ASX: YTC
Sept 2013
Quarterly

YTC RESOURCES LIMITED

SEPTEMBER 2013–QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

HERA PROJECT CONSTRUCTION

Hera Project construction activities have progressed well during the quarter. Key milestones and activities in the quarter included:

- Hera decline and underground development advanced to 1570m at the end of the quarter or 95% of schedule (at 23 October underground development was at 1758m or 97% of schedule).
- Establishment of initial ventilation and ladderway rises and installation of the primary vent fan
- Completion of design sign-off and commencement of process plant construction
- Orders placed for all process plant long lead items
- Completion of Stage 1 of the accommodation camp
- Completion of heavy vehicle access road construction
- Commencement of construction at the Tailings Storage Facility (TSF)

Hera Boxcut and Portal

NYMAGEE EXPLORATION

Strong sulphide mineralisation intersected in drilling at Nymagee North with results including:

- 10m @ 1.4% Cu, 30g/t Ag and 1.9% Pb + Zn from 545.5m

Follow-up, high definition DHEM shows the main conductor target is yet to be intersected by drilling. Further drilling to target this high priority conductor target is now underway.

CORPORATE

- At 30 September 2013, the Company held cash reserves of $14.7 million, and undrawn financing facilities of $110 million

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

HERA PROJECT CONSTRUCTION

Significant Hera Project construction activities were progressed during the quarter. A summary of key milestones and activities in the quarter is outlined below.

HERA MINE DEVELOPMENT

The Hera underground development continued to progress well:

- A total of 658m underground advance completed during the quarter.
- The total underground advance at the end of the quarter was at 1570m representing 95% of project schedule.
- At 23rd October, underground development has advanced to 1758m or 97% of schedule

During the quarter the primary vent rise and ladder way rises were successfully established. The primary vent fan and ladderways were also successfully installed.

Primary Vent Fan

PROCESS PLANT

The Hera Process Plant is being constructed under an EPC Contract with Gekko Systems of Ballarat, Victoria. The EPC Contract is a lump sum, turnkey contract for the construction of the process plant, operating to agreed performance warranties.

Progress during the September quarter included:

- Design sign-off complete
- Construction commenced on steel framework
- Orders placed for all remaining long-lead time components
- Reverse Osmosis (R/O) water treatment plant installed and commissioned

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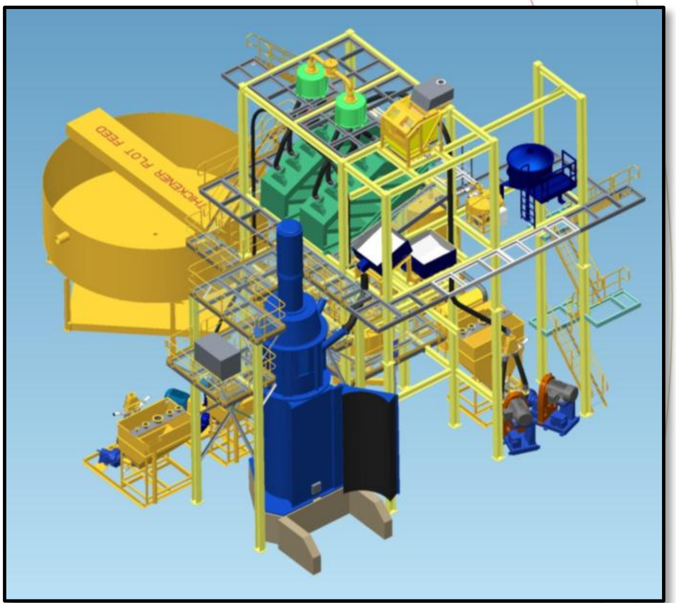
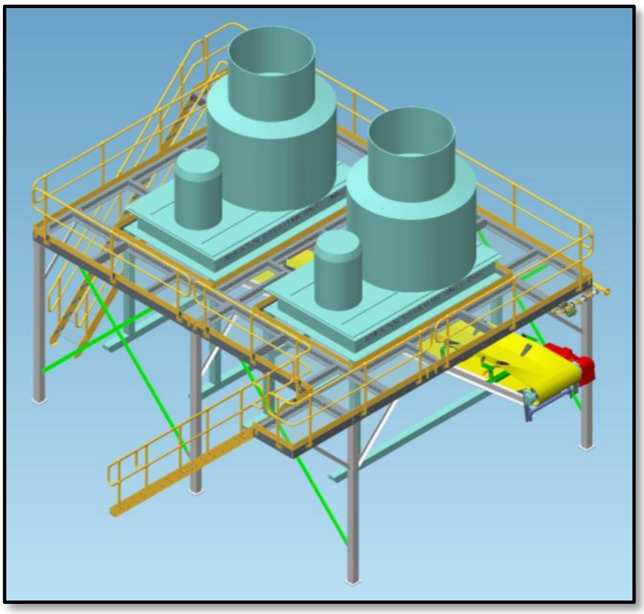


Final design for verti-mill and gravity tower



Final design for tertiary crusher assembly

TAILINGS DAM CONSTRUCTION

Construction activities continued on Stage 1 of the tailings storage facility (TSF) including topsoil stripping, construction of the keyway trench and commencement of the wall.

Topsoil removal on the tailings storage facility

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HERA CAMP CONSTRUCTION

Stage 1 of the Hera Accommodation Camp, including 40 accommodation rooms, was completed and these rooms are now fully occupied. Construction of Stage 2, for an additional 40 accommodation rooms has commenced with an expected completion in late December.

T.I. Hospitality was selected as the camp manager and took management control in the first week of September.

Hera Accommodation Camp – BBQ Area and Stage 1 accommodation units

HERA PROJECT CONSTRUCTION SCHEDULE

A summary of the Hera Project construction schedule is presented below. The project remains on schedule for first production in the September quarter 2014.

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

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NYMAGEE EXPLORATION

STRONG RESULTS FROM NYMAGEE NORTH

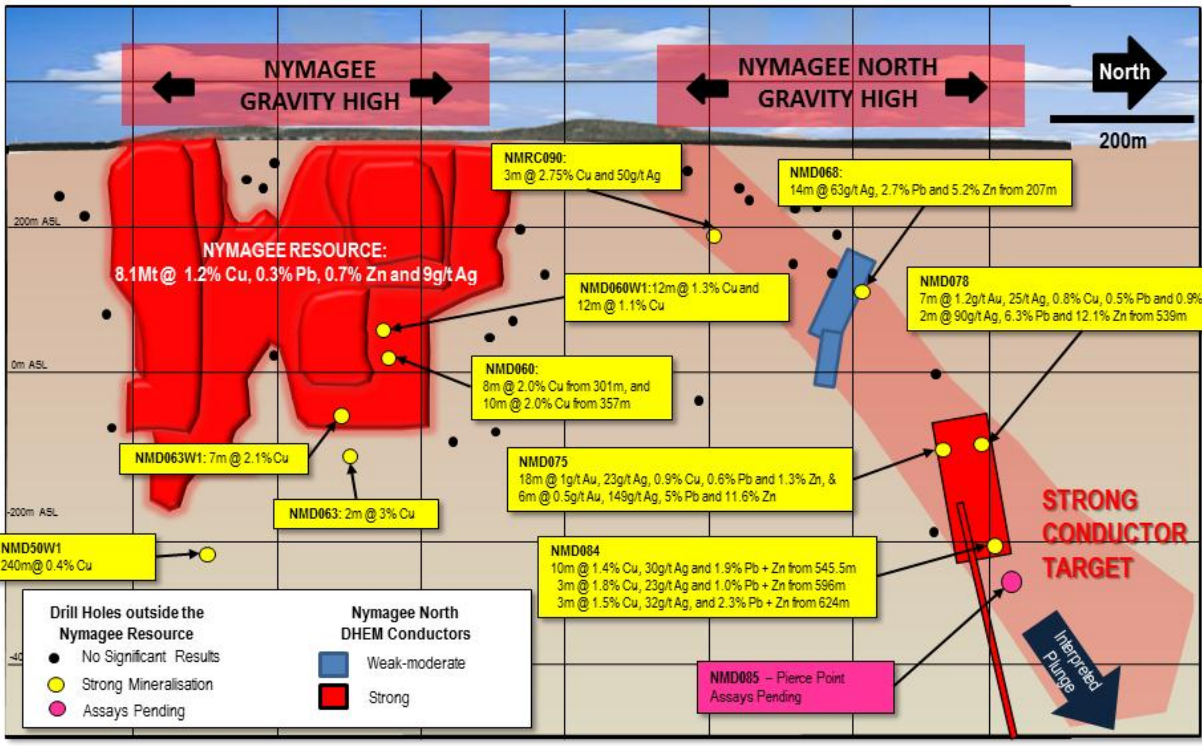
Nymagee North lies approximately 600m north of the Nymagee Copper deposit. Exploration results from the area to date have been consistent with the interpretation that Nymagee North may represent the upper part of a new Cobar style copper system. This was reinforced in the previous quarter with a downhole EM (DHEM) survey defining a new, strong, conductor target positioned down-plunge of previous strong drilling results.

During the September quarter, two drill holes were completed at Nymagee North to test the new conductor target. Hole NMD084 intersected the top part of the conductor plate and intersected a broad intersection of copper-lead zinc mineralisation. The hole recorded a number of strong results including:

- 10m @ 1.4% Cu, 30g/t Ag and 1.9% Pb + Zn from 545.5m
- 3m @ 1.8% Cu, 23g/t Ag and 1.0% Pb + Zn from 596m
- 3m @ 1.5% Cu, 32g/t Ag, and 2.3% Pb + Zn from 624m

A second hole, NMD085 was drilled to test 50m below hole NMD084 (refer long section).

NMD085 intersected a broad stringer-sulphide interval in the target zone from 583.6m to 644.2m. At the end of the quarter, assays for these holes were pending and the hole was being prepared for survey by high definition downhole EM. YTC believes the conductive source of the strong DHEM response is yet to be intersected by drilling and further drill testing is now underway.



Nymagee and Nymagee North – long section looking west

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CORPORATE

CASH POSITION

At 30 September 2013, the Company held cash reserves of $14.7 million, and undrawn financing facilities of $110 million.

Table 1: Collar summary for drill holes in this report

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
NMD084	434314	6453017	-80	220.3	664.35	Nymagee North

Table 2: Intersection summary for drill holes in this report

Hole	From (m)	To (m)	Intercept (m)	True Width (m)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
NMD084	545.5	555.5	10	7	1.4	0.77	1.16	30	
	596	599	3	2.1	1.8	0.36	0.64	23	
	624	627	3	2.1	1.5	0.84	1.51	32	

Competent Persons Statement – Nymagee & Hera Resource Estimate

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

Competent Persons Statement – Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by 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 Ore Reserve

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

Competent Persons Statement – 3KEL-Midway Resource Estimation

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

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ABOUT THE HERA-NYMAGEE PROJECT

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

YTC completed the Definitive Feasibility Study ('DFS") on the Hera Gold Project in June 2011, which confirmed the technical and financial viability of the development of the Hera deposit as a shallow underground mine and processing plant producing gold and silver doré bars and a bulk lead-zinc concentrate for sale. YTC subsequently received Project Approval from the NSW State Government in August 2012 and shareholder approval for a major funding transaction with Glencore in March 2013.

YTC is now in full scale development of the Hera project with first production due in the September quarter 2014.

The Company is also currently evaluating the Nymagee copper deposit, located 4.5km to the north, with a view to demonstrating an integrated development of the Hera and Nymagee deposits.

YTC maintains a commitment to the ongoing exploration of the Hera-Nymagee Project and considers both deposits have the potential to evolve into very large "Cobar style' mineral systems.

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APPENDIX 1: MINERAL RESOURCES AND RESERVES

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

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

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

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

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

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

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

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

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

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

Au Equivalent calculation formula = (Metal price x metal grade) ÷ (gold price per oz ÷ 31.1)
The following metal prices, exchange rates and metal recoveries and payabilities were used for the calculation of a gold equivalent

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

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

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APPENDIX 3: GOLD EQUIVALENT & NSR CALCULATIONS – HERA RESOURCE

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

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

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

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

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

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