre-tax and post-tax discount rate to be applied in the preferred funding scenario, in order to discount the future cash flows of the Hera Project to their present value. The pre-tax discount rate is applied to forecast cash flows up until the Pre Transaction taxation point and the post-tax discount rate is applied thereafter.

For each of the funding scenarios we have considered the following:

- The rates of return for comparable listed Australian exploration companies;
- The debt to equity ratio assumed under the preferred funding scenario; and
- An appropriate cost of debt corresponding to the level of debt required to fund the Hear Project

We have applied a nominal pre-tax discount rate of 10.8% and a nominal post-tax discount rate of 10.6% to discount the cash flows of the Hera Project under this scenario. Details on our discount rate determination are provided in Appendix 3.

Valuation

The estimated value of the Hera Project is derived under the DCF approach. In conjunction with recommendations made by Behre Dolbear, we have identified variables which we consider our valuation of the Hera Project to be sensitive to. We have therefore included an analysis to consider the value of the Hera Project pre the Proposed Transaction under various pricing scenarios and have applied:

- A change of +/- 20% to capital expenditure
- A change of +/- 20% to operating costs
- A change of +/- 20% in gold grade
- A change of +/- 5% recovery rate of gold and silver to dore

- A change of +/- 5% recovery rate of gold, silver, zinc and lead to bulk concentrate
- A change of +/- 20% to commodity prices
- A change of +/- 20% to exchange rate
- A change of +/- one month to the start date of the Hera Project
- A change of +/- 5% in the amount of debt used to finance the Hera Project
- A change of +/- 3% to the pre-tax and post-tax discount rate

The following tables sets out the valuation outcomes from our DCF analysis:

Flex	CAPEX NPV (A$m)	OPEX NPV (A$m)	Gold Grade NPV (A$m)
-20%	37.8	57.4	13.7
-15%	33.7	48.5	15.6
-10%	29.6	39.6	17.6
-5%	25.5	30.6	19.5
0%	21.4	21.4	21.4
5%	17.3	12.1	23.3
10%	13.2	2.5	25.3
15%	9.0	-7.1	27.2
20%	4.8	-16.9	29.1

Source: BDO Analysis

Flex	Recovery - Dore NPV (A$m)	Recovery - Conc NPV (A$m)
-5%	12.8	16.2
-4%	14.5	17.9
-3%	16.2	18.6
-2%	18.0	19.2
-1%	19.7	19.9
0%	21.4	21.4
1%	23.1	22.3
2%	24.8	23.1
3%	26.6	23.9
4%	28.3	24.6
5%	30.0	25.4

Source: BDO Analysis

Our analysis indicates that the value of the Hera Project under the preferred funding scenario is sensitive to changes in operating expenditure, commodity prices and exchange rates. With all other factors remaining constant, a 15% increase in operating expenditure requirements will result in the project having a negative net present value.

Our analysis indicates that the value of the Hera Project pre the Proposed Transaction is more sensitive to gold grade in comparison to recovery rates. As outlined previously, a high proportion of the Company's revenue is generated from gold. This is reflected by the fact that the value of the Pre-transaction Hera Project is more sensitive to recovery rates of gold and silver to Dore compared to recovery rates of gold, silver, zinc and lead to bulk concentrates.

NPV(A$m)		Commodity Prices								
		-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Exchange Rate	-20%	-88.5	-73.7	-59.0	-44.3	-29.6	-16.1	-4.9	6.1	17.0
	-15%	-75.9	-60.2	-44.6	-29.0	-14.9	-3.1	8.6	20.1	31.4
	-10%	-63.3	-46.7	-30.2	-15.2	-2.7	9.7	21.9	33.8	45.6
	-5%	-50.7	-33.3	-16.9	-3.6	9.5	22.3	34.9	47.3	59.7
	0%	-38.2	-20.0	-5.9	7.9	21.4	34.7	47.8	60.8	73.8
	5%	-25.6	-9.6	4.9	19.2	33.1	46.9	60.6	74.2	87.8
	10%	-14.7	0.5	15.6	30.2	44.7	59.1	73.4	87.6	101.8
	15%	-5.2	10.6	26.1	41.2	56.2	71.2	86.1	101.0	115.8
	20%	4.2	20.5	36.4	52.1	67.7	83.3	98.8	114.3	129.8

Source: BDO Analysis

The two-way sensitivity table above assesses the impact of simultaneous movements in commodity prices and exchange rates, holding all other factors constant. The two-way sensitivity table also assesses the impact of commodity prices and exchange rates in isolation. It is important to note that a higher exchange rate sensitivity implies the appreciation of the US dollar against the Australian dollar.

We consider that the value of the Hera Project is sensitive to timing of the Project. The table below outlines the change in value of the Hera Project given in the situation that the Project commences either one month earlier or later than what is reflected in the Adjusted Hera model.

	Projected Timing
Flex	NPV (A$m)
1 months earlier	22.3
No change	21.4
1 months later	20.6

Source: BDO Analysis

We have also assessed the sensitivity of the value of the Hera Project to a 5% increase and decrease in the level of debt used.

	Amount of debt
Flex	NPV (A$m)
-5%	22.4
0%	21.4
5%	20.5

Source: BDO Analysis

Discount rate sensitivity							
Discount Rate post-tax (%)	-3.0%	-2.0%	-1.0%	0%	1.0%	2.0%	3.0%
NPV (A$m)	38.5	32.4	26.7	21.4	16.5	11.8	7.5

Considering the valuation outcomes above, we estimate the value of the Hera Project pre the Proposed Transaction to be in the range of A$8.0 million and A$35.0 million, with a preferred value of A$21.4 million.

Valuation multiple

The value per share of gold mining companies when valued using the DCF valuation methodology, including the value of exploration assets, is often lower than the value of the trading price per share.

It is common practice to apply a multiple to the DCF value of a gold project and the value of gold exploration assets to arrive at the value of a gold company.

Possible reasons for a difference between the value of the mineral assets per share and the traded price are:

- The potential upside at existing operating or development sites that would allow for an extension of the life of mine and higher volumes, outside of the announced reserve and resource; and
- The value attributable to the strong management of a company.

We have analysed a number of broker reports focused on ASX listed gold companies with their main operations in Australia. The broker reports indicated that multiples range between 0.85 and 1.53.

In determining an appropriate multiple to apply to the Hera Project, we have had regard to:

- YTC share price volatility;
- Extent to which gold is the major output from the Hera Project
- Identified potential development sites that may allow the Hera Project to be extended;
- YTC's risk profile; and
- Strength of the current management team.

Based on the results of our analysis, we consider a multiple of 1.0 to be appropriate for valuing the Hera Project. We consider this value to be reasonable based on the knowledge that YTC does not have a proven track record, that the Hera project is approximately 18 months away from first production and that Nymagee is predominantly not a gold mine. This multiple has been applied as set out below.

A$ in millions	Low	Preferred	High
DCF value of Hera Project	8.0	21.4	35.0
Multiple applied	*1.0*	*1.0*	*1.0*
Adjusted Value of Hera Project	8.0	21.4	35.0

Based on all our considerations above, we estimate the fair market value of the Hera Project to be in the range of A$8.0 million to A$35.0 million, with a preferred value of A$21.4 million.

10.3 Other exploration assets of YTC

We engaged Behre Dolbear to conduct an independent technical valuation of YTC's other mineral and exploration assets. The table below provides a summary of this valuation:

YTC		Low value	Preferred value	High value
Exploration Asset	Valuation methodology	$000s	$000s	$000s
Hera EL 6162	Multiple of Past Expenditure	1,000	1,000	1,000
Nymagee Project	Comparable Transaction/Multiple of Past Expenditure	8,200	15,100	22,000
Kadungle EL 6226	PEM	2,300	2,400	2,600
Baldry EL 6673	PEM	700	700	800
Tallebung EL 6699	PEM	1,500	1,600	1,700
Crowie Creek EL 7661	PEM	30	30	30
Doradilla EL 6258	Transaction	1,500	2,800	4,000
Galambo EL 7744	PEM	40	40	40
Value of other exploration assets		15,270	23,670	32,170

The table above indicates a range of values between $15.270 million and $32.170 million, with a preferred value of $23.670 million.

In valuing the other exploration assets of YTC Behre Dolbear has adopted a range of valuation methods which include Multiple of Past Expenditure method, past expenditure, acquisition costs and comparable transactions. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider these methods to be appropriate given the stage of development for the exploration assets of YTC. More details regarding the valuation assumptions and methodologies applied by Behre Dolbear in assessing the other exploration assets of YTC can be found in Appendix 6.

10.4 Corporate Costs

We have deducted the net present value of the corporate costs of YTC going forward. These corporate costs have been estimated at $265,000 per month. Of this amount, $85,000 per month is captured in the Adjusted Hera Model. Our sum of parts valuation therefore includes corporate costs estimated at $180,000 per month. We have inflated the monthly costs at 2.5% per annum and discounted at 12.0% per annum up until the Pre Transaction taxation point and at 11.7% per annum thereafter. We have determined the net present value of the corporate costs of YTC going forward to be approximately $14.1 million.

10.5 Debt

This represents the debt financing which is included in the preferred funding scenario for the valuation pre the Proposed Transaction. The debt included in our preferred scenario is $6.68 million.

10.6 Net Cash

YTC had cash of $12.585 million as at 30 September 2012. No opening cash balance has been included within the Adjusted Hera Model used for our assessment of the value of the Hera Project. We have assumed that all cash required for initial capital expenditure will come from new equity and debt and that the cash held at 30 September 2012 will be used by YTC for working capital purposes and to expend on exploration on the Company's other areas.

10.7 Other assets and liabilities of YTC

10.7.1 Investment in associates

This represents 13,640,000 shares in Taronga Mines Limited acquired in July 2011 for the sale of certain mineral tenements to Taronga Mines Limited. Taronga Mines Limited is an unlisted Australian public company. We have not adjusted the amount shown in the balance sheet in our valuation.

10.7.2 Other financial assets

This represents 5.5 million options held in Taronga Mines Limited (also received in July 2011 as part of the consideration for the sale of certain mineral tenements to Taronga Mines Limited) valued at 2 cents per option. We have not adjusted the amount shown in the balance sheet in our valuation.

10.7.3 Other assets and liabilities

Set out in the table below are the other assets and liabilities of YTC.

Assessed value of other assets and liabilities	Reference	Audited 30-Jun-12 $000s	Assessed value $000s
CURRENT ASSETS			
Trade & other receivables and prepayments	a	292	292
TOTAL CURRENT ASSETS		292	292
NON-CURRENT ASSETS			
Property, plant and equipment	b	1,358	712
TOTAL NON-CURRENT ASSETS		1,358	712
TOTAL ASSETS		1,650	1,004
CURRENT LIABILITIES			
Trade and other payables	a	793	793
Provisions		155	155
TOTAL CURRENT LIABILITIES		948	948
NON-CURRENT LIABILITIES			
Provisions	c	7,795	-

Assessed value of other assets and liabilities	Reference	Audited 30-Jun-12 $000s	Assessed value $000s
TOTAL NON-CURRENT LIABILITIES		7,795	-
TOTAL LIABILITES		8,743	948
NET OTHER ASSETS & LIABILITIES		(7,093)	56

We comment on the following:

a) Working capital

The valuation of the Hera Project does not take into consideration any opening balances of working capital associated with the mining operations. Therefore we have considered the value of related balances within other assets and liabilities. We have applied the net balances reported in the financial statements of YTC at 30 June 2012 within the value of other assets and liabilities.

b) Property, plant and equipment

Property, plant and equipment that does not relate to the Hera Project or YTC's exploration assets have been included in our assessment of other assets and liabilities. This represents property, plant and equipment relating to corporate assets which have determine to be $0.712 million.

c) Non current liability – provision for royalty to CBH

This liability has been included in Hera Project value.

10.8 Shares on issue

In determining a valuation per share for YTC prior to the Proposed Transaction, we adjusted the number of shares that will be on issue to take account of the fact that if the Proposed Transaction does not proceed then YTC will have to fund the development of its projects by means other than the debt facility proposed to be provided by Glencore. We have also included the shares issued to Straits Resources for the acquisition of the Doradilla Project.

The total equity required to be raised is assumed to be the initial funding requirement ($73.50 million) minus the amount of debt acquired ($6.68 million). The total amount of equity that must be raised in the preferred funding scenario is therefore $66.82 million. We have considered the number of shares that will be on issue under two scenarios:

a) Pre-announcement pricing scenario

In this scenario the total amount of equity is expected to be raised at a placement price that is at a 15% discount to the 30-day VWAP of YTC as at the date of announcement of the Proposed Transaction. The placement price has been determined to be $0.213.

YTC	Low value	Preferred value	High value
Existing shares	252,724,334	252,724,334	252,724,334
Shares issued to Straits for acquisition of Doradilla	874,126	874,126	874,126
Shares issued to fund projects	313,194,282	313,194,282	313,194,282
Total shares	566,792,742	566,792,742	566,792,742

b) Low Price scenario

The lowest observed market price of YTC in the two years prior to the announcement was $0.180, to which we applied a 15% discount to determine an expected placement price under the low price scenario. The placement price has been determined to be $0.153.

YTC	Low value	Preferred value	High value
Existing shares	252,724,334	252,724,334	252,724,334
Shares issued to Straits for acquisition of Doradilla	874,126	874,126	874,126
Shares issued to fund projects	436,732,026	436,732,026	436,732,026
Total shares	690,330,486	690,330,486	690,330,486

Further details regarding our determination of an appropriate placement can be found in Appendix 5.

10.9 Sum-of-parts valuation of YTC

The value of YTC prior to the Proposed Transaction on a controlling and going concern basis is reflected in our valuation below:

	Ref	Low valuation $000s	Preferred valuation $000s	High valuation $000s
Value of Hera Project	10.2	8,000	21,400	35,000
Value of YTC's exploration assets	10.3	15,270	23,670	32,170
Deduct net present value of corporate costs	10.4	(14,110)	(14,110)	(14,110)
Value of YTC's other assets and liabilities:				
• Net cash	10.5	12,585	12,585	12,585
• Debt	10.6	(6,680)	(6,680)	(6,680)
• Investments in associates	10.7.1	1,152	1,152	1,152
• Other financial assets	10.7.2	110	110	110
• Other assets and liabilities	10.7.3	56	56	56
Sum-of-parts value of YTC pre the Proposed Transaction		16,383	38,183	60,283
Number of shares – pre-announcement pricing scenario	10.8 a)	566,792,742	566,792,742	566,792,742
Number of shares – low price scenario	10.8 b)	690,330,486	690,330,486	690,330,486
Value per share of YTC pre the Proposed Transaction (pre-announcement pricing scenario)		$0.0289	$0.0674	$0.1064
Value per share of YTC pre the Proposed Transaction (low price scenario)		$0.0237	$0.0553	$0.0873

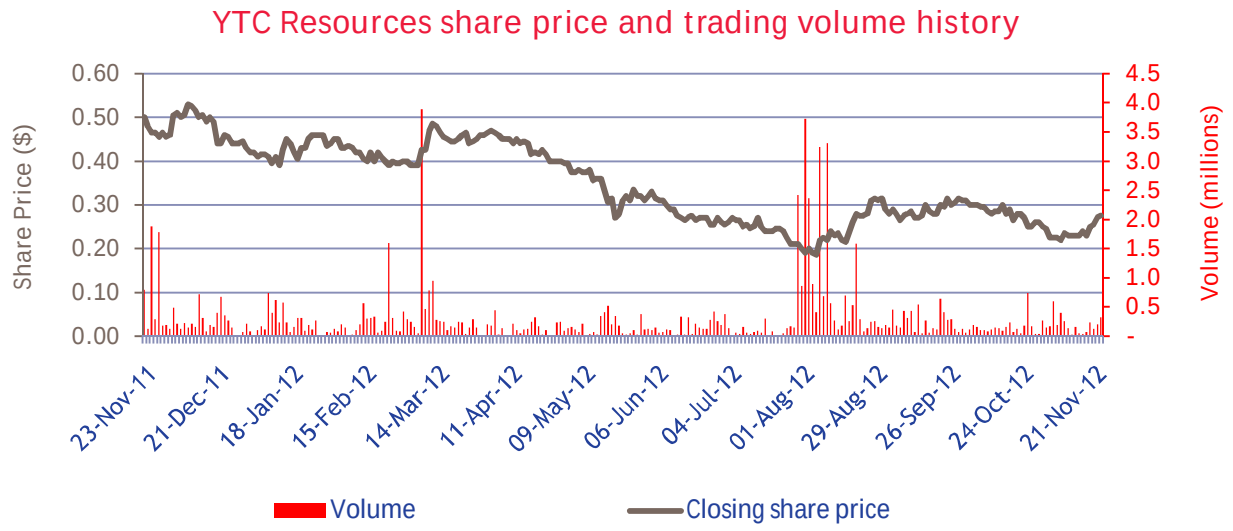
10.10 Quoted Market Prices for YTC

To provide a comparison to the valuation of a YTC share in section 10.8, we have also assessed the quoted market price ("QMP") of a YTC share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Our analysis of the QMP of a YTC share is based on the pricing prior to the announcement of the Proposed Transaction on 22 November 2012. This is because the value of a YTC share after the announcement may include the market expectations of the effects of the announcement of the Proposed Transaction. However, we have considered the value of a YTC share following the announcement when we have considered reasonableness in section 13.

The following chart provides a summary of the share price movement from 21 November 2011 to 21 November 2012, which was the last full trading day prior to the announcement.



Source: BDO Analysis and Bloomberg

The daily price of YTC shares from 21 November 2011 to 21 November 2012 has ranged from a low of $0.180 on 31 July 2012 and a high of $0.545 on 12 December 2011.

The share price of YTC's shares has generally followed a downward trend over the measurement period. After hitting a low of $0.180 on 31 July 2012, the share price of YTC has stabilised and gradually recovered to $0.275 on the trading day prior to the announcement of the Proposed Transaction.

The trading volume was exceptionally high on 6 March 2012 and late July to mid August 2012. The high volume of trading on 6 March 2012 was not due to any Company announcements. Increased levels of trading in late July and early August followed announcements from the Company on the approval of the Hera Project and confirmed discovery at Hera North.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)	Closing Share Price Three Days After Announcement $ (movement)
12/11/2012	ANW: AusNiCo Secures a 19.99% Relevant Interest in Taronga	0.230 (▸ nil)	0.230 (▸ nil)
1/11/2012	YTC moves to 100% of Doradilla Project	0.225 (▾ 8%)	0.225 (▸ nil)
29/10/2012	Hera and Nymagee Drilling Update	0.260 (▸ nil)	0.225 (▾ 13%)
24/10/2012	Quarterly Cashflow Report - September 2012	0.250 (▾ 7%)	0.260 (▴ 4%)
24/10/2012	Quarterly Activities Report - September 2012	0.250 (▾ 7%)	0.260 (▴ 4%)
19/09/2012	Hera and Nymagee deposits extended	0.280 (▸ nil)	0.315 (▴ 13%)
4/09/2012	Hera-Nymagee Exploration Update	0.280 (▾ 3%)	0.280 (▸ nil)
20/08/2012	Significant New Copper Intercept at Nymagee	0.280 (▴ 8%)	0.280 (▸ nil)
15/08/2012	Hera North Discovery Confirmed	0.215 (▾ 2%)	0.280 (▴ 30%)
9/08/2012	Drilling Extends Hera Deposit to North and South	0.240 (▴ 9%)	0.235 (▾ 2%)
1/08/2012	Hera Project Approval	0.200 (▴ 5%)	0.220 (▴ 10%)
31/07/2012	Response to ASX Price Query	0.190 (▾ 5%)	0.185 (▾ 3%)
26/07/2012	Quarterly Activities Report - June 2012	0.210 (▸ nil)	0.200 (▾ 5%)
26/07/2012	Quarterly Cashflow Report - June 2012	0.210 (▸ nil)	0.200 (▾ 5%)
26/06/2012	Hera Exploration Update	0.255 (▸ nil)	0.255 (▸ nil)
25/06/2012	Draft Approval Conditions Received for Hera Project	0.255 (▾ 6%)	0.260 (▴ 2%)
14/06/2012	New EM Targets and Drilling Recommenced at Hera	0.265 (▾ 2%)	0.275 (▴ 4%)
29/05/2012	New targets generated beneath Hera Deposit.	0.320 (▸ nil)	0.330 (▴ 3%)
14/05/2012	Acquisition of OZ Minerals Nymagee Tenements	0.360 (▸ nil)	0.315 (▾ 13%)
7/05/2012	New EM target at Nymagee North	0.375 (▾ 1%)	0.355 (▾ 5%)
19/04/2012	Quarterly Activities Report - March 2012	0.415 (▾ 1%)	0.415 (▸ nil)
19/04/2012	Quarterly Cashflow Report - March 2012	0.415 (▾ 1%)	0.415 (▸ nil)
8/03/2012	Strong Results from Nymagee North	0.470 (▴ 11%)	0.480 (▴ 2%)
2/03/2012	S&P Indices Announces March Quarterly Rebalance	0.390 (▸ nil)	0.390 (▸ nil)
23/02/2012	Large Gold System Confirmed at Kadungle	0.400 (▴ 3%)	0.395 (▾ 1%)
23/02/2012	Hera Update	0.400 (▴ 3%)	0.395 (▾ 1%)

Date	Announcement	Closing Share Price Following Announcement $ (movement)	Closing Share Price Three Days After Announcement $ (movement)
24/01/2012	Quarterly Activities Report - December 2011	0.460 (▲ 2%)	0.460 (▸ nil)
24/01/2012	Quarterly Cashflow Report - December 2011	0.460 (▲ 2%)	0.460 (▸ nil)
23/01/2012	Nymagee EM Results	0.450 (▲ 5%)	0.460 (▲ 2%)
28/12/2011	YTC Moves to 95% interest in Nymagee Joint Venture	0.445 (▲ 1%)	0.420 (▼ 6%)
23/12/2011	Nymagee Resource - Clarification	0.440 (▼ 3%)	0.440 (▸ nil)
22/12/2011	Maiden Nymagee Resource	0.455 (▼ 1%)	0.440 (▼ 3%)
20/12/2011	Nymagee Update	0.440 (▸ nil)	0.440 (▸ nil)
24/11/2011	Further Strong Results at Nymagee	0.465 (▸ nil)	0.465 (▸ nil)

Source: BDO Analysis and Bloomberg

On 1 November 2012 the Company announced that it had reached an agreement with Straits Resources Limited to acquire 100% of the Doradilla Project in north-western NSW. The share price of YTC shares closed 8% lower on the day of the announcement. This downward movement may have been due to a contingency attached to the tenement transfer in which the agreement is subject to the approval from the NSW Department of Trade & Investment (Resources & Energy).

On 29 October 2012 the Company released an exploration update from the Hera Gold Deposit and the Nymagee JV. The share price of YTC shares did not respond on the day of the announcement but decreased by 13% in the three trading days that followed.

On 24 October 2012 the Company released a quarterly cashflow report and a quarterly activities report. The Company announced net operating cash flows of -$2.463 million which indicates a net decrease in cash held of $2.502 million. The share price closed 7% following the announcement.

On 19 September 2012 the Company announced the extension of the Hera and Nymagee deposits. The share price of YTC did not react to this news on the day of the announcement. The increase of the share price by 13% in the three trading days that followed reflects positive market sentiment towards the announcement.

On 20 August 2012 the Company announced a significant new copper intercept at Nymagee which resulted in a share price increasing 8% on the day of the announcement. The Company recorded that it had intersected a broad zone of strong matrix and massive sulphides, including strong copper bearing sulphides.

On 15 August 2012 the Company confirmed the discovery of a new sulphide lens at the Hera deposit and announced the recommencement of drilling at the Nymagee deposit. The share price of the Company declined by 2% on the day of the announcement but then recovered significantly over the next three trading days by 30%.

On 9 August 2012 the Company announced the extension of the Hera deposit drilling to the north and south of Hera after the Company intersected strong lead-zinc sulphide mineralisation in the northernmost drill hole. The receipt of the positive news was reflected in a 9% increase in the share price on the day of the announcement. In the three trading days that followed, the share price of the Company declined by 2%.

On 1 August 2012 the Company announced that it had received Project Approval for the Hera Gold Project from the NSW Department of Planning and Infrastructure. As a result of the positive news, the share price of the Company increased by 5% on the day of the announcement. YTC's share price closed 10% higher three trading days following the announcement.

On 31 July 2012 the Company's response to the ASX price and volume query resulted in a decline in share price of 5% and a further decline of 3% over the following three trading days.

On 25 June 2012 the Company announced that it had received draft Approval Conditions from the NSW Department of Planning and Infrastructure for the development of the Hera Gold Project. In addition, the Company also announced that YTC is substantially advanced on Project Financing discussions with a number of funding providers. The announcement resulted in a decline in YTC's share price of 6% on the day of the announcement but then recovered marginally over the next three trading days.

On 14 May 2012 the Company announced it had reached an agreement with OZ Exploration Pty Ltd, a subsidiary of OZ Minerals Ltd, to purchase a strategic tenement holding surrounding its Hera-Nymagee Project. In consideration, YTC was to issue $250,000 of YTC share and consideration shares escrowed for 6 months. The share price did not respond on the day of the announcement and declined by 13% over the next three trading days.

On 8 March 2012 the Company announced strong results from the Nymagee North deposit. The drilling results were significantly more promising than previously encountered and resulted in an 11% increase in the share price on the day of the announcement. The Company's share price increased a further 2% over the following three trading days.

On 23 February 2012 the Company announced that it confirmed a large gold system at Kadungle. In addition, the Company announced the Hera Project update, including strong results from Hera Reserve extension drilling, the substantial completion of Stage 1, the lodgement of the Hera Mining Lease application, and the receipt of submissions in response to the public exhibition of the Environmental Assessment document for the Hera Project. These announcements lead to an increase in closing share price of 5% and a further marginal increase over the next three trading days.

On 23 January 2012 the Company announced the Nymagee EM survey results which looked to have been very effective in generating new targets. The share price of YTC increased by 5% on the day of the announcement and it continued to increase by a further 2% in the three trading days that followed.

On 28 December 2011 the Company announced that it had reached an agreement with Allegiance Mining Operations Pty Ltd to acquire an additional 5% in the Nymagee JV to bring the Company's total beneficial interest to 95%. The share price increased by 1% on the day of the announcement, however the share price declined by 6% over the next three trading days. We consider this decline may be due to the liabilities attached to the tenements which, at the time, were estimated at $450,000 being the environmental security bond held against the tenement.

On 23 December 2011 the Company clarified calculations for lead, zinc and silver released on 22 December and provided a new Nymagee Resource estimate table. This announcement saw a decline in share price of 3% on the day of the announcement.

In relation to the aforementioned announcement, on 22 December 2011 the Company released an estimate of the Company's Maiden Nymagee Resource estimate. On the day of the announcement, YTC's share price closed marginally lower by 1%. The share price declined a further 3% over the subsequent three trading days as a result of the aforementioned clarification.

To provide further analysis of the market price for a YTC share, we have also considered the volume weighted average price ("VWAP") for 10, 30, 60, 90 day periods to 21 November 2012.

Share Price ($)	21-Nov-12	10 Days	30 Days	60 Days	90 Days
Closing price	0.275				
VWAP		0.251	0.252	0.272	0.237

Source: BDO Analysis and Bloomberg

The above VWAPs are prior to the date of the announcement of the Proposed Transaction, to avoid the influence of any change in the price of YTC shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in YTC shares in the year up to 21 November 2012 is set out below:

	Share price low ($)	Share price high ($)	Cumulative Volume traded	As a % of Issued capital
1 day	0.275	0.280	319,880	0.13%
10 days	0.225	0.280	1,205,862	0.48%
30 days	0.220	0.280	4,549,465	1.80%
60 days	0.220	0.320	7,384,897	2.92%
90 days	0.220	0.330	12,761,394	5.05%
180 days	0.180	0.340	41,141,267	16.28%
1 year	0.180	0.495	77,200,115	30.55%

Source: BDO Analysis and Bloomberg

This table indicates that YTC's shares display a low level of liquidity, with only 30.55% of YTC's current issued capital being traded in a one year period and inconsistent volumes traded throughout the period. For the QMP methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities
- Approximately 1% of a company's securities are traded on a weekly basis
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our assessment is that a range of per share values for YTC shares based on the QMP, after disregarding post announcement pricing, is between $0.220 and $0.275 with a midpoint of $0.248.

Premium for control

Since the QMP is a minority interest value we have applied a premium for control in order to determine a value comparable with the sum-of-parts value determined in section 10.8, which is a control value.

We have reviewed control premiums paid by acquirers of gold mining companies, both listed and unlisted for the period from 2006 to 2012. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (A$m)	Average Control Premium (%)
2012	5	160.20	52.57
2011	8	1119.33	22.56
2010	10	1364.83	56.11
2009	12	139.27	21.60
2008	3	446.27	28.54
2007	10	191.36	29.36
2006	9	62.96	12.99
	Median	191.36	28.54
	Mean	497.75	31.96

Source: BDO Analysis and Bloomberg

We have also reviewed the announced control premia paid by acquirers for target mining companies listed on the ASX since 2006. A summary of the control premia is noted in the table below:

Year	Number of Transactions (with announced premium)	Average Deal Value (AU$m)	Average Control Premium (excl outliers)
2012	12	102.38	51.11
2011	16	730.45	27.94
2010	22	854.35	38.95
2009	25	112.87	39.93
2008	10	635.95	36.38
2007	24	740.84	26.54
2006	21	91.49	31.08
	Median	635.95	36.38
	Mean	466.90	35.99

Source: BDO Analysis and Bloomberg

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

Our analysis indicates that the long-term median and average announced control premium paid by acquirers of general mining companies is higher than what is paid by acquirers of gold mining targets. We also note that the average announced control premia in 2012 has been higher when compared to previous years. Based on our research above we believe that an appropriate control premium to apply in our valuation of YTC shares is between 25% and 35%.

Quoted market price including control premium

Applying a control premium to YTC's quoted market share price results in the following quoted market price value including a premium for control:

	Low A$	Preferred A$	High A$
Quoted market price value	0.2200	0.2480	0.2750
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	0.2750	0.3224	0.3713

Therefore, our valuation of a YTC share based on the quoted market price method and including a premium for control is between $0.2750 and $0.3713, with a midpoint value of US$0.3224.

10.11 Assessment of valuation of YTC pre the Proposed Transaction

The results of the valuation performed are summarised in the table below:

	Low $	Preferred $	High $
Sum-of-parts method value of YTC pre the Proposed Transaction (pre-announcement pricing scenario & on a controlling basis)	0.0289	0.0674	0.1064
Sum-of-parts method value of YTC pre the Proposed Transaction (low price scenario & on a controlling basis)	0.0237	0.0533	0.0873
QMP value of a share in YTC pre the Proposed Transaction (including premium for control)	0.2750	0.3224	0.3713

We note that there is a significant difference between the sum of parts method value and the QMP value, the sum-of-parts value being lower than the QMP value. There are a number of reasons for this difference.

In our opinion the QMP value incorporates a level of expectation of further upside in relation to the Hera Project and YTC's exploration and development assets. It is often the case that the market will assess a significant amount of 'blue sky' potential into its valuation of a mining exploration company. The sum-of-parts valuation methodology does not include 'blue sky' but assesses value on the basis of what is currently known of YTC's exploration and development assets.

In applying the requirements of RG111 we must have a reasonable basis for all of the assumptions and inputs to our valuation. These are by their nature required to be more conservative than may be applied by market analysts and investors. As a consequence of this conservative view the valuation that arises on this basis can be lower than the value derived under the QMP basis. It should be noted that our assessment of fairness is a comparison of the relative pre and post transaction values which have been derived on a consistent basis.

In our opinion, the sum-of-parts valuation methodology is the most reliable for the purpose of valuing YTC pre the Proposed Transaction due to the core value of YTC being in the exploration and development assets held. The low level of liquidity that YTC shares demonstrate is another reason why the sum-of-parts methodology is most reliable.

In addition the 'blue sky' element which contributes significantly to the QMP is not something that can be reliably measured which further emphasises that the QMP methodology should not be relied on in this situation.

Therefore, we selected the value of YTC derived from our sum-of-parts analysis under the pre-announcement pricing scenario to be between $0.0289 and $0.1064 per share, with a preferred value of $0.0674 per share.

We have selected the value of YTC derived from our sum-of-parts analysis under our low price scenario to be between $0.0237 and $0.0873, with a preferred value of $0.0553 per share.

11. Valuation of YTC post the Proposed Transaction

11.1 Sum of Parts Valuation of YTC

We have assessed the value of YTC post the Proposed Transaction on a similar 'Sum of Parts' basis to that adopted for assessment of the value of YTC pre the Proposed Transaction. The only differences are in the DCF valuation of the Hera Project, the amount of debt in YTC and the number of shares on issue. Since the other elements of the 'Sum of Parts' are unchanged we have not duplicated our analysis in section 10 above but refer back to that section.

11.2 DCF Valuation of Hera Project

As set out in section 10.2 we note that the broad parameters of our valuation of the Hera Project following the Proposed Transaction are the same. The integral difference between the valuation pre to Proposed Transaction and post the Proposed Transaction relates to the nature of financing obtained to fund the project.

The valuation of the Hera Project post the Proposed Transaction, assumes that the Hera Project is funded through the Project Finance Facilities agreed to between YTC and Glencore. The initial funding requirement is assumed to be the same when valuing the Hera Project both pre and post the Proposed Transaction.

Project Finance Facilities

In valuing the Hera Project following the Proposed Transaction, we have assumed that the initial funding requirement will achieved through the Glencore placement and facilities as per the following structure:

Component of Project Finance Facilities	Type	Interest Rate	Drawdown Amount $A
Placement	Equity		2,946,582
Facility A	Convertible Debt	3M AUD BBSW + 4.0%	20,000,000
Facility B	Convertible Debt	3M AUD BBSW + 4.0%	50,000,000
Facility C	Debt	3M AUD BBSW + 4.5%	553,418
Total			73,500,000

DCF Valuation - Discount rate

We have applied a nominal pre-tax discount rate of 8.9% and a nominal post-tax discount rate of 6.8% to discount the cash flows of the Hera Project under this scenario. Our assessment of the discount rate considered the following:

- The rates of return for comparable listed Australian exploration companies;
- The debt to equity ratios that result from the utilisation of the Project Finance Facilities
- The cost of debt and convertible debt associated with the Project Finance Facilities.

Details of our discount rate determination are provided in Appendix 4.

Valuation

The estimated value of the Hera Project is derived under the DCF approach. In conjunction with recommendations made by Behre Dolbear, we have identified variables which we consider our valuation of the Hera Project to be sensitive to. We have therefore included an analysis to consider the value of the Hera Project post the Proposed Transaction under various sensitivities as follows:

- A change of +/- 20% to operating costs
- A change of +/- 20% to capital expenditure
- A change of +/- 20% in gold grade
- A change of +/- 5% recovery rate of gold and silver to dore
- A change of +/- 5% recovery rate of gold, silver, zinc and lead to bulk concentrate
- A change of +/- 20% to commodity prices
- A change of +/- 20% to exchange rate
- A change of +/- 3% to the pre-tax and post-tax discount rate

The following tables sets out the valuation outcomes from our DCF analysis:

	CAPEX	OPEX	Gold Grade
Flex	NPV (A$m)	NPV (A$m)	NPV (A$m)
-20%	52.2	77.4	26.6
-15%	48.1	67.2	28.9
-10%	44.0	56.9	31.1
-5%	39.8	46.4	33.4
0%	35.7	35.7	35.7
5%	31.6	25.2	38.0
10%	27.5	14.6	40.3
15%	23.5	2.7	42.7
20%	19.4	-12.1	45.0

Source: BDO Analysis

Flex	Recovery - Dore NPV (A$m)	Recovery - Conc NPV (A$m)
-5%	25.9	29.3
-4%	27.9	31.5
-3%	29.8	32.4
-2%	31.8	32.9
-1%	33.7	33.9
0%	35.7	35.7
1%	37.6	36.7
2%	39.7	37.6
3%	41.7	38.5
4%	43.7	39.4
5%	45.7	40.3

Source: BDO Analysis

Our analysis indicates that the value of the Hera Project post the Proposed Transaction is most sensitive to changes in operating expenditure requirements, commodity prices and exchange rates. With all other factors remaining constant, a 20% increase in operating expenditure requirements will result in the project having a negative net present value.

Our analysis indicates that the value of the Hera Project post the Proposed Transaction is more sensitive to gold grade in comparison to recovery rates. A high proportion of the Company's revenue is generated from gold. This is reflected by the fact that the value of the Hera Project post the Proposed Transaction is more sensitive to recovery rates of gold and silver to Dore compared to recovery rates of gold, silver, zinc and lead to bulk concentrates.

NPV(A$m)		Commodity Prices								
		-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
	-20%	-95.6	-78.7	-61.8	-44.9	-28.0	-11.1	5.8	18.5	30.7
	-15%	-81.2	-63.2	-45.3	-27.3	-9.3	8.2	21.3	34.2	47.3
	-10%	-66.8	-47.7	-28.7	-9.7	8.7	22.6	36.2	50.1	63.9
	-5%	-52.3	-32.3	-12.2	7.6	22.3	36.7	51.4	65.9	80.2
Exchange Rate	0%	-37.9	-16.8	4.3	20.5	35.7	51.1	66.3	81.4	96.4
	5%	-23.5	-1.3	17.2	33.2	49.3	65.3	81.1	96.8	112.5
	10%	-9.1	12.3	29.1	46.0	62.8	79.4	95.8	112.3	128.6
	15%	5.3	23.5	41.0	58.7	76.1	93.3	110.5	127.6	144.7
	20%	16.4	34.6	53.1	71.3	89.3	107.2	125.1	143.0	160.8

Source: BDO Analysis

The two-way sensitivity table above enables us to assess the impact of simultaneous movements in commodity prices and exchange rates, holding all else constant. The row highlighted in dark grey considers changes in commodity prices in isolation. We are able to conclude from this information that the project is most sensitive to commodity prices.

We consider that the value of the Hera Project is sensitive to timing of the Project. The table below outlines the change in value of the Hera Project given in the situation that the Project commences either one month earlier or later than what is reflected in the Adjusted Hera model.

Discount rate sensitivity							
Discount Rate post-tax (%)	-3.0%	-2.0%	-1.0%	0%	1.0%	2.0%	3.0%
NPV (A$m)	56.7	49.2	42.2	35.7	29.6	23.9	18.6

Considering the valuation outcomes above, we estimate the post Proposed Transaction value of the Hera Project to be in the range of A$15.0 million and A$60.0 million, with a preferred value of A$35.7million.

Valuation multiple

As per our valuation pre the Proposed Transaction we have made an adjustment based on the observed difference between the value of exploration assets using the DCF valuation methodology and the trading price per share of gold companies. We have assessed a multiple of 1.0 to be appropriate for valuing the Hera Project. This multiple has been applied as set out below.

A$ in millions	Low	Preferred	High
DCF value of Hera Project	15.0	35.7	60.0
Multiple applied	*1.0*	*1.0*	*1.0*
Adjusted Value of Hera Project	15.0	35.7	60.0

Based on all our considerations above, we estimate the fair market value of the Hera Project to be in the range of A$15.0 million to A$60.0 million, with a preferred value of A$35.7 million.

11.3 Corporate Costs

We have deducted the net present value of the corporate costs of YTC going forward. These corporate costs have been estimated at $265,000 per month. Of this amount, $85,000 per month is captured in the Adjusted Hera Model. Our sum of parts valuation therefore includes corporate costs estimated at $180,000 per month. We have inflated the monthly costs at 2.5% per annum and discounted at 12.0% per annum up until the Post Transaction taxation point and at 11.7% per annum thereafter. We have determined the net present value of the corporate costs of YTC going forward to be approximately $14.1 million.

11.4 Debt

This represents the debt financing which remains assuming that the entire conversion of Facility A and Facility B of the Project Finance Facilities. We have determined the amount of debt remaining after conversion to be $0.533 million.

11.5 Shares on issue

In determining a valuation per share for YTC post the Proposed Transaction, we adjusted the number of shares that will be on issue to take account of the Placement as well as the conversion of $20 million of

convertible debt into shares at $0.2510 per share under Facility A. We have also included the shares issued to Straits Resources for the acquisition of the Doradilla Project.

We have adjusted the number of shares that will be on issue to take account of the conversion of $50 million of convertible notes relating to Facility B. We note that the conversion price relating to Facility B will be determined in the future and is not known today. Therefore we have considered the number of shares that will be on issue under two scenarios:

a) Pre-announcement pricing scenario

Our best approximation of the conversion price for Facility B is based on the 60-day VWAP calculated immediately prior to the announcement of the Proposed Transaction. In this situation we have attached a conversion price of $0.272 to Facility B.

YTC	Low value	Preferred value	High value
Existing shares	252,724,334	252,724,334	252,724,334
Shares issued to Straits Resources for Doradilla acquisition	874,126	874,126	874,126
Shares issued as part of initial Placement	9,390,000	9,390,000	9,390,000
Shares issued to fund projects - Facility A	79,681,275	79,681,275	79,681,275
Shares issued to fund projects - Facility B	183,823,529	183,823,529	183,823,529
Total shares	526,493,264	526,493,264	526,493,264

b) Low price scenario

In our low price scenario we have assumed that the conversion price for Facility B will be $0.180. This is based on the lowest observed quoted market price of YTC over a two year trading period up to the date of the announcement of the Proposed Transaction.

YTC	Low value	Preferred value	High value
Existing shares	252,724,334	252,724,334	252,724,334
Shares issued to Straits Resources for Doradilla acquisition	874,126	874,126	874,126
Shares issued as part of initial Placement	9,390,000	9,390,000	9,390,000
Shares issued to fund projects - Facility A	79,681,275	79,681,275	79,681,275
Shares issued to fund projects - Facility B	277,777,778	277,777,778	277,777,778
Total shares	620,447,513	620,447,513	620,447,513

11.6 Sum of Parts valuation of YTC

The value of YTC post the Proposed Transaction on a controlling and going concern basis is reflected in our valuation below.

	Ref	Low valuation $000s	Preferred valuation $000s	High valuation $000s
Value of Hera Project	11.2	15,000	35,700	60,000
Value of YTC's exploration assets	10.3	15,270	23,670	32,170
Value of YTC's corporate costs	11.3	(14,077)	(14,077)	(14,077)
Value of YTC's other assets and liabilities:				
• Net cash	10.5	12,585	12,585	12,585
• Debt	11.4	(553)	(553)	(553)
• Investments in associates	10.7.1	1,152	1,152	1,152
• Other financial assets	10.7.2	110	110	110
• Other assets and liabilities	10.7.3	56	56	56
Sum-of-parts value of YTC post the Proposed Transaction		29,543	58,643	91,443
Number of shares – pre-announcement pricing scenario	11.5 a)	526,493,264	526,493,264	526,493,264
Number of shares – low price scenario	11.5 b)	620,447,513	620,447,513	620,447,513
Value per share of YTC post the Proposed Transaction (pre-announcement pricing scenario)		$0.0561	$0.1114	$0.1737
Value per share of YTC post the Proposed Transaction (low price scenario)		$0.0476	$0.0945	$0.1474

11.7 Minority Discount

The value of a YTC share derived under the sum –of-parts method is reflective of a controlling interest. This suggests that post the Proposed Transaction, existing Shareholders of YTC will have an interest in the Company which allows them to have an individual influence in the operations and value of the Company. As outlined in section 4, if the Proposed Transaction is approved and the conversion of Facility A and Facility B takes place, Glencore's interest in the Company may potentially increase to 61.88%. This means that existing Shareholders of YTC will effectively become minority holders in the Company and the holding of existing Shareholders will not be considered significant enough to have an individual influence in the operations and value of the Company.

In order to provide a comparison to our assessed value of a YTC share determined pre the Proposed Transaction, where the existing Shareholders of YTC are effectively considered to maintain control in the Company, we must adjust our Sum of Parts value determined post the Proposed Transaction to reflect a minority interest.

We have applied a minority discount of between 20% and 26%. This range has been determined as the inverse of a control premium as calculated in section 10.10 above. Our assessment of the minority interest value of a YTC share post the Proposed Transaction under the pre-announcement pricing scenario and under the low price scenario is set out below:

a) Pre-announcement pricing scenario

Minority interest value of a YTC share	Ref	Low $	Preferred $	High $
Sum-of-parts method value of YTC on a controlling basis	11.6	$0.0561	$0.1114	$0.1737
Minority Discount	11.7	26%	23%	20%
Value of a YTC share on a minority interest basis		$0.0415	$0.0858	$0.1389

b) Low price scenario

Minority interest value of a YTC share	Ref	Low $	Preferred $	High $
Sum-of-parts method value of YTC on a controlling basis	11.6	$0.0476	$0.0945	$0.1474
Minority Discount	11.7	26%	23%	20%
Value of a YTC share on a minority interest basis		$0.0352	$0.0728	$0.1179

12. Is the Proposed Transaction fair?

The value of a share in YTC pre and post the Proposed Transaction, both under pre-announcement pricing and in our low price scenarios is compared below:

a) Pre-announcement pricing scenario

	Ref	Low	Preferred	High
		$	$	$
Value of a YTC share pre the Proposed Transaction	10.11	$0.0289	$0.0674	$0.1064
Value of a YTC share post the Proposed Transaction	11.7 a)	$0.0415	$0.0858	$0.1389

b) Low price scenario

	Ref	Low	Preferred	High
		$	$	$
Value of a YTC share pre the Proposed Transaction	10.11	$0.0237	$0.0553	$0.0873
Value of a YTC share post the Proposed Transaction	11.7 b)	$0.0352	$0.0728	$0.1179

We note from the table above that the value of a YTC share post the Proposed Transaction, is greater than the value of a YTC share pre the Proposed Transaction in both scenarios. Therefore, we consider the Proposed Transaction to be fair.

It is important to note that the value of the Hera Project to Shareholders is higher post the Proposed Transaction $35.7 million (section 10.2) than it is pre the Proposed Transaction $21.4 million (section 11.2). This results from the fact that, although the Hera Project itself is the same in the pre and post situations, the way in which it is funded determines the (different) values to Shareholders.

Essentially, the cost of debt is generally lower than the cost of equity so that if debt funding can be secured for a project, the value to Shareholders will be greater.

For YTC, the Proposed Transaction provides for Glencore to fund the Hera Project with debt. This offers a higher value for shareholders, albeit with a significantly greater risk because the interest on the debt is paid before the value accrues to shareholders so that if the project returns are lower than expected, there is a relatively more significant reduction in the return to equity.

12.1 Fairness assessment in relation to $50 million convertible note facility (Facility B)

The conversion price of the $50 million convertible note facility (Facility B) is the 60 day VWAP prior to the date of receipt of a conversion notice. It is not possible to determine what that conversion price will be.

If the 60 day VWAP was to be calculated at 21 November 2012 it would be $0.272 per share. Based on that conversion price the conversion of the convertible note in Facility B would be fair because that value is in excess of our assessment of the value of a YTC share post the Proposed Transaction as set out in the table above. We also note that the share price has generally increased since 21 November 2012 (as set out in section 13.1 below), further supporting the fairness conclusion on this current basis.

At the future point in time if the convertible notes are converted the share price and hence the 60 day VWAP will have changed. It is reasonable to assume that if there is an increase in the underlying value of the Company's projects then this would be reflected in an increase in the Company's share price and hence the 60 day VWAP. In that case the conversion would continue to be fair.

Further, since the conversion is at the election of YTC it is reasonable to assume that YTC will only convert the convertible notes if this presented a better outcome for the Company than raising equity and then using the funds raised to repay the convertible notes. Any such equity capital would most likely be at a discount to the prevailing share price upon which the conversion price would be based.

We note that the conversion of Facility B, if YTC makes the decision to convert, will be at a yet to be determined 60 day VWAP. One matter known about the conversion price is that it is a market price and represents a minority interest value. Effectively, if Facility B is converted to shares it will enable Glencore to increase its holding in YTC without paying a premium for control.

13. Is the Proposed Transaction reasonable?

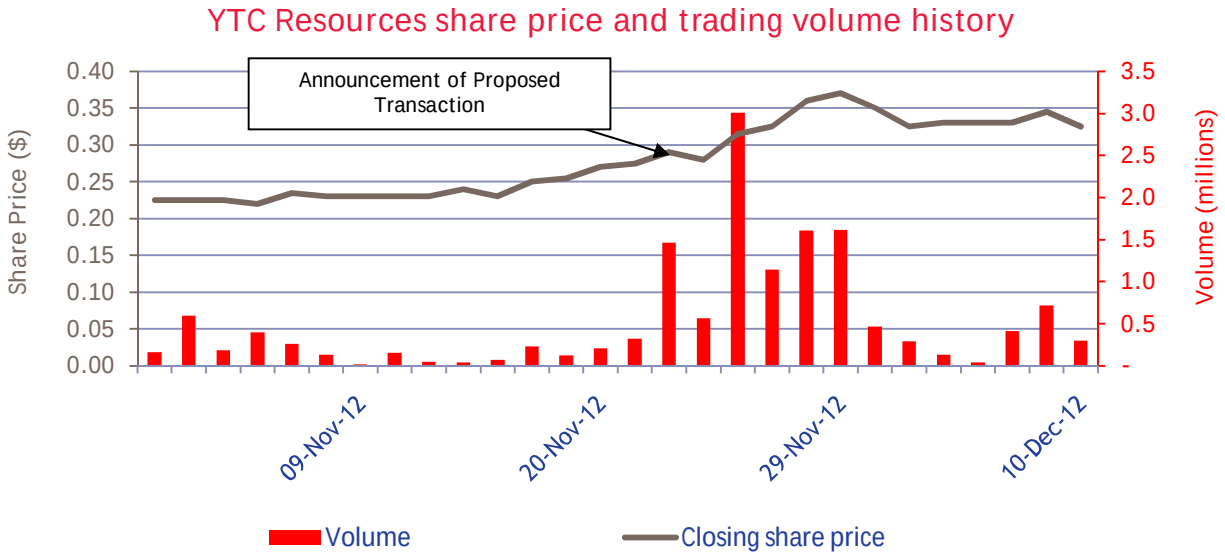
13.1 Consequences of not approving the Proposed Transaction

Consequences

If the Proposed Transaction is not approved the Company will need to seek alternative funding for the Hera and Nymagee projects. In current capital markets it is likely that this would take a significant amount of time and would delay development. Equity raisings in difficult capital markets typically require significant discounts to the prevailing share price and are likely to be dilutionary to shareholders.

Potential decline in share price

We have also analysed the share price movement of YTC since the announcement of the Proposed Transaction on 22 November 2012, these movements are shown in the graph below:



Source: Bloomberg and BDO Analysis

We note that on the first trading day after the announcement the share price closed marginally lower at $0.280. The second trading day after the announcement shows a significant increase in share price and trading volume. After five trading days following the announcement, YTC's share price reached its peak of $0.370 and trading volume stabilised. The Company's share price stabilised to around $0.325 towards mid-December 2012.

Given the above analysis it is possible that if the Proposed Transaction is not approved then YTC's share price may decline back to pre-announcement levels.

13.2 Advantages of approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The Proposed Transaction is Fair and therefore it is reasonable	As set out in section 12 above the Proposed Transaction is Fair. RG 111 states that an offer is reasonable if it is fair.
Enables YTC to establish a strategic relationship with Glencore, and draw on Glencore's operating experience at Cobar	Glencore's experience and expertise, both as a major commodities trader and as a mining operator in the Cobar district of New South Wales, should provide benefits to YTC, which should be realised through Glencore's involvement in the Technical Steering Committee, to be set up as part of the Proposed Transaction and through Glencore utilising its seat on the YTC Board of Directors.
Allows the Company to focus on its projects rather than raising finance	If the Proposed Transaction is approved then the Company's immediate funding requirements are addressed allowing the Board and senior management to concentrate on developing the projects.
Provides certainty of necessary funding for Hera and Nymagee projects	Approval of the Proposed Transaction allows YTC to proceed with development of both Hera and Nymagee knowing that the projects are appropriately funded with a flexible structure allowing YTC also to continue its other exploration activities.
Offtake Agreement is advantageous for YTC	The Proposed Transaction includes the provision for Glencore to offtake all base metals production. On balance we consider that the advantages of the Offtake Agreement with Glencore outweigh the disadvantages. The advantages and disadvantages of the Offtake Agreement are set out in more detail below.
Using debt financing expected to be less dilutionary than equity funding	The structure of the debt financing provided under the Proposed Transaction means that it is likely to be less dilutionary as YTC will only drawdown funds as and when required and conversion to shares will not necessarily occur.
Subscription Shares are at premium to market price	The first part of the Proposed Transaction is the issue of Subscription Shares to Glencore. These shares are to be issued at a premium to market price (25%premium on 30 day VWAP prior to the signing of the term sheet).
Convertible notes only convert at YTC's election	The nature of the convertible note facilities (Facility A and Facility B) is that conversion can only be at the election of YTC. This means that the Company can control the extent to which the interests of existing shareholders are diluted, by redeeming for cash rather than shares.
No change to current operating arrangements	There is no indication in the Proposed Transaction or from Glencore of any intention to change YTC's current operating arrangements.
No mandatory hedging arrangements imposed on YTC by the Proposed Transaction.	Unlike a standard bank debt facility which is likely to impose hedging requirements, the Proposed Transaction allows YTC to pursue hedging arrangements to the extent it sees fit, giving more flexibility to management.

13.3 Disadvantages of approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing shareholders interests on issue of Subscription Shares	Existing shareholders' interest will be diluted by around 3.7% by the issue of Subscription Shares to Glencore. However, we note that this is likely to be less dilutionary than an alternative funding strategy which might involve the placement of shares at a discount to a non-strategic investor.
Additional dilution if some or all of the convertible notes are converted into shares	If the convertible notes in Facility A and Facility B are drawn down and converted into shares this has the potential to considerably dilute the interests of existing shareholders. Although the precise potential dilution cannot be determined, full conversion may reduce existing shareholders' total interest below 50%. Under the low price scenario we have used existing shareholders' interests would fall to 38.12%.
Granting of security over assets to Glencore and agreeing to covenants	As part of the terms of the financing under the Proposed Transaction YTC will grant security to Glencore over key assets of the Company. This will restrict the Company's ability to deal with those assets without the consent of Glencore. In addition, YTC will be required to agree to certain typical lending covenants which will regulate some aspects of the operations of the business. Further, if the Company breaches those covenants then Glencore have the ability to exercise default rights including potentially enforcing its security.
Increased level of gearing	The Hera Project will be funded by a high proportion of debt which increases its risk profile. If cashflows generated fall below what is projected in the Adjusted Hera Model then the Company is likely to face higher barriers to raising equity to fund Projects in the future.

Advantages and disadvantages of the Offtake Agreement

We consider that there are various advantages and disadvantages of the Offtake Agreement as set out below. On balance we consider that the advantages outweigh the disadvantages.

Advantages of the Offtake Agreement:

- The offtake contracts provide YTC with long term revenue security from a financially strong offtake counterparty.
- The market for mixed lead-zinc concentrates of the type produced by the Hera Project is relatively thin, with a limited number if suitable end-party smelters able to treat concentrates of this type. Glencore's experience in trading these concentrates to a number of these end-party smelters substantially reduces the counterparty risk for this product.
- As Glencore operates a significant mining and base metal concentrate logistics infrastructure in the Cobar district, it is reasonable to expect that operational synergies may be realised from these to the benefit of both YTC and Glencore.

Disadvantages of the Offtake Agreement:

- The provision of life of mine offtake contracts is likely to reduce the potential interest in the acquisition of the YTC assets or the company as a whole from third parties whose business is focused on either metal concentrate trading or base metal smelting and refining.
- Long term offtake contracts are regularly provided as part of the consideration for securing significant project financing, such as the Glencore funding under the Proposed Transaction. YTC's ability to secure additional offtake-linked funding for the Hera Project or Nymagee Projects with parties other than Glencore will be restricted under the life of mine offtake terms.

13.4 Other considerations

13.4.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of YTC a premium over the value resulting from the Proposed Transaction.

YTC has considered a number of financing strategies/ options before making the decision to recommend the Proposed Transaction with Glencore.

These alternatives considered included the following:

- off-take related financing packages from other off-takers
- bank debt combined with equity
- equity
- other hybrid type financing options
- equity lines of credit

Some of these alternatives were considered more strongly than others, some were ruled out quickly but over the course of their deliberations, the directors considered that the Proposed Transaction with Glencore represented the best strategy for YTC.

13.4.2 Future funding requirements

If the Proposed Transaction is not approved, YTC will have to secure another form of financing in order to develop the Hera & Nymagee projects.

It is likely that in order to fund the development of the Hera/ Nymagee Project YTC will have to raise further equity capital or debt funding or a combination of both. This has been addressed in our assessment of the value of YTC on a pre Proposed Transaction basis (refer section 10 above).

In the current market conditions a major capital raising might be difficult. Further, both raising fresh capital and securing debt funding would be detrimental to existing shareholders - raising the debt funding will reduce the net return and raising further equity capital will dilute existing interests.

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of YTC.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Memorandum on or about the date of this report;
- Unaudited management accounts of YTC for the three months ended 30 September 2012;
- Audited financial statements of YTC for the years ended 30 June 2012 and 30 June 2011;
- Cash flow model based on Life of Mine for Hera Project prepared by management of YTC;
- Independent Technical Review and Resource Evaluation of YTC dated December 2012 prepared by Behre Dolbear;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of YTC.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $70,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by YTC in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by YTC, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to YTC and Glencore and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of YTC and Glencore.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years, any professional relationship with YTC, other than in connection with the preparation of this Report.

A draft of this Report was provided to YTC and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this Report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 14 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of YTC for inclusion in the Notice of Meeting and Explanatory Memorandum which will be sent to all YTC Shareholders. YTC engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert report to consider the proposal for YTC to enter into financing arrangements with Glencore.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting and Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Memorandum other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of YTC in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert

to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Glencore. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this Report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the Shareholders of YTC, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by YTC.

The valuer engaged for the mineral asset valuation, Behre Dolbear, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made, in arriving at their valuations are considered appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this Report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this Report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The *Corporations Act 2001*
Adjusted Hera Model	Adjusted model of the Hera Model to reflect changes to the technical assumptions
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Behre Dolbear	Behre Dolbear Australia Pty Ltd
CAPM	Capital Asset Pricing Model
The Company	YTC Resources Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Facility A	The provision of a $20 million convertible debt facility to YTC for Hera development
Facility B	The provision of a $50 million convertible debt facility to YTC for Hera development
Facility C	The provision of a $30 million debt facility to YTC for Hera development
Facility D	The provision of a $50 million debt facility to YTC for Nymagee development
Facility E	The provision of a $5 million debt facility to YTC for funding puts and calls
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
Glencore	Glencore International AG
Glencore International	Glencore International plc
Hera	The Hera Project
Hera Model	A cash flow model for the Hera Project prepared by the management of YTC
ICSG	International Copper Study Group
Mt	Metric tonnes

Reference	Definition
NAV	Net Asset Value
Nymagee	The Nymagee Project
Offtake Agreement	Agreement between YTC and Glencore for material produced by Hera and Nymagee
Our Report	This Independent Expert's Report prepared by BDO
Placement	The subscription of YTC shares at a 25% premium to the 30-day VWAP prior to the date of the Proposed Transaction
Preferred funding scenario	The preferred debt/equity structure for YTC to comprise $6.89 million debt and $66.81 million equity
Pre Transaction taxation point	February 2018, the date that YTC begins to pay tax on the Hera Project pre the Proposed Transaction
Project Finance Facilities	The provision of up to $155 million in debt and converting note facilities
Proposed Transaction	The proposal for Glencore to provide up to $155 million in debt and converting note facilities in addition to the subscription by Glencore for 9,390,000 YTC shares at $0.3138 per share (a total of $2.95 million) for the construction of YTC's Hera and Nymagee Projects
Post Transaction taxation point	August 2019, the date that YTC begins to pay tax on the Hera Project post the Proposed Transaction
QMP	Quoted Market Price basis
RG111	Content of Expert's Reports (March 2011)
RG112	Independence of Experts (March 2011)
RTN	Right to Negotiate
Shareholders	Shareholders of YTC not associated with Glencore
Term Sheet	A term sheet signed on 21 November 2012 in relation to , YTC and Glencore signed a term sheet in relation to financial arrangements between the parties
UOP	Units of Production
VWAP	Volume Weighted Average Price
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
WACC	Weighted Average Cost of Capital
YTC	YTC Resources Limited

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The 'net assets on a going concern' method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall 'net assets on a going concern' basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3- Pre Transaction Discount Rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ("CAPM") is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' weighted average cost of capital ("WACC") the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

We have calculated a WACC based on the capital structure of the Company under the preferred

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + ß \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
ß	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. Having regard to the period of the operations we have used the current yield to maturity on the 10 year Commonwealth Government Bond which was 3.22% per annum as at 27 November 2012.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

This has been sourced from Bloomberg. The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate is dependent on the

ten year government bond rates. For the purpose of our report we have adopted a market risk premium of 6 to 8 percent.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole. A beta greater than one implies that an investment's return will outperform the market's average return in a rising market and underperform the market's average return in a falling market. On the other hand, a beta less than one implies that the business' performance compared to that of a business whose beta is greater than one will provide an inverse relationship in terms of the market's average return.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the investment project greater or less risky than comparable listed companies when assessing the equity beta for an investment project.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by "ungearing" the equity beta (β_a) by applying the following formula:

$\beta_a = \beta / (1+(D/E \times (1-t))$

In order to assess the appropriate equity beta for the Project pre the Proposed Transaction we have also had regard to the equity betas of listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated using weekly data over a two-year period.

Company	Market Capitalisation ($)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)
Chinalco Yunnan Copper Resources Ltd	23,559,446	1.62	0%	1.62
GME Resources Ltd	11,667,964	1.24	0%	1.24
Kalgoorlie Mining Co Ltd	6,506,561	1.46	0%	1.46
Indophil Resources NL	288,755,066	1.06	0%	1.06
Reed Resources Ltd	98,736,649	1.24	0%	1.24
Sumatra Copper & Gold PLC	36,072,578	1.13	25%	0.96
	Mean	1.29		1.26
	Median	1.24		1.24

Selected Beta (ß)

In selecting an appropriate Beta for the Project, we have considered the similarities between the Project and the comparable companies selected above. Having regard to the above comparable betas we consider that an appropriate ungeared beta to apply to the Project is between 1.13 and 1.26, with a preferred value of 1.20.

Based on the CAPM, we have used a range for the cost of equity between 10% and 13.3%, with a preferred value of 11.7% which we have used to aid in our estimation of an appropriate cost of debt that can be achieved by YTC if the Proposed Transaction were to be rejected by shareholders.

It should be noted that we have separately regeared our selected beta pre the Proposed Transaction having taken into consideration the debt equity ratio used to fund the Hera Project under the preferred funding scenario.

Gearing

Before WACC can be determined, the proportion of funding provided by debt and equity (i.e., gearing ratio) must be determined. The gearing ratio adopted should represent the level of debt that the asset can reasonably sustain (i.e., the higher the expected volatility of cash flows, the lower the debt levels which can be supported). The optimum level of gearing will differentiate between assets and will include:

- the variability in earnings streams;
- working capital requirements;
- the level of investment in tangible assets; and
- the nature and risk profile of the tangible assets.

We have regeared Hera Project beta according the debt to equity ratios implemented in the pre and post the Proposed Transaction situations. The effect of gearing on YTC's cost of equity pre the Proposed transaction is outlined in table below and is reflected in our assessment of WACC.

Input	Low	High	Preferred
Unlevered Beta	1.13	1.26	1.20
Levered Beta	1.21	1.35	1.28
Risk-free rate	3.2%	3.2%	3.2%
Market Risk Premium	6.0%	8.0%	6.0%
Cost of equity	10.5%	14.0%	10.9%

Cost of debt

If the Transaction did not proceed, the Company would have to fund the Project by alternative means. As outlined in Appendix, we have considered the debt to equity structures currently adopted by companies with similar projects and risk profiles to YTC. Based on our analysis we have adopted a 0.1 times debt to equity ratio as the most reasonable and achievable structure that YTC will use in order to fund the Hera Project.

We have also assessed the most likely cost of debt for the Company given the capital structure assumptions made above. The cost of debt should be greater than interest rate attached to the convertible notes (as investors will be required to be compensated for the fact that straight debt does not have a conversion feature), but also less than the cost of equity of 11.7% (as above). If the cost of debt

were to be higher than the Company's cost of equity then YTC would be expected to refer to the capital markets as a source of funding for the Hera Project. Therefore based on our analysis we consider the cost of debt available to the Company to be approximately 10%.

Weighted *Average Cost of Capital*

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e., pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table.

CAPM	
WACC	$= \frac{E}{E+D} K_e + \frac{D}{D+E} K_d (1- t)$
Where:	
K_e	= expected return or discount rate on equity
K_d	= interest rate on debt (pre-tax)
T	= corporate tax rate
E	= market value of equity
D	= market value of debt
(1- t)	= tax adjustment

We note that for the Hera Project pre the Proposed Transaction YTC does not incur any tax expense until February 2019. As such we consider it appropriate to determine a pre-tax discount rate to be applied up until the Pre Transaction taxation point and apply a post-tax discount rate thereafter.

Calculation *of WACC*

Based on the above inputs we have calculated the pre and post-tax WACC to be applied to discount forecast cash flows for the Hera Project pre the Proposed Transaction.

Input	Value Adopted	
	Pre-tax	Post-tax
Cost of equity	10.9%	10.9%
Kd	10.0%	-
Kd (1-t)	-	7.0%
Debt to equity ratio	0.10X	0.10X
WACC (rounded)	10.8%	10.6%

Company Name	Description
Chinalco Yunna Copper Resources Ltd	Chinalco Yunnan Copper Resources Ltd. explores for and develops minerals in Australia. The Company explores for copper, gold and uranium in the Mr. Issa inlier, Ravenswood-Pentland Province, and Clermont inlier in Queensland.
GME Resources Ltd	GME Resources Limited explores for gold, nickel and copper in Western Australia and Queensland. GME's exploration projects include NiWest, Leonora-Laverton and Murrin Murrin.
Navarre Mineral Ltd	Navarre Minerals Ltd. explores for metals. The Company explores for gold on the Bendigo North, Ballarat South and Kingston properties; and copper, zinc and gold in the Black Ranges, all located in Victoria, Australia.
Kalgoorlie Mining Co Ltd	Kalgoorlie Mining Co Ltd is a mineral development and exploration company based in Perth, Australia. The Company owns the Mid-Continent Project located in Minnesota, United States, the Snowbird Project in Northwest Territories, Canada and is developing the Bullant Gold Mine in Kalgoorlie, Western Australia. Kalgoorlie explores for magmatic nickel-copper, PGE sulphide and gold.
Indophil Resources Ltd	Indophil Resources NL is a mineral exploration company that acquires, explores and develops gold and copper-gold resources in the Asia-Pacific region.
Reed Resources Ltd	Reed Resources Limited seeks to explore and develop its Meekatharra Gold Project in Western Australia. The Company is a majority partner in the Mt Marion Lithium project, and holds interests in titanium, vanadium and base minerals.
Sumatra Copper & Gold Ltd	Sumatra Cooper & Gold Ltd. is a mining company. The Company explores cooper and gold on the island of Sumatra in Indonesia.

Appendix 4 – Post transaction discount rate

Our determination of the discount rate to be applied post the Proposed Transaction has particular consideration for the abnormally high levels of debt that will be used to fund the Hera Project. We consider that the Hera Project post the Proposed Transaction has an increased risk profile compared to pre the Proposed Transaction due to the levels of debts used to finance the Hera Project which are over and above what is traditionally observed in the market.

Equity Beta

In order to assess the appropriate equity beta for the Project post the Proposed Transaction, in addition to having regard to the equity betas of listed companies involved in similar activities in similar industry sectors, we have focused on identifying a peer group whose debt to equity ratios are high relative to the market. The geared betas below have been calculated using weekly data over a two-year period.

Company	Market Capitalisation ($)	Geared Beta (ß)	Gross Debt/Equity (%)	Ungeared Beta (ßa)
Traka Resources Ltd	4,176,303	1.10	1573%	0.09
Minera Gold Ltd	23,549,612	1.18	760%	0.19
Fairstar Resources Ltd	9,536,075	0.86	395%	0.23
Sandfire Resources Ltd	1,275,247,925	1.38	294%	0.45
Beadell Resources Ltd	760,759,827	1.43	105%	0.82
	Mean	1.19	625.44%	0.36
	Median	1.14	395.26%	0.23

Selected Beta (ß)

Having regard to the above comparable betas we consider that an appropriate ungeared beta to apply to the Project is between 0.23 and 0.50, with a preferred value of 0.44. It should be noted that we have separately regeared our selected beta post the Proposed Transaction having taken into consideration the debt equity ratio used to finance the Hera Project.

Gearing

Before WACC can be determined, the proportion of funding provided by debt and equity (i.e., gearing ratio) must be determined. The gearing ratio adopted should represent the level of debt that the asset

can reasonably sustain (i.e., the higher the expected volatility of cash flows, the lower the debt levels which can be supported). The optimum level of gearing will differentiate between assets and will include:

- the variability in earnings streams;
- working capital requirements;
- the level of investment in tangible assets; and
- the nature and risk profile of the tangible assets.

We have regeared Hera Project beta according the debt to equity ratios implemented in the pre and post the Proposed Transaction situations. The effect of gearing on YTC's cost of equity post the Proposed transaction is outlined in table below and is reflected in our assessment of WACC.

Input	Low	High	Preferred
Unlevered Beta	0.23	0.50	0.44
Levered Beta	4.09	8.88	7.81
Risk-free rate	3.2%	3.2%	3.2%
Market Risk Premium	6.0%	8.0%	6.0%
Cost of equity	28%	74%	50%

Cost of debt – post the Proposed Transaction

If the Transaction is approved then the Project will be funded by both the share placement and the debt as available under Facility A, Facility B and Facility C. This results in a debt to equity ratio of 23.94 times.

We have calculated a weighted average cost of debt based on the interest rates of the three debt facilities being 7.2% for Facility A and Facility B and 7.7% for Facility C. This includes the assumption of the 3M AUD BBSW of 3.2% which we have based on most recent historical data sourced from Bloomberg.

Calculation *of WACC*

We note that for the Hera Project pre the Proposed Transaction YTC does not incur any tax expense until August 2019. As such we consider it appropriate to determine a pre-tax discount rate to be applied up until the Post Transaction taxation point and apply a post-tax discount rate thereafter.

Based on the above inputs we have calculated the pre and post-tax WACC to be applied to discount forecast cash flows for the Hera Project pre the Proposed Transaction.

Input	Value Adopted	
	Pre-tax	Post-tax
Cost of equity	50.0%	50.0%
Kd	7.2%	-
Kd (1-t)	-	5.0%
Debt to equity ratio	23.10X	23.10X
WACC (rounded)	8.9%	6.8%

Company Name	Description
Traka Resources Ltd	Traka Resources Limited is a mineral exploration company with activities in Australia. The Company explores for copper gold, nickel sulphide and iron ore and copper/gold.
Minera Gold Ltd	Minera Gold Limited is an international gold producer which is exploring and developing a portfolio of medium-sized gold projects in South America. The Company's lead asset and current focus is the Torrecillas Gold Project in southern Peru.
Fairstar Resources Ltd	Fairstar Resources Limited explores for gold and uranium in Australia.
Sandfire Resources Ltd	Sandfire Resources NL is a precious and base metals exploration company operating in Australia. The Company explores for gold, copper, zinc and silver in Western Australia. The Company's projects include the Sandfire Project, Urandy Project, Yannarie Project, Mount Augustine Project, Doolgunna Project and Borroloola Project
Beadell Resources Ltd	Beadell Resources Limited is a gold development company. The Company's primary asset is the Tucano gold project, located in Brazil. Beadell also has an extensive portfolio of gold exploration tenements throughout Australia and Brazil, including the prospective Tropicana East Project located adjacent to the Tropicana gold deposit

Appendix 5 – Market Information

Current debt/equity structure observed in comparable companies:

In the preferred funding scenario we have captured the likely debt to equity structure YTC will adopt in order to meet the initial funding requirement for the Hera Project, should the Proposed Transaction be rejected by shareholders. We assessed the current debt to equity structures of companies that are comparable to YTC in terms of the following:

- Nature of operations
- Market capitalisation
- Revenue generating capacity

The table below summarises our findings:

Company	Market Cap ($M)	Revenue-Trailing 12M ($m)	Debt/Equity Ratio (%)
STRAITS RESOURCES LTD	107.1	250.46	85.42
LACHLAN STAR LTD	119.1	72.21	10.81
TRIBUNE RESOURCES LTD	63.5	60.32	18.77
HILLGROVE RESOURCES LTD	117.6	58.20	23.93
EXCO RESOURCES LTD	95.5	40.75	0.00
ALCYONE RESOURCES LTD	58.3	10.35	6.35
ALTURA MINING LTD	75.0	9.44	0.15
KANGAROO RESOURCES LTD	109.9	7.35	0.00
WORLD TITANIUM RESOURCES LTD	50.7	0.61	0.00
RED METAL LTD	51.4	0.56	0.00
PLUTON RESOURCES LTD	60.4	0.17	0.00
PRAIRIE DOWNS METALS LTD	59.5	0.15	0.00
		Average	12.12
		Average (excl. Straits Resources	5.46

We have excluded Straits Resources Limited from our calculation. We consider the debt to equity ratio of Straits to be an outlier in the sample of data having taken into account that the revenue generating capacity of Straits is significantly greater than what is expected to be achieved in the Hera Project.

Our final assessment of the debt to equity structure to be used by YTC under the preferred funding scenario is 10%.

Placement discount

Under the preferred funding scenario we assume that equity will be raised at a discount to 30-day VWAP as at the announcement date of the Proposed Transaction. In order to determine an appropriate discount we have assessed placements made by mining explorations companies over the past two years. Our analysis is detailed in the table below:

Issuing Company	Date	Nature of Operations	Market Cap ($m)	Market Price Immediately Prior to Announcement of Placement ($)	Total Value of Placement	Placement Price per Share ($)	% Premium / (Discount) to Pre Announcement Price
Gascoyne Resources Ltd	10/12/2012	Gold exploration	36.20	0.280	3,660,000	0.250	(11%)
Genesis Resources Ltd	10/12/2012	Exploration for gold, manganese and copper	16.47	0.180	1,800,000	0.100	(44%)
Fitzroy Resources Ltd	16/11/2012	Exploration for gold in Queensland	2.05	0.050	300,000	0.050	0%
Bannon Ltd	01/11/2012	Mineral exploration for gold, base and magmatic nickel-copper-platinum group metals in Western Australia and Zambia	3.15	0.240	1,000,000	0.200	(17%)
Bulletin Resources Ltd	23/10/2012	Exploration for gold	5.11	0.100	720,932	0.085	(15%)
Australian-American Mining Corp Ltd	09/10/2012	Uranium and gold exploration and development company focused on the USA	2.50	0.040	1,653,416	0.030	(25%)
Redstone Resources Ltd	04/10/2012	Exploration for nickel, copper and gold	15.18	0.120	2,000,000	0.100	(17%)
Mindax Ltd	07/09/2012	Exploration for iron, gold and uranium	16.17	0.070	680,000	0.085	21%

Issuing Company	Date	Nature of Operations	Market Cap ($m)	Market Price Immediately Prior to Announcement of Placement ($)	Total Value of Placement	Placement Price per Share ($)	% Premium / (Discount) to Pre Announcement Price
Australian-American Mining Corp Ltd	31/08/2012	Uranium and gold exploration and development company focused on the USA	2.50	0.030	1,260,000	0.030	0%
West African Resources Ltd	31/08/2012	Exploration for gold in Burkina Faso	50.63	0.250	4,400,000	0.200	(20%)
Australian-American Mining Corp Ltd	20/08/2011	Uranium and gold exploration and development company focused on the USA	2.50	0.040	318,415	0.030	(25%)
Genesis Resources Ltd	09/08/2012	Exploration for gold, manganese and copper	16.47	0.090	1,423,625	0.120	33%
Global Metals Exploration NL	20/07/2012	Exploration for nickel and gold	2.70	0.100	2,000,000	0.090	(10%)
Thundelarra Exploration Ltd	13/07/2012	Exploration for copper, nickel, base metals and uranium	7.74	0.070	1,110,000	0.050	(29%)
Aeon Metals Ltd	07/05/2012	Exploration for copper and molybdenum	10.70	0.150	700,000	0.125	(17%)
Global Metals Exploration NL	19/04/2012	Exploration for nickel and gold	2.70	0.010	250,000	0.010	0%
Prosperity Resources Ltd	10/04/2012	Exploration for copper/gold in Indonesia and Tennant Creek	6.89	0.070	2,000,000	0.100	43%
Gascoyne Resources Ltd	05/04/2012	Exploration for gold	36.20	0.220	2,100,000	0.210	(5%)

Issuing Company	Date	Nature of Operations	Market Cap ($m)	Market Price Immediately Prior to Announcement of Placement ($)	Total Value of Placement	Placement Price per Share ($)	% Premium / (Discount) to Pre Announcement Price
Beadell Resources Ltd	05/03/2012	Exploration for gold	762.9	0.750	42,340,000	0.730	(3%)
Excelsior Gold Ltd	22/02/2012	Exploration for gold in Kalgoorlie	91.58	0.140	4,800,000	0.120	(14%)
Mindax Ltd	21/02/2012	Exploration for iron, gold and uranium	16.17	0.140	1,750,000	0.100	(29%)
3D Resources Ltd	15/02/2012	Exploration for copper, zinc, gold and other metals	8.15	0.040	363,650	0.035	(13%)
Papillon Resources Ltd	03/02/2012	Exploration for gold	403.2	0.830	15,960,000	0.760	(8%)
Excelsior Gold Ltd	08/11/2011	Exploration for gold in Kalgoorlie	91.58	0.120	1,260,000	0.090	(25%)
Alloy Resources Ltd	13/10/2011	Gold exploration & mining	2.05	0.030	1,000,000	0.025	(17%)
3D Resources Ltd	29/09/2011	Exploration for copper, zinc, gold and other metals	8.15	0.050	463,321.25	0.045	(10%)
Aruma Resources Ltd	13/09/2011	Exploration for gold	5.08	0.100	863,500	0.075	(25%)
Excelsior Gold Ltd	25/08/2011	Exploration for gold in Kalgoorlie	91.58	0.070	1,000,000	0.058	(17%)
Papillon Resources Ltd	24/08/2011	Exploration for gold	403.2	0.490	2,250,000	0.100	(80%)
Atlantic Gold NL	25/07/2011	Exploration for gold	23.28	0.040	1,624,627	0.050	25%

Issuing Company	Date	Nature of Operations	Market Cap ($m)	Market Price Immediately Prior to Announcement of Placement ($)	Total Value of Placement	Placement Price per Share ($)	% Premium / (Discount) to Pre Announcement Price
Archer Exploration Ltd	04/07/2011	Mineral exploration for copper, gold and uranium	15.24	0.220	475,000	0.175	(20%)
Beadell Resources Ltd	24/06/2011	Exploration for gold	762.9	0.870	30,000,000	0.850	(2%)
Mindax Ltd	14/04/2011	Exploration for iron, gold and uranium	16.71	0.420	2,036,584	0.350	(17%)
Besra Gold Inc	01/04/2011	Gold exploration and production in Vietnam	378.8	0.400	5,600,000	0.400	0%
West African Resources Ltd	25/03/2011	Exploration for gold in Burkina Faso	50.6	0.520	7,000,000	0.450	(13%)
Besra Gold Inc	22/03/2011	Gold exploration and production in Vietnam	378.8	0.450	16,800,000	0.400	(11%)
Atlantic Gold NL	27/02/2011	Exploration for gold	23.3	0.050	25,000,000	0.030	(40%)
Gascoyne Resources Ltd	22/02/2011	Exploration for gold	36.2	0.140	4,000,000	0.100	(29%)
Alloy Resources Ltd	21/02/2011	Gold exploration & mining	2.05	0.040	608,000	0.032	(20%)
Athena Resources Ltd	16/02/2011	Exploration for iron ore, gold, nickel and copper	5.51	0.140	1,199,000	0.110	(21%)
Terrain Minerals Ltd	09/02/2011	Exploration for gold	2.77	0.030	563,500	0.023	(23%)
Australian Mines Ltd	31/01/2011	Exploration for gold and nickel	16.67	0.030	1,100,000	0.023	(23%)

Issuing Company	Date	Nature of Operations	Market Cap ($m)	Market Price Immediately Prior to Announcement of Placement ($)	Total Value of Placement	Placement Price per Share ($)	% Premium / (Discount) to Pre Announcement Price
Aeon Metals Ltd	19/01/2011	Exploration for copper and molybdenum	10.70	0.460	550,000	0.450	(2%)
Athena Resources Ltd	13/01/2011	Iron ore, gold, nickel and copper exploration	5.51	0.090	1,412,800	0.080	(11%)
Maximum							43%
Minimum							(80%)
Median							(16%)
Average							(13%)

Our final assessment of the placement discount to be applied under the preferred funding scenario is 15%.

Appendix 6 – Independent Technical Report by Behre Dolbear

BEHRE
DOLBEAR
AUSTRALIA

BDA

Minerals Industry Consultants

ACN No. 065 713 724

Level 9, 80 Mount Street
North Sydney, NSW 2060
Australia

Tel: 612 9954 4988
Fax: 612 9929 2549
Email: bdaus@bigpond.com

ABN 62 065 713 724

21 December 2012

Mr Sherif Andrawes - Director
Mr Mat O'Hara - Manager Corporate Finance
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Dear Sirs

INDEPENDENT TECHNICAL SPECIALIST VALUATION

OF THE MINERAL ASSETS OF

YTC RESOURCES LIMITED

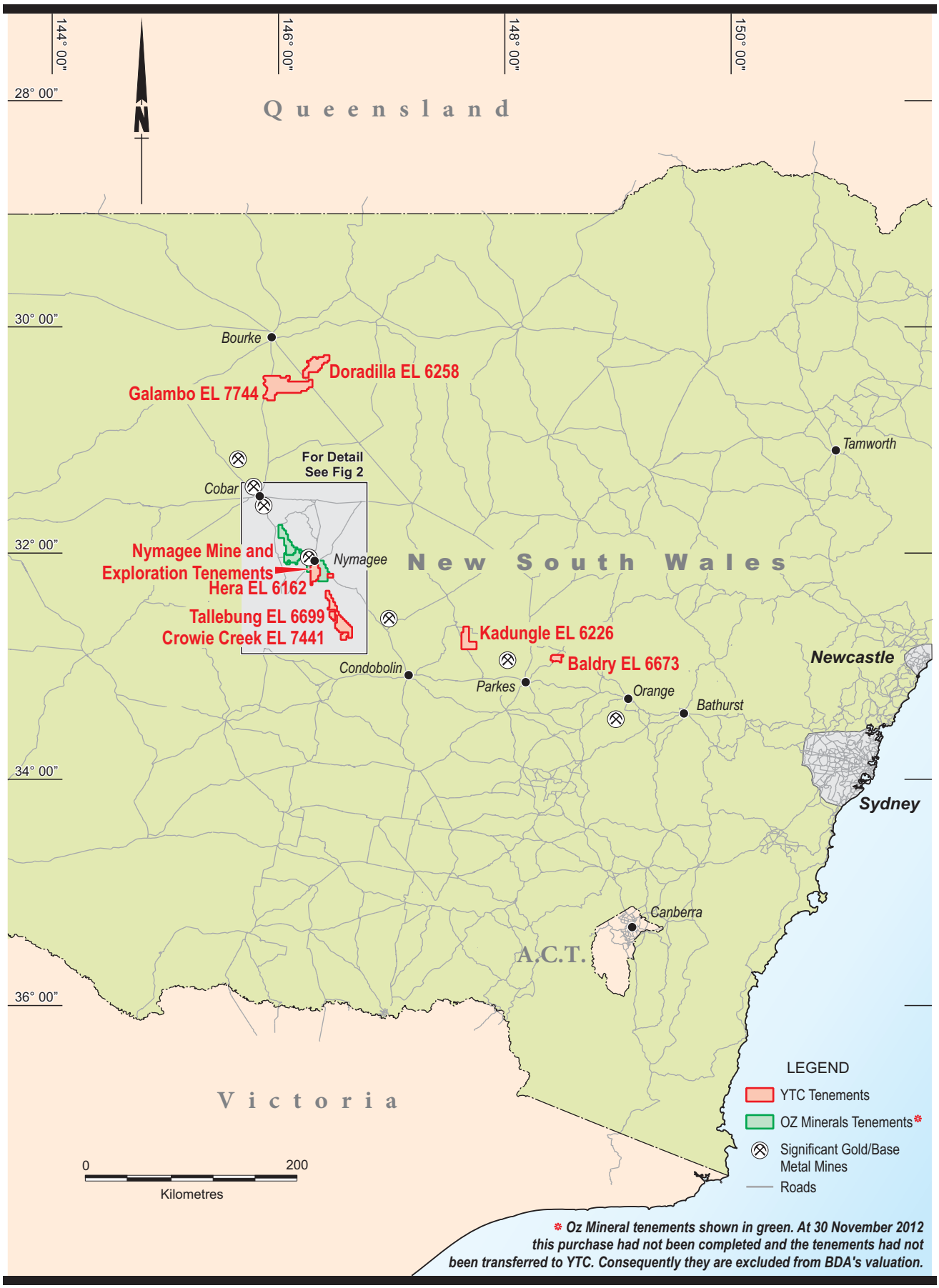
1.0 INTRODUCTION

The directors of YTC Resources Limited ("YTC" or the "Company") have engaged BDO Corporate Finance (WA) Pty Ltd ("BDO Corporate Finance") to prepare an Independent Expert's Report ("IER") in relation to a proposed transaction with Glencore International AG ("Glencore"). A financing and offtake agreement with Glencore was announced by YTC on 22 November 2012 whereby Glencore will provide up to A$155 million ("M") in debt and converting note facilities and in addition will make a A$2.95M placement to increase Glencore's equity interest to 9.9%. The funding comprises two converting note facilities for a total of A$70M and three debt facilities for a total A$85M. YTC has agreed to a life of mine offtake and marketing arrangements with Glencore in respect of base metals production from the Hera and Nymagee projects, located within four kilometres ("km") of the village of Nymagee and approximately 100km southeast of Cobar in Central New South Wales ("NSW").

Certain components of the financing agreement will require approval by YTC shareholders.

BDO Corporate Finance has requested Behre Dolbear Australia Pty Limited ("BDA") to undertake an Independent technical valuation of the mining and exploration assets of YTC and prepare an Independent Technical Specialist's Report. BDO has advised that the relevant mining and exploration assets held by YTC (Figure 1) comprise:

- Hera polymetallic project in NSW
- Nymagee base metal project in NSW (95% owned by YTC, 5% owned by Ausmindex NL)
- Exploration area around the Hera and Nymagee projects in NSW
- Other regional NSW exploration areas.



YTC Resources

Figure 1

LOCATION PLAN

BDA - 0162-01-Nov. 2012

Behre Dolbear Australia Pty Ltd

BDA is the Australian subsidiary of Behre Dolbear & Company Inc., an international minerals industry consulting group which has operated continuously in North America and worldwide since 1911, with offices in Denver, London, New York, Sydney, Toronto, Vancouver, Hong Kong and Guadalajara. Behre Dolbear specialises in mineral evaluations, due diligence studies, independent expert valuation reports, independent engineer certification, strategic planning and technical geological, mining and process consulting. The Sydney office of BDA has undertaken the technical review work for this report.

BDA visited the Hera project in March 2012 as part of a previous independent review undertaken in relation to possible financing of the Hera project. BDA has not visited the nearby Nymagee base metals project nor the remainder of the exploration projects; the latter are not considered a material component of the overall valuation. YTC has provided data on exploration results, resource and reserve estimates, operating and development plans, production schedules and operating and capital costs. BDA has also held discussions with managerial staff as part of this review..

BDA has reviewed the resources and reserves in the context of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 Edition ("the JORC Code"). The valuation assessment of the mining properties has been conducted in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("the Valmin Code") as issued in 1995 and updated in 2005.

BDA confirms that it is independent of all parties in the proposed transaction and has no material interest in the assets or parties involved. BDA understands that BDO Corporate Finance will rely on the BDA Valuation Report and that BDA's report, or a summary thereof, will be appended to the BDO Corporate Finance Independent Expert Report.

BDA has not undertaken an audit of the data or re-estimated the resources or reserves. BDA has not independently verified the current ownership status and legal standing of the material tenements of YTC that are the subject of this report. YTC has advised that all material tenements are in good standing. All mine operations, processing, infrastructure, waste dumps and tailings dams are sited within mining lease applications ("MLA"), granted mining leases ("ML") or private land leases ("PLL"). Exploration ground away from the mine areas is held under granted exploration licences ("EL"), renewable provided exploration and expenditure commitments are met.

This report contains forecasts and projections based on data provided by YTC. BDA's assessment of the most likely production schedule, the projected capital and operating costs and the estimate of remaining mine life are based on technical reviews of project data and discussions with technical personnel. However, these forecasts and projections cannot be assured and factors both within and beyond the control of YTC could cause the actual results to be materially different from BDA's assessments and estimates contained in this report.

BDO Corporate Finance has provided BDA with the financial parameters to use in the valuation, including exchange rates, discount rates and commodity prices. All references to dollars in this report are stated in terms of Australian dollars ("A$") unless otherwise specified.

The sole purpose of this BDA report is for use by BDO Corporate Finance and the independent directors of YTC and their advisors in connection with the proposed transaction and should not be used or relied upon for any other purpose. A draft copy of the report has been provided to YTC for correction of any material errors or omissions. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without our written consent to the form and context in which it appears.

2.0 EXECUTIVE SUMMARY

2.1 Overview

A summary of the assets to be valued is set out below:

- Hera polymetallic project
- Nymagee base metal project
- Exploration area around the Hera and Nymagee projects
- Other regional NSW exploration areas.

The project locations are shown in Figure 1.

BDA has reviewed the technical and financial data provided by YTC for each of the assets. For the producing operations and for advanced projects where capital and operating costs and production schedules are reasonably well defined, BDA has prepared or assisted in the preparation of long-term cash flow models and determined the net present value of the projects to assist in the valuation of the assets. BDA has also considered alternative means of valuation and has considered exploration expenditure, comparable transactions, yardstick values, joint venture terms and other methodologies to assess a value for the less advanced projects and exploration properties. The assets are described in Section 5 and the valuation of the assets is discussed in Section 6.

BDA has reviewed the resources and reserves and the life of mine ("LOM") production and cost projections for each project and has prepared a 'most likely' case, together with an assessment of potential upside and downside, to allow BDO Corporate Finance to derive appropriate valuations. The valuation principles are reviewed in Section 3; the list of the information relied upon for this assessment is provided in Section 4.

2.2 Mineral Assets

Hera Polymetalic Project

The Hera project is located approximately 100km southeast of Cobar in Central NSW. The deposit was discovered by Pasminco Ltd ("Pasminco") in 2001 and was advanced to a pre-feasibility study stage by Triako Resources Ltd ("Triako") in the period 2002 to 2006 before Triako was subject of a takeover by CBH Resources Ltd ("CBH"). YTC acquired the project from CBH in September 2009.

The project is located adjacent to the eastern margin of the Cobar Basin near the contact between the shelf facies of the Mouramba Group and the underlying deep water turbidite units of the Amphitheatre Group, both of Devonian age. The deposit is hosted within the Mouramba Group at the contact between the Burthong Formation and the overlying and interfingering Roset Sandstone. The mineralisation consists of several sub-parallel lenses of anastomosing veins, and clast-supported to matrix-supported breccias containing pyrrhotite, sphalerite, galena, pyrite, chalcopyrite and gold.

At a cut-off grade of A$125 per tonne ("t") (approximately 2.5 grams per tonne ("g/t") gold equivalent ("AuEq")) YTC has published an Indicated and Inferred Mineral Resources of 2.4 million tonnes ("Mt" at 4.1g/t gold ("Au"), 17g/t silver ("Ag"), 2.8% lead ("Pb"), 3.8% zinc ("Zn"), and 0.2% copper ("Cu") and a total reserve of 1.88Mt at 3.6g/t Au, 15g/t Ag, 2.5% Pb, 3.5% Zn, and 0.2% Cu at a cut off of A$140/t containing approximately 217,000ozs gold, 0.91Moz silver, 3,100t copper, 47,200t lead and 65,600t zinc.

A feasibility study on the proposed underground mining and processing operation was issued in September 2011. Underground development and operations are planned over approximately seven years from four lenses and are based on mining and processing approximately 0.33Mtpa of ore over five and a half years based on the currently identified and scheduled reserve. Gold production is projected to average around 38,000ozs per annum over the five and a half years operation primarily in doré and the plant will also produce a bulk lead-zinc-copper concentrate.

YTC has completed significant site earthworks including ground water management and sediment controls. The excavation of the boxcut for the underground portal has been completed, save for a short cut to protect the development of the mine portal within the boxcut, which will be completed on commencement of the underground mining contract. YTC is awaiting finalisation of the financing and the issuing of the Mining Lease, with all other approvals in place.

Nymagee Base Metal Project

The Nymagee copper project consists of the Nymagee Joint Venture tenements in which YTC has a 95% interest and is located in the immediate vicinity of the township of Nymagee, just north of YTC's 100% owned Hera polymetallic project.

The Nymagee underground copper mine operated between 1880 and 1917 with a recorded production of 422,000t at 5.8% Cu; the cut-off grade was reported to have been 5% Cu. The Nymagee Main Shaft extended to a depth of approximately 250m from surface and 8 x 100 foot levels were developed and ore was directly fed to a timber-fired brick furnace to produce a crude copper matte.

The Nymagee deposit is located near the eastern margin of the Cobar Basin, within a sequence of siltstone and fine-grained sandstone to greywacke units of the Mouramba Group. Sediments of the Shume Formation are located west of the Nymagee mine area.

YTC published an initial resource estimate for the Nymagee deposit in December 2011 which was based on drilling completed by YTC to November 2011. The project has a published resource of 8.1Mt at 1.2% Cu, 0.3% Pb, 0.7% Zn and 9g/t Ag containing approximately 90,000t of copper, 27,000t of lead, 53,000t of zinc and 2.2 million ounces ("Mozs") of silver.

Detailed exploration, including step-out drilling is extending the Nymagee deposit, largely located within mining leases and a private lands lease, into the surrounding exploration licences.

YTC has carried out scoping work on the possible development of Nymagee as an open pit and underground mine to extract copper-rich lodes and an underground mine to extract lead-zinc rich lodes. The work is at a preliminary stage of assessment, but is considered too preliminary for valuation.

Exploration Properties

Apart from the Hera and Nymagee projects described above YTC has a number of other exploration projects located within the Lachlan Fold Belt (see Figure 1). A number of these project areas are predominantly held for their potential to host tin deposits while others are held for their base metal and precious metal potential.

Kadungle Copper – Gold Project

The project is located 60km northwest of Parkes and consists of a single tenement covering an area of 87 square kilometres ("km^2"). The area is dominantly underlain by alkaline volcanic and volcaniclastic lithologies of the Kadungle Volcanics, overlying the acid volcanic units of the Late Ordovician Raggatt Volcanics which are interpreted to be the stratigraphic equivalent to Goonumbla Volcanics, the host to the large North Parkes porphyry copper deposit.

The Kadungle Volcanics are the host to small historical gold $\pm$ lead $\pm$ silver workings at the Mount Leadley prospect and to gold $\pm$ base metal mineralisation at numerous other prospects such as Plevna, Alpha Zone, Kilmarnock, Nulgarra Hill, Mount Leadley South and Mount Leadley Trig.

YTC's exploration, including drilling, has identified a number of differing styles of mineralisation including bonanza-style epithermal quartz vein hosted gold-silver-copper, disseminated copper sulphide mineralisation coincident with an interpreted breccia pipe-like body, silicified and pyritic volcanics with low-grade gold, quartz-chalcopyrite vein mineralisation associated with a monzodiorite stock and volcanic-hosted base metal mineralisation. Further drill testing of a number of targets is planned.

Baldry Copper – Gold Project

The project is located 40km northeast of Parkes and consists of a single tenement, EL6673, which, when renewed, will cover 46.4km^2. The area is dominantly underlain by the Mid Devonian Dulladerry Volcanics consisting of banded rhyolite, quartz-feldspar porphyry, ignimbites and minor volcaniclastics, basalt, andesite and trachyte. YTC considers the area has potential to host epithermal gold mineralisation at a number of known prospects including Blue Hills, Emu Swamp and Mt Aubrey.

At Mt Aubery the gold mineralisation is associated with chalcedonic quartz veins, while at the Blue Hills Prospect, 2km northwest of Mt Aubrey, an area of outcropping chalcedonic quartz veins contain anomalous gold values. The Emu Swamp prospect 3.5km east of Mt Aubrey, consists of an area of pervasive silica-pyrite-sericite altered volcanics with recorded gold values.

Further work, including additional geophysical surveys and drill testing at Emu Swamp is planned.

Doradilla Tin Project

The project comprises EL 6258 covering an area of about 232km^2, located approximately 50km southeast of Bourke. The project tenement covers a 16km long zone of skarn-hosted tin mineralisation which has been explored by numerous companies over many years. YTC initially farmed into the project and recently acquired 100% interest by purchasing the project from the original tenement holder.

Exposure in the Doradilla area is poor; the limited outcropping bedrock is deeply weathered and the overall regional geological setting remains poorly understood. The current interpretation is that the project area lies over a major crustal boundary between two tectonic provinces, the Lachlan Fold Belt to the south and the Thompson Orogen to the north.

The Doradilla mineralisation, consisting of tin and base metals, occurs over a skarn-hosted northeast striking linear zone with known tin mineralisation at three main prospect areas, Doradilla, Midway-East Midway and 3KEL. Mineralisation is varied and complex consisting of a mixture of tin oxides, tin silicates and base metal and other sulphides.

YTC's principal exploration target is the supergene tin-laterite deposits identified in the 3KEL and Midway prospects which, from historical drilling, are also considered to have potential for economic levels of copper and zinc mineralisation with possible significant levels of nickel, silver, bismuth, and indium.

Drilling by YTC has confirmed the tin laterite mineralisation at 3KEL and assaying also indicates the deposit contains indium, bismuth, copper and zinc. The Company has published an Inferred Mineral Resource estimate for the 3KEL and Midway oxide tin deposits using a 0.1% Sn cut-off of 7.8Mt at 0.28% Sn.

Other targets identified by YTC's work within EL 6258 include nickel sulphide mineralisation, bulk-tonnage zinc-dominant mineralisation in the vicinity of the Doradilla copper workings and high grade silver-bismuth lode style mineralisation.

Historically the Doradilla tin mineralisation has proved metallurgically difficult to treat, however some recent preliminary testwork has yielded encouraging results. Considerable additional work is required.

Galambo Project

The project is located 40km south of Bourke and is held under EL 7744, covering an area of 520km^2. The area is located close to the interpreted boundary between the Lachlan Fold Belt and the Thomson Orogen and the region contains multiple granitic intrusives. EL 7744 covers a prominent regional aeromagnetic anomaly in an area mapped as underlain by the Galambo Granite and strong regional trends in the magnetic and gravity data link the Galambo Granite to the tin/polymetallic Doradilla deposits to the northeast. The area is characterised by poor outcrop with the bed rock largely obscured by up to 80m of young surficial sand and gravel

YTC has to date only undertaken a review of the historical open file exploration reports and an interpretation of available geophysical data. Planned exploration will include further review of historical exploration, possibly including sampling reverse circulation percussion ("RC") chips and diamond drill core stored at Londonderry as well as aircore drilling of untested magnetic anomalies.

Tallebung Tin and Crowie Creek Base Metal Projects

These projects are located 70km northwest of Condoblin and consist of two separated blocks of EL 6699 and EL 7661 with the area held totalling 205.5km^2. Previous hard rock and alluvial tin mining has been undertaken at the Tallebung tin field, located in the southern block of EL 6699 and resulted in considerable surface disturbance with derelict mine workings present over a strike length of approximately 1.2km.

The project is located within the Girilambone-Wagga Anticlinorial zone of the Lachlan Fold Belt which is dominated by metamorphosed Ordovician sediments intruded by younger Silurian granites. The Rookery Fault, a major geological boundary of the Cobar Basin and considered to have had a strong relationship to many of the known deposits within the basin, passes through EL 7661.

At the Tallebung Tin field, the tin (as cassiterite) with associated tungsten (as wolframite) occurs in quartz-sulphide veins containing variable amounts of copper sulphides, pyrite and arsenopyrite. The tin-bearing quartz vein structures occur as discrete, moderately east-dipping, vein packages or lenses localised in areas of structural dilation. Significant alluvial concentrations of cassiterite are restricted to two or three drainage episodes and are sporadic and variable in character. Richer sections are restricted to the basal 2m of the alluvium immediately above bedrock. Other historical tin workings are present elsewhere within the tenement, particularly at the Morobe tin/tungsten field.

YTC has only undertaken limited exploration to date but is planning to undertake drill testing of a number of identified targets as well as more detailed surface exploration including geochemistry and geophysics in other areas.

2.3 Valuation

Valuation Methodology

BDO Corporate Finance is undertaking a discounted cash flow valuation of the Hera project. BDO Corporate Finance has requested that BDA assist with a review of the technical inputs to the financial modelling, and these elements are discussed in the technical review sections of this report.

BDO Corporate Finance has also requested that BDA undertake a review and valuation of the exploration assets of YTC.

BDA has assessed the known resources of the Hera project, additional to those resources incorporated in the LOM plan, and made recommendations to BDO on potential extensions to the Hera LOM plan to value the additional resources and exploration potential of the project component represented by the area covered by MLA 417. The exploration potential of surrounding EL 6162 has been valued by BDA using the Multiple of Past Expenditure methodology.

BDA has also reviewed the YTC exploration projects. Nymagee project is relatively advanced with defined Mineral Resources. The other areas are still at an exploration drilling or target definition stage apart from the Doradilla tin project which has an Inferred Mineral Resource. BDA has considered a range of valuation methods of past expenditure, acquisition costs, and comparable transactions to determine a likely value range for the various projects.

Valuation Summary

A summary of BDA's valuation ranges for the YTC exploration assets is shown in Table 2.3. These values include the resource and exploration value relating to the Nymagee project and all other exploration properties but exclude the value of the Hera project which has been separately valued by BDO Corporate Finance on a discounted cash flow basis.

Table 2.3
Valuation Summary of YTC Mineral Assets

Property	Valuation (A$M)			Comments
	Low	Most Likely	High	
Hera EL 6162	1.0	1.0	1.0	Multiple of Past Expenditure
Nymagee Project	8.2	15.1	22.0	Comparable Transaction/PEM
Kadungle EL 6226	2.3	2.4	2.6	PEM
Baldry EL 6673	0.7	0.7	0.8	PEM
Tallebung EL 6699	1.5	1.6	1.7	PEM
Crowie Creek EL 7661	0.03	0.03	0.03	PEM
Doradilla EL 6258	1.5	2.8	4.0	Transaction and PEM
Galambo EL 7744	0.04	0.04	0.04	PEM
Total	**15.3**	**23.7**	**32.2**	

BDA's assessed value for the YTC exploration projects totals A$23.7M within a range of A$15.3-32.2M

3.0 VALUATION METHODOLOGY

3.1 Effective Date, Metal Prices and Exchange Rates

The effective date for the valuation for the exploration component of this valuation is 30 November 2012 Where appropriate BDA has used metal prices and the exchange rate at 30 November 2012 for the valuation of the exploration potential of YTC's projects.

3.2 Standards and Procedures

This report has been prepared in keeping with the Valmin Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005. Resource and reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, December 2004.

BDA has relied on appropriate advice from YTC and from an independent tenement specialist in respect to the tenement information included in this BDA report.

3.3 Valuation Principles

As a general principle, the fair market value of a property as stated in the Valmin Code (Definition 43) is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

3.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where ore reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, involves the application of alternative methods. The methods generally applied to exploration properties are the *related transaction* or real estate method, the value indicated by *alternative offers* or by *joint venture terms,* and the *past expenditure* method. *Rules of thumb or yardstick values* based on certain industry ratios can be used for both mining and exploration properties. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage and reserves, mining and processing recoveries, and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation many of these items are relatively well defined.

The NPV provides a technical value as defined by the Valmin Code (Definition 36). The fair market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors. BDA considers that the NPV or discounted cash flow method is the most appropriate method for valuing the Hera polymetallic project as a Feasibility Study has been completed and mine construction is underway. BDO Corporate Finance

has undertaken a discounted cashflow valuation of the Hera project. BDA has reviewed and advised on the technical inputs to the valuation model.

The Nymagee project (resources and exploration potential) has been valued using alternative valuation methods for comparative purposes.

In certain circumstances, the NPV method can be applied to the valuation of exploration properties, where those properties are adjacent to an existing or planned mining operation, and there is a reasonable likelihood that mineralisation delineated within the exploration properties could provide a future source of feed to the existing plant. In purchasing such a property, a willing and knowledgeable buyer would be mindful of the opportunity of exploiting mineralisation which may otherwise not be viable and would pay a higher price where this potential was considered high.

Alternative Valuation Methods

Related Transactions

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be substantial change in value with time.

BDA has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of value of the exploration project assets assessed herein**.** BDA has used the comparable transaction method in assessing a value for the Nymagee base metal project.

Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the project or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project, or spends exploration funds in order to earn an interest, provide an indication of value.

Rules of Thumb or Yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources, dollars per ounce of gold in reserves, and dollars per ounce of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the ounces in question. Low cost ounces are clearly worth more than high cost ounces.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' ("PEM"), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity with respect to this method, BDA has applied a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential.
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration.
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration.
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections.
- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource.
- PEM 3.0 A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered exploration expenditure in determining a value for some of the exploration tenements.

Prospectivity

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

Market Valuation

On the fundamental definition of value, as being the amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time, although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. We have inquired of YTC Resources whether any other recent valuations of the companies or their assets have been undertaken and have been advised that the only other relatively recent valuation was a report prepared in 2006 which included the Kadungle exploration project. There are also a number of broker reports, including valuations, which are available on the YTC website (www.ytcresources.com.au).

Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

BDA has considered, and has inquired of YTC, whether any such factors apply to the projects and prospects under review.

4.0 SOURCES OF INFORMATION

BDA has undertaken site visits to the YTC's Hera project on a number of occasions, the most recent being in March 2012 and has prepared detailed independent technical reports on previous occasions. Geological, mining, processing and engineering data have been reviewed with YTC technical and management staff.

The principal reports and documents reviewed are listed below:

YTC - Public Information

- Annual and Quarterly Reports - 2011, 2012
- Stock Exchange and Press Announcements - 2011, 2012
- Company Web Page www.ytcresources.com

Hera Gold Project

- Hera Project Feasibility Study Report - GRES, September 2010
- Flowsheet Development Testwork on the Hera Polymetallic Deposit for YTC Resources - Metcon Laboratories, April 2011
- Hera Project, Tailings Storage facility Design Report (Rev C) - Coffey Geosciences, June 2011
- Geotechnical Report, Hera Project - Coffee Mining Ltd, July 2011
- Hera Project Feasibility Study - Gekko Systems, July 2011.
- Hera Project Groundwater Assessment - The Impact Group, July 2011
- Hera Project Definitive Feasibility Study - YTC Resources Limited/Optiro Pty Ltd, September 2011.
- Financial Model Excel Spreadsheet "Hera Financial Analysis_July2011_v3.7.xlsx" - YTC Resources Limited, September 2011
- NSW State Department of Planning Director-General's Requirement, Department of Planning
- Hera Project Environmental Assessment – R.W. Corkery & Co Pty Ltd, 2011
- Hera Project Draft Mining Operations Plan (MOP) - R.W. Corkery & Co Pty Ltd, 2011.
- Spreadsheet with Re-Estimation of the Hera Mineral Resource Model using March 2012 metal prices prepared by Dean Fredericksen, 2 April 2012
- Draft Hera Ground Control Management Plan, Coffey Mining Pty Ltd, April 2012
- Financial Model (20120405_300064_MOD_ YTC_Resources_Bankable_v5.20A), Navigator, April 2012

Nymagee Base Metal Project

- Sale and Purchase Agreement between YTC and Allegiance Mining Operations Pty Ltd and a series of variations
- YTC ASX Release dated 22 December 2011 – Maiden Nymagee Resource Estimate

Other Exploration Projects

- Exploration Licence 6226 " Kadungle", Annual Report 6/4/2011 to 5/04/2012 – YTC Resources Ltd
- Exploration Licence 6226 " Kadungle", Annual Report 6/4/2010 to 5/04/2011 – YTC Resources Ltd
- Exploration Licence 6258 – Doradilla, Annual Report to 20/6/2008 – YTC Resources Ltd
- A middle Triassic Age for Felsic Intrusions and Associated Mineralisation in the Doradilla Prospect Area, New South Wales. NSW DPI Quarterly Notes July 2007 No 125
- EL 7744 – Galambo – Annual Report 23/05/2011 to 22/05/2012 – YTC Resource Limited
- Exploration Licence 6673 – Baldry, Annual Report 5/12/2010 to 4/12/2011 – YTC Resources Limited
- Exploration Licence 6699 – Tallebung, Annual Report 10/1/2011 to 9/1/2012 – YTC Resources Limited
- EL 7661 – "Crowie Creek", Annual Report 9/12/2010 to 8/12/2011 – YTC Resources Limited

General Data

- Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2004 ("the JORC Code")
- Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports - 2005 ("the Valmin Code").
- Economic Projections Commodity Price and Exchange Rate Forecasts – BDO Corporate Finance, November 2012

5.0 YTC PROJECTS

5.1 Hera Polymetallic Project

Location and Access

The Hera project is located approximately 100km southeast of the town of Cobar. The deposit is within the outer catchment of the Darling River and lies some 5km south of the small township of Nymagee. Access to the area is excellent with a sealed road from Cobar to the site entrance gate.

The deposit occurs on The Peak pastoral lease (Western Lands Lease WLL 2455, totaling 2,128 hectare ("ha") which is owned by YTC.

The Hera project is located in an area of flat to gently undulating topography with elevations between 325m AHD and 375m AHD. Surface water drainages in the vicinity of the project site are uniformly ephemeral and typically indistinct. The project site is located in the headwaters of the Box Creek Catchment which flows to the west and northwest.

Two meteorological stations are located 90km to the northwest of the Hera project. Data from both stations have been combined to obtain average temperature and rainfall data for the period 1881 to 2009. The Cobar region is characterised by a mild to hot climate. January is the hottest month, with a maximum mean temperature of 35ºC. July is the coldest month with a mean maximum temperature of 16ºC and a minimum temperature of 4ºC.

Mean annual rainfall is 373mm, with rainfall distributed reasonably evenly throughout the year; the mean monthly rainfall is in the range 24-39mm. Rainfall is, however, characterised by infrequent, high intensity rainfall events and maximum daily rainfall values range between 2 and 3.5 times average monthly rainfall. The driest year on record was 1982 with 116.3mm of rain recorded, contrasting with 1891 when 799.7mm of rain was recorded (the wettest year on record). Mean daily evaporation varies through the year, with annual average evaporation of 2,409mm/year and exceeds average rainfall by between two and nine times in every month of the year.

Tenements, Ownership and Expenditure

YTC is a publicly listed mineral explorer with a head office in Orange, New South Wales.

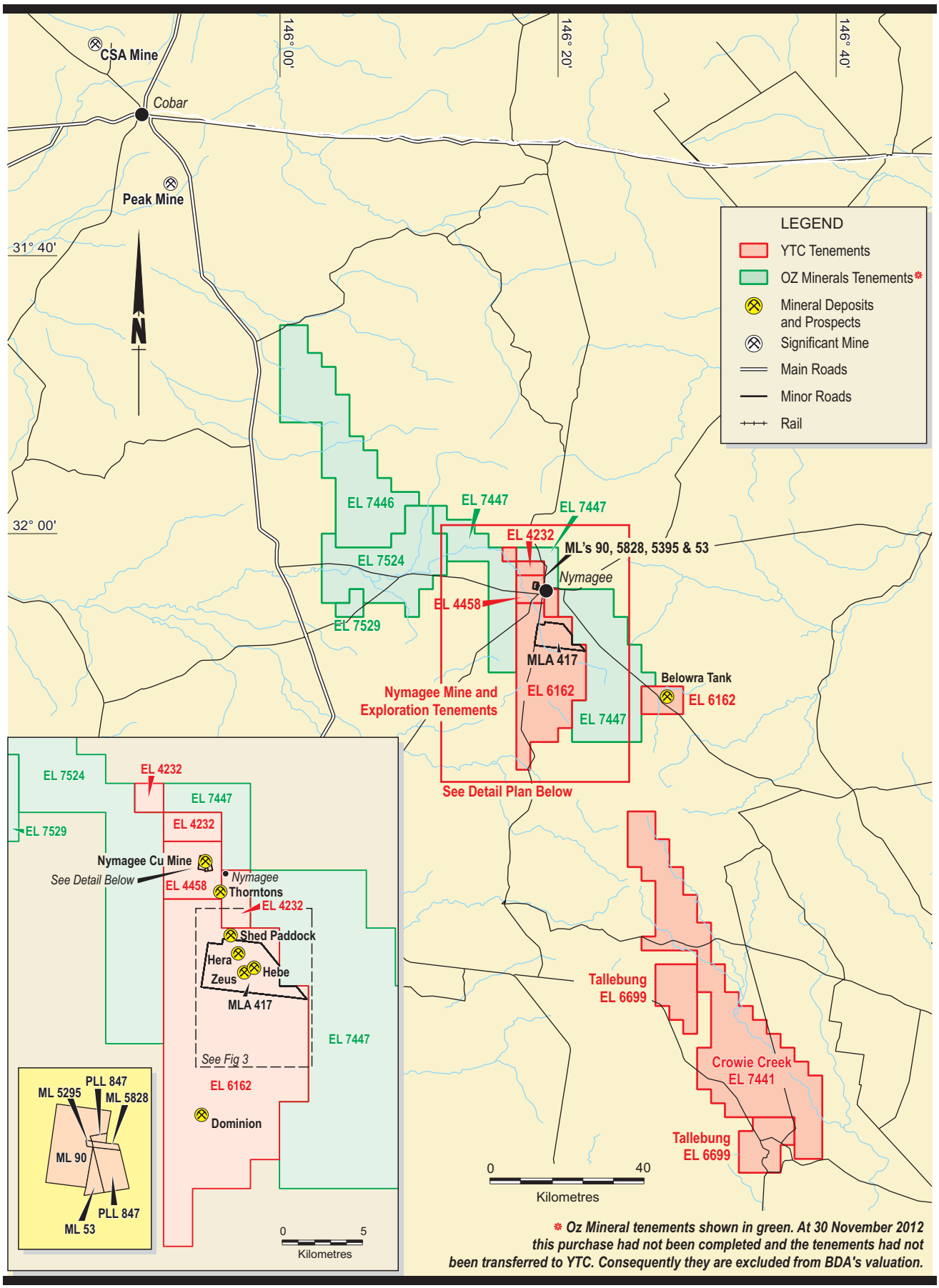
The Hera project is contained within EL 6162 which covers an area of 49 units or approximately 142km^2 (Figure 2). The licence was initially granted on 26 November 2003 for a term of two years and was subsequently renewed in full every 2 years. EL 6162 expired on 25 November 2011 however a renewal application for EL 6162 has been lodged and YTC expect the renewal to be granted. EL 6162 replaced EL 5591 which was held by Pasminco prior to the purchase of this and other tenements in the Nymagee region by Triako.

MLA 417 (Figure 3), covering 1,480ha was lodged with the NSW Department of Trade & Investment, Resources and Energy ("DTIRE") on 27 January 2012 and is proceeding through the various regulatory reviews. A previous approval of a review of environmental factors ("REF") for the development of an exploration decline within EL 6162 remains current and consequently YTC has been able to commence some early development prior to the grant of the ML. Under the conditions of the EL an exploration decline can be developed and to date YTC has established the box-cut. YTC has indicated that it does not intend to extend the decline development until the ML is granted.

Project Approval under the NSW Environmental Planning & Assessment Act ("EP&A Act) Part 3A was approved in August 2012 by the NSW Department of Planning and Infrastructure ("DP&I").

YTC has provided detailed project expenditure information covering work undertaken by both YTC and by previous explorers, Pasminco, Triako and CBH. The resulting exploration data has remained confidential to YTC and has variously been utilised in developing the current Hera resources and reserves and in guiding exploration within the Hera project tenements.

The historical and YTC expenditure is summarised on Table 5.1; the division between expenditure on MLA 417 and EL 6162 is predominantly based on the reported prospect by prospect expenditures provided to BDA by YTC.



* *Oz Mineral tenements shown in green. At 30 November 2012 this purchase had not been completed and the tenements had not been transferred to YTC. Consequently they are excluded from BDA's valuation.*

YTC Resources

Figure 2

TENEMENT DETAILS

YTC Resources

Hera Gold Project

Figure 3

HERA SITE PLAN

BDA - 0162-01-Nov. 2012

Behre Dolbear Australia Pty Ltd

Table 5.1

Summary of Expenditure on the Hera Project

Year/Company	Tenement Exploration Expenditure (A$,000)	
	MLA 417	EL 6162
2000/Pasminco	144	0
2001/Pasminco	700	8
2002/Pasminco	66	5
2003/Pasminco	30	63
2004/Triako	2,100	5
2005/Triako	4,650	9
2006/Triako	3,925	42
2007/CBH	3,381	0
2008/CBH	552	0
2009/YTC	413	7
2010/YTC	6,858	141
2011/YTC	3,950	217
2012/YTC	11,595	135
Total	**38,364**	**632**

Exploration History and Project Status

Historic mining has been carried out in the Hera area, with the Kershaw North shaft apparently having been worked from 1903-1906. There is also a small shaft, 10-15m deep, at the top of a small hill immediately to the east of the Hera deposit. There are no recorded production figures from these historical workings.

The Hera deposit was discovered by Pasminco in 2001 and subsequently purchased by Triako from the Administrator of Pasminco in 2002. Between 2002 and 2006 Triako continued exploration and evaluation of the Hera deposit and advanced the project to pre-feasibility status. In 2006 CBH acquired Triako and continued evaluation of the Hera project. YTC purchased 100% of the Hera project from CBH in mid-2009 along with an 80% interest in the adjacent Nymagee Joint Venture.

Between late 2009 and April 2011 YTC completed 64 drill holes taking the total number of holes drilled at Hera to 232 for about 93,300m. A number of these holes were designed as water bores, geotechnical holes for the decline or sterilization holes and were consequently not targeted at the Hera deposit. YTC has completed a Definitive Feasibility Study ("DFS") into the development of the Hera deposit which was managed by Optiro Pty Limited ("Optiro") and YTC.

Exploration of both the Hera and Nymagee tenements is continuing, using an integrated approach.

Geology

Regional Geology

The Hera project is located within the Cobar Basin situated in the northern portion of the Palaeozoic Lachlan Fold Belt or Lachlan Orogen ("LFB"), a complex orogenic belt developed at the margins of an evolving tectonic plate. Regional crustal extension of the LFB in the late Silurian created a series of north-south trending deep water basins and troughs that, in the Cobar region, included the Cobar Basin and further south the Raast and Mt Hope Troughs. The 150km long by 50km wide Cobar Basin is fault bounded on all sides and studies indicate that the faults have been reactivated and the basin developed in a complex structural and depositional regime.

The Cobar Basin is a well-endowed metalliferous province with a diverse range of predominantly sediment-hosted mineral deposits. Most of the known deposits are located adjacent to the eastern, fault-controlled, basin margin. Significant deposits from north to south include the Endeavor silver-lead-zinc deposit (Toho Zinc Company Limited), the CSA copper deposit (Glencore International AG), The Peak, Perseverance, New Occidental and New Cobar gold-copper deposits (New Gold Inc), the Nymagee copper $\pm$ lead $\pm$ zinc deposit and the Hera gold-zinc-lead-silver deposit (YTC) and the Mineral Hill gold-copper $\pm$ lead deposit (Kimberly Metals Limited). The known mineral deposits are all structurally controlled and typically occur as narrow, short strike length pipes, lenses and veins (i.e. having a small surface area) but are notable for their considerable vertical extent.

Hera Geology and Mineralisation

The Hera deposit is located adjacent to the eastern margin of the Cobar Basin near the contact between the shelf facies of the Mouramba Group and the underlying deep water turbiditic units of the Amphitheatre Group, both of Devonian age. The deposit occurs within the Mouramba Group at the contact between the Burthong Formation, a sequence of very fine to medium grained sandstones and siltstones, and the overlying and interfingering Roset Sandstone consisting of thick bedded, cross bedded sandstones. At Hera the Mouramba Group dips steeply west-northwest and host units exhibit a strong cleavage due to a high-strain zone in the hangingwall of the basin bounding Rookery Fault.

Mineralisation consists of several sub-parallel lenses of intense anastomosing veins, and clast-supported to matrix-supported breccias containing pyrrhotite, sphalerite, galena, pyrite, chalcopyrite and gold. Trace amounts of cubanite ($CuFe_2S_3$) and niccolite (NiAs) have also been detected. The entire Hera deposit, as currently defined, consists of fresh sulphides and gold as it occurs below the depth of oxidation.

The host sandstones, siltstones and minor volcanics (dacites) are pervasively silicified and altered by secondary micas (sericite, chlorite and biotite) and commonly contain disseminated, non-magnetic pyrrhotite. Quartz veining is common and several zones of milky white quartz veins, up to 1m thick, are spatially associated with sulphide mineralisation. Hera mineralisation is characterised by a high nugget effect for gold (around 50%) and moderate nugget effect for zinc (around 40%), due to the erratic distribution of gold and sphalerite. Significant gold grades are not always associated with base metal mineralisation and can be associated with quartz veining outside the main base metal mineralised zone. The style of mineralisation is similar to the Peak deposit closer to Cobar which also is characterised by high grade gold associated with base metal mineralisation.

There is continuing discussion in the industry as to the mineralising processes that have resulted in the diversity of mineral deposits within the Cobar Basin. It is clear that the eastern fault-bounded high-strain edge of the Cobar Basin is where most of the more significant Cobar Basin deposits are located. The location of the deposits along or adjacent to the Rookery Fault suggests migration of fluids from basement sources up the basin margin fault.

It appears likely that the gold and base metals were deposited during separate mineralising events and YTC believes that the lead/zinc event probably preceded the gold event.

The sulphide lenses have strikes ranging from about 340º to 346º to true north and dip steeply (greater than 80º) to the west. The top of the sulphide package occurs about 100m below surface and appears to plunge moderately (about 45º) to the south, extending along strike for at least 550m and to a depth of 470m below surface, below which it may remain open. The water table and base of oxidation is generally between 70 and 80m below surface; the entire resource lies below the base of oxidation in fresh rock.

Drilling to date has indicated the presence of over 10 lenses of sulphide $\pm$ gold mineralisation. Of these, five lenses (Main North, Main South, Hays North, Hays South and Far West), have been identified by YTC as being potentially economic. The current resource estimate is based on these five lenses; only four lenses with Indicated Resources were used for conversion to reserves in the DFS.

A major WNW-ENE striking sinistral structure, referred to as the Offset Fault, has been mapped at surface and displaces the Main Lens by up to 25m and marks a distinct change in orientation and offset in the strong silica alteration that is associated with the Hera mineralisation.

In BDA's opinion the general geology and mineralisation controls at Hera appear reasonably well understood. The presence of breccias and strong cleavage associated with the mineralised lenses suggests that the overall control to the geometry and mineralisation is structural. As is common in many primary sulphide deposits in the Cobar district, the mineralisation has a relatively modest aerial footprint but considerable depth extent.

The Hera resource has been estimated using a gold equivalent cut-off grade which has been converted to a dollar value. The impact of the erratic metal distribution on the resource estimate is discussed in more detail in Section 7 of this report.

Resources and Reserves

BDA made a site visit to the Hera project in March 2012 in connection with an earlier independent review and also reviewed technical aspects of the project in YTC's office in Orange. Two of the BDA team have visited the project on a number of occasions during the Triako/CBH ownership period. Drilling, logging, bulk density, sampling and assaying procedures as well as QA/QC aspects, as reported herein, were derived from the resource estimate section of the DFS report dated September 2011 prepared by YTC. YTC's Chief Operating Officer, Mr Dean Fredericksen, reviewed the resource estimate and the estimation procedures with BDA.

From a review of the DFS and discussions with Mr Fredericksen, BDA considers that the data collection, treatment and storage methods employed by YTC Resources as well as by preceding explorers Triako and CBH in respect to the historical drilling accord with industry standards and consequently the data is appropriate for the estimation of resources and reserves in accordance with the JORC code.

Quality assurance/quality control procedures conform to industry standards and the procedures followed by Triako and CBH were similar in most respects and were also to industry standards. All assaying has been undertaken by well-respected laboratories; the Company has predominantly relied on screen fire assaying to determine the gold content at Hera which, given the highly erratic and coarse grained character of the gold distribution, is considered appropriate, but obviously cannot compensate for the overall variability in the gold grade distribution.

The Hera resource drill hole database on which the current resource estimate is based consists of 190 diamond drill holes ("DDH"), totalling 84,778m and 11 RC holes totalling 2,058m. Of these, YTC drilled 63 holes (including the sterilisation holes) or 27% of the total drill holes. Table 5.2 summarises all holes within the Hera project data set and also indicates the sub-set of holes used in the resource estimate.

Table 5.2

Hera Resource Drill Hole Database

Company/Drill Type	Total Hera Project Holes				Resource Drill Hole Database				
	Drill Hole Type		Total Metres		Company	Drill Hole Type		Total Metres	
	DDH	RC	DDH	RC		DDH	RC	DDH	RC
Decline Geotechnical	7	0	450	0					
Water Bores	0	4	0	540					
YTC Sterilisation	0	3	0	708					
Buka Minerals	2	0	312	0					
CRA	4	0	799	0					
Pasminco	6	2	3,229	276	Pasminco	9	0	4,263	0
Triako	103	7	45,111	1,352	Triako	100	0	43,335	0
CBH	28	6	13,767	832	CBH	28	0	13,255	0
YTC	49	11	23,925	2,058	YTC	53	11	23,925	2,058
Totals	**199**	**33**	**87,593**	**5,766**	**Totals**	**190**	**11**	**84,778**	**2,058**

The drill hole spacing within the current resource is nominally 40m by 40m but varies up to 60m by 60m; in some portions of the resource the drill spacing is closer than 40m by 40m.

The majority of the diamond drilling consists of HQ diameter core and only a small number of RC holes have been included in the resource database. The YTC, Triako and CBH diamond drilling incorporated methods to orient the core during drilling.

The collar positions of all drill holes have been surveyed by a registered surveyor and all YTC holes have been down-hole surveyed using an electronic multishot survey tool at 6m and 12m intervals. A series of gyroscopic survey checks were carried out to check, with good correlation with the multishot results. Prior company holes were surveyed using magnetic surveying tools and a number of Triako and CBH holes were resurveyed by YTC using the multishot tool which indicated no issues with the earlier surveys.

The topographic model used in the resource estimate was established from an aerial survey completed in 2005. Given the subdued relief in the area this is adequate for a resource estimate.

A total of 3,630 bulk density measurements, using the weight in air/weight in water method are available for the Hera deposit mineralised sections, including 1,855 measurements by the prior explorers. YTC has graphically correlated the specific gravity ("SG") measurements to the Cu+Pb+Zn assay for each interval and then prepared a 'best-fit' line to establish a regression formula which was then used in the resource model to establish the SG for each block. The regression formula for the best fit line is: $y = 0.0245x + 2.7334$ where x = Cu+Pb+Zn% and y = SG in t/m^3. In BDA's opinion YTC has appropriately utilised the density data in the current resource estimate.

Resource Methodology

The current YTC Hera resource estimate is dated 27 July 2011 and forms the basis for the DFS. Previous resource estimates were completed by Triako and CBH using the drill hole database available at the time.

The current YTC resource estimate is based on five geologically modelled and wire framed domains for five of the lenses within the overall Hera deposit: the Main Lens North, the Main Lens South, Hays North Lens, Hays South Lens and Far West Lens. The Offset Fault, an east-west structure separating Mains Lens North and Main Lens South, was also modelled and used as an interface boundary between these two lenses.

The domain wireframes were created by YTC geologists modelling a series of structures using a combination of the quartz $\pm$ sericite alteration envelope and base metal boundaries at 0.5% Pb+Zn+Cu; these were used as a primary guide to establish a 'high-grade' >2% Pb+Zn+Cu envelope. The >2% Pb+Zn+Cu modelled envelope contains around 95% of the gold mineralisation. Given the complexity of the mineralisation style, YTC's resource methodology is considered acceptable and incorporates appropriate geological and structural controls.

Gold is the most variable of the metals with some very high values present in the Main Lens, particularly immediately north of the Offset Fault; as these very high values have been repeated in adjacent drill holes, they are considered real by YTC. For the purposes of resource modelling YTC has created a separate small high grade gold domain within Main Lens North limited to 25m strike and 6m up and down dip which includes two holes CNYDD017 and PNDD02 which intercepted extremely high gold values.

The Main Lens North High Grade sub-zone contributes approximately 14% of the gold in the Indicated Resource category. Following discussions with YTC, BDA considers that there is a reasonable expectation that the high grade lens exists and that YTC's approach to treat it as a separate sub-zone is justified. This is based on the fact that:

- the high grade gold was obtained in two proximal holes (as opposed to a single hole) providing a realistic expectation the grades are real although the continuity is likely to be limited
- the block grade is based on the interpolation of intercepts within the search radius from holes outside the high grade block not just on the composites from within the high-grade block.

In BDA's opinion it would be prudent to also apply an upper cut to the high grade zone intercepts, albeit at a higher level than the Main Lens North. BDA considers there is some risk that the gold grade in the high grade lens could be over-estimated.

The Hays North Lens was previously recognised as predominantly a base metal zone with low grade gold values. However results from two recent YTC holes (HRD014 and 020) in conjunction with results from Triako hole TNY005W1 indicated that this zone could potentially be economic, although at this stage only an Inferred Resource has been estimated for Hays North and it is consequently not included in the reserve or the mine schedule.

In its June 2011 mineral resource estimate YTC employed a Net Smelter Return ("NSR") lower cut-off grade defined in terms of an A$ value, with the NSR values estimated into each block using the following formula:

NSR = metal grade x expected recovery (%) x expected payability (%) x metal price less (concentrate freight and treatment charges and royalties)

The metal prices and the metal recoveries used in the block model NSR calculations for payabilities (based on a bulk lead/zinc concentrate) are shown in Table 5.3; these parameters are also used in the gold equivalent formula. The A$125/t NSR lower cut-off used as the resource cut-off in the resource model equated to a gold equivalent grade of 2.9g/t AuEq at a gold price of US$1,200/oz (A$1,333/oz at the time).

Table 5.3

Parameters Used to Determine the Cut-Off Grade for YTC Resource Estimate

Metal	Price	Recovery	Payability
Gold	US$1,200/oz	94%	100%
Copper	US$8,370/t	88%	0
Lead	US$2,420/t	91%	87%
Zinc	US$2,425/t	90%	78%
Silver	US$27/oz	see below	see below
Exchange (AUD/USD)	0.90		
Silver to Dore		47%	100%
Silver in Bulk Concentrate		46%	0%
Treatment Charge (concentrate)		US$250/t	
Concentrate Freight		A$140/t	

The principal parameters used by YTC in the resource estimate are summarised in Table 5.4.

Table 5.4

Methodology and Parameters for the YTC June 2011 Hera Resource Estimate

Component	Domains					
	Main North(excl. very high grade domain)	Main North (very high grade)	Main South	Hays North	Hays South	Far West
Pierce points (wedge holes included)	46	2	31	22	7	38
Compositing	Grades composited to 1m lengths; intervals of < 1m added to the previous interval and stored up to a maximum of 1.5m.					
No of Composites	467	34	406	319	126	464
Cut-off grade	Lower cut-off - A$125/t					
Top cuts - Gold	90g/t Au based on 99 percentile, (a single composite of 200g/t Au cut to 20g/t Au to reduce its influence)	None	90g/t based on 99 percentile	90g/t based on 99 percentile	90g/t based on 99 percentile	90g/t based on 99 percentile
Top Cuts – Base metals and silver	None					
Variography	MineSight software used for all variography. Down hole variograms calculated and modelled for each domain on transformed estimates for Au, Pb, Zn and SG; Ag not estimated due to strong correlation with Pb.					
Model Rotation	Rotated to 343.59° to align blocks with the approximate strike of the mineralisation envelopes					
Interpolation	Ordinary Kriging for all elements and a series of neighbourhood tests completed for each element and each domain to select the optimum search strategies using the MineSight debug routine					
Block sizes	10m by 20m by 2m based on average drill spacing of 25–50m. Larger block size was not used due to the geometry of the mineralised envelopes.					
Min/Max Number of Composites	Au - 6/20; Pb/Ag- 8/35; Zn & Cu - 6/35; SG – 10/32	Au – 6/20	Au - 8/20; Pb/Ag – 6/35; Zn & Cu – 6/35; SG – 10/32	Au – 10/32; Pb/Ag – 10/32; Zn & Cu – 10/32 SG – 10/32	Au – 8/32; Pb/Ag – 10/32; Zn & Cu – 10/32; SG – 10/32	Au – 8/35; Pb/Ag – 10/40; Zn & Cu – 10/45; SG – 10/32
Search Ellipsoid major/minor/vertical	All elements - 120m/10m/120m	All elements - 120m/10m/120m	All elements - 120m/10m/120m	Au – 140/10/140; Pb/Ag – 130/14/130; Zn & Cu – 130/18/130; SG – 150/20/150	Au – 140/10/140; Pb/Ag – 130/14/130; Zn & Cu – 130/18/130; SG – 150/20/150	Au - 160/12/160; Pb/Ag – 150/20/150; Zn & Cu – 180/25/180 SG – 150/20/150

BDA considers that YTC's resource methodology is appropriate and considers Ordinary Kriging a suitable estimation methodology for the deposit. Given the drill hole spacing, the search ellipsoid dimensions and the block sizes are considered reasonable for an Indicated Resource although it is acknowledged that some smearing of gold grades may have occurred. The search ellipsoids were designed to maximise the capture of lead/zinc/silver which accounts for approximately 40% of revenue and is considered a reasonable approach.

The Main Lode North High Grade block contained 34 composites of which 7 were in excess of 100g/t Au and BDA considers that while applying a high grade cut may be prudent. YTC's approach is not unreasonable at this stage. The un-cut mean gold grade is 45.7g/t Au which is based all composites within the search ellipsoid both within and beyond the Main Lode North High Grade block. Infill drilling could result in a decrease in the size of the high grade block.

BDA concurs with YTC's procedure of not applying an upper-cut to the base metal assays. At Hera the silver is closely correlated with lead.

Resource Estimate Results

The Hera June 2011 resource has been classified by YTC as an Indicated and Inferred Mineral Resource under the JORC code. This classification is based on an assessment of the data integrity, the geological modelling and grade continuity. The continuity of grades above 2% Pb+Zn+Cu is good and this boundary constrains the gold mineralisation well. The infill drilling in late 2010 and 2011 intersected the mineralisation and modelled structures close to the predicted positions, providing a high confidence level in the modelling.

The current resource on a lens by lens basis at the chosen A$125/t cut-off is shown on Table 5.5.

Table 5.5

Hera Mineral Resource Estimate - June 2011

Lens	Category	Tonnes	Grade					Contained Metal				
			Au	Ag	Cu	Pb	Zn	Au	Ag	Cu	Pb	Zn
		(kt)	(g/t)	(g/t)	(%)	(%)	(%)	(koz)	(koz)	(kt)	(kt)	(kt)
Main Lens North	Indicated	867	3.5	16.1	0.2	2.8	3.8	98.8	448.8	1.9	24.3	33.2
	Inferred	38	3.1	12.7	0.1	1.8	2.9	3.8	15.5	0.0	0.7	1.1
Main Lens North High Grade	Indicated	28	30.0	26.6	0.5	5.1	5.8	26.7	23.7	0.1	1.4	1.6
	Inferred	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Main Lens South	Indicated	431	5.1	14.6	0.1	3.0	3.4	71.2	202.4	0.5	12.8	14.8
	Inferred	42	5.3	7.1	0.1	1.2	1.8	7.1	9.5	0.0	0.5	0.8
Main Lens Sub-total	*Indicated*	*1,325*	*4.6*	*15.8*	*0.2*	*2.9*	*3.7*	*196.8*	*674.8*	*2.5*	*38.5*	*49.6*
	Inferred	*80*	*4.2*	*9.7*	*0.1*	*1.5*	*2.3*	*10.9*	*25.1*	*0.1*	*1.2*	*1.8*
Hays North	Indicated	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Inferred	93	3.0	10.0	0.1	2.4	2.5	8.9	30.0	0.1	2.3	2.3
Hays South	Indicated	52	4.6	11.2	0.1	2.5	4.0	7.8	18.9	0.0	1.3	2.1
	Inferred	2	3.3	10.2	0.0	2.2	3.2	0.2	0.2	0.0	0.0	0.1
Hays Lens Sub-total	*Indicated*	*52*	*4.6*	*11.2*	*0.1*	*2.5*	*4.0*	*7.8*	*18.9*	*0.0*	*1.3*	*2.1*
	Inferred	*95*	*3.0*	*10.0*	*0.1*	*2.4*	*2.5*	*9.1*	*30.6*	*0.1*	*2.3*	*2.4*
Far West	Indicated	736	3.4	19.7	0.2	2.7	4.2	80.4	144.9	1.2	19.9	31.2
	Inferred	156	3.4	18.6	0.1	2.6	4.3	16.9	93.1	0.2	4.1	6.7
Total	**Indicated**	**2,113**	**4.2**	**17.1**	**0.2**	**2.8**	**3.9**	**284.9**	**1,159.6**	**3.8**	**59.7**	**82.9**
	Inferred	**330**	**3.5**	**14.0**	**0.1**	**2.3**	**3.3**	**36.9**	**148.8**	**0.3**	**7.5**	**11.0**

Note: mineral resources are reported at a A$125/t cut-off grade and figures are rounded to the nearest significant decimal place

The Potential Impact of Changing Metal Prices on the Resource Estimate

The current resource estimate was completed in June 2011 with the A$125/t lower cut-off based on selected metal prices, exchange rate, recovery and payability factors. The metal prices and exchange rates have changed between June 2011 and 30 November 2012; while the gold price has increased the lead and zinc prices have decreased as shown in Table 5.6 below. The exchange rate has also increased to about A$:US$ = 1.04.

The distribution of gold and zinc within the Hera resource is erratic and some blocks within the June 2011 resource model contain high zinc and lead values but low gold values while in other areas of the resource the reverse applies. In some portions of the deposit blocks are included in the resources based principally on the lead and zinc content.

Table 5.6

Changes in Metal Prices and A$/US$ Exchange Rate between June 2011 and November 2012

Items	Units	June 2011 DFS		30 November 2012		% Change	
		US$	A$	US$	A$	US$	A$
Gold	$/oz	1,200	1,333	1,715	1,644	42.92%	23.35%
Silver	$/oz	27	30	33	32	23.85%	6.87%
Lead	$/t	2,420	2,689	2,256	2,163	-6.78%	-19.56%
Zinc	$/t	2,425	2,694	2,023	1,940	-16.58%	-28.00%
AUD/USD		0.9		1.043			

In BDA's opinion it would be prudent for YTC to revisit the block model closer to the time of detailed stope design to determine whether some fine tuning of the mine design is warranted in light of current metal price and forward contracts.

Reserve Estimates

Optiro has prepared a Probable reserve based on the Indicated resources prepared by YTC at a NSR value of A$140/t and assuming a long hole bench stoping mining method; the cost estimate used in the reserve is generally in line with the financial model cost structure. The stope designs were based on dimensions that met the parameters set by Coffey Mining Pty Ltd ("Coffey Mining") in its geotechnical assessment as shown in Table 5.7 for resources above and below the 9800mRL level. The blocks are divided by sublevels which are 25m apart with the first sublevel at a depth of 220m (10,110mRL); the mine has a total of 16 sublevels with the bottom sublevel at 9,730mRL, approximately 600m below surface.

Table 5.7

Hera Stope Dimensions

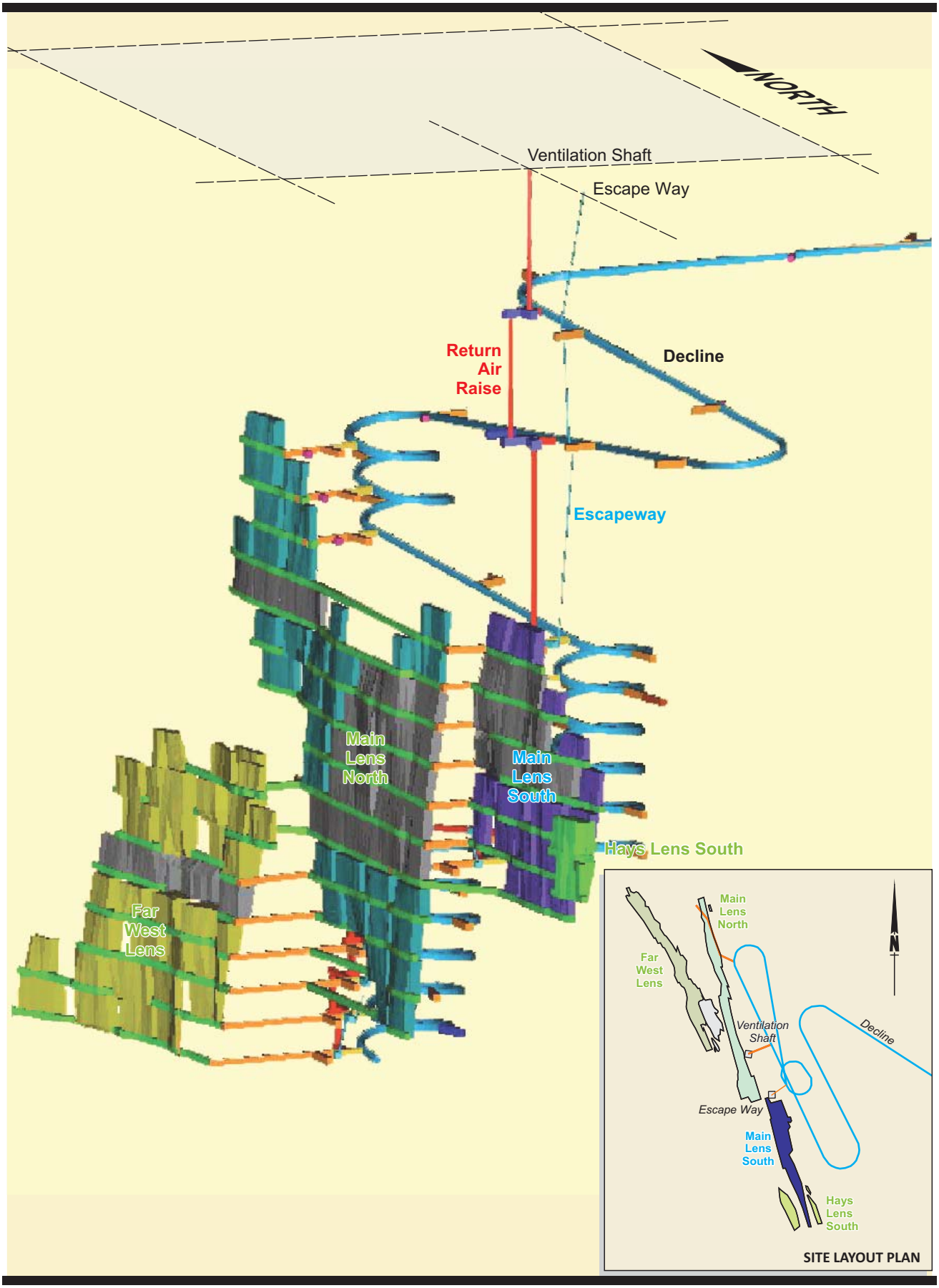
Parameter	Attribute
Above 9800 RL	
Height	25m (floor to floor)
Strike Length	30m (max)
Stope Width	4.5m to 11m
Pillar Thickness (Ore Width: Pillar thickness Ratio)	1:1
Below 9800 RL	
Height	25m (floor to floor)
Strike Length	25m (max)
Stope Width	4.5m to 11m
Pillar Thickness (Ore Width: Pillar thickness Ratio)	6m (min) 1:1 thereafter
Cemented Rock Fill Stopes	
Height	25m (floor to floor)
Strike Length	Initial opening 30m
Stope Width	4.5m to 11m
Pillars	None Required

Mine dilution was calculated by adding a skin to the mining block. For stopes narrower than 2.75m, a minimum mining width of 4m was assumed. For stopes wider than 2.75m, a dilution skin of 0.5m was applied to the footwall of the block and 0.75m to the hangingwall of the block, a total of 1.25m skin. The overall average width of the Hera lenses is between 8 to 9m.

The adjusted resource blocks add approximately 13% of waste as dilution into the reserve. No additional allowance was made for dilution during the extraction of backfilled stopes where ore is loaded (or bogged) from a waste floor. The stopes extracted on a CRF ("cemented rock fill") or rock fill floor represent approximately a third of the total stopes mined.

The mining recovery applied to the diluted resources for CRF stopes was 95% with an estimated recovery of 97% for all other stopes, except stopes directly below CRF stopes where the recovery was reduced to 92.5%.

The Probable reserve was estimated to be 1.88Mt at a grade of 3.6g/t Au, 15g/t Ag, 2.5% Pb, 3.5% Zn and 0.16% Cu. The split of the reserve between development and stoping by lens is shown in Table 5.8 and Figure 4.



YTC Resources

Hera Gold Project

Figure 4

HERA UNDERGROUND 3D LAYOUT

BDA - 0162-01-Nov. 2012

Behre Dolbear Australia Pty Ltd

Table 5.8

Hera Probable Reserve Estimate by Lens - September 2011

Item	Tonnes	Grade					Contained Metal				
	(Mt)	g/t Au	g/t Ag	% Cu	% Pb	%Zn	Au (koz)	Ag(koz)	Cu (kt)	Pb (kt)	Pb (kt)
Development	0.28	2.86	13.1	0.13	2.26	3.19	25.6	116.8	0.36	6.29	8.87
Stoping											
Main North	0.73	3.91	14.2	0.21	2.51	3.38	91.8	333.3	1.51	18.27	24.64
Main South	0.31	4.51	13.7	0.12	2.83	3.34	44.3	134.3	0.35	8.66	10.19
Hays South	0.03	3.67	11.1	0.06	2.50	4.02	3.0	9.2	0.02	0.64	1.03
Far West	0.54	3.02	18.2	0.15	2.47	3.89	52.1	313.7	0.80	13.27	20.92
Subtotal	*1.60*	*3.72*	*15.4*	*0.17*	*2.56*	*3.55*	*191.2*	*790.5*	*2.68*	*40.84*	*56.79*
Total	**1.88**	**3.59**	**15.0**	**0.16**	**2.51**	**3.50**	**216.7**	**907.4**	**3.08**	**47.19**	**65.59**

Note: the Probable reserve is estimated at a cut-off NSR value of A$140/t after incorporating dilution and mine recovery factors

BDA considers that the Probable reserve makes reasonable allowances for mine dilution and recovery. Additional dilution may be incurred when stopes are extracted on floors comprising of backfill but these stopes are less than a third of the total stopes planned to be mined and the reserves are considered a reasonable basis for valuation.

Exploration Potential

BDA has considered the exploration potential of the YTC Hera project tenements for the discovery of additional mineralisation which could augment the existing Hera resource. For the purposes of this section the review is limited to MLA 417 and surrounding EL 6162. The adjacent Nymagee project is discussed separately in Section 5.2.

MLA 417

The Hera deposit, as currently defined, consists of 10 lenses, five of which are included in the June 2011 resource estimate. Only four of these lenses contain Indicated and Inferred Resources while the fifth lens Hays North only contains Inferred Resources and is therefore excluded from the reserve estimate.

- the Inferred Resources included in the June 2011 estimate totalled 330,000t at 3.5g/t Au, 14.0g/t Ag, 2.3% Pb and 3.3% Zn; infill drilling is likely to upgrade a portion of the Inferred Resources to Indicated Resources which then would be available for conversion to reserves
- further drill testing of the remaining five lenses has potential to develop additional resources
- some lenses remain open down dip/plunge, as well as along strike and further drilling may yield additional resources; down hole EM surveys have identified conductors that highlight the potential for extending the deposit to the north and south.
- drilling by YTC indicates a number of areas for potential extensions:
  - above the northern portion of the Main Lens resource, drilling has intersected significant lead/zinc/silver mineralisation generally with low gold
  - in the region of the Far West Lens HRD021 yielded 2m at 50g/t Ag, 6.52% Pb and 14.2% Zn, approximately 150m north of Hera deposit
  - 100m south of the existing Hera deposit, HRD026 yielded 7.7m at 5.7g/t Au, 0.4% Cu, 2.1% Pb and 2.8% Zn
  - drill testing of an EM target some 200m north of the Hera resource intersected a new high grade lead/zinc/silver sulphide lens in hole HRD042 and a number of wedges off this hole; wedge hole HRD042W intersected 4.75m at 0.34g/t Au, 359g/t Ag, 10.9% Pb, 22.2% Zn from 350.78m and 1.9m at 0.89g/t Au, 601g/t Ag from 364m
  - there is potential for discovery of additional similar style mineralisation elsewhere within MLA 417 including at known prospects such as Hebe and Zeus (Figure 2)

EL 6162

Known prospects within EL 6162 include Dominion, Shed Paddock and Belowra Tank (Figure 2) and these have been subjected to varying levels of generally early phase exploration by Pasminco, Triako or CBH and/or by YTC as most work has been concentrated on the area covered by MLA 417 and particularly on the Hera deposit

Hera and Nymagee deposits are both marked by gravity highs and numerous gravity targets have been defined within the Hera and Nymagee project tenements in a 7km long northwest trending corridor.

Mining

General

A mining study has been completed by Optiro on the Main (North and South), Far West and Hays South Lenses, based on the resource model prepared internally by YTC. The shallowest of the lenses, the Main Lens North, commences approximately 150m below surface. The mine plan is a relatively standard small mine design with access to the lenses via a decline from surface. A small boxcut has been excavated to the east of the orebody and the decline will commence from the boxcut. Total length of the planned decline is approximately 4,300m to a depth of around 600m with a 1 in 7 gradient (Figure 4).

Access from the decline to the lenses is via crosscuts with development along the strike of the lenses to the limit of the ore. The planned mining method is a long hole bench stoping method retreating from the lens limits back to the access crosscut. Rib pillars will be established between stopes except in areas of high grade where voids will be backfilled with cemented rock fill ("CRF") after each stope is extracted with no rib pillars established. The four lenses which consist of parallel vein-type and breccia-style mineralisation are hosted by sandstones and siltstones and are pervasively silicified with zones of silification extending more than 20m into the hanging wall and foot wall.

Extraction of ore is planned to be by 12.5t load-haul-dump ("LHD") units with tele-remote loading beyond the brow of the stope drive. Ore will be loaded onto underground 45t trucks and hauled to a surface stockpile close to the plant. Other equipment includes a 17t LHD for decline and major access development loading, two 2-boom development jumbos, one production drill rig, grader and charge-up rig. The equipment is capable of meeting the requirements of the mine plan.

Mine Planning

Optiro was commissioned to prepare the detailed mine planning, development and production scheduling and cost estimation. The Coffey Mining recommendations, discussed below, regarding ground support and stope designs have been incorporated and costed as part of the Optiro assignment. The mine planning activities were based on the geological resource model prepared by YTC; stopes were designed effectively to a A$140/t NSR cut-off grade from the resource model.

Mine development is planned at 5m x 5.5m (w x h) for the decline, main level crosscut/access drives and stockpiles with sill drives and other development at 4.5m x 4.5m; Coffey Mining provided the ground support designs for the development which were used to estimate development costs. The decline from surface is designed at a gradient of 1in 7 and level development will be at a gradient of 1 in 50.

Development of the mine decline is on the critical path for mining and should be complete to full planned depth within approximately three years. BDA considers the approach to development design reasonable for the anticipated good ground conditions. The decline and underground infrastructure is located in the footwall which provides the better geotechnical conditions, particularly in the initial shallow stages of the decline.

The sill drives are planned to be developed on the hangingwall contact to allow cable bolts, as proposed by Coffey Mining, to be installed in the hanging wall to minimise dilution. Planned rib pillars are left, typically every 25-30m along strike. In areas of high grade/high value, CRF and rock fill ("RF") will be placed in the stope voids allowing mining without the requirement for a rib pillar. Once the line of stopes has been filled by CRF at the base of the stopes, thus forming a CRF 'sill' pillar, stopes below can be excavated up to the CRF. For the standard bench with rib pillars uphole rises and cut-off slots are required after each pillar to re-start stoping. Dilution allowances are based on an assumed 4m minimum mining width. The mining recovery applied to the diluted resources for CRF stopes was 95% with a recovery of 97% for all other stopes, except stopes directly below CRF stopes where the recovery was reduced to 92.5%.

The depth of the two Main lenses is around 200 to 270m with the Far West and Hays South lenses being around 400m deep (Figure 4). BDA considers the stope design parameters and assumptions reasonable and possibly conservative.

Allowance has been made for pumping ground water and the service water used in the operation. Significant water flows are not expected although short term elevated ground water flows may be anticipated as the operation draws down the water table.

The ventilation system has been designed to achieve airflows of up to 180m^3/s based on the maximum mine fleet underground at peak production. The decline will be force-ventilated until the permanent system is commissioned. The long-term system will provide a fresh air intake via the decline and escapeway, with a separate exhaust system. As the deeper section of the decline is located further north than the initial stage a 180m return air drive will connect the two raise systems on the 9,905mRL.

YTC is planning drill holes from underground development to assist with defining deeper development and stopes prior to mining and converting the Indicated resources to Measured resources. These underground holes will be completed from a series of designated underground developments and redundant stockpile areas, all of which will be strategically placed throughout the mine. YTC envisages that the final hole spacing will be 10m horizontal and 20m vertical. BDA considers that underground drilling is a critical part of defining the boundaries of the stopes, maximising recovery and minimising dilution. The cost of the infill drilling is included in the operating costs.

Geotechnical Considerations

Coffey Mining was commissioned to undertake a geotechnical study of the Hera project. The study included geotechnical logging of existing diamond drill core and assessments of the rock mass, stope dimensions, backfill requirements, excavation stability and ground support requirements; the study also included an assessment of the box cut.

Coffey Mining used the rock mass classification to complete an empirical assessment of stope stability and proposed stope and pillar sizes and assessed the rib pillar strike lengths and proposed designs based on a simple stress/strength assessment taking into account the stope widths and lift heights for rib pillars above 9800mRL and below 9800mRL.

On the basis of the design parameters and support regime Coffey Mining considered that multiple open lifts will be stable. Coffey Mining recommended that the stope designs and extraction sequence are modelled using a suitable non-linear, finite element numerical model.

The extraction sequence of top-down, retreating into a central access pillar was considered by Coffey Mining to be achievable in the upper sections of the mine without experiencing serious stress-induced problems. As the mining approaches depths of around 600m, stress induced damage is likely to increase, particularly concentrated in the central pillars, which may result in an increased support demand.

Overall the general findings of the geotechnical assessment were positive in that relatively little variability was seen across the limits of the ore body and the indicated rock mass conditions are generally good to very good. While Coffey Mining recommends further analysis in finalising stope dimensions BDA considers that the assumptions are satisfactory for valuation purposes.

Mine Schedule and Operations

Optiro has prepared the mine schedule with reasonable development rates for the underground based on initially one development jumbo increasing to two jumbos. The current schedule assumes a second jumbo is introduced when multiple development faces are established after the first 12 months. BDA considers that the schedule may be slightly optimistic, as the ramp up in development rates and the initial establishment of operating stopes may be slower than anticipated due to possible unforeseen delays such as localised poor ground conditions. Production drilling and blasting of the stopes are scheduled at appropriate rates.

The backfilling schedule is an integral part of the mine production and the backfilling of the CRF sill pillars is considered to be one of the more critical components of the backfilling operation, but these have been designed in the narrower zones of the orebody. YTC has indicated that should backfilling of these sills be affecting the overall schedule an ore sill pillar can be sacrificed below the open stope in low grade and narrow areas to speed up the filling process.

Planned mine production is 0.33Mtpa made up of both stoping and development ore. The stope production is scheduled at a maximum rate of 750t per day with annual stope production scheduled at 0.35Mtpa after the completion of development in 2017. The stope production will be sourced from four lenses with the fifth lens, Hays North, excluded at this stage as the resources are currently only categorised as Inferred. Initial production will be primarily from the Main Lens North and South with the deeper Far West Lens stopes commencing in the third year of production.

The production schedule has on average around three stopes in production in a given month with a minimum of one to a maximum of four stopes. Given the level of production and the number of stopes available, the operation should have sufficient flexibility to meet the target production.

Overall the schedule has been prepared with all development completed in the first three years of production allowing flexibility in stope production which is sourced from three main lenses as early as the second year of production in 2014.

Optiro has reviewed the mining rate with respect to industry ‘rules of thumb’ such as the rate of vertical advance. At the planned mine production at 350,000tpa rate this is equivalent to around 60m vertical advance per year which is within general industry guidelines. Overall BDA considers the mine production schedule is within the

capabilities of the proposed design and production is considered generally achievable within the projected timeframe.

The proposed underground mining schedule is considered by BDA to be generally reasonable and achievable. The mine contract is based on unit rates and there will be some inbuilt pressure for the contractor to achieve the required scheduled mining rates.

YTC is planning to employ an experienced mine contractor to undertake all underground mining activities apart from geological control of mining, survey control and mine technical services including mine scheduling and planning. This operating strategy is common for this type of mine and BDA considers it appropriate.

Overall BDA considers the mine plan is appropriate and a reasonable basis for valuation of Hera deposit.

Processing

General

YTC proposes to treat Hera ore using a flowsheet which produces a bulk Pb/Zn flotation concentrate after gravity separation of coarse free gold. The bulk rougher flotation concentrate would be leached to maximise gold recovery to doré. Process testwork has been carried out by Metcon Laboratories ("Metcon") and Gekko Systems ("Gecko"), supervised by Leo Consulting Pty Limited ("Leo Consulting"). Vendor testwork has been carried out on thickening and filtration operations.

Gecko has designed and costed a 350,000tpa plant which includes crushing, grinding, gravity separation, leaching, bulk flotation, and dewatering of flotation concentrate.

Ore Mineralogy

No specific process mineralogy testwork was reported in the Hera DFS. The metallurgical testwork carried out by both Triako and YTC has indicated that 60-80% of the gold in the ore is sufficiently coarse to be recoverable by gravity recovery methods at grinds in the range 850-250 microns ("µm"). Most of the remainder of the gold appears to be associated with galena and chalcopyrite. Sequential flotation testwork results indicated that gold recovery from gravity tailing to lead and copper concentrates was around 60% and 30% respectively, indicating that the gold may be primarily associated with the galena but that a significant proportion is associated with chalcopyrite. Concentrates produced in testwork were low in potential penalty elements. YTC's concentrate marketing document shows Hg in the range 1.8-1.92ppm and As in the range 20-600ppm. No other deleterious elements were present in the samples analysed at levels that will generate penalties.

Metallurgical Samples

Testwork carried out by Triako appears has been on material from five drill holes drilled through the Main Lens of the deposit. Composites prepared from this material were stored at Metcon Laboratories in a freezer and were re-used by YTC in its initial testwork. To obtain an additional sample for metallurgical testwork YTC in 2010 drilled a diamond hole (HRD023W1) down dip in the Main Lens, obtaining an intersection 92m long with assays as shown in Table 5.9. A total of 370kg of core was available for testwork.

BDA notes that little testwork appears to have been carried out on samples from the smaller lenses which contribute to the deposit. However, the mineralogy of the various lenses is considered to be reasonably similar to that of the Main Lens and any differences in metallurgical performance are considered more likely to be incremental rather than major.

Table 5.9

YTC's Drill Hole HRD023W1 Sample Grade

Element	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Fe %	S %
Sample Grade	6.91	21	0.11	3.6	3.6	5.2	4.7

Comminution Testwork

Comminution testing was carried out by Metcon and JKTech during the Triako testwork programmes. Rod and ball mill work indices of 13.3 and 21.0kWh/t indicate the material is of average hardness. Relative to JKTech's data-base the material can be classified as relatively soft, being softer than about 70% of the material the laboratory has tested. Metcon determined an abrasion index value of 0.17, indicating that the material is not particularly abrasive.

Metcon carried out unconfined compressive stress ("UCS") testwork on the sample tested in 2010 by YTC. UCS on six samples ranged from 56 to 217MPa, averaging 129MPa. The ball mill work index, determined for a product 80% passing size of 209 microns, was 15.6kWh/t.

Comminution testwork results indicate that the ore is of moderate hardness and abrasivity, typical of many polymetallic ores.

Gravity and Flotation Testwork

Initial testwork carried out in 2010 by Gecko on the drill core stored at Metcon produced similar results to the earlier work by Triako. Gravity recovery of gold was high and total gold recovery via gravity and flotation ranged from 93-98% dependent on the mass recovery to gravity concentrate and the way in which the bulk flotation operation was carried out. Between 71-99% of the gold in the gravity concentrate could be recovered by cyanide leaching, dependent on the sizing of the leach feed and the leaching conditions.

Metcon carried out a similar programme of testwork on the stored drill core, achieving similar results. Ore containing 9.9g/t Au, ground to a p_{80} of 400-500µm produced around 65% Au recovery to a concentrate mass around 1.5% of the feed. An intensive leach on the concentrate dissolved 94% of the contained gold. After regrinding the gravity tailing to a p_{80} of 106µm, around 80% of the contained gold could be dissolved. Initial flotation testwork indicated potential for production of a bulk flotation concentrate was good.

In 2011 Metcon carried out a programme of testwork on the sample generated from drill hole HRD023W1. Initially, a gravity recoverable gold assessment was carried out by stage grinding 20kg of ore to a range of sizes and carrying out a gravity separation in a laboratory-scale Knelson concentrator. Results are shown in Table 5.10 which shows that 64% of the gold in the feed was recoverable to gravity concentrate at a p_{80} of 250µm.

Table 5.10

Gravity Recoverable Gold Assessment

Stream	Mass (g)	% Wt	Au Grade (g/t Au)	Au Rec (%)	Cum Au Rec (%)
Concentrate at 850µm Grind	100.4	0.5	544	37.8	37.8
Concentrate at 250µm Grind	85.5	0.4	458	27.1	64.8
Concentrate at 100µm Grind	291.7	1.5	103	20.8	85.6
Tailings	19,080	97.6	1.09	14.4	
Calculated Feed	19,558	100	7.39	100	

Note: the sample was ground to a p_{80} of 850µm and passed through a laboratory-scale Knelson concentrator, with the process repeated by grinding the tailing to p_{80}s of 250µm and then 100µm

Leaching tests were carried out on samples of a bulk flotation concentrate at a 250µm p_{80} feed size. Results were erratic, with gold dissolutions ranging from 37-84%. Sampling errors at the relatively coarse particle size were identified as a likely cause of the wide range in reported results and an additional test was carried out on a concentrate sample reground to a p_{80} of 38µm. This test produced a gold dissolution of 87%.

Large scale bench testwork was carried out to prepare samples for concentrate filtration and tailings testwork programmes. Table 5.11 summarises the results achieved from these tests. Gold recovery to the gravity concentrate was lower than in the previous work but increased recovery to flotation concentrate compensated. Losses of all metals to flotation tailings were low.

Table 5.11

Gravity Plus Flotation Testwork Results

Stream	%Wt	Grade					Recovery				
		g/t Au	g/t Ag	% Cu	%Pb	%Zn	Au	Ag	Cu	Pb	Zn
Feed	100	8.12	22	0.11	3.53	3.43	100	100	100	100	100
Gravity Concentrate	1.7	338	150	0.136	16.0	4.5	69.9	11.7	2.1	7.6	2.2
Flotation Concentrate	18.2	12.9	100	0.56	17.8	18.3	28.9	84.6	95.6	91.7	97.1
Tailings	80.1	0.12	1	0.003	0.032	0.032	1.2	3.7	2.3	0.7	0.7

A further stage of testwork was carried out to investigate the effect of particle size on gold recovery from the leaching of flotation concentrate. Results on the preparatory gravity and bulk flotation stages were generally similar to those shown in Table 5.11. Concentrate leach grind size was varied from 250-40µm p_{80}. Gold dissolution, relative to the gold contained in the leach feed, increased from 43% to 68-72% as the grind size was reduced; silver dissolution was in the range 37-45% and did not appear to be influenced by the grind size.

This work was repeated, with similar results being produced. Gold dissolution increased from 43% to 86% as the leach feed size p_{80} was reduced from 250 to 37µm; silver dissolution was not influenced by grind size.

A final stage of testwork was carried out which extended the process to production of selective Pb and Zn concentrates and of a bulk Pb-Zn concentrate by cleaning the reground concentrate leach residue after washing to remove cyanide. Selective concentrate production was problematical. Four tests were carried out. The best of these, which included a copper sulphate addition to promote zinc flotation, produced a combined concentrate grade of 55% Pb+Zn at metal recoveries of 90% for lead and 93% for zinc, relative to the feed to the flotation test. Gold recovery was not recorded for the test. Overall lead and zinc recoveries to cleaner concentrate were around 90-91%, without making any allowance for metal recovery from cleaner tailing which would be recirculated to the scavenger section of the first flotation stage.

The results of the 2011 testwork carried out at Metcon by YTC were generally similar to the previous work at Metcon managed by Triako and to the work carried out by Metcon and Gekko on samples which had been retrieved from cold storage. Gravity gold recovery of around 60-70% was also obtained by Triako, consistent with the results of the Metcon testwork. Very high gold dissolutions were obtained when the gravity concentrate was intensively leached with cyanide. The base metals appear to float rapidly with good metal recoveries. Both programmes of testwork succeeded in obtaining good metal recoveries via flotation when flotation feed streams were the residue from cyanide leaching (Triako leached the ore prior to selective rougher flotation stages; YTC leached a bulk rougher flotation concentrate).

The assayed gold head grade of the sample use for YTC's Metcon testwork was 6.91g/t Au. BDA notes this is significantly higher than the average reserve grade. The calculated gold grade for the testwork reviewed above ranged from 4.83-10.1g/t Au and the mass of material tested ranged from 10 to 60kg. The range of the calculated head grade on relatively large samples illustrates the nuggety nature of the gold. BDA recommends that for the valuation a -5% sensitivity be tested on gold, silver, lead and zinc recoveries to reflect the fact that YTC has carried out the process development testwork on a single, relatively high grade intercept, albeit significant, from one of the three main ore lenses. The testwork on development of the bulk flotation flowsheet is considered by BDA to be appropriate. However, confirmatory testwork would normally have been carried out on several additional samples had suitable material been available to test the robustness of the process and the variability of the ore body.

Metallurgical Process Plant Design

Gekko, a company specialising in production of modularised gravity and cyanide leaching equipment, offered to cost the construction of a plant in which a high proportion of the equipment was modularised to maximise factory pre-erection. Gekko estimated the capital cost of this plant, having a capacity of 350ktpa, at approximately A$36M, inclusive of first fill consumables, spares and contingency.

The Gekko plant proposal includes some modules from, or similar to, its Python range of modular processing plants which has been developed to facilitate processing of ore underground. In summary, the Gekko plant design includes:

- A 1000 x 650mm track-mounted mobile jaw crusher unit, feeding a $5m^3$ bin fitted with an overflow facility. The bin discharge is fed to the secondary crushing circuit.
- A 55kW single toggle jaw crusher, used as a secondary crusher, preceded by a 50mm aperture vibrating grizzley screen and operated in closed circuit with a 25mm aperture vibrating screen.

- A 250kW vertical shaft impactor, used as a tertiary crusher, receiving -25mm material from the primary crushing circuit and operating in closed circuit with a 2.36mm slotted aperture wet vibrating screen.
- A coarse gravity circuit comprising a 2.4m diameter in-line pressure jig ("IPJ") and a 0.3m diameter in-line spinner ("ILS") as rougher and open circuit cleaner units respectively.
- A ball milling circuit fed with coarse gravity tailings and comprising a low intensity magnetic separator to remove tramp grinding steel, a batch-style 2500-SB Falcon centrifugal concentrator, two 355µm aperture Derrick screens and a 370kW ball mill. The ball mill will receive the screen oversize and will operate in closed circuit with the magnetic separator, the Falcon concentrator and the screen. A p_{80} product from the ball mill circuit of 250µm would be targeted.
- An intensive cyanidation circuit, comprising a batch reactor and electrowinning cells, in which ILS concentrate and Falcon concentrate from the grinding section will be processed
- A rougher/scavenger flotation circuit in which a bulk Pb/Zn concentrate will be produced from the Derrick screen undersize after thickening. Flotation tailings will be thickened and pumped to the tailings storage facility and the concentrate will be reground in a 140kW ball mill to a p_{80} of 38µm prior to cyanidation.
- A cyanide leaching circuit comprising five 74m^3 agitated tanks which will provide 37 hours residence time for processing the reground rougher flotation concentrate. Leaching section discharge will be filtered and washed to produce a solution fed to a Merrill-Crowe circuit and a solids stream directed to cleaner flotation. BDA notes that testwork results indicate that 20 hours residence time will be sufficient.
- A Merrill-Crowe circuit comprising a polishing filter, a de-aeration tower in which precious metals will be precipitated using zinc dust, and a filter to separate the precipitate from barren solution.
- The Merrill-Crowe precipitate and sludge from the electrowinning cells will be calcined and smelted to produce bullion bars.
- Leached rougher flotation concentrate will be repulped and cleaned in a small flotation section, with concentrate being thickened and filtered and tailings being recirculated to the scavenger flotation cells.
- Barren solution from the Merrill-Crowe circuit will be returned to the concentrate leaching circuit. Excess solution will be detoxified using a copper sulphate/hydrogen peroxide process, with the detoxified product being pumped to the flotation tailings sump for dilution by the tailings prior to pumping to the tailings facility.
- Cleaner flotation concentrate will be filtered and air dried prior to dispatch from site.

The process flow sheet is shown in Figure 5.

Overall, BDA considers that the circuit design is a reasonable compromise so that capital costs can be controlled and key elements of the circuit can be relocated, if required, to the Nymagee project when operations at Hera are completed.

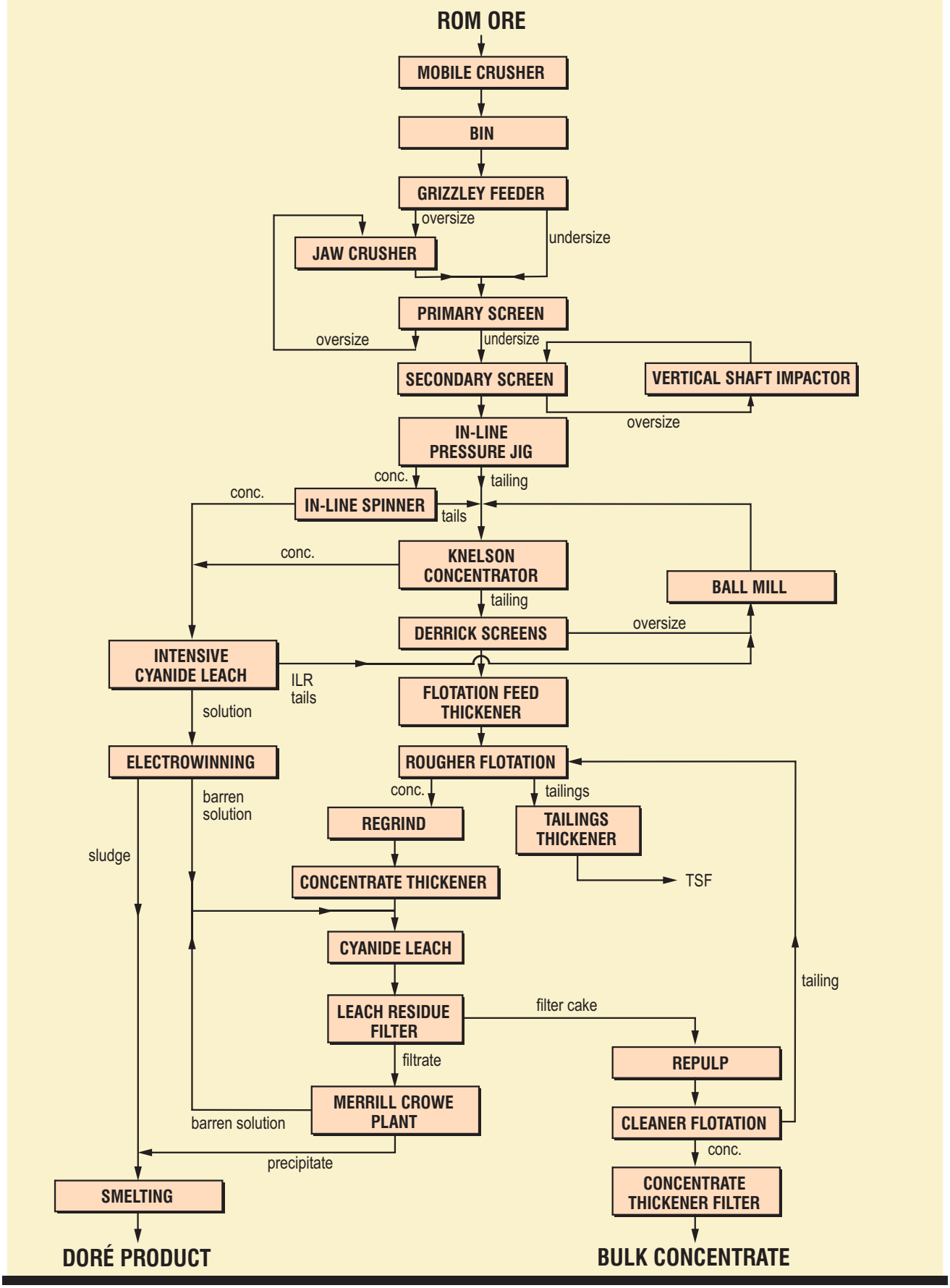
Gekko's preliminary process design criteria and piping and instrumentation drawings have been reviewed and are considered to be generally appropriate.

Gold, Silver, Lead and Zinc Recovery

YTC has used gold and silver recoveries to doré of 94% and 47% respectively in its financial model. A further 4% of gold recovery and 46% of silver recovery is projected to bulk concentrate, but concentrate Au and Ag grades are close to or below payable limits. Revenue from precious metals in the concentrate will be limited and has been set at zero in the financial model. Copper grades in the concentrate are not sufficiently high for payments to be made. Lead and zinc recoveries to bulk flotation concentrate of 92% have been projected at a concentrate grade of 56% Pb+Zn. BDA notes that the testwork carried out by YTC used a sample that contained around 8g/t Au (estimated from calculated head grades from testwork) whereas the average grade of the ore reserve is 3.6g/t Au. Recovery is likely to be higher from higher grade material and the deportment of gold between gravity product and sulphide concentrate may change with head grade.

The nuggety nature of the ore also makes gravity gold recovery variable between tests and therefore difficult to predict. However, the use of the cyanide leaching stage on the bulk concentrate enables most of the gold not recovered by gravity to be scavenged into the doré product. High overall gold recoveries will rely on good gold recovery to the bulk concentrate.

As noted above BDA recommends that a -5% sensitivity be carried out on payable gold, silver, lead and zinc recoveries for valuation purposes.



YTC Resources

Hera Gold Project

Figure 5

HERA PROCESS FLOW SHEET

BDA - 0162-01-Nov. 2012

Behre Dolbear Australia Pty Ltd

Infrastructure

Location and Access

The mine site lies approximately 100km southeast of the regional town of Cobar, an established mining centre located around 700km northwest of Sydney in NSW (Figure 1) and 4km south of the town of Nymagee. Cobar is accessible by road from Sydney via high quality rural highways and by air from Sydney on scheduled commercial flights. Access by road from Cobar to the mine site is via the Kidman Way, Priory Tank Road and Burthong Road. Access roads are sealed two lane rural roads. Consumables and other supplies will be trucked to the site. Gold dore bullion will be transported from the site by armoured car. The bulk concentrate will be transported from the site in containers by truck.

Site Earthworks and Drainage

No significant earthworks or drainage facilities will be required to prepare the site for the major construction works. The site of the process plant and associated infrastructure is generally flat or gently sloping; no major cut or fill operation is required. Drainage is to be designed and constructed to ensure that run-off from the project site is diverted to a site drainage dam.

No geotechnical investigation has been carried out at the site of the process plant or along the route of the access road. Conditions in the general area indicate that ground conditions are unlikely to present any significant technical challenges.

Power Supply

Power to the site is proposed to be provided from an on-site diesel-fired power station with capacity to provide 3.5MW. The power station is to be built, owned and operated by a specialist power supply contractor with YTC to provide diesel fuel.

Water Supply

Total water requirements have been estimated by YTC to be 187MLpa of which around 167MLpa is for the process plant. Water is proposed to be sourced from dewatering activities at the mine site, tailings water decant, stormwater run-off and a borefield located at the project site. The capacity of the borefield to provide the required water supply has been confirmed by hydrological investigations and licences have been granted for up to 250MLpa extraction. Additionally design and costing allow for construction of water harvesting dams with a combined capacity of a further 110MLpa.

A groundwater investigation carried out by the Impax Group Pty Ltd, a drilling and environmental consultancy company based in Dubbo, determined that the four bores proposed for the supply of groundwater have a sufficent capacity.

Fuel Supply

Diesel fuel supply and storage facilities for the power station, light vehicles and non-mining equipment will be provided by YTC's fuel supplier. Separate diesel fuel storage will be provided by the underground mining contractor to supply his mining equipment.

Communications

External communications for voice and data transfer will be through the Telstra network which provides landlines and the Next G mobile phone network to the project area. Allowance has been made in the capital cost estimate for cabling from the local landline network to the site offices and for PABX and internet connections. A site radio system is to be provided for communication with site vehicles.

Workforce Accommodation

The construction and operations workforce is proposed to be accommodated in an 80 person construction style camp to be constructed early in the construction phase and retained through the operations phase at the site. During operations the camp will accommodate 60 full time operations personnel with capacity for 12 short term visitors.

Site Buildings

Site buildings will include technical and administration offices, warehouses, stores, workshops, change-rooms and explosives magazines. Mining facilities will be provided by the mining contractor.

Product Transport

Gold dore bullion will be transported by armoured cars under a contract with a precious goods transport company to a refinery still to be determined; the bulk concentrate will be transported in containers by road to a local rail siding for railing to Newcastle for sea transport to a smelter.

Environment

Statutory Approvals

The former holder of EL6162, Triako Resources Limited, applied for and was granted approval under Part 5 of the New South Wales ("NSW") State Environmental Planning and Assessment Act 1979 ("EP&A Act") for the establishment and operation of an exploration decline and associated activities within the project area to extract a bulk sample of 20,000t. A Review of Environmental Effects entitled "Exploration Decline at the Hera Deposit within Exploration Licence 6162" was prepared to support the application for approval. The proposed activities were approved in 2006. These approved operations and activities have been commenced, which include development of the box-cut and exploration decline, construction of temporary waste rock emplacement and construction of surface water management structures. At this time, all these works have been completed except for the exploration decline which was put on hold until full Project Approval and a Mining Lease are granted.

Further to this earlier Exploration Decline approval, an Environmental Assessment has been prepared by R.W. Corkery & Co. Pty. Limited to support an application for Project Approval by YTC Resources Limited to develop and operate the Hera project. The project comprises an underground mine, a run-of-mine pad, temporary Waste Rock Emplacement, a Processing Plant and associated site offices, a Tailings Storage Facility, a Mine Camp and associated infrastructure for mining and ancillary activities. The application is made possible by virtue of the fact that mining is a permissible land use (with consent) within the (Zone 1(a) General Rural) of the prevailing Cobar Local Environment Plan 2001.

The Hera project is classified as a Major Project in accordance with Paragraph 5 of Schedule 1 of State Environmental Planning Policy (Major Development) 2005, given capital expenditure would be greater than $30M. As such, project approval is required under Part 3A of the Environmental Planning and Assessment Act 1979 ("EP&A Act"). This document has been prepared in satisfaction of that requirement and in accordance with Section 75H of the EP&A Act. The Environmental Assessment also addresses all relevant issues identified within the Director-General's Requirements ("DGRs") from the NSW Department of Planning and Infrastructure dated 23 November 2010, as well as the requirements of relevant government agencies and reasonable public and community expectations.

Project Approval under the EP&A Act Part 3A was granted in August 2012 by the NSW Department of Planning and Infrastructure ("DP&I"). The grant of a Mining Lease which normally follows the Project Approval is pending.

BDA has reviewed the Hera project Environmental Assessment documentation (Table 5.12) and considers that YTC has adequately fulfilled all necessary environmental and social assessment requirements of the Project Approval process required under Part 3A of the NSW *Environmental Planning and Assessment Act* 1979, including the Director-General's Requirements (DGRs).

Table 5.12

Summary of Tenements and Key Project Statutory Approvals Status

Approval/Licence/Permit	Statutory Authority	Status
Review of Environmental Factors		
Part 5 - Environmental Planning and Assessment Act 1979	NSW Department of Primary Industries	Approved 2006. Approval enables exploration decline and other works to commence
Project Approval ("PA")		
	NSW Department of Planning	Approved 1 August 2012
Part 3A - Environmental Planning and Assessment Act 1979		
Environment Protection Licence	NSW Office of Environment and Heritage	Pending
Mine Operations Plan ("MOP")	NSW Department of Primary Industries	Pending
Water Access Licences	NSW Office of Water	Granted
Dam Safety Approval for Tailings Storage Facility	NSW Dam Safety Committee	Pending
Explosives Storage and Use Licence	WorkCover Authority NSW	Pending
Shire Council Section 138 Permit or deed to construct road intersection to project site	Cobar Shire Council	Granted
Tenements		
Exploration Licence EL 6162	NSW Mineral Resources and Energy	Granted 23/11/2003, expiry 25/11/2011, renewal application lodged, renewal pending
Mining Lease MLA 417	NSW Mineral Resources and Energy	Pending

Land Access

The Hera project site is located wholly within 'The Peak' property (Lot 664, DP 761702). 'The Peak' property is held by YTC under Western Lands Lease No. WLL2455, granted under the Western Lands Act 1901 which is managed by the Crown Lands Division of the NSW Department of Primary Industries.

WLL2455 comprises approximately 2,128ha of land and is bounded by Burthong Road to the west and the Nymagee-Condobolin Road to the east. Access to the project is from Burthong Road.

The eastern section of WLL2455 is the subject of a Travelling Stock Reserve. YTC intends to make an application to the Crown Lands Division of the NSW Department of Primary Industries to cancel a section of that reserve to enable implementation of the Preferred Biodiversity Offset Strategy. Crown Lands Division has indicated that it will consider that application once the Environmental Impact Assessment has been reviewed.

Environmental Assessment ("EA")

The environmental assessment identified four principal vegetation communities and four sub-communities. No endangered ecological communities or populations were recorded or are predicted to occur within the project area. Eleven bird species and two bat species listed as threatened under the NSW Threatened Species Conservation Act 1995 ("TSC Act") were recorded. One threatened species, the Superb Parrot (Polytelis swainsonii), listed under the Environment Protection and Biodiversity Conservation Act 1999 ("EPBC Act"), as well as under the TSC Act, was recorded within the project area. One population of an EPBC Act-listed flora species, the Lobed Blue-grass (Bothriocloa Biloba) was recorded within the project area.

Environmental safeguards are planned to be implemented during the site establishment, operational and rehabilitation phases of the project so that any adverse impact on habitat within the site would be minimised to the greatest extent practicable.

In summary, specialist studies have been undertaken for each environmental issue identified to determine the existing environment, the potential impacts of the project and the environmental safeguards that would be adopted by YTC to mitigate any adverse project-related impacts. An assessment of the overall impact, following incorporation of the environmental safeguards, on each identified environmental issue was determined and is documented in the EA. The Environmental Assessment as documented has established that the project would satisfy ecologically sustainable development principles, operate with negligible risks to the local environment,

minimised through incorporation of feasible and reasonable environmental measures into the project design, and result in a minimal and manageable adverse impact on the biophysical environment.

Notwithstanding the minimal impact, YTC has committed to establishing a Biodiversity Offset Strategy to compensate for the loss of habitat within the project area due to clearing of approximately 68ha of native vegetation. That planned strategy would involve assessment and protection in perpetuity of approximately 200ha of land within "The Peak" property outside of the project site boundary. The biodiversity offset area is planned to be managed through a Biodiversity Management Plan and a Property Vegetation Plan prepared under the Native Vegetation Act 2003 such that the project would achieve a "no net loss" biodiversity outcome.

Surface Water Management

Three ephemeral drainage lines flow through the project area. These drainage lines all typically flow to the northwest and form part of the Box Creek Catchment. Two surface water dams, Back Tank East and the expanded Pete's Tank are to be constructed on second-order streams. The surface water assessment undertaken for the project determined that the construction of Back Tank East and the expansion of the existing Pete's Tank dam would not impact significantly on downstream flow rates or frequency of flows.

Modelling undertaken to determine the supply confidence for these dams indicates that they would not be able to meet the operational water demands of the project at all times. Consequently, the project will rely on groundwater to make up the water short-fall when the dams are dry.

The proposed design and management of the Tailings Storage Facility would ensure that seepage of leachate through the walls or floor of the structure is minimised to the greatest extent practicable and interaction with natural groundwater or surface water is managed.

Water management structures comprising sediment dams, settling ponds, and clean and dirty water diversion bunds would be constructed within all disturbed sections of the project area to ensure that potentially sediment- or chemical-laden waters do not leave the project area and degrade the water quality of the receiving waters in the Box Creek catchment.

A Surface Water, Sediment and Erosion Control Plan is planned to be prepared prior to any land disturbing activities.

Predicted Groundwater Impacts

Groundwater is expected to flow into the decline during development from a depth of approximately 60m below ground level. The modelled rate of this inflow would increase from nil at 60m to 4.6L/s at 200m depth. However, the actual rate of groundwater inflow is likely to be significantly less than modelled once the groundwater drawdown reaches a low- or zero-recharge boundary.

Groundwater modelling indicates that inflows to the completed mine would be between 12L/s and 93L/s and that the theoretical extent of groundwater drawdown would be between 5,900m and 15,800m from the centre of the proposed underground mine. However, it is likely that a low- or zero-recharge boundary would be reached within 1,000m of the proposed underground mine, resulting in the actual groundwater impacts being significantly less than those modelled. In that case, groundwater inflows are likely to be similar to the estimated groundwater recharge rate. Assuming that a low- or zero-recharge boundary occurs within 1,000m of the proposed underground mine, the estimated rate groundwater inflow would be approximately 0.4L/s. Following the completion of mining operations, groundwater levels are expected to recover to pre-mining levels gradually over a period of between 20 and 100 years.

The project is not expected to adversely impact on groundwater quality or groundwater dependent ecosystems within or surrounding the project area. Following project approval, and prior to works commencing, YTC plans to implement a Groundwater Monitoring and Response Plan for the monitoring of standing water levels and water quality in bores and undertake appropriate response actions in the event that the baseline groundwater quality trigger levels are exceeded.

Project Water Requirements

The water requirements for the project are approximately 187ML/year. Water is to be sourced entirely from groundwater sourced from underground mine dewatering operations, stormwater run-off from disturbed sections of the project area and stored within surface water management structures, stormwater run-off stored in the expanded Pete's Tank (20ML) and Back Tank East (90ML) dams and groundwater sourced from existing production bores within the project area.

Air Quality

The air quality assessment concluded that the potential impact on air quality at surrounding residences will not exceed the recommended air quality goals. Specifically, the air quality modelling determined the following for the four nearest non-project related residences:

- the incremental and cumulative monthly dust deposition rates are predicted not to exceed the NSW Office of Environment & Heritage ("OEH") criteria of $2g/m^2$/month and $4g/m^2$/month respectively, at all receivers
- the maximum incremental predicted concentration of total suspended particulates attributable to the project at any residential receiver would be $0.9\mu g/m^3$ while the cumulative concentration would be approximately $46\mu g/m^3$, both well below the National Health & Medical Research Council ("NHMRC") goal of $90\mu g/m^3$
- the annual average predicted particulate matter of size 10µm and smaller ("PM_{10}")concentration of $19\mu g/m^3$ would be less than the site specific goal of $30\mu g/m^3$
- the highest predicted maximum 24-hour average PM_{10} concentration generated by the project alone is predicted to be $6.8\mu g/m^3$, and therefore on all but extreme condition days, e.g. when bushfires or dust storms are occurring, cumulative emissions would comply with the $50\mu g/m^3$ criterion.

Noise and Blasting

Noise modelling for site establishment and operational noise scenarios demonstrate the predicted noise levels would be below the relevant criteria at the four nearest residences.

The traffic noise assessment concluded that road traffic noise levels would be less than the relevant criteria at all residences along the proposed project transportation route.

The blasting assessment concluded that blasting operations would result in air overpressure and peak ground vibration levels less than the relevant criteria at all surrounding residences.

YTC plans to implement a Noise Management Plan prior to the commencement of mining activities. This plan would incorporate the specific details of all noise controls to be implemented, and would provide measures to address noise criteria exceedances and/or complaints should they occur.

Waste Management

YTC plans to incorporate appropriate procedures for the management of production and non-production waste generated by project operations, including waste rock and acid leachate generation, tailings from the processing plant, hydrocarbons, chemicals and reagents and general solid waste and recyclable materials.

Waste Rock Management

Waste rock is planned to be transported to the surface for use in the construction of surface infrastructure, or placed within the temporary waste rock dumps or retained underground for stope backfilling operations. Approximately $280{,}000m^3$ of waste rock would be generated throughout the life of the project, of which approximately $100{,}000m^3$ would be used for stope back-filling while the remainder would be used for site establishment activities, principally the construction of site access roads and the Tailings Storage Facility. Test work undertaken on the waste rock material indicates that approximately 30% of the waste rock may be potentially acid forming. Consequently, the temporary waste rock emplacement would include a potentially acid forming management area and all potentially acidic leachate, should it occur, would be collected and used within the processing plant. It is planned that any potentially acid forming waste rock material would be transported back underground as a priority.

Tailings Storage Facility

The Tailings Storage Facility is being designed to hold approximately 1.69 million cubic metres of tailings and would be sufficient to contain all tailings produced by the project. The TSF is designed to prevent seepage of leachate and would include structures to collect and detect leachate in shallow groundwater.

The TSF site selection and design have been undertaken by Coffey Geosciences, a well respected consulting firm which specialises in TSF design work. The design of the TSF has considered the NSW Dams Safety Committee's guidelines for tailings dams and the relevant requirements of the Australian National Committee on Large Dams ("ANCOLD") guidelines. Coffey Geosciences has carried out a geotechnical investigation of the proposed TSF site and results of the geotechnical field work have been used in the design of the TSF.

The thickened TSF design concept was adopted for the DFS study and the design provides better water management and return to the process plant, reduced potential for seepage and better closure outcomes, and reduction in operating costs.

The TSF is designed based on tailings deposition of 60% solids. The TSF is to be formed by the construction of a perimeter confining embankment, which is constructed in stages. Tailings deposition is from a single point discharge located in the upslope area of the facility. Tailings would beach to a decant area located in the down slope area of the site.

Thickened TSF to be formed by the construction of a perimeter confining embankment. The embankment will be constructed in stages utilising centreline construction techniques. The perimeter embankments will comprise a homogenous embankment profile, constructed utilising clayey materials borrowed within the facility.

Planned stage design storage volumes are: Stage 1 – 473,000m^3 (2 years), Stage 2 – 584,000m^3 (2.5 years), Stage 3 - 635,000m^3 (2.7 years), totalling 1,692,000m^3 (7.2 years).

It is estimated that 61,000m^3 of fill material will be required to be stockpiled for Stage 3 construction.

The water decant system will incorporate a pump deployed in a decant tower structure. The estimated average annual water return for the facility based on preliminary analysis is 31% of slurry water inflow. The water balance analyses have been based on the Stage 3 footprint. Due to the high evaporation rate from November-March, little recovery is expected. The reduced evaporation rate through the winter months results in a larger volume of water available for recovery.

Seepage analyses have been undertaken for the proposed TSF to examine the potential seepage flow through and beneath the perimeter embankment. Results indicate that under normal operating conditions, seepage from the TSF is expected to be minimal as the tailings are thickened and a relatively small decant pond is expected on the TSF.

Stability analyses were undertaken for the TSF embankment design at the highest section of the southern embankment. The design earthquake load was selected as horizontal peak ground acceleration ("PGA") of 0.05g. The stability analyses indicate that all cases examined have adequate factors of safety when compared with the recommended minimum factors of safety in ANCOLD (1999). The analyses confirm that the perimeter embankment design geometry is adequate.

A Conceptual TSF Closure Plan is documented in the DFS. The cost estimate for closure is A$1.66M.

Cyanide Detoxification

Cyanide residue in the excess barren solution is to be detoxified in a small (200L) mixing tank, where hydrogen peroxide and copper sulphate are added to the residue cyanide solution. The tank provides 120 minutes residence in 28m^3 of volume, to complete the reaction to achieve below 10mg/L weak acid dissociable cyanide ("CN_{WAD}"). The detoxified solution is then pumped to the float tails sump, where any residual trace cyanide is further diluted, prior to being pumped to the TSF for storage. Residue cyanide concentrations in the TSF, as weak acid dissociable cyanide species, are expected to be at very low concentration as the tailings is reduced to <10mg/L CN_{WAD} prior to discharge to the TSF; consequently no adverse cyanide-related impacts on biodiversity or groundwater resource are expected to occur.

Rehabilitation and Decommissioning

YTC plans to adopt a progressive approach to the rehabilitation of disturbed areas within the project area to ensure that, where practicable, areas where mining-related activities are completed are quickly shaped and revegetated to provide a stable final landform. The progressive formation of the post-mining landform and the establishment of a vegetative cover would also minimise the potential project-related visual amenity and air quality impacts.

The on-site surface water storage dams and site access roads would indicatively remain following completion of the project. Rehabilitation operations would be undertaken in accordance with the Mining Operations Plan, including a detailed rehabilitation plan, to be prepared for the project upon receipt of regulatory Project Approval which includes consent conditions requiring specific environmental management plans, including a Mine Rehabilitation Plan. Such environmental management plans are periodically updated along with the Mining Operations Plan when aspects of the operations may change or expand.

Aboriginal and Historical Heritage

No sites or objects of Aboriginal or historic heritage significance were identified during surveys undertaken within the project area. The heritage assessment concluded that there was, and remains, a low potential for the existence of any undetected Aboriginal sites or objects within the project area. YTC plans to undertake further site inspections of those areas of the Mine Camp and the Tailings Storage Facility that have not been surveyed prior to ground disturbing operations to confirm the earlier assessment that there are no objects or sites of Aboriginal heritage significance within those areas.

YTC has conducted a search of the National Native Title Tribunal website records (last updated February 2011) which revealed that there are currently no native title claims over the project site.

Social Issues

YTC recognises that, while the impacts of the environmental issues noted above may be negligible to minor, the cumulative effect of the project may have some adverse effect on the amenity of the local environment reflected in a reduction in the socio-economic setting. The cumulative effect perceived by Nymagee community could be greater than it would be because of the negative publicity commonly associated with mining projects in general.

However, an assessment of the potential socio-economic impacts (both adverse and beneficial) undertaken as part of EA studies demonstrates the beneficial impacts of the project outweigh its minor adverse cumulative effect. These potential benefits include direct employment opportunities for approximately 100 full-time equivalent positions during the site establishment and operational phases, the provision of new employment that would provide an impetus to other local businesses, a contribution of A$15M per year to the local and regional economy through wages and purchases of local goods and services, further diversification of industry development within the local government area leading to increased training and employment opportunities for the residents, including in Nymagee and the direct support of local community services and projects.

Contributions to the economies of NSW and Australia would include approximately A$25Mpa to the State and national economy through purchases of goods and services within NSW and Australia, and approximately A$3Mpa to the local, State and national governments through the payment of rates, taxes and royalties.

YTC plans to manage the project in a manner that complies with the nominated environmental criteria and meets reasonable community expectations. A comprehensive monitoring programme is to be established for the project to demonstrate compliance with environmental criteria. Consultations with the surrounding community would continue to address any concerns as they arise. YTC plans to maintain a Complaints Register to record complaints received and actions taken to address any complaints.

Employment Opportunity

As noted above YTC estimates that the project would provide approximately 100 full-time equivalent positions during the site establishment phase and up to 100 full-time equivalent positions during the operational phase. This would be divided almost equally between employees of YTC and the mining contractor.

BDA has reviewed the Hera Project Environmental Assessment documentation and considers that YTC has adequately fulfilled all necessary environmental and social assessment requirements of the Project Approval process required under Part 3A of the NSW Environmental Planning and Assessment Act 1979, including the Director-General's Requirements (DGRs). Project Approval under the EP&A Act Part 3A was granted in August 2012 by the NSW Department of Planning and Infrastructure. The grant of a Mining Lease which normally follows the Project Approval is pending.

Residue cyanide concentrations in the TSF, as weak acid dissociable cyanide species, are expected to be at very low concentration as the tailings is reduced (i.e. detoxified) to <10mg/L CN_{WAD} prior to it being discharged to the TSF. Consequently no adverse cyanide-related impacts on biodiversity or groundwater resource are expected to occur if cyanide use and tailings storage is managed appropriately.

Production Schedule

The Hera financial model used in the project valuation includes a mine schedule extending over approximately five and a half years. Over the period, 1.88Mt of ore averaging 3.6g/t Au, 15g/t Ag, 2.5% Pb, 3.5% Zn and 0.16% Cu and 1.4% Pb are mined and processed. The plant processes ore at a rate of 0.33Mtpa after a three month ramp-up period. Average payable metal production levels over the life of mine are projected at around 37,000ozs per annum of Au, 76,000ozs per annum of Ag, 6,500tpa of Pb, and 8,500tpa of Zn. Average copper production is relatively low at less than 500tpa. The production schedule for mine and plant operations is summarised in Table 5.13.

Table 5.13

Hera Production Schedule

Item	Unit	2014	2015	2016	2017	2018	2019	2020	Total
Ore Mined	kt	136	330	327	326	348	351	57	1,876
Ore Milled	kt	114	333	333	333	333	333	97	1,876
Ore Grade	% Pb	2.56	2.53	2.51	2.46	2.41	2.61	2.62	2.52
	% Zn	3.68	3.55	3.32	3.24	3.24	4.00	3.45	3.48
	% Cu	0.12	0.12	0.16	0.17	0.19	0.19	0.19	0.16
	g/t Au	2.60	2.51	3.60	3.31	3.36	4.83	6.14	3.60
	g/t Ag	14.6	13.1	14.7	15.7	14.8	16.9	15.9	15.1
Doré Production	koz Au	9.0	25.2	36.3	33.3	33.8	48.6	18.1	204.3
	koz Ag	25.2	65.7	73.9	78.9	74.6	85.2	23.4	426.9
Au Recovery to Doré	%	94.0	94.0	94.0	94.0	94.0	94.0	94.0	94.0
Ag Recovery to Doré	%	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0
Concentrate Production	kt	11.5	32.7	31.3	30.6	30.4	35.5	9.5	182
Concentrate Assay	% Pb	23.1	23.5	24.3	24.3	24.0	22.3	24.3	23.6
	% Zn	32.9	32.5	31.7	31.7	32.0	33.7	31.7	32.4
	% Cu	1.1	1.1	1.5	1.6	1.9	1.6	1.8	1.5
	g/t Au	1.0	1.0	1.5	1.4	1.5	1.8	2.5	1.5
	g/t Ag	66.6	61.2	71.8	78.3	74.7	73.0	74.7	71.5
Metal Production in Conc	t Pb	2,659	7,672	7,602	7,462	7,311	7,917	2,324	42,947
	t Zn	3,779	10,639	9,938	9,700	9,720	11,980	3,022	58,778
	t Cu	124	345	467	500	567	568	169	2,738
	koz Au	0.38	1.07	1.54	1.42	1.44	2.07	0.77	8.69
	koz Ag	24.6	64.3	72.3	77.2	73.0	83.4	22.9	417.8
Pb Recovery to Concentrate	%	91.0	91.0	91.0	91.0	91.0	91.0	91.0	91.0
Zn Recovery to Concentrate	%	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Cu Recovery to Concentrate	%	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Au Recovery to Concentrate	%	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Ag Recovery to Concentrate	%	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0
Payable Metal	t Pb	1,247	6,210	6,935	7,276	6,432	6,824	2,574	37,497
	t Zn	1,577	7,736	7,401	8,126	7,519	8,910	2,977	44,246
	koz Au	9.0	25.2	36.3	33.3	33.8	48.6	18.1	204.3
	koz Ag	25.2	65.7	73.9	78.9	74.6	85.2	23.4	426.9

Note: kt = thousand tonnes; koz = thousand ounces

Underground production is planned at a rate of approximately 350,000tpa. Ore production will come from the initial strike drive development in the orebody (15%) and stoping (85%). The mine extraction sequence has the mine decline and accesses along with the stope development completed within the first three years of production. Generally the mine sequence is from the top down but due to the extraction of pillars within the higher grade areas of the mine there is a requirement to mine from the bottom up for those stopes filled with cemented rock fill. A total of 29 of 124 stopes are planned to be filled with CRF. The production from stoping operations is planned to commence in August 2013, ramping up to full production by October 2013.

Optiro has prepared detailed activity schedules; the various activity rates used for the schedule are considered reasonable but the efficiency of the overall operation may see some reduction of productivity. The mine contract is based on unit rates and there will be some inbuilt pressure for the contractor to achieve the required rates. The surface stockpile for feed to the plant is planned to be around three weeks for most of the operational period.

YTC plans to develop the decline to the bottom of the mine on a continuous basis rather than to advance it as production requirements demand. This strategy provides a level of mitigation against interruptions to production since it provides some flexibility should a disruption occur in the planned mining area. BDA considers the mine production schedule to be appropriate for valuation purposes.

Concentrate production is predicted to be reasonably steady at 31-35ktpa, with a metal content averaging 56% Pb+Zn. The gold and silver grades of the concentrate are projected to be in the ranges 0.9-2.3g/t Au and 60-75g/t Ag.

Gold and silver recoveries to doré are projected to be 94% and 47% respectively. Base metal recoveries and concentrate grades generally reflect the recoveries achieved in the bulk flotation testwork. However, as noted previously, BDA recommends that a sensitivity of -5% be tested on gold, silver, lead and zinc recovery, reflecting the uncertainty in metal recovery due to the use of a single, albeit significant, intersection for the majority of the testwork and the relatively small volume of flotation testwork which was carried out. Revenue from the gold and silver content of the bulk concentrate will be minimal at the envisaged deductions of 2g/t Au and 90g/t Ag from the contained grades of Au and Ag and no revenue from these two sources has been included in the financial model.

BDA also recommends that for valuation purposes an increase of 10% in throughput be considered to test the possible upside sensitivity.

A three month ramp-up to design plant throughput has been provided for in the financial model and is considered to be adequate for valuation purposes. Metal recoveries and concentrate grades have been assumed to be achieved from commencement of plant operation.

Capital Costs

The estimate of initial capital costs shown in the financial model totals A$101.1M for the life of the mine and A$85.3M for the construction period ending at the end of 2013, with a cost base of Q2 2011. A summary of the estimate allocated to the construction period and as sustaining capital, as shown in the financial model, is set out in Table 5.14. Construction capital incorporates expenditure to July 2014, when plant operations commence. Sustaining capital is based on expenditure post-July 2014.

Table 5.14

Capital Cost Estimate Summary

Item	Construction Capital A$M	Sustaining Capital A$M	Life of Mine Capital A$M
Mining			
Surface Infrastructure	2.73		2.73
Mining Infrastructure	2.63	2.44	5.07
Contractor mobilisation/demobilisation	1.33	0.13	1.33
Development	21.82	14.06	35.88
Material Movement	0.71	1.42	2.13
Ground Support	2.58	1.91	4.49
Vertical Development	4.17	1.76	5.93
Mining Subtotal	*35.83*	*21.73*	*57.56*
Process Plant and Infrastructure			
Plant	37.40	0.04	37.44
TSF	1.64	2.17	3.81
Sundry Mill	0.29	0.96	1.26
Mobile Equipment	1.10	-	1.10
Process Plant and Infrastructure Subtotal	*40.43*	*3.14*	*43.57*
Total	**76.26**	**24.87**	**101.13**

BDA makes the following general comments in relation to the capital estimate:

- sustaining capital is categorised as operating costs in the financial model
- the estimate of initial capital costs does not include any allowance for escalation during the construction period; however, the construction period is (potentially) about to start, and is relatively short; it would be expected that escalation would be taken into account in the financial modelling
- the estimate of initial costs includes only a nominal contingency provision; it is industry standard practice to include contingency allowances of between 10% and 15% in all feasibility study estimates
- On the basis that the Gekko EPC Contract is finalised at the price advised by YTC, BDA considers that the capital estimate can be categorised as a feasibility-standard estimate, after the contingency allowance is adjusted as discussed below, with a probable accuracy of around ±15%.

The estimate of mine capital is, in general, based on tender prices from Pybar, the likely underground mining contractor.

In BDA's opinion the methodology for estimating the mining capital costs is reasonable and incorporates the major development requirements in establishing the mine. The unit rates are taken directly from the rates supplied by Pybar and do not incorporate any contingency other than a small dayworks allowance of labour and equipment. Any increase in dayworks above the allowance would normally be covered by the contingency.

The estimates for the costs of the process plant facilities are taken from the contract sum for the lump sum EPC Contract for the process plant and associated works being negotiated by YTC with Gekko Systems Pty Ltd.

The contract sum for the proposed EPC Contract with Gekko is stated by Gekko to include a 10% contingency.

The TSF costs include the costs of the tailings dam earthworks and decant tower. It is planned that the tailings dam earthworks be carried out as part of the site preparation works contract to be let to an earthworks contractor.

The estimates for the direct costs of the tailings dam earthworks were prepared by YTC on the basis of responses to a tender request issued to earthworks contractors. The tender documents are based on tailings dam designs and material take offs prepared by Coffey Geosciences.

The estimates for the infrastructure facilities costs have been prepared by YTC based on budget and tendered prices obtained from specialist consultants, suppliers and contractors.

The costs of the construction camp, administration offices furniture, mine rescue equipment, a site ambulance and computer hardware and software have been included in the estimate.

In BDA's review of the capital estimate BDA recommends for valuation purposes the sensitivity of the capital costs for the Hera project be tested with a sensitivity range of 0% to +10%.

Operating Costs

The estimated operating costs for the Hera gold project are set out in Table 5.15 based on the financial model prepared by YTC.

Table 5.15

Operating Costs – Hera Gold Project

Item	Unit	2014	2015	2016	2017	2018	2019	2020	Total
Physicals									
Ore Mined	kt	136	330	327	326	348	351	57	1876
Ore Milled	kt	114	333	333	333	333	333	97	1876
Payable Gold in Dore	koz Au	9.0	25.2	36.3	33.3	33.8	48.6	18.1	204.3
Costs									
Mining	A$M	15.6	25.1	28.1	22.1	19.4	17.3	2.6	130.2
Processing	A$M	3.7	11.3	11.3	11.3	11.3	11.3	3.7	63.9
G&A	A$M	0.6	3.6	3.6	3.5	3.4	3.4	2.5	20.7
Realisation	A$M	2.2	11.0	11.3	12.1	11.0	12.4	4.4	64.3
Royalties	A$M	0.9	2.5	3.3	2.6	2.3	3.6	1.3	16.4
By-Product Credits	A$M	7.0	33.1	35.1	35.5	31.0	34.3	11.9	188.0
Cash Operating Cost	A$M	16.0	20.4	22.5	16.0	16.3	13.7	2.5	107.5
Unit Costs: By-product credit basis									
Mining	A$/t mined	114.5	76.2	85.9	67.7	55.6	49.2	45.8	69.4
Processing	A$/t milled	32.0	33.9	34.0	34.0	34.0	34.1	37.7	34.1
Cash Cost	A$/t milled	140	61	68	48	49	41	26	57
	A$/oz payable Au	1107	807	621	481	482	282	140	526
Unit Costs: AuEq basis									
Cash Operating Cost*	A$M	23.0	53.5	57.6	51.5	47.4	48.0	14.5	295.5
Au equiv Production	kozs Au_{equiv}	13.8	48.1	60.5	57.8	55.2	72.2	26.3	333.9
Cash Cost	A$/oz Au_{equiv}	1669	1113	953	891	857	665	550	885

*Note: By-product credits and gold equivalents are based on metal prices of US$2,190/t Pb, US$1,945/t Zn, US$1,750/oz Au and US$33/oz Ag, an exchange rate of US$1 = A$1; no revenue from copper; royalties payable are 4% of net value to NSW government and 5% of gravity gold revenue to CBH; Cash Operating Cost * excludes the by-product credits*

The overall mining unit cost is A$69.4/t of ore mined with unit costs higher in the first few years of operations when mine development is required with unit costs subsequently reducing after the development is completed at the beginning of 2016. The mine operating cost estimates for the project were developed by Optiro. The quantities used in the cost estimate are based on the detailed mine activity schedule. The unit rates are taken from the tender price submission for a schedule of rates contract by a mine contractor. The power costs are assumed to be provided by an on-site diesel-fired power station owned and operated by a specialist power supply contractor. The other mining costs such as grade control and YTC technical staff were estimated by YTC and make up less than 7% of the mine operating costs. BDA considers the mine costs are reasonable and suitable for use in the valuation.

Process operating costs are projected to average A$34.1/t milled over the LOM, being constant at A$34/t in the years in which full production is projected. Processing costs have been estimated by conventional means. Labour costs are based on application of salary and wage rates to a manning schedule. Power consumption is based on an estimate of average power draw and a cost of A$0.33/kWh for power produced on site using diesel generating sets.

Reagents and consumables consumptions are consistent with testwork data or are estimates from similar operations; prices were sourced from vendors. Maintenance supply costs are based on assessments of the cost of materials for individual items of equipment. Major components of the process operating costs are projected to be labour (33%), power (31%), reagents (1%) and maintenance (11%). BDA considers that the process operating cost estimate covers all required elements and is a reasonable estimate, likely to be accurate to ±15%.

General and administration ("G&A") costs have been set at A$3.2-3.4Mpa. These costs include corporate overheads, salaries and allowances for expenditure on Occupational Health and Safety ("OH&S"), training, light vehicle maintenance, freight, legal costs, recruitment, environmental costs and mines rescue. Major components of the G&A costs are the corporate overhead of A$85,000/month, camp costs of around A$95,000/month and salaries of A$67,000/month. No allowance appears to have been made for the cost of insurance. BDA considers that the estimates are generally reasonable for a site with no fly in/fly out requirement.

Royalties are based on a state royalty of 4% of net value and a royalty payable to CBH of 5% of the revenue from gravity gold.

Realisation costs include the cost of transport of bulk concentrate from site to on board ship at Newcastle of A$88/wet tonne, ocean freight charges of US$35/wet tonne, a bulk concentrate treatment charge of US$230/t and refining charges of US$0.30/oz Ag and US$1.50/oz Au.

5.2 Nymagee Copper Project

Introduction

The Nymagee copper project consists of the Nymagee Joint Venture tenements in which YTC has a 95% interest; the project is located immediately north of YTC's 100% owned Hera polymetallic project (Figures 1 and 2).

Although the Hera and Nymagee projects are described separately in this report due to the differing YTC equity position, differing stages of exploration and development and differing metal components, YTC has adopted an integrated exploration approach to the investigation of the Hera and Nymagee tenements.

The proximity and style of mineralisation at Nymagee provides some potential synergies with Hera. YTC is considering the development of a mining operation at Nymagee which will utilise Hera infrastructure and processing facilities with ore hauled the short distance to Hera. Lead-zinc ore from the mine could be processed through the planned Hera plant while copper ore would require additional plant components.

Location, Tenure, Ownership and Expenditure

The Nymagee project is located in the immediate vicinity of the township of Nymagee, approximately 10km north of the Hera polymetallic project described in Section 5.1 (Figure 2).

The Nymagee project consists of seven contiguous mining tenements as shown in Table 5.16 below.

Table 5.16

Nymagee Base Metal Project Tenements

Tenement	Area (km^2)	Expiry Date	Annual Expenditure Commitment (A$)
EL 4232	14.5	16/03/2013	17,000
EL 4458	11.6	16/03/2013	14,000
ML 53	0.049	31/12/2013	17,500
ML 90	0.339	31/12/2013	35,000
ML 5295	0.003	31/12/2013	
ML 5828	0.015	31/12/2013	52,500[1]
PLL 847	0.123	31/12/2013	
Total Project Area[2]	**26.629**		**136,000**

Notes:

1. *Expenditure commitment shared across MLs 5295,5828 and PLL 847*
2. *The MLs and PLL are internal to the ELs*
3. *EL = Exploration Licence, ML = Mining Lease, PPL = Private Land Lease;*

The current Nymagee base metal resource and most of YTC's drilling to date is confined to the PLL and MLs.

The project tenements were originally acquired by Triako from Pasminco and at that time the tenements were subject to a joint venture agreement between Allegiance Mining Operations ("Allegiance") and Ausmindex NL ("Ausmindex"). Allegiance was taken over by the Minmentals Group ("MMG") and the latter company sold its interest to YTC. YTC currently hold a 95% interest in the Nymagee project with the remaining 5% held by Ausmindex.

Exploration expenditures to date on the Nymagee project tenements are shown in Table 5.17. YTC's expenditure totals approximately A$11.5M. The historical expenditure by Pasminco and Triako has been provided by YTC. Pasminco expenditure on the PLL, MLs and EL4458 is reported as single number; BDA has allocated 50% of the expenditure to EL 4458 and 50% to the MLs and PLL areas.

Table 5.17

Summary of Expenditure on the Nymagee Project

Year/Company	Tenement Exploration Expenditure (A$,000)	
	PLL 847 and MLs	ELs 4232 and 4458
2001-2002/Pasminco	20	16
2002-2003/Pasminco	44	67
2003-2004/Triako	4	14
2004-2005/Triako	27	16
2005-2006/Triako	108	156
2006-2007/Triako	126	294
2007-2008/Triako	7	14
2008-2009/Triako	111	25
2009-2010/YTC	11	0
2010-2011/YTC	2,662	880
2011-2012	3,484	3,101
2012- present/YTC	188	1,143
Total	**6,792**	**5,726**

History

The Nymagee underground copper mine operated between 1880 and 1917 with a recorded production of 422,000t at 5.8% Cu; the cut-off grade was reported to have been 5% Cu. The Nymagee Main Shaft, extending to a depth of approximately 250m from surface, and 8 x 100 foot levels were developed and ore was directly fed to a timber-fired brick furnace to produce a crude copper matte.

The project area has been subjected to prior exploration by numerous companies since the late 1960s. The most significant work, prior to Triako, was undertaken by Pasminco who discovered the Hera Deposit, the Hebe prospect and also undertook significant exploration in the Nymagee Mine area as part of its joint venture obligations.

In the Nymagee Mine Joint Venture area Triako drilled a number of core and RC holes to test for extensions to the Nymagee Mine. Sulphides were intersected in a number of holes with the best intersection being 9.8m at 0.06g/t Au, 0.5% Cu, 7.3% Pb, 13.1% Zn and 31g/t Ag (including 5.8m at 16.5% Zn, 9.1% Pb and 36g/t Ag) in hole TNJ001.

An Induced Polarisation ("IP") survey over the mine area identified a 1300m long by 150m wide chargeability anomaly corresponding to the broad outline of the known mineralisation.

YTC confirmed the presence of high grade copper in about October 2010 and systematic drill testing has continued since then and has confirmed the presence of copper mineralisation extending to the northwest beyond the area covered by PLL 847 and the adjacent MLs. The company published a maiden resource, estimated in accordance with the JORC code, in December 2011.

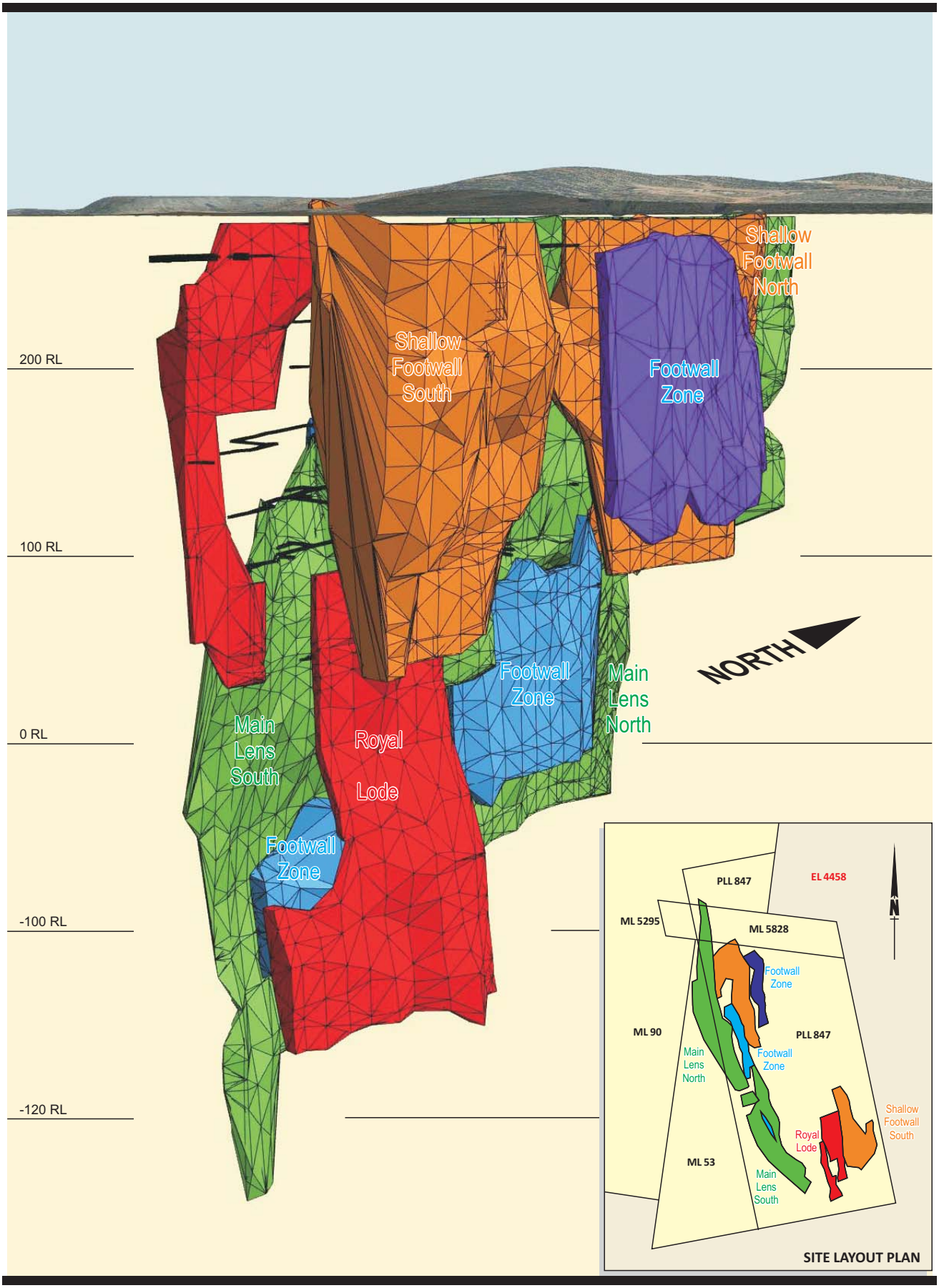
Geology and Mineralisation

The Nymagee Mine is located near the eastern margin of the Cobar Basin, within a sequence of siltstone and fine-grained sandstone to greywacke units of the Mouramba Group. Sediments of the Shume Formation are located west of the Nymagee Mine area.

The local mine geology sequence has been subdivided into eight units including a thin marker bed. The sequence is west facing, strikes approximately 330° (magnetic) and dips steeply west (>80° to vertical). There has been no major folding noted within the vicinity of the mine, however several shear orientations have been noted with the main shear direction striking 300-310° (magnetic).

Mineralisation consists of structurally controlled quartz + sulphide matrix breccias grading to massive sulphides. In a similar fashion to the Cobar deposits, the Nymagee deposits are located in zones of localised dilation within broader high strain zones. The Nymagee deposits lie 1-3km to the west of the Rookery Fault, a major regional structure with over 300km strike length.

The mineralisation at the Nymagee Mine has been subdivided into three main mineralised zones (Figure 6):



YTC Resources

Nymagee Project Area

Figure 6

NYMAGEE ISOMETRIC

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- *The Eastern Zone* - comprising stringers and veins of chalcopyrite/pyrrhotite, associated with narrow quartz veins. The mineralised veins are typically aligned within cleavage and fracture planes. The zone extends approximately 400m along strike and is up to 100m wide. Primary mineralisation intersected to date within the mineralised zone is generally low grade (<1.5% Cu). Drilling has identified some new higher grade areas in this footwall zone, (e.g. Royal Lode and Club House Lode)
- *The Western Zone* - consisting of massive to multiple veins of sphalerite/galena ± chalcopyrite with sporadic pyrrhotite/chalcopyrite veins. The mineralised zone is believed to extend approximately 900m along strike and is approximately 30m wide with a steep westerly dip.
- *The Main Zone* - consisting of a series of overlapping lead-zinc (±copper) and copper-rich ore horizons. The individual ore horizons typically pitch steeply to the south and occur within a broad halo of disseminated pyrrhotite and quartz veining. The complete zone extends approximately 500m along strike and is up to 30m wide. The mineralised zone typically exhibits a sharp western contact with a diffuse eastern contact into the Eastern Zone mineralisation. The western horizons are generally more lead-zinc rich, and the copper rich horizons occur in the east.

Resource Estimate

YTC published an initial resource estimate for the Nymagee deposit in December 2011 which was based on drilling completed by YTC to November 2011. Due to low confidence in the location of historic drill holes and uncertainty in the quality of the analytical results, most of the historic drilling was excluded from the YTC resource database.

The parameters on which the YTC resource is based are summarised as follows:

- resources estimated into nine discrete domains, wire framed on the basis of a nominal 0.25% Cu cut-off grade
- geological interpretation based on lithological and structural boundaries and incorporating the use of other elements (Fe% and S%) to confirm geological continuity; historical underground mapping of levels used to guide interpretation
- sections of the Main Lens North and Main Lens South include substantial tonnages of lead-zinc-silver rich material which is reported within the Main Lens domains
- the resource estimate is reported above and below a 90mRL horizontal division (approximately 210m below surface) using differing cut-offs
    - shallow copper resource – above 90mRL using a 0.35% Cu cut-off
    - deeper copper resources – below 90mRL using a 0.75% Cu cut-off
- block model resource with metal grades interpolated into blocks (7.5m strike x 5m vertical x 2.5m width) using Ordinary Kriging
- database based on 107 diamond core holes and 124 RC holes
- hole collars surveyed by registered surveyor and down hole surveys of both core and RC holes at regular intervals with some gyroscopic check surveys
- half core diamond saw samples at nominal 1m intervals with analysis for Cu, Pb, Zn, Au and Ag at ALS Laboratory in Orange
- samples composited into 1m intervals weighted by density
- QA/QC regime similar to Hera
- specific gravity estimated into blocks using an established relationship between S% and 1,480 physical SG measurements using weight in air weight in water method
- the mineral resource has been depleted for historic production by the construction of a void model.

The YTC mineral resource classification is based on geological continuity and drill spacing. The upper portion of the deposit is supported by a nominal 20-25m along strike and up and down dip core and RC hole spacing and is classified as an Indicated Mineral Resource. The deeper portions of the deposit have a nominal core hole spacing of 20-50m; those areas where geological continuity is high and the spacing is less than 30m are classified as Indicated Mineral Resources with the remainder categorised as Inferred Mineral Resources. The current resource estimate is presented in Table 5.18 below.

Table 5.18

Nymagee Base Metal Resource as at 22 December 2011

Category	Cut-off	Tonnes	Grade				Contained Metal			
		Mt	% Cu	% Pb	% Zn	g/t Ag	kt Cu	kt Pb	kt Zn	koz Ag
Indicated										
Shallow (above 90mRL)	0.3% Cu	5.147	1.0	0.1	0.2	5	51.5	5.1	10.3	827.4
Deeper (below 90mRL)	0.75% Cu	1.984	1.8	0.3	0.6	11	35.7	6.0	11.9	7017
Lead-Zinc-Silver Lens	5% (Pb + Zn)	0.364	0.5	4.4	7.8	41	1.8	16.0	28.4	479.8
Subtotal Indicated		7.495	1.2	0.4	0.7	8	89.0	27.1	506	2,009
Inferred							0	0	0	0
Deeper (below 90mRL)	0.75% Cu	0.601	1.3	0.1	0.2	8	7.8	0.6	1.2	155
Total Resource		**8.096**	**1.2**	**0.3**	**0.6**	**8**	**96.8**	**27.7**	**51.8**	**2,163**

Note: rounding errors in some of the totals

Exploration Potential

Progressive drill testing by YTC both at depth below the currently defined resource to the northwest along the Hera-Nymagee gravity-defined corridor has yielded significant mineralised intercepts to a vertical depth of 500m below surface and up to 500m north of the current resource:

- the deepest hole to date, NMD50W1, confirms the depth continuation of copper mineralisation with a bulked interval of 240m at 0.4% Cu including 33.3m at 0.96% Cu from 422.2m and a further 61.0m at 0.80% Cu from 547m depth.
- the northernmost drill hole, NMD075, 500m north of the current resource, returned three discrete polymetallic intersections of
  - 11m at 1.1% Pb and 2.5% Zn from 167m
  - 18m at 1g/t Au, 23g/t Ag, 0.9% Cu, 0.6% Pb and 1.3% Zn from 432m
  - 6m at 0.5g/t Au, 149g/t Ag, 5% Pb and 11.6% Zn from 512m.

The presence of gold with the copper, lead and zinc mineralisation is encouraging and the mineralised zone remains open to the north and at depth. YTC believes that the Nymagee system has similarities with the upper portion of the CSA deposit located north of Cobar.

YTC has commenced some preliminary scoping of the project with possible small open pit and underground mine for the copper and lead-zinc resources but these studies are considered at an early stage and that it is premature to use them for valuation purposes.

5.3 Other NSW Regional Exploration Projects

Apart from the Hera and Nymagee projects described above, YTC has a number of other exploration projects located within the Lachlan Fold Belt (see Figure 1). A number of these project areas are predominantly held for their potential to host tin deposits while others are held for their base metal and precious metal potential.

Kadungle Copper–Gold Project

Location, Tenure and Expenditure

The Kadungle project, located 60km northwest of Parkes in central NSW, consists of a single Exploration Licence EL 6226 and, following partial relinquishments, covers an area of 87km^2. The current tenement has an expenditure commitment of A$120,000 and is current until 5 April 2014. YTC's project expenditure to date totals A$1.53M.

Geology and Mineralisation

The licence area is dominantly underlain by the Mid Devonian Kadungle Volcanics consisting of alkaline volcanic and volcaniclastic lithologies which overlie a basement consisting of the acid volcanic units of the Late Ordovician Raggatt Volcanics. This latter unit is interpreted to be the stratigraphic equivalent of the Goonumbla Volcanics, the host to the large North Parkes porphyry copper deposit.

The Kadungle Volcanics are the host to small historical gold $\pm$ lead $\pm$ silver workings at the Mount Leadley prospect and to gold $\pm$ base metal mineralisation at numerous other prospects such as Plevna, Alpha Zone, Kilmarnock, Nulgarra Hill, Mount Leadley South and Mount Leadley Trig. All occur within EL 6226.

YTC Exploration to Date

Recent exploration has consisted of the synthesis and interpretation of a variety of geophysical surveys, detailed prospect scale geological mapping and drill testing at a number of the known prospects.

A number of differing mineralisation styles have been interpreted at the Mount Leadley prospect including:

- bonanza-style epithermal quartz vein hosted gold-silver-copper represented by hole intercepts such as 12m at 7.73g/t Au, 8g/t Ag and 0.12% Cu (hole KDD002)
- disseminated copper sulphide mineralisation coincident with an interpreted breccia pipe-like body and overlapping the bonanza epithermal style above represented by drill hole intercepts such as 134m at 0.13g/t Au amd 0.11% Cu (hole KDD013)
- pervasive silica-pyrite flooded volcanics with low grade gold mineralisation and sporadic quartz veining which appears to postdate the disseminated mineralisation style, represented by intercepts such as 97m at 0.63g/t Au and 2.3g/t Ag (hole KDD001)
- quartz-chalcopyrite vein mineralisation associated with a monzodiorite stock represented by intersections such as 37m at 0.23% Cu including 6m at 1.10% Cu (hole KDD013
- volcanic-hosted base metal mineralisation east of the mount Leadley Prospect and apparently associated with a change from the primary volcanics to volcaniclastic sediments and represented by intercepts such as 42m at 0.37% Pb (hole KRC016) and 12m at 0.32% Pb and 0.26% Zn (hole KRC017)

Exploration Potential

The Mount Leadley prospect is interpreted as a significant alkaline magmatic system; YTC considers the Kadaungle Volcanics as prospective for both epithermal-style gold $\pm$ base metal deposit as well as for porphyry style and possibly also for volcanic-hosted base metal deposits.

Additional drill testing is planned for the next phase of exploration at Mount Leadley and also at a number of other prospects within EL 6226.

BDA considers the Kadungle project represents a relatively early phase exploration property with a number of drill tested targets warranting additional exploration.

Baldry Copper-Gold Project

Location, Tenure and Expenditure

The Baldry project area, consisting of EL 6673 held in the name of YTC subsidiary Defiance Resources Pty Ltd ("Defiance") and covering an area of 69.6km^2 is located 40km northeast of Parkes. EL 6673 was initially granted to Defiance for two years in December 2006. The EL was renewed in full for a further two years in 2008 and again in 2010 and is current to 3 December 2012.

YTC has advised BDA that it plans to apply for renewal of EL 6673 but for a reduced size of approximately 46.4km^2 and that the reduced area will cover all the known prospects and is also the area in which almost all exploration to date has been undertaken. Project expenditure to date totals about A$0.55M.

History

Earlier exploration by BHP Gold in the early 1990s led to the development of two open pits at Mt Aubrey with the ore trucked to BHP Gold's mill at the London –Victoria Mine at Parkes. Accurate production records are not available, however YTC estimates that approximately 120,000t averaging 3.3g/t Au was trucked to Parkes.

Geology and Mineralisation

The area is underlain by the Mid Devonian Dulladerry Volcanics, consisting mainly of banded rhyolite, quartz-feldspar porphyry, ignimbrites and minor volcaniclastics, basalt, andesite and trachyte. YTC considers the area has potential to host epithermal-style gold mineralisation at a number of prospects including Blue Hills, Emu Swamp and Mt Aubrey.

At the Mt Aubery prospect the gold mineralisation is associated with chalcedonic quartz veins with the main lode having a surface width of 0.5m to 3m. Results from shallow scout aircore drilling demonstrated that the vein system was anomalous in gold with results such as 10m at 0.87g/t Au from 5m (hole MAAC19) and 19m at 0.52g/t Au from 27m (hole MAAC20). An IP survey identified a number of parallel structure south of Mt Aubrey considered to warrant drill testing.

At the Blue Hills Prospect, 2km northwest of Mt Aubrey, an area of outcropping chalcedonic quartz veins contains anomalous gold values. The veining appears to be vertical to steeply south dipping and widths range

from 0.5 to 3m. A hole drilled by BHP in 1990 did not return any significant gold values. Rock chip sampling by YTC yielded results of up to 13.45g/t Au, however follow-up aircore drilling failed to test the area of veining. Costean sampling yielded 2m at 1.35g/t Au and 6.5m at 1.4g/t Au.

The Emu Swamp prospect, 3.5km east of Mt Aubrey, consists of an area of pervasive silica-pyrite-sericite altered volcanics and historic chip sampling recorded values of up to 3.35g/t Au. Detailed mapping identified a 300m long sub-outcropping zone of epithermal quartz veining with values of up to 0.36g/t Au and associated anomalous copper and molybdenum values. The single drill hole in this area failed to test the area of quartz veining.

YTC Exploration to Date

YTC has completed aircore drilling at Mt Aubery which tested two linear geophysical anomalies with only low level gold values intersected over generally narrow widths; the best intercept was 8m at 0.27g/t Au from 80m including 1m at 0.85g/t Au (holes MARC006) and 3m at 0.27g/t Au from 87m depth (hole MARC012).

Further work, including additional geophysical surveys and drill testing at Emu Swamp is planned.

Exploration Potential

In BDA's opinion this area is an early phase exploration project. Results from YTC's exploration have not been particularly encouraging however some additional exploration is planned.

Doradilla Tin Project

Location, Tenure and Expenditure

The Doridilla project, consisting of EL 6258 covering an area of about 232km^2, is located approximately 50km southeast of Bourke and covers a 16km long zone of skarn-hosted tin mineralisation which has been explored by numerous companies prior to Straits Resources Limited ("Straits") acquiring the exploration licence in 2004.

Until very recently EL 6258 was the subject of a joint venture between Straits and YTC whereby the latter was sole funding exploration to earn a 70% interest. The farm-in arrangement (negotiated in July 2007) required YTC to spend A$1.5M by 18 December 2012.

On 1 November 2012 YTC announced it had negotiated an agreement to acquire 100% of the Doradilla project by issuing Straits with A$250,000 worth of YTC fully paid ordinary shares at a deemed price of A$0.286 per share. The agreement remains subject to the approval of the NSW Department of Resources and Energy.

YTC's expenditure to date totals A$1.20M and prior to YTC negotiating the farm-in arrangement with Straits the latter company had spent approximately A$0.34M between 2004 and 2007.

History

Copper mineralisation at Doradilla was discovered in 1901 and a small amount of high grade (8-25% Cu) oxidised ore was extracted to 1920. The prospect has been intensively explored since the 1960s and tin mineralisation was first identified in 1972 by North Broken Hill Limited. Historical (pre-Straits) exploration has included regional and prospect-scale mapping, geochemical and geophysical surveys and a considerable amount of drill testing. Tin exploration ceased in 1990 due to a combination of depressed tin prices and poor metallurgical recoveries from the primary tin-silicate zone.

Geology and Mineralisation

Exposure in the Doradilla area is poor and the limited outcropping bedrock is deeply weathered; the overall regional geological setting remains poorly understood. The current interpretation is that the project area lies over a major crustal boundary between two tectonic provinces, the Lachlan Fold Belt to the south and the Thompson Orogen to the north. Recent work by the NSW geological survey demonstrated that the mineralising intrusives in the area are of Triassic age.

The Doradilla mineralisation, which consists of tin and base metals, occurs over a skarn-hosted northeast striking linear zone which has developed through alteration and the contact metamorphism of a calc-silcate unit adjacent to the Midway Granite and its associated dyke swarm. Known tin mineralisation occurs in three main prospect areas known as Doradilla (southwest of the copper mine workings), Midway-East Midway and 3KEL with the zones described by the NSW geological survey as follows:

- *Doradilla prospect* – tin mineralisation occurs as steeply plunging shoots in the footwall of the calc-silicate unit with the tin occurring as cassiterite and associated with massive pyrite, pyrrhotite, galena, sphalerite, chalcopyrite, arsenopyrite bismuth and bismuthinite.

- *Midway-East Midway and 3KEL* – tin occurs mainly as Malayaite (a tin-rich calcium silicate), with very little cassiterite, along with sulphides including bornite, chalcopyrite, sphalerite, galena, arsenopyrite, pyrrhotite and stannite. Tin also occurs with pyroxene, garnet and magnetite.

YTC Exploration to Date

YTC's interest in the Doradilla project was based primarily on a view that the project area represented a strong exploration target for nickel, copper, silver, bismuth, zinc and indium. YTC's principal exploration target is the supergene tin-laterite deposits identified in the 3EKL and Midway prospects which, from historical drilling, are considered to have potential for economic levels of copper and zinc mineralisation.

Drilling by YTC has confirmed the tin laterite mineralisation at 3EKL; drilling also indicates the deposit contains indium, bismuth, copper and zinc represented by drill results such as the following from the upper tin-laterite zone at 3EKL:

- 40m at 1.56% Sn, 0.56% Cu, 0.38% Zn and 117ppm In from a depth of 6m including 18m at 3.04% Zn, 0.85% Cu, 0.73% Zn, 170ppm Bi and 230ppm In (hole 3KAC004); the mineralisation extended to the end of hole at 46m depth
- 36m at 0.91% Zn, 0.29% Cu, 0.58% Zn, 522ppm Bi, and 34ppm In from 16m (hole 3KAC016); the mineralisation extended to the end of hole at 52m depth

YTC's exploration, in combination with historical drilling results, demonstrates continuity of near-surface mineralisation over a strike length of at least 2km.

Other targets identified by YTC's work within EL 6258 include:

- nickel sulphide mineralisation identified along a number of ultramafic trends where drilling by previous explorers intersected broad intervals of nickel sulphides such as 64m at 0.23% Ni (hole DR1) by North Broken Hill in 1972 and 25m at 0.13% Ni (hole (DBT-1) by Shell Minerals in 1981; subsequent aircore and follow-up core drilling by YTC confirmed the presence of broad intervals of nickel sulphide mineralisation (e.g. 31m at 0.29% Ni, 163ppm Co, 904ppm Cu and 156ppm Sn) from a depth of 251m (hole WD001)
- possible bulk tonnage zinc-dominant mineralisation in the vicinity of the Doradilla copper workings as well as separate, previously unrecognised, high grade silver-bismuth lode style mineralisation.

Resources

YTC has published an Inferred Mineral Resource estimate in accordance with the JORC code for the 3KEL and Midway oxide tin deposits of 7.8Mt at 0.28% Sn, using a 0.1% Sn cut-off grade.

The resource report has not been reviewed by BDA as part of the current assessment. BDA notes that the resource estimate was undertaken by well-regarded resource consultants Hellman and Schofield (now H&S Consultants) and that the database on which the resource is based consists of aircore drilling by YTC and rotary airblast and auger holes by previous explorers. This resource is located at the northeastern end of the 16km tin mineralised skarn horizon.

Preliminary metallurgical testwork has been undertaken on bulk samples of oxide tin mineralisation from the 3KEL deposit by both Ammtec Laboratories in Perth and Yunnan Group metallurgical laboratories in Kunming, China. The results from Ammetc Laboratories suggest that tin fuming is the only potential treatment process while the work by Yunnan Group laboratories involving a reduction roast of 1% Sn ore successfully produced a Sn-Fe alloy.

Exploration Potential

While there is some encouragement that a metallurgical process can treat oxide tin ore, results are very preliminary and considerable additional work is required. Consequently at this stage, although a resource has been estimated to JORC standards, there is additional metallurgical process work required before an economically viable reserve could be defined.

BDA considers that EL 6258 represents an advanced exploration project with identified mineralisation and multiple targets over a large area that warrant considerable further exploration.

Galambo Project

Location, Tenure and Expenditure

This project held as EL 7744 covering an area of 580km^2 is located 40km south of Bourke. EL 7744 was granted for two years to YTC subsidiary Defiance on 23 May 2011. The tenement is contiguous with and to the southeast of the Doradilla tenement EL 6258. To date YTC has spent approximately A$0.026M on preliminary investigation of this tenement.

History

The area now covered by EL 7744 has been explored by numerous companies investigating a number of magnetic anomalies with the main target of interest being Doradilla-style mineralisation. The Doradilla tin deposit is located some 20km to the northwest of EL 7744. Historical exploration consisted of geological mapping, geophysical and geochemical surveys and some drill testing.

Geology and Mineralisation

EL 7744 is located close to the interpreted boundary between the Lachlan Fold Belt and the Thomson Orogen, a geologically complex area in which the regional geological history is poorly understood. The region contains multiple granitic intrusives of varying composition with most granites considered to be of Silurian age

EL 7744 covers a prominent regional aeromagnetic anomaly in an area mapped as underlain by the Galambo Granite. Strong regional trends in the magnetic and gravity data link the Galambo Granite to the tin/polymetallic Doradilla deposits to the northeast. Bedrock geology is largely obscured by up to 80m of young surficial sand and gravel. Limited field observations and historical drill hole information suggests the Galambo Granite is surrounded by deeply weathered deformed metasediments. The historical exploration does not appear to have intersected any mineralisation.

YTC Exploration to Date

YTC has to date only undertaken a review of the historical open file exploration reports and an interpretation of available geophysical data.

Exploration Potential

YTC has acquired EL 7744 to explore the area for potential Doradilla-style mineralisation. Planned exploration will include further review of historical exploration, possibly including sampling RC chips and core stored at Londonderry as well as aircore drilling of untested magnetic anomalies.

In BDA's opinion the Galambo project is a very early stage exploration project containing essentially conceptual targets with limited supporting encouragement obtained from prior company exploration.

Tallebung Tin and Crowie Creek Base Metal Projects

Location, Tenure and Expenditure

The Tallebung tin project consisting of EL 6699, in two separated blocks due to progressive relinquishments, is located 70km northwest of Condobolin in central western NSW. The tenement was initially granted for two years in December 2007 to a wholly owned subsidiary of YTC. The licence was renewed in full in 2009 and in 2007 a reduced tenement totalling approximately 72.5km was renewed to January 2013.

The Crowie Creek tenement, EL 7661, is adjacent to the two blocks of EL 6699. This tenement was initially granted to YTC for two years in December 2010 and a renewal application is being lodged for a reduced area covering 133km^2.

The Company applied for a surface disturbance notice for proposed drilling at the Tallebung Tin Field subject to an access arrangement with Crown Lands for access to the Crown Land Reserve which resulted in a need to determine the native tit status. This resulted in YTC having to enter into a Right to Negotiate process on the affected land prior to reaching access arrangements with Crown Lands. YTC has advised BDA that it has now reached agreement with the claimants and expects this to be signed in December 2012 and has further advised that it intends to renew the current area in full.

Expenditure to date on EL 6699 and 7661 by YTC totals A$0.92M and A$0.020M respectively.

History

The Tallebung tin field, located in the southern block of EL 6699, was the site of sporadic tin production from high grade quartz-hosted lodes and associated alluvial deposits from the 1880s and an open cut was developed on alluvial tin deposits between 1963 and 1971. The main production periods were:

- reef mining between 1897 and 1938 with recorded production of 274 tons of concentrate
- alluvial mining from 1939 onwards with 375 tons of concentrate recorded over a 20 year period
- open cut mining of alluvials from 1963 to 1970 with recorded production of 2,076 tonnes of tin concentrate.

Derelict mine workings are present over an approximate strike length of 1.2km with the workings consisting of open cuts, large scale tailings dams, decaying mine site housing and other infrastructure.

In 1963 the NSW Geological Survey completed a geophysical survey over the area of the alluvial deposit with the results suggesting the main alluvial deep lead channel extended northeasterly beyond the area of workings for some 4km. Random sampling of these holes from surface to bedrock indicates tin was present (no results are recorded in the reports sighted by BDA) and reports suggested the potential for a future dredging operation.

Subsequent prior company exploration between 1984 to 1985, including RC drilling, indicated the basal 15m of the alluvium in the main deep lead averaged 0.14kg Sn/bcm (bank cubic metre). Re-opening and sampling of underground workings yielded an average grade of 1.24kg Sn/bcm from the basal two metres of alluvium above the bedrock.

The area of EL 7661 has previously been explored by a number of companies with the main targets being tin and Cobar-style base metal deposits. Historical exploration included geology, geochemical and geophysical surveys and some drilling with most work concentrated on a number of known small base metal occurrences (predominantly lead and zinc mineralisation) and the Crowie Creek and Pinnacles airborne magnetic anomalies.

Geology and Mineralisation

EL 6699 is located within the Girilambone-Wagga Anticlinorial zone of the Lachlan Fold Belt which is dominated by metamorphosed Ordovician sediments intruded by younger Silurian granites. The basement geology consists of three main units: the Late Ordovician Tallebung Group, the Silurian Erimeran Granite and Early Devonian volcanic and metasedimetary rocks belonging to the Cobar Supergroup. The Rookery fault, a major geological boundary of the Cobar Basin and considered to have a strong relationship to many of the known deposits within the basin, passes through EL 7661. A number of small base metal workings are present within EL 7661.

The Tallebung Tin Field is dominantly underlain by tightly folded weakly metamorphosed fine grained sediments and minor quartz-rich sandstones intruded by a number of granitic bodies, providing a variety of potential sources for the mineralisation. Tin with associated tungsten occurs in quartz veins (reefs) in a well-developed southwesterly trending quartz vein stockwork zone extending over approximately 1.2km. Thicker quartz lodes have widths of in excess of 0.5m and these have historically been exploited by shafts and shallow open pits. Tin mineralisation occurs as cassiterite (tin oxide) hosted in quartz-sulphide veins containing variable amounts of copper sulphides, pyrite, arsenopyrite and wolframite. The tin-bearing quartz vein structures occur as discrete moderately east-dipping vein packages or lenses localised in areas of structural dilation.

Significant alluvial concentrations of cassiterite are restricted to two or three drainage episodes and are sporadic and variable in character. Richer sections are restricted to the basal 2m of the alluvium immediately above bedrock.

Other historical tin workings are present elsewhere within the tenement, particularly at the Morobe tin/tungsten field.

YTC Exploration to Date

YTC's work to date on EL 6699 appears to have largely been restricted to:

- compilation and review of exploration by previous explorers
- re-logging and sampling of historical drill core stored at Londonderry resulting in the identification of a number of intervals of strongly anomalous tin and or silver mineralisation
- reconnaissance chip sampling across the Morobe area
- limited resistivity traverses at Tallebung.

In EL 7661 the Company's work has been limited to data to compilation and multi-element analysis of samples previously collected (but not assayed), by Triako.

In the next phase of exploration of EL 6699 the company proposes to:

- undertake some diamond drilling of a deep resistivity target at Tallebung consisting of two holes totalling some 1,300m
- RC drilling of a shallow tin target highlighted from a review of the historical data which indicated the possible presence of a low-grade tin deposit
- further reconnaissance in the Morobe area.

In EL 7661 the next phase of exploration will include:

- follow-up soil sampling
- modelling of the available regional geophysical data
- a detailed gravity and possibly also an IP survey over the Crowie Creek magnetic anomaly
- reconnaissance mapping and rock chip sampling.

Exploration Potential

BDA considers that ELs 6699 and 7661 represent reasonably interesting exploration projects with a number of valid tin-tungsten targets warranting further exploration. YTC's close association with the Yunnan Tin Group justifies tin as an appropriate target for YTC.

BDA has not reviewed any details regarding obvious environmental issues generated by the previous mining activity at Tallebung; there is some possibility that YTC could inherit a rehabilitation obligation.

In BDA's opinion EL 7661 is at an earlier stage of evaluation than EL 6699 although prior work suggests the area has some potential for base metal mineralisation. The presence of the Rookery fault within this tenement justifies further exploration.

6.0 VALUATION OF YTC EXPLORATION PROJECT COMPONENTS

6.1 Overview

BDA has utilised a number of differing valuation methodologies to value YTC's exploration projects with the methodologies chosen based on the nature of the exploration project, the status of the exploration and targets, and any existing arrangements with other parties.

The valuation principles outlined in Section 3 have been applied to the YTC assets described in Section 5. Valuations of the exploration projects have been considered as of the Valuation Date of 30 November 2012.

The various YTC projects have been valued as follows:

- *Hera Polymetallic Development* - BDO Corporate Finance has undertaken the valuation of the major project, Hera, applying NPV methods as well as other considerations (see BDO Corporate Finance Independent Expert Report). BDA has reviewed the production forecasts for the project, and has considered the capital and operating cost projections. BDA has advised BDO Corporate Finance as to the reasonableness of the projections, and has suggested modifications where deemed appropriate. BDA has recommended a number of sensitivities to assist with the development of an appropriate range of valuations. These aspects are discussed in Section 5 and summarised in the IER.
- *Nymagee Base Metal Project* - The project was valued using the Comparable Transaction and Multiple of Past Expenditure methods to derive a value for the project.
- *Other Regional NSW Exploration Projects* - BDA has valued these projects, principally using the Multiple of Past Expenditure method. The Doradilla tin project was valued using the parameters of YTC's recent purchase of this project in combination with YTC's previous exploration expenditure during the period it was farming into the project.

In the application of the comparable transaction methodology BDA has used the metal prices and exchange rates at the date of the comparable transaction and then adjusted the terms of the transaction to reflect any material change in commodity prices and exchange rates between the transaction date and 30 November 2012 (the effective date of this valuation as discussed in Section 3 of this report). The 30 November 2012 metal prices and exchange rate were: copper – US$7,974/t, lead – US$2,256/t, zinc – US$2,023/t, silver US$33/oz, gold – US$1,715/oz and an exchange rate of A$/US$1.043.

Overall the value range assigned is based on the principles defined in the Valmin Code whereby the fair market value of a property is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

General Assumptions

BDA's valuations assume that:

- All licences, permits, certificates and consents issued by Federal, State or local government or other authorised entities or organizations that will affect the continuity of the operations have been obtained or will be obtained as required in the future. BDA has received appropriate advice from YTC and from an independent tenement specialist in respect to YTC's tenure and has relied on this advice in the preparation of this report.
- The financial and operational information provided by YTC has been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration.
- There will be no material change in the existing political, legal, fiscal, technological, market and economic conditions which will affect the revenues and incomes being generated.
- There will be no material change in the taxation laws and regulations and the rates of tax payable will remain unchanged and all applicable laws and regulations will be complied with.
- The market return, market risk, interest rates and exchange rates will not differ materially from those presently prevailing and market and economic conditions will not differ materially from those forecast.
- Relevant metal supply and demand will not differ materially from those forecast.
- Management will implement financial and operational strategies that will maximize the efficiency of the operation of the business.
- Management has sufficient knowledge and experience in respect of the operation of the business, and turnover of any manager or key person will not significantly affect the operation of the business.

- Adequate financial capital for the projected capital expenditure and working capital will be available and any scheduled interest or repayments of loans will be paid on time.
- Management has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any such disruption will not significantly affect the operation of the business.
- Management has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood or cyclone and the occurrence of any natural disaster will not significantly affect the operation of the business.

6.2 Hera Project

Hera Mine Project Valuation

BDO Corporate Finance has undertaken an NPV valuation of the Hera project based on the LOM projections. The Hera LOM plan incorporates the mining and processing of all defined reserves. BDA has reviewed the LOM projections and concurs that, based on current data, costs and metal forecasts, the underground mine plan which has been used as the basis for the mine designs, incorporates all the known economic mineralisation within the various Hera deposit and provides, in BDA's opinion, an appropriate basis for valuation of the currently known, and economically mineable, mineral assets.

BDA has reviewed the production and cost projections and has advised BDO Corporate Finance on the reasonableness of the assumptions and projections for valuation purposes. BDA has reviewed YTC's Base Case production projections as a basis for valuation. In determining appropriate parameters for valuation, BDA has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing a value for the project.

Mine Production

- The mine production schedule is consistent with the known reserves and resources. BDA has recommended that a sensitivity to gold grade of $\pm$15% be tested for valuation purposes.

Milling

- BDA considers the product recovery of 94% Au and 47% Ag to doré; 91% Pb, 90% Zn, 4% Au and 46% Ag to concentrate and mill throughput of 330,000tpa are appropriate. BDA recommends that a sensitivity on gold and silver recovery to doré of -5% be tested due to limited testwork in some sections of the mine. While the mineralogy of the lenses is considered to be similar, lower recoveries are possible.

Capital and Operating Costs

- The capital costs, including sustaining capital, in the project financial model are considered by BDA to accurate within ±15%. BDA considers that for valuation purposes the capital estimates are generally reasonable but has recommended to BDO Corporate Finance a sensitivity range of 0% to +15%.
- The operating costs as set out in the LOM model are considered reasonable and accurate to within ±10%.
- The allowance for closure costs in the model is considered somewhat low; BDA recommends that the allowance be increased by 50%.

Exploration Potential

- BDA considers there is good potential for exploration within the Hera tenements to expand the Mineral Resources of the project by extensions to the current ore zones and from additional discoveries; the Company and previous owners have explored around the deposit with some reasonable results.
- BDA considers that a willing and knowledgeable buyer would consider the tenement along strike and down dip of the Hera deposit to be prospective and would anticipate that, with a suitable focus on exploration and an appropriate budget, that there is a reasonable likelihood of defining additional mineralisation, some of which is likely to be of sufficient tonnage and grade to add further to the resource base. In addition some of the existing resources beyond the current reserves are, with further in-fill drilling, likely to convert to additional reserves. BDA is of the opinion that, for valuation purposes, the adoption of an extra one and a half years at the reserve grade in the Base Case LOM plan adequately provides for the additional exploration value of the area covered by MLA 417, and this has been incorporated in the BDO Corporate Finance valuation modelling.

Hera Exploration Potential Valuation - EL 6162

The Hera mine development project, as discussed above, has been valued by BDO Corporate Finance using NPV methodology with technical inputs provided by BDA. The additional potential of further discoveries within the area of MLA 417 was considered most appropriately valued as an upside case of the Hera NPV model, based on an additional year of mine life.

BDA considers that the additional exploration potential of EL 6162, which surrounds MLA 417, is best assessed using the multiple of past expenditure methodology or PEM, using, as attributable expenditure, the reported historical exploration expenditures incurred since 2000 by Pasiminco, Triako and CBH as well as the subsequent exploration expenditure incurred by YTC. All information generated by this exploration has remained confidential and is available to YTC to guide future exploration.

As shown in Figure 2 and summarised in Section 5.7, a number of prospects have been identified within EL 6162 and the area is considered prospective for the discovery of additional resources that could be amenable for treatment through the Hera processing plant.

BDA has utilised the PEM factors as outlined in Section 3 of this report to derive a value range for EL 6162 as shown in Table 6.2 below.

Table 6.2

Multiple of Exploration Valuation of EL 6162

Tenement	Attributable Expenditure	PEM Range		Valuation Range (A$M)	
	A$M	Low	High	Low	High
EL 6162	0.63	1.5	1.6	0.95	1.01

6.3 Nymagee Copper Project

BDA has valued the Nymagee project (and YTC's 95% interest) using two methodologies:

- comparable transaction methodology to derive values for both the Nymagee resources within the PLL and contiguous MLs and to derive a separate value for the exploration potential of ELs 4232 and 4458
- the multiple of past expenditure to derive an alternative valuation for ELs 4232 and 4458.

As a reality check BDA has also applied a yardstick approach based on eight copper project transactions between mid 2007 and early 2010. BDA recognises that the deposits in these projects are of a different style to Nymagee but considers that the overall value range derived is useful as a comparison with the valuations derived from the other methodologies.

For the valuations of the exploration components using the Comparable Transaction method BDA has used the metal prices as at 30 November 2012 (copper – A$7,645/t; lead – A$2.163/t; zinc – A$1,940/t, silver – A$32/oz) and for the comparable transactions selected the metal prices and exchange rates shown in Table 6.3 below.

Table 6.3

Copper Prices and Exchange Rates Utilised in the Comparative Transaction Valuation

Date	Event	FX	Copper Price	
		A$/US$	(US$/t)	(A$/t)
31 December 2009	Queensland Metal Corporation's ("QMC") purchase of the White Range Project from Matrix Metals Limited ("Matrix")	1.114	6,982	6,268
6 July 2011	Kagara Mining Limited ("Kagara") purchase of the Einasleigh copper project from Copper Strike Limited ("Copper Strike")	1.0711	9,067	8,465
21 May 2012	CBH Resources Limited ("CBH") farm-in with Peel Mining Limited ("Peel") on the Mallee Bull Project	0.9843	7,734	7,857
13 June 2012	BHP Billiton ("BHPB") Purchase of Exploration tenements adjacent to Olympic Dam from Tasman	0.9927	7,397	7,449

Comparable Transaction Valuation

BDA has utilised a number of comparable transactions to establish a range of values for the Nymagee project resources within the PLL and contiguous MLs as follows:

Resource Valuation

- Two transactions of northwest Queensland copper projects have been used to initially value the entire Nymagee project consisting of the resources contained within the MLs and the PLL and the exploration potential of ELs 4232 and 4458; these values have then been modified to derive a value for the resources alone as follows:
    - the Nymagee resources as detailed in Table 5.18 contain a total of 96.8kt copper, 27.7kt lead, 51.8kt zinc and 2.163Mozs of silver; using the metal prices as at 30 November 2012 as shown in Table 3.2 to convert the lead, zinc and silver components to a copper equivalent, provides a total contained copper equivalent of 126,870t in the total Nymagee project Indicated and Inferred Mineral Resource
    - to derive a value for the resource component BDA has utilised the transaction between BHPB and Tasman in respect to an exploration tenement in the area of Olympic Dam which can be used to provide a valuation for exploration tenements (on a $/km^2 basis) without any significant indications of mineralisation; this value has then be applied to the Nymagee tenure and deducted from the total Nymagee project comparable transaction valuation to derive a valuation for the Nymagee resources alone.

EL Exploration Valuation

- YTC's exploration has established extensions to the Nymagee copper deposit within the ELs; BDA has valued the exploration potential of the Nymagee project by using a suitable transaction on a nearby project, Mallee Bull based on a farm-in arrangement on the Mallee Bull project located some 50km south of Nymagee to value the exploration component of YTC's Nymagee project represented by ELs 4232 and 4458.

Valuation of the Nymagee Resources

The two northwest Queensland copper project transactions used to derive comparable transaction values for the Nymagee Copper project resources are:

- the 22 December 2009 purchase by QMC of the White Range Copper Project from the liquidator of Matrix Metals
- the 6 July 2011 purchase by Kagara of the Einasleigh copper project from Copper Strike.

The projects listed above contain both in-ground resources and significant surrounding exploration tenure. The publicly available transaction data does not provide separate valuations of the resource and of the additional exploration potential.

Consequently to apportion value to the exploration tenure in these two projects BDA has elected to use a recent transaction (13 June 2012) which involved BHP Billiton ("BHPB") negotiating a purchase of Stuart Shelf exploration tenements (without any contained resources) from Tasman Resources Limited ("Tasman"). Although the purchase arrangement did not proceed, the original price was agreed by both parties and hence BDA considers it represents an appropriate benchmark to use to adjust the price paid for the resources of the two comparable projects. The Tasman tenements, totalling 1,176km^2, were located adjacent to BHPB's Olympic Dam Project in South Australia and the negotiated purchase price was A$3.0M, equating to A$2,550/km^2. The copper price at that date of this transaction was A$7,449/t. After adjusting for the change in the copper price this yields A$2,617/km^2.

QMC Purchase of Matrix Metals Limited's White Range Copper Project

The White Range project tenements, predominantly located south of Mount Isa - Cloncurry road included a series of copper resources and surrounding exploration tenure.

At the time of purchase (23 December 2009) the White Range project consisted of five defined copper deposits (Greenmount, Kuridala, Mt McCabe, Vulcan and Stuart) with resources reported in Measured, Indicated and Inferred resource categories totalling 14.84Mt at 1.1% Cu (163,200t of contained copper) using cut off grades of 0.5% Cu with the exception of Greenmount for which a cut-off grade of 0.3% Cu was used. Mineralisation was reported as consisting of oxide and transition zone copper mineral species. Tenure consisted of nine EPMs totalling 649.23km^2 and a number of internal MLs.

The purchase price negotiated was A$5M and was announced on 23 December 2009 and the copper price and

exchange rate at 31 December 2009 (the closest date for which historical copper prices could be found) was:

- A$/US$ = 1.114
- Copper Price = US$6,982/t (i.e. A$6,268/t).

The transaction parameters and the subsequent adjustment to the copper price and exchange rate at the valuation date of 30 November 2012 yields a transaction amount of A$6.10M; after deducting the value of the exploration tenure based on that derived from the BHP/Tasman tenement, a value of A$26.95/t of contained copper for the White range transaction is generated.

Applying this figure to the contained copper equivalent in the Nymagee resource provides a valuation of A$3.4M for a 100% interest and A$3.2M for YTC's 95% interest.

Kagara Purchase of the Einasleigh Copper Project from Copper Strike

The Einasleigh Copper project, located some 350km northwest of Townsville, consisted of a tenement package totalling approximately 450km^2 and resources in the Measured, Indicated and Inferred resource categories totalling 15Mt at 0.84% Cu at the Kaiser Bill deposit and a further 1.1Mt at 2.9% Cu at the Einasleigh deposit. Contained copper in the two deposits totalled 15,780t Cu.

The agreed transaction included Kagara paying A$16M cash and cancelling its 17.5% shareholding or 22.6 million shares in Copper Strike. At Copper Strikes' share price at the transaction date of A$0.135 the total transaction value was A$19.05M.

At the transaction date of 6 July 2011 the copper price and exchange rate were:

- A$/US$ = 1.0711
- Copper Price = US$9,067/t (i.e. A$8,465/t).

In a similar manner to the White Range transaction above, adjusting for the change in copper price and exchange rate and using the BHP/Tasman transaction for the value of the exploration potential provides a value of A$101.86/t contained copper for the Einasleigh project transaction.

Applying this figure to the contained copper equivalent in the Nymagee resource provides a valuation of A$12.92M for a 100% interest and A$12.2M for YTC's 95% interest.

Valuation of Nymagee Project ELs 4232 and 4458

BDA considers that a transaction relating to the Mallee Bull project, located some 50km south of Nymagee, provides a suitable comparable transaction basis for assessing a value for the exploration component of YTC's Nymagee project represented by ELs 4232 and 4458.

CBH Farm-in arrangement with Peel on the Mallee Bull Project

The Mallee Bull project comprises one exploration licence, EL 7461, and an internal mining lease, ML 1361, covering a total area of 78.6km^2. The Mallee Bull project has been subjected to intensive drilling by Peel which has generated numerous encouraging copper-dominant polymetallic intersections over a broad area. No resource estimates have been released by Peel and consequently BDA considers it represents an appropriate comparison with YTC's Nymagee exploration tenements that have also been subjected to extensive drilling yielding numerous encouraging copper-dominant polymetallic intercepts. The drilling to date has not closed off the lateral extent of the mineralised system at either Mallee Bull or Nymagee.

The 21 May 2012 farm-in arrangement comprises a Stage 1 initial payment of A$1M to Peel with CBH committing to spend A$1M over 12 months to earn a 15% interest in the project. CBH also has the right to earn a 50% interest in the project by the staged expenditure of A$8.33M over three years (including Stage 1). These arrangements imply a valuation of A$16.67M for 100% of the Mallee Bull project.

BDA considers that in applying the Comparable Valuation method it is appropriate to consider the Mallee Bull valuation in terms of dollars per km^2 and then apply this to the YTC Nymagee ELs.

BDA has adjusted the Mallee Bull transaction for changes in copper price and exchange rate between the transaction date and the effective date of the current valuation and derived a value of A$0.21M/km^2. Applying this value to the Nymagee EL tenure of 25.1km^2 provides a valuation of A$5.27M for 100% interest and A$5.0M for YTC's 95% interest.

Exploration Expenditure Valuation (ELs 4232 and 4458)

BDA has undertaken an alternative valuation of the exploration potential of ELs 4232 and 4458 using the multiple of past expenditure method. YTC exploration within the ELs has included considerable drilling, particularly within EL 4458, indicating extensions of the Nymagee polymetallic mineralisation into the ELs. BDA considers these areas to be advanced exploration projects, with defined targets warranting further drill testing. BDA has applied a Prospectivity Enhancement Multiplier range of 1.6-1.8 to exploration expenditure of A$5.7M (see Table 5.17) to derive a valuation range of A$9.1M to A$10.3M for 100% interest and A$8.7M to A$9.8M for YTC's 95% equity interest.

Summary of Nymagee Project Valuation

The combined assessment of the Nymagee resources and exploration potential for YTC's 95% interest is summarised in Table 6.4 below. The White Range and Einasleigh comparable transactions give a lower and upper range for the Nymagee resources. The Mallee Bull transaction and the PEM method provide a lower and upper range valuation for the ELs exploration potential.

Table 6.4

Valuation of YTC's 95% Equity in Nymagee Project

Project Component	Low A$M	Most Likely A$M	High A$M	Comment
Nymagee Resources	3.2	7.7	12.2	*Comparable Transaction*
Exploration Potential EL 4232/4458	5.0	7.4	9.8	*Mallee Bull Comparable Transaction and PEM*
Total Nymagee Project	**8.2**	**15.1**	**22.0**	

Yardstick Valuation of the Nymagee Project.

As previously indicated BDA has utilised the published transactions on eight international project transactions as a comparison to the valuation ranges summarised in Table 6.4. However, because these yardsticks are based on off-shore porphyry-style deposits that are quite different to Nymagee, this estimate has been used only as a cross check; the values have not been directly used in the Nymagee valuation.

The eight transactions provide a value range of US$0.036 to US$0.116 per pound of copper with an average of US$0.056 per pound of copper. Applying this to the contained copper equivalent in the Nymagee resource resulted in a value range of US$ 10.06M to US$32.43M for 100% of the Nymagee project. Adjusting this for the 30 November exchange rate of AUD/USD = 1.043 this translates to a range of A$9.2M to A$29.5M for YTC's 95% interest.

6.4 Valuation of YTC's other Regional Exploration Projects

Multiple of Past Expenditure Method

All the other YTC exploration projects described in Section 5.5 of this report have been valued using the Multiple of Past Expenditure method utilising the YTC project expenditures and selecting appropriate PEM factors (see Section 3) based on BDA's assessment of the overall exploration status and assessed prospectivity. The valuations derived using this methodology are summarised in Table 6.5.

Table 6.5

Multiple of Past Expenditure Valuation of YTC's Other Exploration Projects

Project	Attributable Expenditure A$M	PEM Factors Low	PEM Factors High	Value Range A$M	Value Range A$M	BDA Comment
Kadungle - EL 6226	1.53	1.5	1.7	2.3	2.6	Relatively early phase copper-gold project with drill-indicated targets
Baldry - EL 6673	0.55	1.2	1.4	0.7	0.8	Early phase copper-gold project
Tallebung - EL 6699	0.92	1.6	1.8	1.5	1.7	Reasonably interesting tin-tungsten targets
Crowie Creek - EL 7661	0.02	1.5	1.6	0.03	0.03	As above but early stage project
Doradilla - EL 6258	1.54	2.4	2.6	3.7	4.0	Advanced exploration project with an Inferred tin resource; metallurgical issues likely; extensive mineralised strike length
Galambo - EL 7744	0.03	1.1	1.2	0.04	0.04	Early stage exploration project with conceptual targets
Total				**8.3**	**9.172**	

Recent YTC Transaction.

On 1 November 2012 YTC announced it had negotiated an agreement to acquire 100% of the Doradilla Tin Project (EL 6258) for A$250,000 (in YTC shares). EL 6258 had previously been the subject of a joint venture between YTC and Straits and YTC had spent A$1.2M of the required A$1.5M by 18 December 2012 to earn a 70% equity in the project.

On this basis BDA considers that the combination of YTC expenditure and the subsequent transaction arrangement provides a valuation of the Doradilla project of A$1.45M. BDA has used this value as the low range for the project with the PEM value providing the high range.

6.5 Valuation Summary

A summary of BDA's valuation for YTC's projects (excluding the Hera development project valued by BDO Corporate Finance) is shown in Table 6.6.

Table 6.6
Valuation Summary of YTC Mineral Assets

Property	Valuation (A$M)			Comments
	Low	Most Likely	High	
Hera EL 6162	1.0	1.0	1.0	Multiple of Past Expenditure
Nymagee Project	8.2	15.1	22.0	Comparable Transaction/PEM
Kadungle EL 6226	2.3	2.4	2.6	PEM
Baldry EL 6673	0.7	0.7	0.8	PEM
Tallebung EL 6699	1.5	1.6	1.7	PEM
Crowie Creek EL 7661	0.03	0.03	0.03	PEM
Doradilla EL 6258	1.5	2.8	4.0	Transaction and PEM
Galambo EL 7744	0.04	0.04	0.04	PEM
Total	**15.27**	**23.67**	**32.172**	

BDA's assessed value for the YTC exploration projects totals A$23.7M within a range of A$15.3-32.2M.

7.0 STATEMENT OF CAPABILITY

This report has been prepared by Mr Peter Ingham, BDA General Manager Mining and Mr Peter Goldner, Mr Bill Kable, Mr Adrian Brett and Mr Ian White, BDA Senior Associates. Mr Hancock and Mr McIntyre, BDA Directors have reviewed the data and report. A summary of the professional qualifications and experience of the consultants involved is included below.

BDA is a mineral industry consulting group, specialising in independent due diligence reviews, valuations and technical audits of resources and reserves, mining and processing operations, project feasibility studies, and Independent Engineer work on project development, construction, and certification. BDA specialises in review and due diligence work for companies and financial institutions. The parent company, Behre Dolbear and Company Inc. has operated continuously as a mineral industry consultancy since 1911, and has offices in Denver, New York, Toronto, Vancouver, London, Hong Kong, Guadalajara and Sydney.

Mr Malcolm Hancock (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP(Geol)) is a Principal and Executive Director of BDA. He is a geologist with more than 35 years experience in the areas of resource/reserve estimation, reconciliation, project feasibility and development, mine geology and mining operations. Before joining BDA he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, base metal, light metal and industrial mineral projects, and has undertaken the management and direction of many of BDA's independent engineer operations in recent years.

Mr John McIntyre (BE (Min) Hon., FAusIMM, MMICA, CP (Min)) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 35 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia, West Africa, New Zealand, North and South America, PNG and Southeast Asia. He has been a consultant for more than 15 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role.

Mr Peter Ingham (B.Sc. (Min), M.Sc., DIC, GDipAppFin (Sec Inst), CEng, FAusIMM, MIMMM)) is a Senior Associate of BDA and General Manager Mining and is a graduate mining engineer with more than 25 years in the mining industry in Europe, Africa, Australia and Asia. His experience includes operations management, mining contract management, strategic planning, project assessment and acquisition, cost estimation and operational audits and trouble-shooting. He is experienced in a range of commodities, including copper, nickel, base metals, gold and platinum, in both surface and underground mining.

Mr Bill Kable (CGeol, BEcon, BComm, MAusIMM, SIA(Aff), MPESA) is an economic geologist with over 30 years experience in the minerals, oil and gas and broking industries. His specialisation is financial modelling and due diligence studies for public reports, corporate mergers, acquisitions and company floats. He has wide experience of projects throughout Australia, Southeast Asia and Africa.

Mr Peter Goldner (BSc. (Hon) Geology, FAusIMM, FAIG, CPGeo) is a Senior Associate of BDA with more than 40 years experience in the management, exploration, project evaluation, mine development, mine operations and general management of geological services. He has worked in both surface and underground operations in a range of commodities, including gold and precious metals, copper, lead/zinc, base metals, nickel and uranium. He has extensive experience in resource/reserve estimation, reconciliation procedures and the audit and review of estimates. Mr Goldner has worked in Australia, PNG, USA, the Philippines, Indonesia and Alaska USA.

Mr Ian White (MSc, BSc(Hon), DIC, MAusIMM, MMICA) is a Senior Associate of BDA with more than 25 years experience in the Australian mining industry. He has held senior management positions in several operating mines and has been involved in plant design and optimisation, process design testwork, feasibility studies and plant commissioning and project valuation. He is experienced in CIP/CIL technology, flotation, gravity separation, heap leaching, SX/EW, comminution, magnetic separation and pelletising and has worked with a range of commodities including gold, copper, iron ore, industrial minerals and base metals. Mr White has conducted the process review, engineering and construction monitoring, and Completion Testing for BDA on numerous major projects in Australia, New Zealand, Laos, Vietnam, the Philippines, China and the Pacific region.

Mr Adrian Brett (BSc (Hon) Geology, MSc Geotech, M.Envir.Law, FAusIMM) is a Senior Associate of BDA with more than 30 years experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations and Australian government agencies. He has completed assignments in Australia, Indonesia, Laos, Myanmar, Thailand, the Philippines, Africa and South America. Mr Brett has worked with BDA on tailing dam reviews for projects in similar climatic regions, including in Laos, Philippines, Indonesia and Papua New Guinea.

8.0 STATEMENT OF INDEPENDENCE

Neither the Principals nor Associates of BDA have any material interest or entitlement in the securities or assets of YTC, or any associated companies. BDA will be paid a fee for this report comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.

9.0 LIMITATIONS AND CONSENT

This assessment has been based on data, reports and other information made available to BDA by YTC, and BDO Corporate Finance. BDA has been advised that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to YTC, and BDO Corporate Finance for comment as to any errors of fact, omissions or incorrect assumptions.

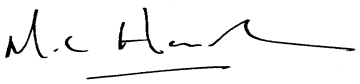
The opinions stated herein are given in good faith. We believe that the basic assumptions are factual and correct and the interpretations reasonable.

With respect to the BDA report and use thereof by YTC and BDO Corporate Finance, YTC agrees to indemnify and hold harmless BDA and its shareholders, directors, officers, and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions.

This report is provided to the Directors of YTC and BDO Corporate Finance in connection with the proposed transaction and should not be used or relied upon for any other purpose. This report does not constitute an audit. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any purpose without our written consent to the form and context in which it appears.

Yours faithfully

BEHRE DOLBEAR AUSTRALIA PTY LTD



Malcolm C Hancock **John McIntyre**

Executive Director - BDA **Managing Director - BDA**

Prepared by Behre Dolbear Australia Pty Limited

Level 9, 80 Mount Street

North Sydney NSW 2060 Australia

Tel 612 9954 4988; Fax 612 9929 2549

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YTC Resources Limited

ACN 108 476 384

REGISTERED OFFICE:
PO BOX 7077
ORANGE NSW 2800

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: YTC

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ **OR**

The meeting Chairperson (mark with an "X")

The name of the person you are appointing (if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10.00am AEDST on Friday 15 March 2013 at Pullman Quay Grand Sydney Harbour, 61-69 Macquarie Street Sydney NSW 2000 and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution	For	Against	Abstain*
1. APPROVAL OF THE ISSUE OF THE SUBSCRIPTION SHARES TO GLENCORE AUSTRALIA FINANCE HOLDINGS PTY LTD	☐	☐	☐
2. APPROVAL OF THE ISSUE TO GLENCORE GROUP FUNDING LIMITED OF CONVERTING NOTES AND SHARES ON CONVERSION OF THOSE CONVERTING NOTES	☐	☐	☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10.00AM AEDST on Wednesday 13 March 2013.

ONLINE PROXY SERVICE

You can lodge your proxy online at **www.securitytransfer.com.au**

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER

( )

NOTES

1. **Name and Address**

This is the name and address on the Share Register of YTC RESOURCES LIMITED. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of YTC RESOURCES LIMITED.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

(a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and

(b) Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10.00AM AEDST on Wednesday 13 March 2013, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone **+61 8 9315 2333**

Facsimile **+61 8 9315 2233**

Email **registrar@securitytransfer.com.au**

Voting online

You may submit your proxy online by visiting www.securitytransfer.com.au.
To use this option, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your allocated Online Proxy ID number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority. The online proxy facility may not be suitable for shareholders who wish to appoint two proxies with different voting directions. Please read the instructions for online proxy submissions carefully before you lodge your proxy. Custodians and other intermediaries may submit their proxy online by visiting **www.securitytransfer.com.au**.

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.