A.C.N 108 476 384

HALF YEAR

FINANCIAL REPORT

31 December 2012

Corporate Directory

Directors

Mr. Anthony Wehby (Chairman)
Mr. Rimas Kairaitis (Managing Director)
Mr. Mark Milazzo
Mr. Gary Comb
Mr. Robin Chambers
Ms. Christine Ng
Dr. Wenxiang Gao

Company Secretary

Mr Richard Willson

Registered Office and Principal place of business

YTC Resources Limited
2 Corporation Place
ORANGE NSW 2800
Telephone: (02) 6361 4700
Facsimile: (02) 6361 4711
Email: office@ytcresources.com.au

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Stock Exchange Listing

YTC Resources Limited shares are listed on the Australian Stock Exchange.
ASX Code: YTC

Auditors

Ernst and Young
680 George Street
Sydney NSW 2000

Website

www.ytcresources.com

CONTENTS

Directors' Report

Your Directors submit their report for the half year ended 31 December 2012.

DIRECTORS

The names of the Company's directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Anthony Wehby (Chairman)

Mr Rimas Kairaitis (Managing Director)

Mr Mark Milazzo (since 6 August 2012)

Mr Gary Comb (since 4 July 2012)

Mr Robin Chambers

Dr Wenxiang Gao

Ms Christine Ng

Mr Richard Hill (resigned 11 July 2012)

Mr Stephen Woodham (resigned 6 August 2012)

Mr Richard Willson (Alternate for Mr Richard Hill for 4 July 2012, Alternate for Mr Anthony Wehby 22 September 2012 to 22 October 2012, Alternate for Mr Gary Comb since 20 November 2012, Alternate for Mr Mark Milazzo since 8 March 2013)

Dr Guoqing Zhang (Alternate for Dr Wenxiang Gao)

Mr. Yong Chen (Alternate for Ms Christine Ng)

REVIEW AND RESULTS OF OPERATIONS

Financial Performance

The net loss after tax of YTC Resources Limited ("YTC" or "Company") and its subsidiaries together ("Group" or "Consolidated Entity") for the half year period to 31 December 2012 was $1,606,334 (2011: $442,760).

The increase in the loss for the period when compared to the same period in the previous year is largely a result of bank, legal and other expenses incurred in relation to project financing and reduction in interest income.

Total additional deferred exploration expenditure for the half year ending 31 December 2012 was $6,743,718, which was primarily incurred on the Hera and Nymagee projects. The Group continued mine construction activities at Hera and spent $1,841,326 during the period (2011: $853,150).

At 31 December 2012 the cash balance was $9.2 million compared to $15.1 million at 30 June 2012. The reduction is due largely to expenditure on exploration and development of exploration projects.

Operational Performance

For the six months to 31 December 2012, YTC Resource retained its strong focus on the Hera-Nymagee Project. Key highlights for the Company in the period included:

Hera Project Approval

On the 1st August 2012, YTC announced it had received Project Approval for the Hera Gold Project from the NSW Department of Planning and Infrastructure (DP&I) under Part 3A of the NSW EP&A Act.

Directors' Report

Hera-Nymagee Project Financing

On the 22nd November, YTC announced a $158m financing agreement with Glencore International, for the provision of Project Finance for the development of both the Hera and Nymagee Projects. The Facilities in summary are:

- A $2.95m placement
- $70m in Converting Note facilities
- $30m debt facility for the Hera Project development
- $50m debt facility for the Nymagee Project development
- $5m facility for the purchase of base & precious metal put option cover

The facilities are subject to a number of Conditions Precedent, including YTC shareholder approval to be sought in the March quarter 2013.

Hera Project Commencement

In December 2012, following announcement of the Hera Project funding, YTC commenced the construction of the Hera Project underground with the mobilisation of underground mining contractors.

Hera Exploration

Exploration at Hera during the period successfully extended the Hera Deposit to both the North and the South. A new, high-grade silver-lead-zinc lens was discovered at Hera North, with highlight intersections including:

HRD042: 11m @ 279g/t Ag, 2.2% Pb, 4.7% Zn and 0.16g/t Au from 382m, including
7m @ 343g/t Ag, 3.0% Pb, 6.7% Zn and 0.21g/t Au from 382m

HRD042W1: 11m @ 107g/t Ag, 7.2% Pb, 12.3% Zn and 0.15g/t Au from 324m

HRD042W2: 4.75m @ 0.34g/t Au, 359g/t Ag, 10.9% Pb and 22.2% Zn from 350.78m, and
1.90m @ 0.89g/t Au, 601g/t Ag from 364m

At Hera South, mineralisation has been extended to >200m down plunge from the existing Resource, with highlight intersections include:

HRD040: 14m @ 2.40g/t Au, 22g/t Ag & 6.6% Pb+Zn from 628m, including
6m @ 4.54g/t Au, 15g/t Ag & 5.3% Pb + Zn from 628m

Other exploration at Hera included the completion of surface and down hole EM surveys and the delineation of a significant new gold target at the Federation prospect, located approximately 12km south of the Hera deposit.

Nymagee Exploration

Exploration at Nymagee project focused on the Nymagee North area, located some 500m north of the main Nymagee Deposit. Exploration at Nymagee North discovered new zones of copper-gold mineralisation and high grade lead-zinc silver mineralisation. The Nymagee North Zone is interpreted to represent the upper part of a new Cobar mineral system. Highlight intersections form Nymagee North include:

NMD075: 18m @ 1g/t Au, 23g/t Ag, 0.9% Cu, 0.6% Pb and 1.3% Zn from 431m, including
1m @ 11.3g/t Au, 26g/t Ag and 1.8% Cu from 432m

NMD075: 6m @ 0.5g/t Au, 149g/t Ag, 5% Pb and 11.6% Zn from 512m

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

Reconnaissance mapping also rediscovered a historic mine at Nymagee called the Queens Cross Mine. The mine is recorded as a gold mine, but rock chip samples recorded very high copper and cobalt results.

Other exploration at Nymagee including the completion of a deep hole beneath the main Nymagee deposit and completion of downhole EM (DHEM) surveys.

Other Projects

Activity on other Projects was limited with the completion of an 1800m aircore drilling programme at the Doradilla tin project and continuing access negotiations at the Tallebung Tin Project.

Competent Persons Statement – Exploration Results

The information in this presentation 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.

Competent Persons Statement – Hera & Nymagee Resource Estimates

The Resource Estimation has been completed by Mr Dean Fredericksen the Chief Operating Officer of YTC Resources Ltd who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Dean Fredericksen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Fredericksen consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – Hera Ore Reserve

The Information in this report relating to Ore Reserves is based on work undertaken by Mr Michael Leak of Optiro Pty Ltd under supervision of Mr Sean Pearce. This report has been compiled by Sean Pearce, who is a Member of the Australasian Institute of Mining and Metallurgy. Sean Pearce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Pearce consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Directors' Report

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the directors of YTC Resources Limited with an Auditor's Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on page 7 and forms part of this Directors' Report for the half year ended 31 December 2012.

Signed in accordance with a resolution of the directors.

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Mr. Anthony Wehby
Chairman
13 March 2013

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Auditor's Independence Declaration to the Directors of YTC Resources Limited

In relation to our review of the financial report of YTC Resources Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
13 March 2013

YTC Resources Limited

Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Notes	Consolidated	
		31-Dec-12	**31-Dec-11**
		$	**$**
Revenue			
Management fee		23,823	27,707
Interest revenue		308,114	753,228
Gain on sale of tin tenements	**2(a)**	-	635,647
Gain on disposal of equity associate	**2(a)**	320,913	-
R&D Refund		264,242	199,728
Total revenue		917,092	1,616,310
Employee benefits expense	**2(b)**	879,888	975,025
Travel expenses		97,797	356,522
Consulting expenditure		301,394	326,655
Office rental and outgoings		72,053	39,265
Statutory and Corporate costs		121,804	50,148
Legal and other costs in relation to negotiation of financing of Hera project		766,950	-
Administration expenditure		134,377	217,343
Capitalised exploration costs written off		9,827	1,983
Depreciation & Amortisation		139,336	92,129
Expenses		2,523,426	2,059,070
Loss before income tax		(1,606,334)	(442,760)
Income tax expense		-	-
Loss after income tax		(1,606,334)	(442,760)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,606,334)	(442,760)
Earnings per share for loss attributable to the ordinary equity holders of the parent			
Basic loss per share (cents per share)		(0.64)	(0.09)
Diluted loss per share (cents per share)		(0.64)	(0.09)

The above Income Statement should be read in conjunction with the accompanying notes

Statement of Financial Position

AS AT 31 DECEMBER 2012

	Notes	Consolidated 31-Dec-12 $	Consolidated 30-Jun-12 $
ASSETS			
Current assets			
Cash and cash equivalents	3	9,174,559	15,087,184
Trade and other receivables		54,496	158,417
Prepayments		142,804	133,836
Total current assets		9,371,859	15,379,437
Non current assets			
Investments in associates	2(a)	-	1,152,118
Investments	2(a)	1,227,600	-
Other financial assets	2(a)	355,431	110,000
Plant and equipment		1,339,681	1,357,550
Deferred exploration and evaluation expenditure	4	15,135,242	45,609,237
Mines under development	5	42,793,137	3,734,098
Total non current assets		60,851,091	51,963,003
Total assets		70,222,950	67,342,440
LIABILITIES			
Current liabilities			
Trade and other payables		1,509,722	793,392
Provisions		428,884	155,028
Total current liabilities		1,938,606	948,420
Non current liabilities			
Provisions		11,252,260	7,795,391
Total non current liabilities		11,252,260	7,795,391
Total liabilities		13,190,866	8,743,811
Net assets		57,032,084	58,598,629
Equity			
Contributed equity	6	67,074,707	67,074,707
Reserves		2,070,723	2,030,934
Retained losses		(12,113,346)	(10,507,012)
Total equity		57,032,084	58,598,629

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Consolidated

	Issued Share Capital	Share Option Reserve	Accumulated Losses	Total
	$	$	$	$
Balance as at 1 July 2011	65,712,596	1,617,401	(8,430,399)	58,899,598
Total comprehensive loss for the period	-	-	(442,760)	(442,760)
Transactions with owners in their capacity as owners				
Shares issued for the period	311,500	-	-	311,500
Tax refund on share issue costs	175,611	-	-	175,611
Share based payment expense during the period	-	69,533	-	69,533
Balance as at 31 December 2011	66,199,707	1,686,934	(8,873,159)	59,013,482
Balance as at 1 July 2012	67,074,707	2,030,934	(10,507,012)	58,598,629
Total comprehensive loss for the period	-	-	(1,606,334)	(1,606,334)
Transactions with owners in their capacity as owners				
Shares issued for the period	-	-	-	-
Share based payment expense during the period	-	39,789	-	39,789
Balance as at 31 December 2012	67,074,707	2,070,723	(12,113,346)	57,032,084

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Cash Flow Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

		Consolidated	
		31-Dec-12	31-Dec-11
	Notes	$	$
Cash flows from operating activities			
Receipts from customers		83,805	61,480
Payments to suppliers and employees		(1,656,400)	(2,138,006)
Research and Development Refund		264,242	199,728
Interest received		348,675	802,101
Net cash flows used in operating activities		(959,678)	(1,074,697)
Cash flows from investing activities			
Purchase of property, plant and equipment		(129,760)	(253,684)
Exploration and evaluation expenditure		(3,367,429)	(6,692,215)
Expenditures on Mine Development		(1,455,758)	(280,977)
Net cash flows used in investing activities		(4,952,947)	(7,226,876)
Cash flows from financing activities			
Proceeds from issue of shares		-	211,500
Tax refund on share issue costs		-	175,611
Net cash flows from financing activities		-	387,111
Net (decrease)/increase in cash and cash equivalents		(5,912,625)	(7,914,462)
Cash and cash equivalents at beginning of period		15,087,184	28,605,566
Cash and cash equivalents at end of period		9,174,559	20,691,104

The above Cash Flow Statement should be read in conjunction with the accompanying notes

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

CORPORATE INFORMATION

The general purpose financial report of YTC Resources Limited for the half year ended 31 December 2012 was authorised for issue in accordance with a resolution of Directors on 13 March 2013.

YTC Resources Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. YTC Resources is a for profit entity.

The principal activity of the Company and its subsidiaries (together the “Consolidated Entity”) is mineral exploration. The address of the registered office is 2 Corporation Place, Orange NSW.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

This interim condensed general purpose financial report for the half year ended 31 December 2012 has been prepared in accordance with AASB 134 Interim Financial Reporting, IAS 34 Interim Financial Reporting and the Corporations Act 2001. The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by YTC Resources Limited during the half year ended 31 December 2012 in accordance with continuous disclosure obligations of the ASX listing rules.

Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2012, except for the adoption of new standards and interpretations as at 1 July 2012:

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets; and
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.

These new standards do not have a significant impact on the financial statements of YTC Resources Limited.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

Where required, the prior period financial information has been restated to present comparative financial information.

2. REVENUE & EXPENSES

(a) As at 30 June 2012, YTC held a 25% interest (or 13.64 million shares) and 5.5 million options in Taronga Mines Limited (TAZ), most of which were received as consideration for the sale of tin tenements. The sale of the tenements to TAZ resulted in the Group recognising a $635,647 gain on sale as at 30 June 2012. Shares in TAZ were recorded as an equity accounted investment as at 30 June 2012.

During the reporting period, TAZ merged with Ausnico Limited. As a result of this transaction, YTC Resources Limited disposed all its holdings in TAZ for 68.2 million shares in Ausnico Limited (representing 15.8% interest in Ausnico) and 27.5 million options in Ausnico Limited. As a result of this transaction YTC Resources Limited recognised a $320,913 gain on disposal of an equity investment. Shareholding and options in Ausnico are recorded as investment and other financial assets in the statement of financial position as at 31 December 2012.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Consolidated	
	31-Dec-12	**31-Dec-11**
2. REVENUE & EXPENSES (CONTINUED)	**$**	**$**
Loss before income tax includes the following specific expenses:		
(b) Employee benefits expense		
Salaries and on-costs	840,099	905,492
Options expense	39,789	69,533
	879,888	975,025

3. CASH AND CASH EQUIVALENTS	**31-Dec-12**	**30-Jun-12**
Cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	914,559	1,166,189
Short-term deposits	8,260,000	13,920,995
	9,174,559	15,087,184

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

At cost	53,575,267	47,358,473
Accumulated impairment	(1,222,312)	(1,749,236)
Transfer to Mine development	(37,217,713)	-
Total exploration and evaluation	15,135,242	45,609,237

$536,751 (2011 $nil) has been removed from the “At cost” and “Accumulated impairment” figures in the half year ended 31 Dec 2012 for tenements which have been relinquished (i.e. $nil change in net book value).

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

5. MINES UNDER DEVELOPMENT	Consolidated	
	31-Dec-12	30-Jun-12
	$	$
At cost	5,575,424	3,734,098
Transfers from Exploration and Evaluation expenditure	37,217,713	-
Total Mines Under Development	42,793,137	3,734,098

6. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	67,074,707	67,074,707

(b) Movements in ordinary shares on issue

Details	Date	Number of shares	$
Opening Balance	1-Jul-12	252,724,334	67,074,707
No changes		-	-
Closing Balance		252,724,334	67,074,707

7. SEGMENT INFORMATION

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

The Consolidated Entity operates entirely in the industry of exploration for minerals in Australia. The operating segments are identified by management based on the size of the exploration tenement. The reportable segments are split between the Hera and Nymagee projects, being the most significant current projects of the Company, all other tenements and advisory services to the Yunnan Tin Group. Financial information about each of these segments is reported to the Chief Executive Officer and Board of Directors on a monthly basis.

Corporate office activities are not allocated to operating segments and form part of the reconciliation to net loss after tax.

Accounting policies and inter-segment transactions

The accounting policies used by the Company in reporting segments are the same as those contained in note 1 to the accounts. The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue
- Corporate costs
- Depreciation and amortisation of non-project specific property, plant and equipment

The following represents profit and loss and asset information for reportable segments for the half-years ended 31 December 2012 and 31 December 2011.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

7. SEGMENT INFORMATION (CONTINUED)

	Hera and Nymagee Projects	Other Exploration Projects	Yunnan Tin Group Management	Total
Segment Results				
Half -year ended 31 December 2012				
Segment Revenue	-	-	23,823	23,823
Deferred exploration costs written-off	-	(9,827)	-	(9,827)
Other allocated costs	-	-	(23,823)	(23,823)
Segment Net Loss After Tax	-	(9,827)	-	(9,827)
Reconciliation of segment net loss after tax to net loss after tax				
Interest revenue				308,114
Gains on disposal of equity accounted investee				320,913
Corporate operating costs				(2,086,198)
Corporate asset depreciation and amortisation				(139,336)
Net Loss after tax per the statement of comprehensive income				(1,606,334)
Half -year ended 31 December 2011				
Segment Revenue	-	-	27,707	27,707
Gains on sale of tin tenements	-	635,647	-	635,647
Deferred exploration costs written-off	-	(1,983)	-	(1,983)
Other allocated costs	-	-	(27,707)	(27,707)
Segment Net Profit After Tax	-	633,664	-	633,664
Reconciliation of segment net loss after tax to net loss after tax				
Interest revenue				753,228
Corporate operating costs				(1,737,523)
Corporate asset depreciation and amortisation				(92,129)
Net Loss after tax per the statement of comprehensive income				(442,760)

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

7. SEGMENT INFORMATION (CONTINUED)

	Hera and Nymagee Projects	Other Exploration Projects	Yunnan Tin Group Management	Total
Segment assets for the half-year ended 31 December are as follows:				
Segment assets at 31 December 2012				
Property, plant and equipment	371,094	-	-	371,094
Deferred exploration and evaluation expenditure	11,957,428	3,177,814	-	15,135,242
Mines under development	42,793,137	-	-	42,793,137
	55,121,659	3,177,814	-	58,299,473
Reconciliation of segment assets to total assets				
Cash and cash equivalents				9,174,559
Trade and other receivables				54,496
Prepayments				142,804
Investments in third parties				1,227,600
Financial Assets				355,431
Corporate plant and equipment				968,587
Total assets per the balance sheet at 31 December 2012				70,222,950
Segment assets at 30 June 2012				
Property, plant and equipment	242,671	-	-	242,671
Deferred exploration and evaluation expenditure	42,671,068	2,938,169	-	45,609,237
Mines Under Development	3,734,098	-	-	3,734,098
	46,647,837	2,938,169	-	49,586,006
Reconciliation of segment assets to total assets				
Cash and cash equivalents				15,087,184
Trade and other receivables				158,417
Prepayments				133,836
Corporate plant and equipment				1,114,879
Investments in Associates				1,152,118
Financial Assets				110,000
Total assets per the balance sheet at 30 June 2012				67,342,440

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Consolidated	
	31-Dec-12	**30-Jun-12**
	$	**$**
8. COMMITMENTS		
Lease commitments		
Within 1 year	37,159	67,348
After one year but not longer than 5 years	19,274	23,627
	56,433	90,975

Development commitments

The Company entered into a construction agreement with a supplier on 30 November 2012. A maximum of $1,067,000 is payable within 1 year under this agreement. (2011 $nil)

9. HERA PROJECT DEFERRED ACQUISITION COSTS

On 18 June 2009, the Company reached agreement to purchase a 100% interest in the Hera Project and an 80% interest in the adjacent Nymagee Joint Venture from CBH Resources Limited (CBH).

The total cost of the acquisition was as follows:

- Initial purchase price of $12,000,000 paid in cash.
- 5% gold royalty on gravity gold dore production from the Hera deposit, capped at 250,000 oz Au.

The Consolidated Entity has recorded deferred consideration of $11,252,260 ($7,795,391 at 30 June 2012) representing the net present value of projected royalty payments due under the terms of the acquisition, calculated based on information available as at 31 December 2012. The deferred consideration is revalued at each reporting date in accordance with AASB 3 applicable on the date of acquisition with a corresponding adjustment to exploration and evaluation assets acquired.

10. HERA & NYMAGEE PROJECT FINANCING

On 22 November 2012, YTC announced a A$158m funding package with Glencore International AG to develop the Hera and Nymagee Projects. The funding package is structured as A$155 million in debt and converting note facilities in addition to the subscription by Glencore to $2.95 million in YTC shares at a 25% premium to YTC's 30 day average share price as at 20 November 2012.

The Glencore Transaction is subject to a number of conditions precedent including the granting of certain approvals by YTC shareholders. A general meeting will be held 15 March 2013 seeking these approvals. If shareholders approve the resolutions at this meeting YTC's intention is to move to full scale development of the Hera project. If shareholders do not approve the resolutions YTC will need to seek alternative financing.

11. DIVIDENDS

No dividends were paid or proposed during the period (2011: nil).

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

12. EVENTS AFTER THE BALANCE SHEET DATE

There are no events occurring subsequent to the balance sheet date requiring disclosure.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of YTC Resources Limited, I state that:

In the opinion of the directors

(a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2012 and its performance, for the half year ended on that date of the Consolidated Entity; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

____

Mr. Anthony Wehby
Chairman
13 March 2013

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Independent review report to members of YTC Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of YTC Resources Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of YTC Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of YTC Resources Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
13 March 2013