2013

ANNUAL REPORT

YTC
RESOURCES LIMITED

Contents

Company information

Directors

Mr Anthony Wehby – Chairman

Mr Rimas Kairaitis – Managing Director

Mr Robin Chambers

Mr Gary Comb

Dr Wenxiang Gao

Mr Michael Menzies

Mr Mark Milazzo

Ms Christine Ng

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

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, the home branch being Perth.

ASX Code: YTC

Auditors

Ernst and Young

680 George Street

Sydney NSW 2000

Website

www.ytcresources.com

Chairman's Letter

Dear Shareholders

Once again I am pleased to introduce to you a report on a year of achievement and encouragement for YTC and its community.

This Annual Report summarises many of the important announcements from throughout the year and gives context to our continuing transition from explorer to producer. There remain many challenges to be met, however the demonstrated abilities of our management team allow for great optimism.

In addition to the outstanding contribution of management I also acknowledge the support of our major contractors, financiers and advisors. The collective team has allowed and facilitated progress despite the difficulties of equity and financial market conditions. It is gratifying to have partners who share our longer term vision for the Company at Hera, Nymagee and beyond.

Early in the financial year Steve Woodham and Richard Hill, two founding directors of YTC retired from the Board to make way for new directors with the experience required for the next stage of development. Steve and Richard were instrumental in bringing YTC to the stage it has now reached, with a promising future as a mining company. I formally record my gratitude, on behalf of the Board and Shareholders, for their service.

Gary Comb and Mike Milazzo joined the Board and bring extensive, relevant experience. Our first year working together in YTC has been rewarding and encouraging.

In March 2013 I was particularly encouraged by the overwhelming support shown by shareholders for the Glencore Financing Proposals at the EGM. This formal support and the many other shareholder contacts received expressing confidence in the future for YTC are greatly appreciated by us all.

Shareholder input is always welcome, even if it is to express an alternate view. The Board is conscious that YTC is your company and our objective is to be worthy of your continued support.

As part of the financing of our future developments we welcomed Glencore as a 10% shareholder and Mike Menzies as their representative onto the Board. We are delighted with the beginnings of this relationship and look forward to a long and fruitful partnership.

I am aware that optimising the opportunities that will emerge in the coming year will require a great deal of commitment from the Board and management and on their behalf I assure shareholders of our best endeavours.

Yours sincerely

Tony Wehby
Non-Executive Chairman

HERA-NYMAGEE PROJECT

Company activities for the year were again dominated by activity on the Hera and Nymagee Projects.

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, hosted in the Cobar Basin rocks of central NSW. The Cobar Basin also hosts the major mineral deposits at CSA (Cu-Ag), The Peak (Cu-Au) and Endeavor (Cu-Pb-Zn-Ag).

YTC has now commenced full scale development activities at the Hera Gold Project following:

1. The completion of the Hera Definitive Feasibility Study ('DFS') which confirmed the technical and financial viability of the development of the Hera deposit as a shallow underground mine and processing plant producing gold and silver doré bars and a bulk lead-zinc concentrate for sale.
2. Receipt of NSW Government permitting approval, and;
3. Completion of Hera project financing arrangements.

The Company is also continuing exploration and feasibility at the Nymagee copper deposit, located 4.5km to the north of Hera, with a view to demonstrating an integrated development of the Hera and Nymagee deposits. The Company considers both deposits have the potential to evolve into very large 'Cobar style' mineral systems.

HERA PROJECT PERMITTING

Following an exhaustive approvals process, YTC received project approval for the Hera Project from the NSW Department of Planning and Infrastructure (DP&I) under Part 3A of the NSW EP&A Act on the 1st August 2012. The Project Approval represents the key approval for the Project and lays down the key consent conditions for the projects development.

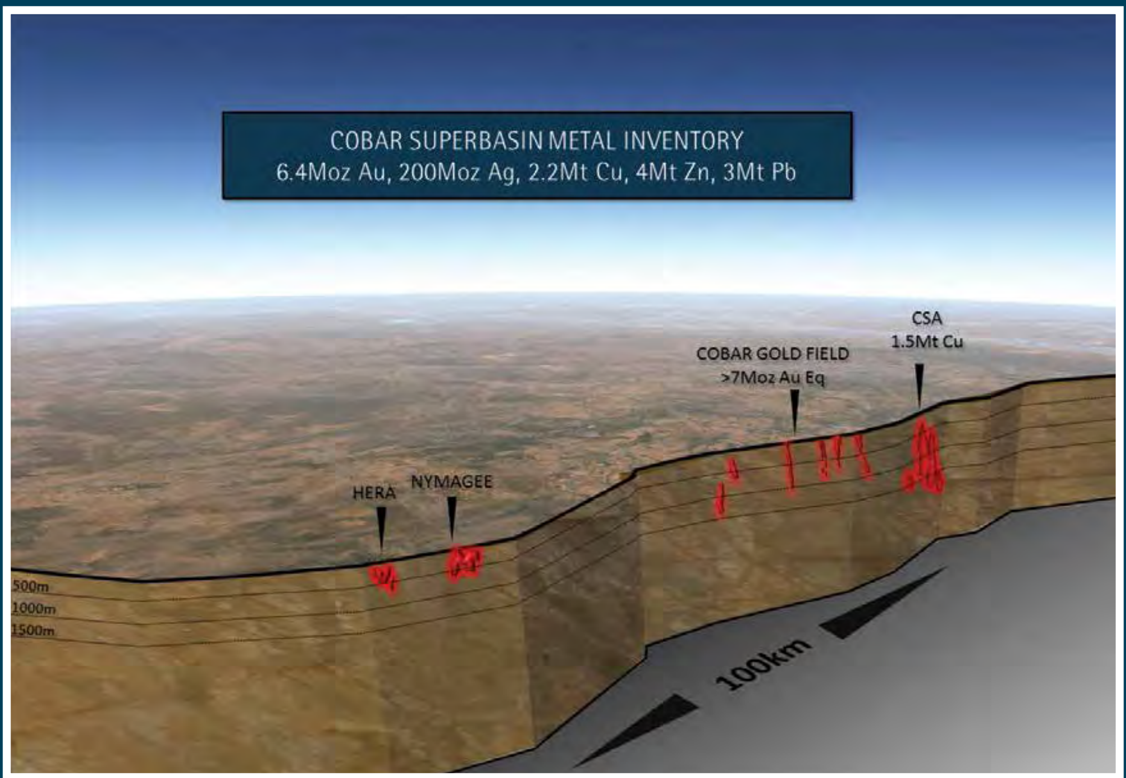
Following the Part 3A Project Approval, YTC was granted the Hera Mining Lease (ML 1686) on the 27th May 2013, replacing a pre-existing Part 5 Exploration Decline Approval that was in place when YTC acquired the Hera Project.

The other significant approval, being the grants of the Environmental Protection Licence (EPL) was received in March 2013.

HERA AND NYMAGEE PROJECT FINANCING

On 22 November 2012, YTC announced a A$158m funding package secured under a binding term sheet with Glencore International AG ("Glencore") to develop the Hera and Nymagee Projects. The funding is structured as A$155 million in debt and converting note facilities (together 'Project Finance Facilities'), in addition to the subscription by Glencore of $2.95 million in YTC shares at a 25% premium to YTC's 30 day average share price as at 20 November 2012 (together 'the Glencore Funding Package').

On 26 March 2013, following receipt of Shareholder approval, YTC Resources Limited formally completed the A$158m funding package.



Cobar Superbasin
3D Cutaway – Hera to CSA
Showing Major Mineral Deposits

On Completion:

- YTC issued 9.39 million shares in YTC at 31.38 cents per share to Glencore Australia, representing a 25% premium to YTC's share price at the time of signing the transaction term sheet ('Placement').
- YTC commenced drawdown of Facilities A & E as part of the A$155 million in debt and converting note facilities.
- Mr Mike Menzies was appointed to the YTC Board as a nominee of Glencore.

The key terms of Glencore Funding Package are summarised below:

Placement	**Shares:**	**9,390,000**
	Amount	A$2,946,582.00
	Issue Price:	$0.3138 per share (being a 25% premium to YTC's 30 day VWAP)
	Glencore Position:	The placement will increase Glencore's total shareholding in YTC to 9.9% (undiluted)
Facility A	**Limit:**	**A$20 million Converting Note Facility**
	Conversion:	Convertible at YTC's option at $0.251 per share
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after shareholder approval
	Drawdown Period:	12 months from shareholder approval
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 shareholder approval
	Drawdown Period:	12 months from shareholder approval
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 shareholder approval
	Drawdown Period:	18 months from shareholder approval
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$5 million 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 shareholder approval

SUMMARY OF OTHER AGREED TERMS

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

In April 2013 YTC utilised the full funding allocation under Facility E, being $5m, for the purchase of Put Options to cover approximately 75% of the expected gold production from the Hera project for the period April 2015 to July 2016. The Options give YTC the right, but not the obligation, to sell up to a total of 29k ounces of gold at AUD$1,500/oz.

COMMENCEMENT OF FULL SCALE CONSTRUCTION AT HERA

UNDERGROUND DEVELOPMENT COMMENCED

YTC commenced development of the Hera portal and decline in December 2012 under an early works agreement with Pybar Mining Services ('Pybar'). Following financial completion of the Project Finance Facilities in March, YTC was able to finalise the full underground mining contract with Pybar and move to full scale construction.

As at 30 June 2013, the following key activities had been completed:

- Completion of Pybar site establishment
- Completed establishment of explosives magazine
- Installation of underground fan at the portal face
- Delivery of new underground loader and haul truck
- Hera underground development advanced to 912m
- Installation of concrete batch plant

EPC CONTRACT SIGNED

On completion of Project Financing, YTC executed the EPC (Engineering, Procurement and Construction) Contract for the Hera process plant with Gekko Systems of Ballarat, Victoria. YTC had been working closely with Gekko on development of the flow sheet and plant design since the Hera Definitive Feasibility Study. The EPC Contract is a lump sum, turnkey contract for the construction of the process plant, operating to agreed performance warranties.

Progress under the EPC contract to 30 June 2013 included:

- Commencement of detailed design.
- Orders placed for reverse osmosis plant, ball mill and re-grid mill.

Other key project construction activities completed to 30 June 2013 included:

- Execution of Camp Accommodation Construction Contract with Ausco Modular ('Ausco') and installation of first set of camp bunkhouses.
- Commencement of heavy vehicle access road, clearing of process plant area and establishment of final waste rock emplacements.

HERA EXPLORATION

Hera exploration drilling during the year focused on targeting down hole EM (DHEM) conductor targets to the north and south of the Hera deposit. Strong drilling results have extended the size of the Hera deposit in both directions.

Highlight intersections to the south of Hera 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**

Highlight intersections to the north of Hera include:

- **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**

HRD049 was drilled approximately 50m above hole HRD042W1 and intersected further high grade results:

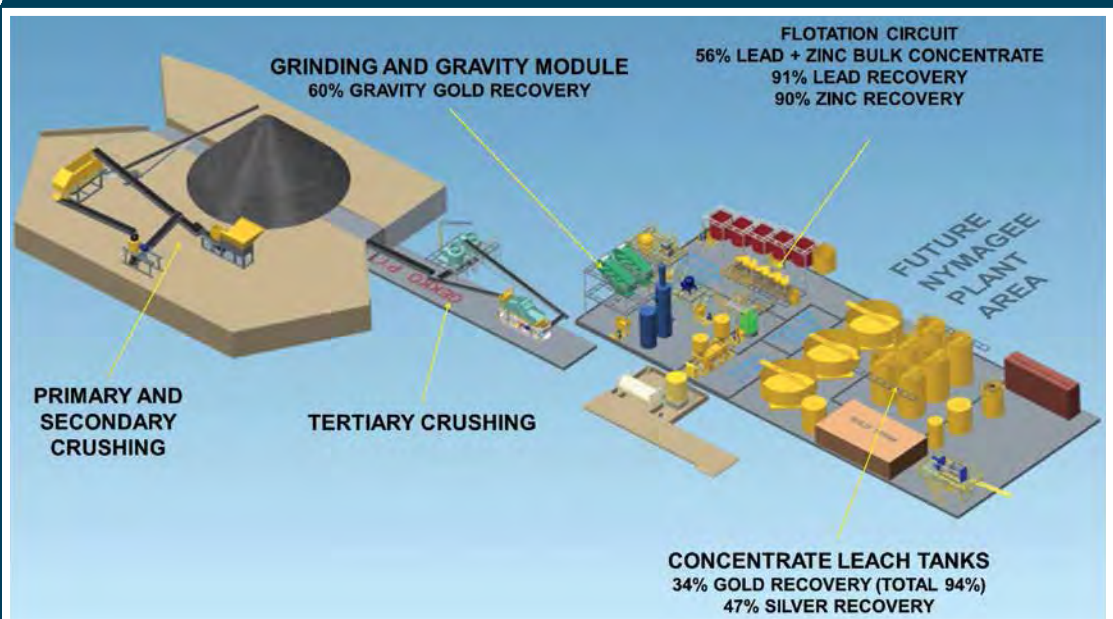
- **HRD049: 4.0m @ 0.11g/t Au, 163g/t Ag, 4.9% Pb and 8.7% Zn**

This result extends the vertical extent of the Hera North Lens for over 150m. The Hera North Lens remains open on a northerly plunge.

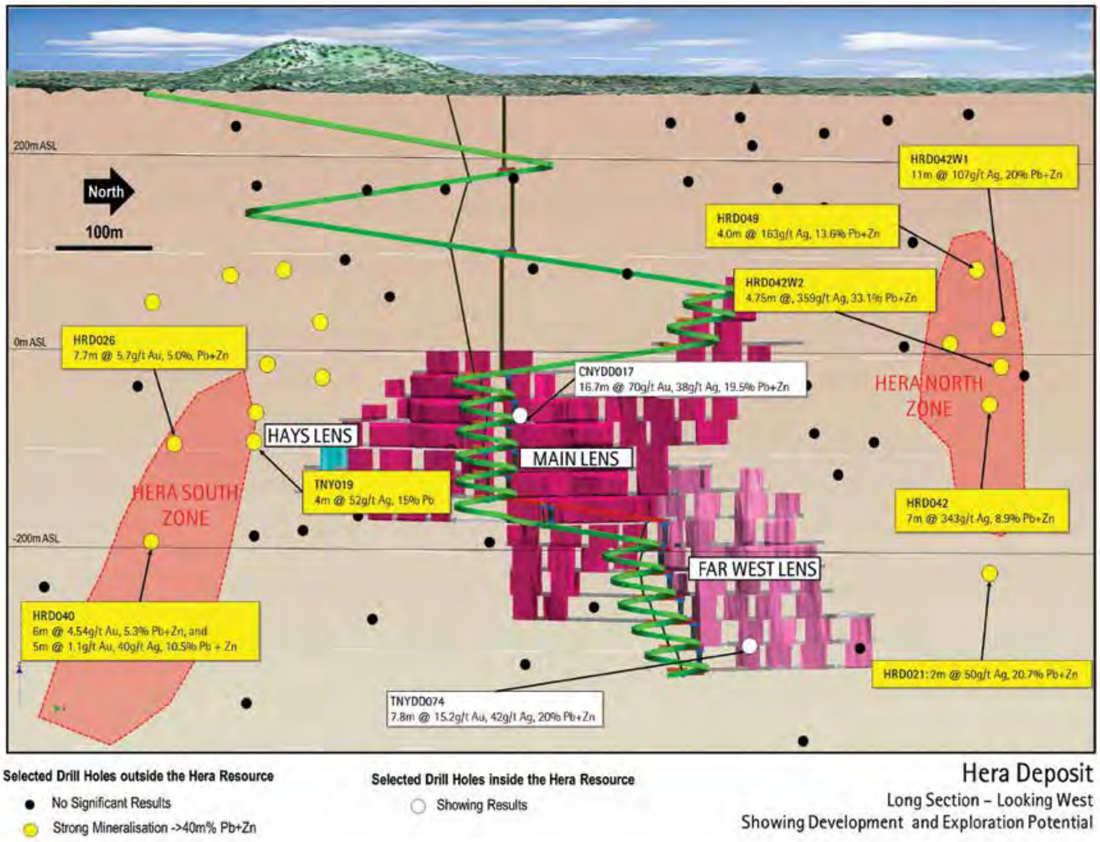
Hole HRD043 was drilled at the southern end of Hera testing a shallow DHEM conductor. The hole drilled just above the plate and recorded an unusual, wide intersection of grading >1% Pb + Zn.

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

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



3D schematic of the Hera Processing Facility



Hera Deposit
Long Section – Looking West
Showing Development and Exploration Potential

Exploration also included the identification of the Federation prospect, located approximately 12km south of Hera. The Federation prospect is a strong gravity anomaly with coincident gold-lead geochemistry. Four RC holes drilled to test the anomaly returned broad, low grade gold-lead-zinc results, which is considered to potentially represent a 'halo' around higher grade mineralisation, similar to low grade lead-zinc zones observed above the Hera deposit.

Results from Federation drilling included:

- **FRC001: 61m @ 0.27% Pb and 0.11% Zn from surface, including 5m @ 0.5g/t Au, and 0.15% Zn from 66m**
- **FRC001: 11m @ 0.23g/t Au and 0.2% Zn from 66m**
- **FRC004: 118m @ 0.11% Pb and 0.17% Zn from 0m**
- **FRC002: 114m @ 0.19% Zn from 14m, including 1m @ 0.64% Pb and 1.3% Zn from 126m**

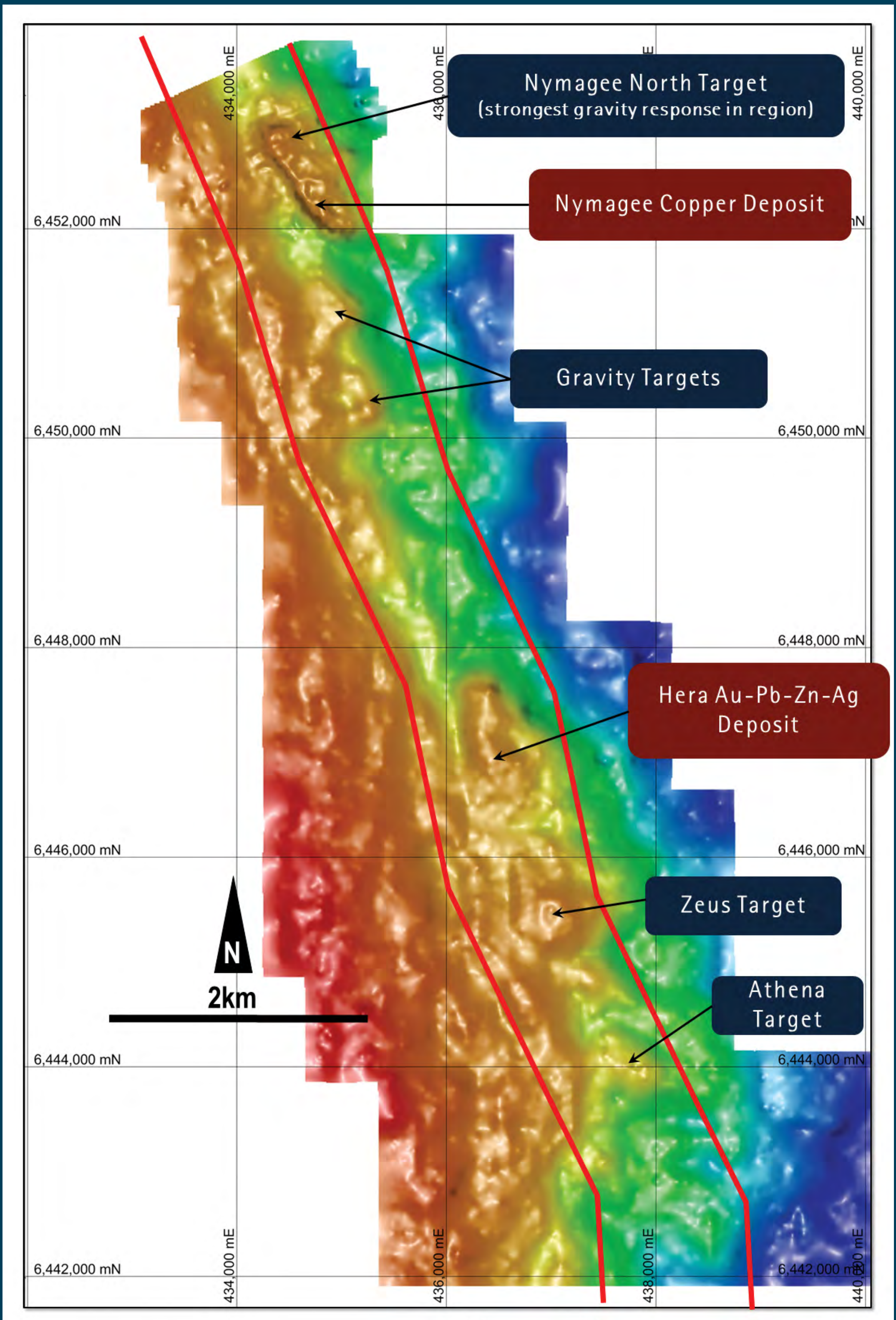
Further drilling at Federation is planned to test beneath and west of these results.

NYMAGEE EXPLORATION

During the year, Nymagee exploration focused on Nymagee North, approximately 500m north of the existing Nymagee Resource. Drilling of moderate strength DHEM conductors produced strongly encouraging results including:

- **NMD075: 18m @ 1g/t Au, 23g/t Ag, 0.9% Cu, 0.6% Pb and 1.3% Zn 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**
- **NMD078: 2m @ 90g/t Ag, 6.3% Pb and 12.1% Zn from 539m**

The completion of a further DHEM survey at Nymagee North identified a new, high priority conductor target to the north of all previous drilling. The new conductor target has an interpreted strong conductivity of 50-60ms, which is consistent with the strength of the DHEM response from the Nymagee Main Lode.



HERA – NYMAGEE CORRIDOR
Regional Gravity Targets
Grid: GDA – Zone 55

YTC is strongly encouraged by results from Nymagee North to date, as mineralisation is consistent with the upper sections of a 'typical' Cobar style ore deposit.

NEW COPPER-COBALT TARGET AT NYMAGEE

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

The Queens Cross mine may lie on a north west trending fault structure which appears to control the main Nymagee orebody.

DORADILLA PROJECT

The Doradilla Project is located near Bourke in north-western NSW and is prospective for large tonnage tin mineralisation with associated copper, zinc, silver and indium. Previous exploration on Doradilla was conducted under a joint venture with YTC holding the right to earn a 70% joint venture interest. During the year, YTC reached agreement with Straits Resources Ltd (ASX: SRQ) to acquire 100% of the Doradilla Project (EL 6258). Under the agreement YTC will issue Straits with $250,000 worth of YTC fully paid ordinary shares at a deemed issue price of $0.286 per share. At 30 June 2013, YTC was awaiting NSW Government approvals as a condition precedent to completion.

LARGE SCALE TIN MINERALISATION CONFIRMED AT DORADILLA

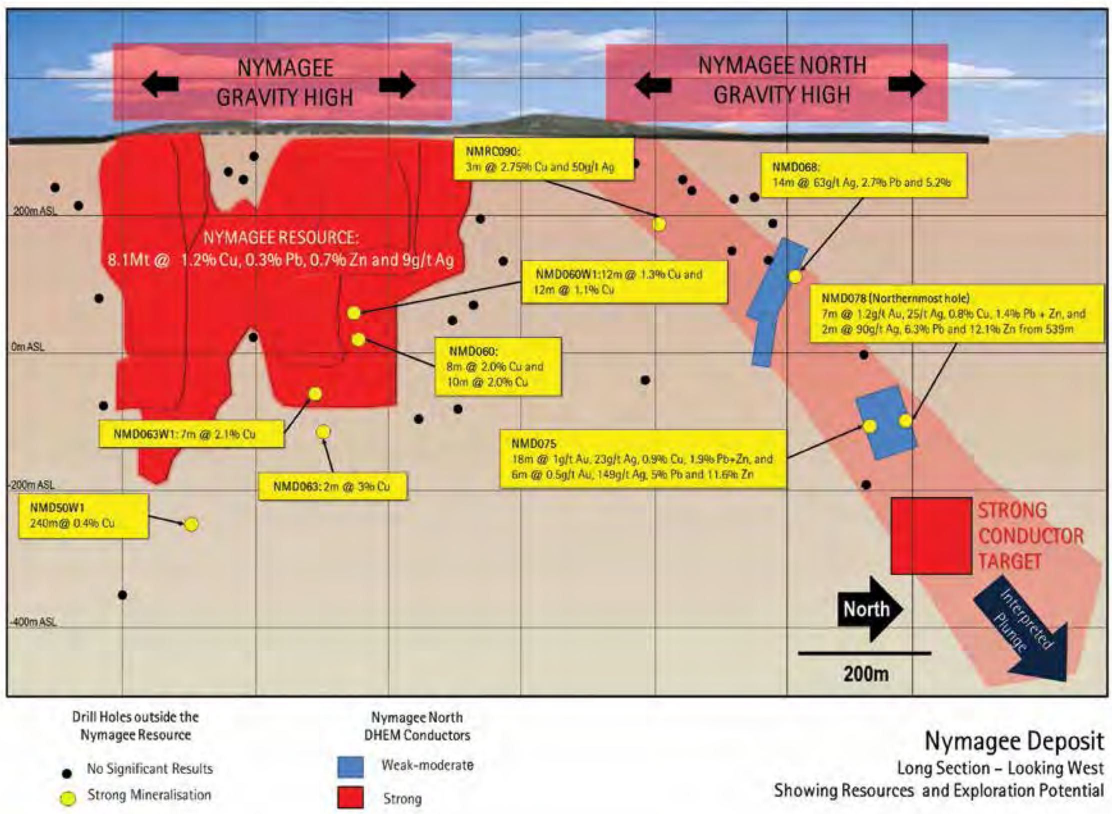
YTC completed a programme of 1,830m of shallow aircore drilling to test for tin mineralisation within the oxide zone at the Doradilla tin deposit, located at the southwest end of the DMK skarn. Previous exploration has shown tin mineralisation extends to over 450m vertical depth but only limited drilling had been completed at shallow levels.

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

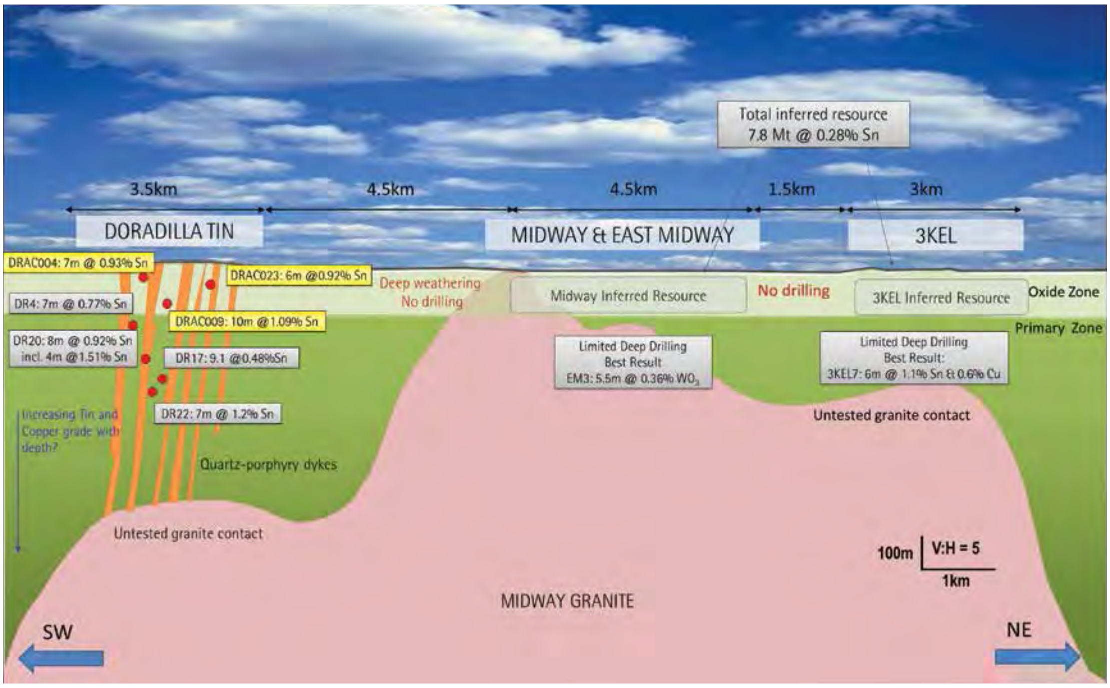
- **DRAC004: 7m @ 0.93% Sn from 10m**
- **DRAC006: 6m @ 0.61% Sn from 44m**
- **DRAC009: 10m @ 1.09% Sn from 80m**
- **DRAC016: 14m @ 0.44% Sn from 30m**
- **DRAC023: 6m @ 0.92% Sn from 24m**

CORPORATE

As a major shareholder of Taronga Mines Limited, YTC supported the merger of Taronga Mines Limited with AusNiCo Limited (ASX:ANW). Upon merger completion YTC holds approximately 16% of AusNiCo's ordinary shares, and 27.5 million unlisted options in AusNiCo.



Nymagee Deposit
Long Section – Looking West
Showing Resources and Exploration Potential



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

APPOINTMENT OF MR GARY COMB AS NON-EXECUTIVE DIRECTOR

On the 4th July 2012, Mr Gary Comb was appointed an Independent Non-Executive Director of YTC Resources. Mr Comb is an Engineer and mining industry veteran with over 26 years' experience in the Australian mining industry, both with mining companies and in mining contractor roles. He spent four years as Chief Executive Officer of BGC Contracting Pty Ltd, the mining contracting arm of West Australian construction group BGC Ltd. From 2003, Mr Comb was Managing Director of Jabiru Metals Limited, taking the Jaguar Copper/Zinc Project from discovery through feasibility, construction to operations. Jabiru Metals was taken over by Independence Group Limited for A$532 million in 2011.

YTC is very pleased to have the addition of Mr Comb's experience to the Board as the Company approaches the commencement of mining.

Mr Comb replaces Mr Richard Hill who resigned as a Non-Executive Director of YTC. Mr Hill had been a Director since before the Company's IPO in 2007 and played a key role in the company's development and in the acquisition of the Hera-Nymagee Project. The Company thanks Mr Hill for his substantial contribution.

APPOINTMENT OF MR MARK MILAZZO AS NON-EXECUTIVE DIRECTOR

On the 6th August 2012 YTC announced the appointment of Mr Mark Milazzo as an Independent, Non-Executive Director of YTC.

Mr Milazzo is a Mining Engineer with 30 years' experience in mining operations, both surface and underground, including the management of project development and expansion activities across a range of commodities. Mr Milazzo was previously the General Manager of BHP's Olympic Dam Mine, Western Mining Corporation's Kambalda Nickel Operations and the General Manager of mining contractor HWE Mining. He is a Fellow of the Australasian Institute of Mining and Metallurgy. YTC is very pleased to have the addition of Mr Milazzo's experience to the Board as the Company approaches the commencement of mining.

Mr Milazzo replaces Mr Stephen Woodham who resigned as a Non-Executive Director of YTC on the same day. Mr Woodham was one of the founders of YTC and has been a Director since incorporation. YTC wishes to express its gratitude to Mr Woodham for his significant contribution to the Company, he has been instrumental in getting the Company to the position it is in today. The Company wishes Mr Woodham every success with his future endeavours.

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

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
HRD040	436793	6446915	-71	240.3	720	Test southern EM target
HRD042	435932	6447539	-67	60.3	657.25	Hera North
HRD042W1	435932	6447539	-67	60.3	459.24	Hera North
HRD042W2	435932	6447539	-67	60.3	457.5	Hera North
HRD049	435935	6447541	-55	66.3	399.4	Hera North
HRD043	436792	6446917	-60	250.3	528	Hera South

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

Hole	From (m)	To (m)	Intercept (m)	Est true width (m)	Au* (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
HRD040	628	642	14	8.8	2.40	0.15	4.7	1.9	22	Hera South
Includes	628	634	6	4	4.54	0.13	3.3	1.9	14	
HRD042	382	393	11	5.2	0.16	-	2.2	4.7	279	Hera North
Includes	382	389	7	3.3	0.21	-	3.0	6.7	343	
HRD042W1	324	335	11	8.2	0.15	-	7.2	12.3	107	Hera North
HRD042W2	350.78	355.53	4.75	2.8	0.34	-	10.9	22.2	359	Hera North
	364	365.9	1.9	1.2	0.89	-	0.5	0.9	601	Hera North
HRD043	335	393	58	37	-	-	0.5	0.55	-	Hera South
HRD049	278	282	4	2.7	0.11	-	4.9	8.7	163	Hera North

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

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
NMD075	434350	6452980	-74	240.3	588.9	Nymagee North
NMD078	434345	6452977	-74	250.3	561.7	Nymagee North

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

Hole	From (m)	To (m)	Intercept (m)	Est true width (m)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
NMD075	167	178	11	unknown	-	-	1.1	2.5	6	
	431	449	18	unknown	1.0	0.9	0.5	1.3	23	
Includes	432	433	1	unknown	11.25	1.8	0.17	0.4	26	
	512	518	6	unknown	0.53	0.3	5.0	11.6	149	
NMD078	518	527	9	unknown	1.0	0.8	0.5	0.9	25	
	539	541	2	unknown	0.15	0.1	6.3	12.1	90	

* Gold assays by the screen fire assay (SFA) method.
The screen fire assay is considered the most accurate assay technique in coarse gold environments.

Table 5: Collar summary for aircore drill hole programme

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

Table 6: Intersection summary for drill holes in this release

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

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.

MINERAL RESOURCES AND RESERVES

Table 7: 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 8: 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 9: Nymagee Deposit Mineral Resource Estimate (YTC – 95%) – December 2011

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

Table 10: 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

DIRECTORS' REPORT

The following report is submitted in respect of the results of YTC Resources Limited ("YTC" or "the Company") and its subsidiaries, together the consolidated group ("Group"), for the financial year ended 30 June 2013, together with the state of affairs of the Group as at that date.

DIRECTORS AND OFFICERS

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

Mr Anthony Wehby – Chairman

Mr Wehby was a partner with PWC Australia (Coopers & Lybrand) for 19 years during which time he specialised in the provision of corporate finance advice to a wide range of clients including those in the mining and exploration sectors. Since 2001, Mr Wehby has maintained a financial consulting practice, advising corporate clients considering significant changes to their business activities. Mr Wehby is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.

Mr Wehby is the Chairman of Tellus Resources Limited and a Director of Royal Rehabilitation Centre Sydney; he is also a Member of the Advisory Board of Moss Capital Pty Limited. He has held no other company directorships in the past three years.

Mr Rimas Kairaitis – Managing Director

Mr Kairaitis is a geologist with over 19 years' experience in minerals exploration and resource development in gold, base metals and industrial minerals in Queensland and NSW, working with companies including Shell Minerals, Plutonic Resources, CRA (Rio Tinto) and Alkane Resources.

Mr Kairaitis was a founding Director of the mineral exploration company LFB Resources NL (now a subsidiary of Alkane Resources Limited). From 1999 to 2006 he worked as a geological consultant to Alkane until becoming a founding Director of YTC Resources Limited and its Chief Executive Officer in 2007.

Mr Kairaitis has a strong exploration track record, leading the geological field team to the discovery of the Tomingley Gold deposit in NSW in 2001 and the McPhillamy's Gold Deposit in 2006.

He graduated with a Bachelor of Applied Science (Geology) with first class Honours and University Medal in 1992 from the University of Technology, Sydney. He is also a member of the Australian Institute of Mining and Metallurgy.

In the last three years Mr Kairaitis has held no other listed company directorships.

Mr Robin Chambers AO

Mr Robin Chambers is a lawyer with over 30 years' experience in the resources sector. He is the Senior Partner of Chambers & Company, an international law firm based in Melbourne, and Special Counsel – China and Chief Representative for its affiliate, the New York law firm of Chadbourne & Parke, which has its China office in Beijing. He was previously General Counsel of CRA Limited (now Rio Tinto Limited).

Mr Chambers has advised a number of major Chinese state owned enterprises on their investments in Australia over more than 29 years. He has also advised Australian and US corporations on a range of projects in China.

Mr Chambers graduated with an Arts degree and an Honours Law degree from the University of Melbourne and with a Master of Laws degree from Duke University in the United States.

Mr Chambers has held no other listed company directorships in the past three years.

Mr Chambers was recently appointed as an Officer in the General Division of the Order of Australia for his distinguished service to Australia-China relations, particularly through the promotion of trade and investment relationships in the minerals and metals sector, and as an advisor on international corporation law.

Mr Gary Comb – Appointed 4 July 2012

Mr Comb is an engineer with over 27 years' experience in the Australian Mining Industry, both with mining companies and in mining contractor roles. He has a strong track record in successfully commissioning and operating base metal mines.

He spent four years as Chief Executive Officer of BGC Contracting Pty Limited, the mining and civil contracting arm of West Australian construction group BGC Limited.

From 2003, Mr Comb was Managing Director of Jabiru Metals Limited, taking the Jaguar Copper/Zinc Project from discovery through feasibility, construction to operations. Jabiru Metals was taken over by Independence Group Limited for A$532 million in 2011.

He is currently Chairman of Finders Resources Limited and a Director of Ironbark Zinc Limited, and was Chairman of Zenith Minerals Limited from 2 March 2007 until 11 June 2013.

Dr Wenxiang Gao

Dr Gao has over 30 years' experience as a senior mining engineer in China. He graduated as a Master of Mining Engineering from the Mining Academy of Kunming and University of Science and Technology. He earned his Doctor Degree in the School of Resources & Safety Engineering of South Central University, China in June 2009.

Dr Gao commenced work with Yunnan Tin Group in 1984 and has held a number of senior roles before becoming its General Manager.

Dr Gao is currently Acting Chairman of Yunnan Tin Co., Limited (Shenzhen Stock Exchange), appointed 21 October 2006, and was a Company Director of China Yunnan Tin Minerals Group Company Limited (Hong Kong Stock Exchange), from 16 May 2009 to 26 November 2010.

Mr Richard Hill – Resigned 11 July 2012

Mr Richard Hill has over 20 years' experience in the resource industry as both a solicitor and a geologist. He initially worked for the law firm Clayton Utz practising in commercial, corporate and resources law and litigation.

Over the past 16 years, Mr Hill has worked as a geologist for several major and mid cap Australian mining companies and more recently has founded a series of successful ASX-listed mining companies. Mr Hill has a diversity of practical geological experience as a mine based and exploration geologist across a range of commodities and locations. In his commercial and legal roles, he has been involved in project generation and evaluation, acquisition and joint venture negotiation, mining law and land access issues as well as local and international marketing and fund raising.

Mr Hill's professional associations include membership of the Australian Institute of Mining and Metallurgy and The Financial Services Institute of Australia. Mr Hill's qualifications are B.Juris, LLB., B.Sc. (Geology) (First Class Honours), ASIA.

Mr Hill is currently a Director of Centaurus Resources Limited (Australian Stock Exchange), appointed 11 October 2007.

Mr Michael Menzies – Appointed 26 March 2013

Mr Menzies has more than 35 years' experience in the mining industry and in a variety of operational and management roles covering open cut and underground mining and processing operations in each of base metals, gold and coal.

Mr Menzies has been retained by Glencore in a number of capacities since 2010, including conducting operation reviews and mining project evaluation work, primarily in the base metals sector.

Mr Menzies has held no other listed company directorships in the past three years.

Mr Mark Milazzo – Appointed 6 August 2012

Mr Milazzo is a mining engineer with over 30 years' experience in the development and management of mines and mineral processing plants across a range of commodities in Australia and overseas. This includes both underground and surface operations, and covers a wide range of mining applications, from small scale selective to mechanised bulk extraction methods. He has been involved in a number of new mine development and mine expansion projects.

Past senior roles include General Manager of the Olympic Dam Mine and Kambalda Nickel Operations with WMC Resources, and General Manager with mining contractor HWE Mining. Mr Milazzo is a Fellow of the Australasian Institute of Mining and Metallurgy.

He is currently a Director of Red 5 Limited and was a Director of Cortona Resources Limited from 23 May 2011 until 9 January 2013.

Ms Christine Ng

Ms Christine Ng is an Executive Director of China Yunnan Tin Minerals Group Co. Limited, which is a major shareholder of YTC Resources Limited. Ms Ng's role with China Yunnan Tin Minerals Group includes liaisons and analysis of proposals and business plans, formulation and implementation of business strategies, feasibility studies, presentations and meetings with investors.

Ms Ng has a Bachelor of Economics from the University of Sydney and is fluent in English and Chinese.

Ms Ng is currently a Company Director of China Yunnan Tin Minerals Group (Hong Kong Stock Exchange), appointed 31 August 2007.

Mr Stephen Woodham - Resigned 6 August 2012

Mr Woodham has over 19 years' experience in the mining and exploration industry in Western Australia and New South Wales specialising in field logistics and support and land access in rural and remote environments. He also has a successful track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation.

Mr Woodham is currently a Director of Tellus Resources Limited (Australian Stock Exchange), appointed 30 January 2012, and was a Company Director of Centaurus Resources Limited (Australian Stock Exchange), from 11 October 2007 to 8 January 2010.

Mr Yong Chen – Alternate for Ms Christine Ng & Alternate for Mr Robin Chambers on 13 June 2013

Mr Chen is an accountant with more than 20 years' experience in both Australia and China.

Mr Chen is a Director & CFO of Yunnan Tin Australia

Investment Holding Pty Limited, a subsidiary of Yunnan Tin Group Limited based in China which is the largest tin producer in the world.

He has worked in various accounting roles including 9 years as the GST & Investment Accountant with Sydney Church of England Grammar School (Shore School) in North Sydney.

Mr Chen has a Bachelor of Economics from the Shanghai University of Finance & Economics and a Master of Business in Accounting and Finance from the University of Technology, Sydney.

Mr Richard Willson – Company Secretary & Chief Financial Officer, Alternate for Mr Richard Hill on 4 July 2012, Alternate for Mr Tony Wehby 22 September 2012 to 22 October 2012, Alternate for Mr Gary Comb from 20 November 2012, Alternate for Mr Mark Milazzo from 8 March 2013 & Alternate for Mr Michael Menzies on 31st July 2013.

Mr Willson is an accountant with more than 19 years' experience in public practice and in various financial management and company secretarial roles within the resources and agricultural sectors for both publicly listed and private companies.

Mr Willson has a Bachelor of Accounting from the University of South Australia, is a fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. Richard is a founding member of the AICD Tomorrows Director Committee.

In addition to his role as Chief Financial Officer and Company Secretary with YTC Resources Limited, Mr Willson is a Non-Executive Director of the ASX listed companies Tellus Resources Limited, and AusNiCo Limited and a Non-Executive Director and Company Secretary of the not for profit Unity Housing Company.

Dr Guoqing Zhang – Alternate for Dr Wenxiang Gao

Dr Zhang was previously Deputy General Manager of the Sino-Platinum Metal Company Limited, which is a Shanghai listed subsidiary company of the Yunnan Tin Group. Dr. Zhang is based in Australia and is a Director of Australian companies controlled by the Yunnan Tin Group.

Dr Zhang has extensive experience in research and development of metal alloys and has received a number of Chinese national awards. Dr. Zhang has a B.Sc (Hon) degree and Ph.D. in Material Science.

Dr Zhang is currently a Director of China Yunnan Tin Minerals Group Company Limited (Hong Kong Stock Exchange), appointed 26 November 2010.

Directors' Interests in the shares and options of the Company

At the date of this report the interests of the Directors in the shares and other equity securities of the Company were:

	Ordinary Shares	Options over Ordinary Shares	Performance Rights
Directors			
Mr Anthony Wehby	745,000	600,000	-
Mr Rimas Kairaitis	4,468,544	600,000	250,000
Mr Robin Chambers	860,003	500,000	-
Mr Gary Comb	250,000	500,000	-
Dr Wenxiang Gao	510,000	500,000	-
Mr Michael Menzies	-	-	-
Mr Mark Milazzo	-	500,000	-
Ms Christine Ng	-	500,000	-
Mr Yong Chen	-	-	-
Mr Richard Willson	20,000	100,000	50,000
Dr Guoqing Zhang	-	-	-

DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2013.

CORPORATE STRUCTURE

YTC Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

YTC Resources has four wholly owned subsidiaries, Stannum Pty Ltd (incorporated 15 September 2007), Defiance Resources Pty Ltd (incorporated 15 May 2007), Hera Resources Pty Ltd (incorporated 20 August 2009) and Nymagee Resources Pty Ltd (incorporated 7 November 2011).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the Group's principal activity was mineral exploration and development. At the date of this report the Group holds interests in gold, base metals and tin projects in New South Wales.

REVIEW AND RESULTS OF OPERATIONS

HERA – NYMAGEE PROJECT

Company activities for the year were again dominated by activity on the Hera – Nymagee project. Activities are summarised below:

Hera Project Permitting

YTC received Project Approval for the Hera Project from the NSW Department of Planning and Infrastructure (DP&I) under Part 3A of the NSW EP&A Act on 1 August 2012.

Following the key Part 3A Project Approval, YTC was granted the Hera Mining Lease (ML 1686) on 16 May 2013, replacing a pre-existing Part 5 Exploration Decline Approval that was in place when YTC acquired the Hera Project.

Hera – Nymagee Project Financing

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

On 26 March 2013, following receipt of Shareholder approval, YTC Resources Limited formally completed the A$158 million funding package.

On completion:

- YTC issued 9.39 million shares in YTC at 31.38 cents per share to Glencore Australia, representing a 25% premium to YTC's share price at the time of signing the transaction term sheet.
- YTC commenced drawdown of facilities A & E as part of the A$155 million in debt and converting note facilities.
- Mr Mike Menzies was appointed to the YTC Board as a nominee of Glencore.

Commencement of Full Scale Construction at Hera

Following financial completion of the project finance facilities in March 2013, YTC moved to full scale construction at the Hera Project.

Activities completed to 30 June 2013 included:

- Execution of Underground Mining Contract with Pybar Mining Services.
- Establishment of the Hera portal and installation of underground fan.
- Hera underground development advanced to 912m.
- Execution of Camp Accommodation Construction Contract with Ausco Modular and installation of first set of camp bunkhouses.
- Finalisation of Scope of Works and EPC Plant Construction Contract with Gekko Systems.
- Installation of concrete batch plant.
- Commencement of site works for process plant.

Hera Exploration

Hera exploration drilling during the year focused on targeting down hole EM (DHEM) conductor targets to the north and south of the Hera deposit. Strong drilling results have extended the size of the Hera deposit in both directions.

Highlight intersections to the south of Hera 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**

Highlight intersections to the north of Hera include:

- **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**

Exploration also included the identification of the Federation prospect, located approximately 12km south of Hera. The Federation prospect is a strong gravity anomaly with coincident gold-lead geochemistry. Four RC holes drilled to test the anomaly returned broad, low grade gold-lead-zinc results.

Nymagee Exploration

Nymagee exploration focused on Nymagee North, approximately 500m north of the existing Nymagee Resource. Drilling of moderate strength DHEM conductors produced encouraging results including:

- **NMD075: 18m @ 1g/t Au, 23g/t Ag, 0.9% Cu, 0.6% Pb and 1.3% Zn 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**
- **NMD078: 2m @ 90g/t Ag, 6.3% Pb and 12.1% Zn from 539m**

The completion of a further downhole EM (DHEM) survey at Nymagee North identified a new, high priority conductor target to the north of all previous drilling. The new conductor target has an interpreted strong conductivity of 50-60ms, which is consistent with the strength of the DHEM response from the Nymagee Main Lode.

DORADILLA PROJECT

YTC reached agreement with Straits Resources Limited (ASX: SRQ) to acquire 100% of the Doradilla Project (EL 6258) in north-western NSW. Under the agreement YTC will issue Straits with $250,000 worth of YTC fully paid ordinary shares at a deemed issue price of $0.286 per share. At 30 June 2013, YTC was awaiting NSW government approvals as a condition precedent to completion.

Large Scale Tin Mineralisation Confirmed at Doradilla

YTC completed an aircore drilling programme to test the oxide zone above the Doradilla tin deposit. Drilling confirmed strong results from shallow holes over a 1.8km strike length with best results including:

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

CORPORATE

As a major shareholder of Taronga Mines Limited, YTC supported the merger of Taronga Mines Limited with AusNiCo (ASX:ANW). YTC now holds approximately 16% of AusNiCo's ordinary shares, and 27.5 million unlisted options in AusNiCo.

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 Limited 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 Mr Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr 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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total Group equity increased by $4,006,720. The movement was mainly due to the increase in contributed equity of $3,105,964, with $2,946,582 of shares being issued to Glencore during the year. A $155 million project financing facility was secured with Glencore, with $35 million drawn at year end. A profit of $535,572 was recorded for the financial year, largely due to revaluation of Gold Put Options purchased during the year (revaluation gain of $4,674,619). Deferred Exploration and Evaluation Assets decreased by $29,459,834 (after transfer of $37,355,915 to mine properties). Mine properties increased by $54,199,920 (after transfer of $37,355,915 from exploration & evaluation assets). The estimated royalty payable on gravity gold production from the Hera deposit was reduced by $733,088 (increase in provision $266,912, offset by payment of $1,000,000 to amend the terms of the agreement).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report which may significantly impact on the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group carries out operations in New South Wales that are subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities. The Group has formal procedures in place to ensure regulations are adhered to. During the financial year there has been no significant breach of these regulations.

SHARE OPTIONS

(i) Unissued shares under option

As at the date of this report, there were 4,990,000 unissued ordinary shares under options. The options are unlisted and have various terms as set out below.

Number of Options	Expiry	Exercise Price (per share)
340,000	31-Dec-14	$0.40
950,000	31-Dec-14	$0.45
1,850,000	29-Nov-15	$0.35
1,850,000	29-Nov-15	$0.45
4,990,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

(ii) Shares issued as a result of the exercise of options

During the year no unlisted options were exercised.

(iii) Expiry of options

During the year 1,625,000 unlisted options expired.

PERFORMANCE RIGHTS

As at the date of this report, there were 2,510,000 unissued ordinary shares subject to Performance Rights. The Performance Rights are unlisted and have terms as set out below.

Number of Performance Rights	Expiry	Performance Hurdle
840,000	15-Mar-16	5 Day YTC VWAP of 80 cents per share
1,670,000	18-Jun-16	Various share price and operational performance measures
2,510,000		

Refer to the remuneration report for further details.

No Performance Right Holder has any right under the Performance Right to participate in any other share issue of the Company or any other entity.

There have been no shares issued as a result of the exercise of Performance Rights.

MEETINGS OF DIRECTORS

During the financial year, in addition to regular Board discussions, the number of meetings of Directors attended during the year by each director and the number of meetings held was as follows (see next page):

Board Meetings

Name	Attended	Eligible
Mr Anthony Wehby	12	12
Mr Rimas Kairaitis	12	12
Mr Robin Chambers	10	12
Mr Gary Comb	12	12
Dr Wenxiang Gao	2	12
Mr Richard Hill	0	1
Mr Michael Menzies	2	2
Mr Mark Milazzo	9	11
Ms Christine Ng	6	12
Mr Stephen Woodham	1	1
Mr Yong Chen – as Alternate	6	6
Mr Richard Willson – as Alternate	3	3
Dr Guoqing Zhang – as Alternate	8	8

Board Committee Meetings

Name	Audit Committee		Finance Committee		Nomination Committee		Remuneration Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
Mr Anthony Wehby	2	2	13	13	-	-	1	1
Mr Rimas Kairaitis	2	2	13	13	-	-	-	-
Mr Robin Chambers	-	-	-	-	-	-	1	1
Mr Gary Comb	1	1	12	13	-	-	-	-
Dr Wenxiang Gao	-	-	-	-	-	-	-	-
Mr Richard Hill	-	-	-	-	-	-	-	-
Mr Michael Menzies	-	-	-	-	-	-	-	-
Mr Mark Milazzo	-	-	-	-	-	-	1	1
Ms Christine Ng	1	1	-	-	-	-	-	-
Mr Stephen Woodham	-	-	-	-	-	-	-	-
Mr Yong Chen – as Alternate	-	-	-	-	-	-	-	-
Mr Richard Willson – as Alternate	-	-	-	-	-	-	-	-
Dr Guoqing Zhang – as Alternate	-	-	-	-	-	-	-	-

Attended – Number of Board/Board Committee Meetings attended by each Director/Alternate Director

Eligible - Number of Board/Board Committee Meetings held which were eligible to be attended by each Director/Alternate Director

EMPLOYEES

The Company had 20 employees at 30 June 2013 (2012: 18 employees).

Of the 20 employees at 30 June 2013, 9 (45%) are female. None of the senior executives is female. The Company's Board has 1 (12.5%) female Director.

INSURANCE OF DIRECTORS AND OFFICERS

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as officers of entities in the Group and related joint venture companies. The total amount of insurance premiums paid has not been disclosed for confidentiality reasons.

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and includes key management personnel.

Remuneration policy and committee

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter and has established a Remuneration Committee.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and executives. The committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. At the committee's discretion the nature and amount of executive and director's emoluments may be linked to the Company's financial and operational performance.

DETAILS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Directors	Position	Appointed	Resigned
Mr Anthony Wehby	Independent Non-Executive Director	14-Sep-06	-
	Independent Non-Executive Chairman	13-Dec-11	-
Mr Rimas Kairaitis	Managing Director	12-Jun-08*	-
Mr Robin Chambers	Non-Executive Director	27-Mar-07	-
Mr Gary Comb	Independent Non-Executive Director	4-Jul-2012	-
Dr Wenxiang Gao	Non-Executive Director	27-Mar-07	-
	Non-Executive Chairman	25-Feb-08	13-Dec-11
Mr Richard Hill	Non-Executive Director	28-Apr-06	11-Jul-12
Mr Michael Menzies	Non-Executive Director	26-Mar-2013	-
Mr Mark Milazzo	Independent Non-Executive Director	6-Aug-2012	-
Ms Christine Ng	Non-Executive Director	12-Jun-08	-
Mr Stephen Woodham	Non-Executive Director	24-Mar-04	6-Aug-12
Mr Yong Chen	Alternate Director	5-Dec-11	-
Mr Richard Willson	Alternate Director	4-Jul-12 22-Sep-12 20-Nov-12	4-Jul-12 22-Oct-12 -
Dr Guoqing Zhang	Alternate Director	24-Nov-11	-
Executives	**Position**	**Appointed**	**Resigned**
Mr Dean Fredericksen	Chief Operating Officer	1-Mar-2011	-
Mr Sean Pearce	General Manager – Hera Project	1-Mar-2011	-
Mr Richard Willson	Chief Financial Officer & Company Secretary	5-Feb-2010	-

* Mr Kairaitis was also a Director from 24 March 2004 - 27 March 2007.

Remuneration of directors and key management personnel

	Short term			Post employment	Share based payment		
	Directors Fees	Salary and Fees	Non-Monetary	Super-annuation	Options/ Performance Rights	Total	Remuneration consisting of options/perfo-rmance rights
	$	$	$	$	$	$	%
2013 - Directors							
Mr Anthony Wehby	60,000	27,500	-	5,400	45,238	138,138	33%
Mr Rimas Kairaitis	-	285,000	26,691	25,650	45,238	382,579	12%
Mr Robin Chambers	50,000	-	-	4,500	37,698	92,198	41%
Mr Gary Comb	49,692	32,500	-	7,397	37,698	127,287	30%
Dr Wenxiang Gao	54,500	-	-	-	37,698	92,198	41%
Mr Richard Hill	1,507		-	136	-	1,643	-
Mr Mike Menzies	13,322	-	-	-	-	13,322	-
Mr Mark Milazzo	45,171	-	-	4,065	37,698	86,934	43%
Ms Christine Ng	54,500	-	-	-	37,698	92,198	41%
Mr Stephen Woodham	5,068	-	-	456	-	5,524	-
2013 - Executives							
Mr Dean Fredericksen	-	272,936	19,474	24,564	19,295	336,269	6%
Mr Sean Pearce	-	258,482	56,992	26,640	18,428	360,542	5%
Mr Richard Willson	-	230,161	-	20,714	-	250,875	-
Total 2013	333,760	1,106,579	103,157	119,522	316,689	1,979 ,707	16%
2012 - Directors							
Mr Anthony Wehby	57,771	15,153	-	5,199	-	78,123	-
Mr Rimas Kairaitis	-	308,750	24,679	27,788	102,500	463,717	22%
Mr Robin Chambers	50,000	-	-	4,500	-	54,500	-
Mr Yong Chen	-	11,250	-	-	-	11,250	-
Dr Wenxiang Gao	59,359	-	-	-	-	59,359	-
Mr Richard Hill	50,000	36,840	-	4,500	-	91,340	-
Ms Christine Ng	54,500	-	-	-	-	54,500	-
Mr Stephen Woodham	50,000	75,200	-	4,500	-	129,700	-
Dr Guoqing Zhang	19,212	-	-	1,729	-	20,941	-
2012 - Executives							
Mr Dean Fredericksen	-	270,833	19,474	24,375	32,800	347,482	9%
Mr Sean Pearce	-	259,562	63,245	27,863	90,033	440,703	20%
Mr Richard Willson	-	243,750	-	21,938	20,500	286,188	7%
Total 2012	340,842	1,221,338	107,398	122,392	245,833	2,037,803	12%

Shareholdings of directors and key management personnel (consolidated)

2013	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	745,000	-	-	-	745,000
Mr Rimas Kairaitis	4,438,544	-	-	30,000 [a]	4,468,544
Mr Robin Chambers	860,003	-	-	-	860,003
Mr Gary Comb	-	-	-	250,000 [a]	250,000
Dr Wenxiang Gao	510,000	-	-	-	510,000
Mr Mike Menzies	-	-	-	-	-
Mr Mark Milazzo	-	-	-	-	-
Ms Christine Ng	-	-	-	-	-
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	-	-	-	-	-
Mr Sean Pearce	-	-	-	-	-
Mr Richard Willson	-	-	-	20,000 [a]	20,000
	6,553,547	-	-	300,000	6,853,547

2012	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	245,000	-	500,000	-	745,000
Mr Rimas Kairaitis	3,438,544	-	1,000,000	-	4,438,544
Mr Robin Chambers	360,003	-	500,000	-	860,003
Dr Wenxiang Gao	10,000	-	500,000	-	510,000
Mr Richard Hill	1,158,821	-	500,000	80,167 [a]	1,738,988
Ms Christine Ng	-	-	-	-	-
Mr Stephen Woodham	3,520,317	-	500,000	(3,520,317) [a]	500,000
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	-	-	160,000	(160,000) [a]	-
Mr Sean Pearce	-	-	-	-	-
Mr Richard Willson	-	-	-	-	-
	8,732,685	-	3,660,000	(3,600,150)	8,792,535

(a) Acquired or disposed via on, or off market transaction.

Option and Performance Right holdings of directors and key management personnel (consolidated)

The numbers of options over ordinary shares in the Company and performance rights held during the financial year by each director, executive and key management personnel of YTC Resources Limited and specified executive of the Group, including their personally related parties, are set out below.

2013	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	-	600,000	-	-	600,000
Mr Rimas Kairaitis	250,000	600,000	-	-	850,000
Mr Robin Chambers	-	500,000	-	-	500,000
Mr Gary Comb	-	500,000	-	-	500,000
Dr Wenxiang Gao	-	500,000	-	-	500,000
Mr Mike Menzies	-	-	-	-	-
Mr Mark Milazzo	-	500,000	-	-	500,000
Ms Christine Ng	-	500,000	-	-	500,000
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	420,000	330,000	-	-	750,000
Mr Sean Pearce	550,000	270,000	-	-	820,000
Mr Richard Willson	650,000	-	-	(500,000) [(a)]	150,000
	1,870,000	4,300,000	-	(500,000)	5,670,000

2012	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	500,000	-	500,000	-	-
Mr Rimas Kairaitis	1,000,000	250,000	1,000,000	-	250,000
Mr Robin Chambers	500,000	-	500,000	-	-
Dr Wenxiang Gao	500,000	-	500,000	-	-
Mr Richard Hill	500,000	-	500,000	-	-
Ms Christine Ng	-	-	-	-	-
Mr Stephen Woodham	500,000	-	500,000	-	-
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	500,000	80,000	160,000	-	420,000
Mr Sean Pearce	500,000	50,000	-	-	550,000
Mr Richard Willson	600,000	50,000	-	-	650,000
	5,100,000	430,000	3,660,000	-	1,870,000

(a) Employee Options expired

Compensation options: granted and vested during the year (consolidated)

At the 2012 Annual General Meeting, the Company's Shareholders approved the issue of 3,700,000 options to the Company's Directors (or their nominee) on the terms and conditions set out below.

1,850,000 Class A Options which shall:

- Vest on that date which is 12 months from their date of issue so long as the holder is a Director at the time of vesting;
- Be exercisable at 35 cents each on or before the date which is three years from their date of issue;

1,850,000 Class B Options which shall:

- Vest on that date which is 24 months from their date of issue so long as the holder is a Director at the time of vesting;
- Be exercisable at 45 cents each on or before the date which is three years from their date of issue

A summary of the Director Options issued is detailed in the following table:

Related Party	Total Director Options	Class A Director Options	Class B Director Options
Mr Anthony Wehby	600,000	300,000	300,000
Mr Rimas Kairaitis	600,000	300,000	300,000
Mr Robin Chambers	500,000	250,000	250,000
Mr Gary Comb	500,000	250,000	250,000
Dr Wenxiang Gao	500,000	250,000	250,000
Mr Mark Milazzo	500,000	250,000	250,000
Ms Christine Ng	500,000	250,000	250,000
TOTAL	3,700,000	1,850,000	1,850,000

During the year, 600,000 Performance Rights were issued to key management personnel, Dean Fredericksen 330,000 and Sean Pearce 270,000. Each Performance Right entitles the holder, upon vesting, to one fully paid ordinary share at no cost. The Performance Rights vest upon certain share price and operation performance hurdles being met. Please refer to Note 25(g) of the Financial Statements for more details on the vesting conditions.

The fair value of the equity share options and Performance Rights at grant date is determined using a Black-Scholes pricing model and Trinomial Barrier Options model respectively that takes into account the terms and conditions upon which the options and performance rights were granted. The following assumptions were used:

	Class A Director Options	Class B Director Options	Class A Performance Rights	Class B Performance Rights
Grant Date	29 Nov 2012	29 Nov 2012	12 Apr 2013	12 Apr 2013
No. of options/performance rights	1,850,000	1,850,000	595,000	1,075,000
Share price at date of grant	$0.37	$0.37	$0.24	$0.24
Exercise price	$0.35	$0.45	$0.00	$0.00
Vesting date	29 Nov 2013	29 Nov 2014	19 Jun 2016	31 Dec 2013
Expected price volatility	69%	69%	68%	68%
Risk free rate	3.00%	3.00%	2.60%	2.60%
Expected life	3 years	3 years	3 years	0.72 years
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Fair value	$0.182	$0.153	$0.20	$0.24

No other options or performance rights were granted or vested in relation to key management personnel during the financial year ended 30 June 2013.

DIRECTORS AND EXECUTIVES

A summary of the key terms of remuneration agreements with Directors and executives are outlined below:

EXECUTIVE DIRECTORS AND EXECUTIVES

The Managing Director, Mr Rimas Kairaitis, is employed under an executive employment agreement. The agreement may be terminated by Mr Kairaitis at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by the Board giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent beach of the employment agreement or without notice in case of Mr Kairaitis being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Kairaitis would be entitled to that portion of remuneration arising up to the date of termination. Mr Kairaitis' annual salary is $285,000 plus superannuation for services as the Managing Director and Executive Director. Mr Kairaitis is entitled to the private use of a Company motor vehicle.

The Chief Financial Officer and Company Secretary, Mr Richard Willson, is employed under an executive employment agreement. The agreement may be

terminated by Mr Willson at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent beach of the employment agreement or without notice in case of Mr Willson being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Willson would be entitled to that portion of remuneration arising up to the date of termination. Mr Willson's annual salary is $256,500 inclusive of superannuation for services as the Chief Financial Officer and Company Secretary.

The Chief Operating Officer, Mr Dean Fredericksen, is employed under an executive employment agreement. The agreement may be terminated by Mr Fredericksen at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent beach of the employment agreement or without notice in case of Mr Fredericksen being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Fredericksen would be entitled to that portion of remuneration arising up to the date of termination. Mr Fredericksen's annual salary is $322,500 inclusive of superannuation for services as the Chief Operations Officer. Mr Fredericksen is entitled to five weeks annual leave and the private use of a Company motor vehicle.

The General Manager – Hera Project, Mr Sean Pearce, is employed under an executive employment agreement. The agreement may be terminated by Mr Pearce at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent beach of the employment agreement or without notice in case of Mr Pearce being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Pearce would be entitled to that portion of remuneration arising up to the date of termination. Mr Pearce's annual salary is $340,080 inclusive of superannuation for services as the General Manager – Hera Project. Mr Pearce is entitled to the private use of a Company motor vehicle.

No performance conditions are currently stipulated in any of the executive agreements.

NON-EXECUTIVE DIRECTORS

The constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was an aggregate remuneration excluding consulting fees of $600,000 per year. Directors are as follows:

- Chairman $60,000 p.a. plus superannuation or equivalent
- Directors $50,000 p.a. plus superannuation or equivalent

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

During the year the Company's auditors did not provide any non-audit services.

The Company has obtained an independence declaration from its auditors, Ernst and Young, which forms part of this report. A copy of that declaration is included at page 78 of this report.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Mr Anthony Wehby

Non-Executive Chairman

3 September 2013

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of YTC Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Upon listing the Company established a set of corporate governance policies and procedures. These were revised to take into account the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principles and Recommendations with 2010 Amendments" (the Recommendations). For further information on corporate governance policies adopted by the Company, refer to our website: www.ytcresources.com.

This report summarises the Company's application of the Corporate Governance Principles and Recommendations.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions

The Board of Directors (hereinafter referred to as the Board) is responsible for the corporate governance of the Company. The Directors of the Company are required to act honestly, transparently, diligently, independently, and in the best interests of all shareholders in order to increase shareholder value.

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

ROLE OF THE BOARD

The responsibilities of the Board include:

- Contributing to the development of and approving the corporate strategy.
- Reviewing and approving business results, business plans and financial plans.
- Ensuring regulatory compliance.
- Ensuring adequate risk management processes.
- Monitoring the Board composition, directors selection and Board processes and performance
- Overseeing and monitoring:
  - Organisational performance and the achievement of the Company's strategic goals and objectives.
  - Compliance with the Company's Code of Conduct.
- Monitoring financial performance including approval of the annual report and half-year financial reports and liaison with the Company's auditors.
- Appointment and contributing to the performance assessment of the Managing Director and Key Management Personnel.
- Enhancing and protecting the reputation of the Company.
- Reporting to shareholders.

ROLE OF SENIOR EXECUTIVES

The responsibilities of Senior Executives include:

- Managing organisational performance and the achievement of the Company's strategic goals and objectives.
- Management of financial performance.
- Management of internal control.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of Senior Executives

Performance of senior executives is measured against strategic goals approved by the Board. Performance is measured on an ongoing basis.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Details of the members of the Board, their experience, expertise, qualifications and independent status are set out in the Directors' Report.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr Anthony Wehby	7 years
Mr Rimas Kairaitis	5 years 3 months
Mr Robin Chambers	6 years 6 months
Mr Gary Comb	1 year 3 months
Dr Wenxiang Gao	6 years 6 months
Mr Michael Menzies	5 months
Mr Mark Milazzo	1 year 2 Months
Ms Christine Ng	5 years 3 months

Recommendation 2.1: A majority of the Board should be Independent Directors

In accordance with the definition of independence set out in the ASX's Principle of Good Governance, Mr Anthony Wehby, Mr Gary Comb and Mr Mark Milazzo are considered the only Independent Directors.

Accordingly, a majority of the Board is not considered independent.

The Directors have the current structure and composition of the Board under review and expect it will continue to evolve.

Recommendation 2.2: The Chair should be an Independent Director.

Mr Wehby is the Company's Chairman, he is considered to be independent.

Recommendation 2.3: The roles of Chair and Chief Executive Officer should not be exercised by the same individual

The roles of Chair and Chief Executive Officer are not occupied by the same individual.

Recommendation 2.4: The Board should establish a Nomination Committee

The Board has formed a separate Nomination Committee.

The main responsibility of the Committee is in assisting the Board to:

- Assess the membership of the Board having regard to present and future needs of the Company.
- Assess the independence of Directors.
- Propose candidates for Board vacancies in consideration of qualifications, experience and domicile.
- Oversee Board succession.
- Evaluate Board performance.
- Ensure the mix of skills and diversity of the Board is appropriate for the operations of the Company.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its Committees and Individual Directors

The Board has not adopted a formal performance review of its members however there is open dialogue on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1: Companies should establish a Code of Conduct

The Company has developed a Code of Conduct 'The Code' which has been endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. This includes taking into account:

- Their legal obligations and the reasonable expectations of their stakeholders.
- Their responsibility and accountability for reporting and investigating reports of unethical practices.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

The Company has not developed a specific diversity policy, but aims to achieve an appropriate level of diversity across both the Board and Company. The Company is satisfied that it has an appropriate level of diversity throughout the Company.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

The Company has not developed specific gender diversity objectives. The Company is satisfied that it has an appropriate level of gender diversity throughout the Company.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

The details of the proportion of women employed by the Company is disclosed in the Directors Report under the heading 'Employees'

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The Board should establish an Audit Committee

The Board has formally adopted an Audit Committee Charter and has formed a separate Committee.

It is the Committee's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Committee's responsibility to establish and maintain a framework of internal control.

Recommendation 4.2: The Audit Committee should be structured so that it:

- Consists only of Non-Executive Directors.
- Consists of a majority of Independent Directors.
- Is chaired by an independent chair, who is not Chair of the Board.
- Has at least three members.

The Audit Committee consists of four directors, two of whom are independent and three are non-executive. The Chairman of the Committee is independent.

The Chairman of the Audit Committee is also the Chairman of the Board. He is considered to be the most appropriate Chairman of the Committee.

The Directors consider that the current structure and composition of the Committee is appropriate for the size and nature of the Group.

Recommendation 4.3: The Audit Committee should have a formal charter

The main requirements of the Audit Committee Charter are to ensure that the Board:

- Review, assess and approve the annual report, half-year financial report and all other financial information published by the Company or released to the market
- Review the effectiveness of the organisation's internal control environment covering:
  - Effectiveness and efficiency of operations.
  - Reliability of financial reporting.
  - Compliance with applicable laws and regulations.
- Oversee the effective operation of the risk management framework.
- Recommend the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance and consider the independence and competence of the external auditor on an ongoing basis. The Board receives certified independence assurances from the external auditors.
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence. The external auditor will not provide services to the Company where the auditor would have a mutual or conflicting interest with the Company; be in a position where they audit their own work; function as management of the Company; or have their independence impaired or perceived to be impaired in any way.
- Review and monitor related party transactions and assess their probity.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies

The Company Secretary and Managing Director have been nominated as the persons responsible for communications with the Australian Stock Exchange (ASX). This role includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to ASX. The Board, Managing Director and Company Secretary are responsible for disclosure to analysts, brokers and shareholders, the media and the public.

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

The Board aims to ensure that shareholders are informed of all major developments affecting the Company.

Shareholders are updated on the Company's operations via ASX announcements "Quarterly Activities Report" and "Quarterly Cash Flow Report" and other disclosure information. All recent ASX announcements and annual reports are available on the ASX website, or alternatively, by request via email, facsimile or post. In addition, a copy of the annual report is distributed to all shareholders who elect to receive it, and all


RG
L.V COVER

announcements including the annual report are available on the Company's website.

The Board encourages participation by shareholders at the Annual General Meeting to ensure a high level of accountability and to ensure that shareholders remain informed about the Company's performance and goals.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The Board is committed to the identification and quantification of risk throughout the Company's operations.

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity. The Company conducts regular high level risk assessments for its key operational risks.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control. Regular high level risk assessments conducted by management include the adoption of mitigation strategies which are reported back to the YTC Board.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks

The Managing Director and the Company Secretary, namely Mr Kairaitis and Mr Willson have made the following certifications to the Board in accordance with Section 295A of the Corporations Act:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and its consolidated entities in accordance with all mandatory professional reporting requirements.
- That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal control is operating effectively and efficiently in all material respects in relation to financial reporting risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Board should establish a Remuneration Committee

The Board has formally adopted a Remuneration Committee Charter and formed a separate Remuneration Committee.

Recommendation 8.2: The Remuneration Committee should be structured so that it:

- Consists of a majority of Independent Directors
- Is chaired by an Independent Director
- Has at least three members.

The Remuneration Committee consists of three Directors of which two are independent. The Chairman of the Remuneration Committee is independent.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and management by remunerating fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the Remuneration Committee may link the nature and amount of executive and directors' emoluments to the Company's financial and operational performance.

At the Remuneration Committee's discretion the nature and amount of executive and director's emoluments may be linked to the Company's financial and operational performance.

The Company does not have a policy in place relating to the executives limiting their exposure to risk in relation to the Company's equity instruments issued to them as part of remuneration.

For details of remuneration of directors and executives please refer to the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

CORPORATE GOVERNANCE COMPLIANCE

During the financial year YTC Resources has complied with each of the eight Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent directors.	The majority of Directors consider that the current structure and composition of the Board is not optimum for the size and nature of operations. The Board continues to work towards improving its composition.
3.2 & 3.3	The Company does not have a Policy concerning diversity and has not defined specific gender diversity objectives.	The Company recognises the benefits of diversity but has not developed a specific diversity policy nor set specific gender diversity objectives. The Company aims to achieve an appropriate level of diversity across both the Board and Company. The Company is satisfied that it has an appropriate level of diversity throughout the Company.
4.2	The Audit Committee does not consist only of non-executive directors and it is chaired by the Chair of the Board.	The Company's Managing Director is a member of the Audit Committee. The Chairman of the Audit Committee is also the Chairman of the Company. The Directors consider that the structure and composition of the Committee is appropriate for the size and nature of the Group.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Income			
Management fee	3(a)	24,204	383,374
Interest income	3(a)	398,377	1,233,673
Gain on sale of tenements	3(a)	-	635,648
Gain on sale of investments in associates	3(a)	320,912	-
Loss on revaluation of investments	3(a)	(750,200)	-
Gain on revaluation of financial assets	3(a)	4,674,619	-
R&D refund	3(a)	264,242	199,728
Total income		4,932,154	2,452,423
Expenses			
Compliance costs		224,364	81,014
Consulting and legal costs		537,405	543,395
Legal and other costs in relation to negotiation of financing for Hera – Nymagee project		679,123	-
Audit fees		77,264	55,104
Employee benefits expense	3(b)	1,541,307	1,821,712
Directors fees		333,760	340,842
Promotion		68,093	116,321
Administration expense	3(c)	390,220	447,171
Travel expenses		276,965	541,177
Capitalised exploration costs written off	9(a)	9,826	361,554
Loss on disposal of assets		-	645
Depreciation and amortisation		258,255	220,101
Total expenses		4,396,582	4,529,036
Profit / (loss) before income tax		535,572	(2,076,613)
Income tax expense	4	-	-
Profit / (loss) after income tax	15	535,572	(2,076,613)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the period		535,572	(2,076,613)
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the parent			
Basic profit / (loss) per share (cents per share)	19	0.21	(0.83)
Diluted profit / (loss) per share (cents per share)	19	0.20	(0.83)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
ASSETS			
Current assets			
Cash and cash equivalents	16(b)	16,312,989	15,087,184
Trade and other receivables	5	1,489,900	158,417
Prepayments		118,792	133,836
Total current assets		17,921,681	15,379,437
Non current assets			
Plant and equipment	6	1,208,177	1,357,550
Investments in associates	7	-	1,152,118
Financial assets	8	10,532,650	110,000
Deferred exploration and evaluation expenditure	9(a)	16,149,403	45,609,237
Mine properties	9(b)	57,934,018	3,734,098
Total non current assets		85,824,248	51,963,003
Total assets		103,745,929	67,342,440
LIABILITIES			
Current liabilities			
Trade and other payables	10	3,857,218	793,392
Provisions	11	206,508	155,028
Total current liabilities		4,063,726	948,420
Non current liabilities			
Provisions	11	7,401,303	7,795,391
Borrowings	12	29,675,551	-
Total non current liabilities		37,076,854	7,795,391
Total liabilities		41,140,580	8,743,811
Net assets		62,605,349	58,598,629
EQUITY			
Contributed equity	13	70,180,671	67,074,707
Reserves	14	2,396,118	2,030,934
Retained losses	15	(9,971,440)	(10,507,012)
Total equity		62,605,349	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 YEAR ENDED 30 JUNE 2013

Consolidated	Issued Share Capital	Share Option Performance Rights Reserve	Accumulated Losses	Total
	$	$	$	$
Balance as at 1 July 2011		**1,617,401**	**(8,430,399)**	**58,899,598**
Total comprehensive profit / (loss) for the period	-	-	(2,076,613)	(2,076,613)
Transactions with owners in their capacity as owners				
Shares issued for the period	1,186,500	-	-	1,186,500
Tax refund on share issue costs	175,611	-	-	175,611
Options and performance rights issued during the period	-	413,533	-	413,533
Balance as at 30 June 2012	**67,074,707**	**2,030,934**	**(10,507,012)**	**58,598,629**
Balance as at 1 July 2012	**67,074,707**	**2,030,934**	**(10,507,012)**	**58,598,629**
Total comprehensive profit / (loss) for the period	-	-	535,572	535,572
Transactions with owners in their capacity as owners				
Shares issued for the period	3,196,582	-	-	3,196,582
Costs of Share Issue	(90,618)	-	-	(90,618)
Options and performance rights issued during the period	-	365,184	-	365,184
Balance as at 30 June 2013	**70,180,671**	**2,396,118**	**(9,971,440)**	**62,605,349**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated	
		2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		93,064	362,087
Payments to suppliers and employees		(3,648,585)	(3,639,109)
Research & development refund		264,242	199,728
Interest received		538,220	1,437,312
GST on purchases refunded from ATO		1,721,718	-
Net cash flows used in operating activities	16 (a)	(1,031,341)	(1,639,982)
Cash flows from investing activities			
Purchase of property, plant and equipment		(161,998)	(775,645)
Exploration & evaluation expenditure		(4,680,649)	(8,630,768)
Development expenditure		(18,564,594)	(3,734,098)
Purchase of gold put options and associated costs		(5,027,720)	-
Additional consideration to amend Hera royalty		(1,100,000)	-
Net cash flows used in investing activities		(29,534,961)	(13,140,511)
Cash flows from financing activities			
Proceeds from issue of shares		2,946,582	1,086,500
Borrowings		35,000,000	-
Share issue/facility establishment costs		(6,154,475)	175,611
Net cash flows from financing activities		31,792,107	1,262,111
Net (decrease)/increase in cash and cash equivalents		1,225,805	13,518,382
Cash and cash equivalents at beginning of year		15,087,184	28,605,566
Cash and cash equivalents at end of year	16 (b)	**16,312,989**	**15,087,184**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of YTC Resources Limited and its subsidiaries for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 3 September 2013.

YTC Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The Company is a for-profit entity.

YTC Resources has four 100% owned subsidiaries, Stannum Pty Ltd (incorporated 15 September 2007), Defiance Resources Pty Ltd (incorporated 15 May 2007), Hera Resources Pty Ltd (incorporated 20 August 2009) and Nymagee Resources Pty Ltd (incorporated 7 November 2011).

The nature of the operations and principal activities of the Group are mineral exploration and development.

2A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been adopted by YTC Resources Limited are as follows:

(a) Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except deferred acquisition costs which are measured at fair value.

The financial report is presented in Australian dollars.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations where applicable from 1 July 2012.

- AASB 2011-9 Amendments to Australian Accounting Standards -Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049].
- AASB 2010-8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112].

Where the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 2011-9 Amendments to Australian Accounting Standards -Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]

This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The adoption of this amendment did not have any impact on the financial position or the performance of the Group.

AASB 2010-8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]

These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes - Recovery of Revalued Non-Depreciable Assets into AASB 112. The adoption of this amendment did not have any impact on the financial position or the performance of the Group.

(d) Accounting standards and interpretations issued but not yet effective

The following table sets out new Australian Accounting Standards and Interpretations that have been issued but are not yet mandatory and which have not been early adopted by the Company for the annual reporting period ending 30 June 2013.

(d) New accounting standards and interpretations (continued)

		Summary
Reference	AASB 10	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial St atements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.
Title	Consolidated Financial Statements	
Application date of standard	1 Jan 2013	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2013	

Reference	AASB 11	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.
Title	Joint Arrangements	
Application date of standard	1 Jan 2013	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2013	

Reference	AASB 12	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
Title	Disclosure of Interests in Other Entities	
Application date of standard	1 Jan 2013	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2013	

(d) New accounting standards and interpretations (continued)

		Summary
Reference	AASB 13	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.
Title	Fair Value Measurement	
Application date of standard	1 Jan 2013	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2013	

Reference	AASB 119	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.
Title	Employee Benefits	
Application date of standard	1 Jan 2013	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2013	

Reference	Interpretation 20	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. Consequential amendments were also made to other standards via AASB 2011-12.
Title	Stripping Costs in the Production Phase of a Surface Mine	
Application date of standard	1 Jan 2013	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2013	

(d) New accounting standards and interpretations(continued)

		Summary
Reference	AASB 2012-2	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB132 are not all met.
Title	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	
Application date of standard	1 Jan 2013	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2013	
Reference	AASB 2012-3	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
Title	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	
Application date of standard	1 Jan 2014	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2014	

(d) New accounting standards and interpretations (continued)

		Summary
Reference	AASB 9	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) - The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.
Title	Financial Instruments	
Application date of standard	1 Jan 2015	
Impact on Group financial report	No impact expected	
Application date for Group	1 July 2015	

All other new Australian Accounting Standards that have been issued but are not yet effective are not expected to have a material impact on the Group.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of YTC Resources Limited and its subsidiaries (as outlined in Note 1).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered whether a group controls an entity.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and ceases to be consolidated from the date of control is transferred out of the Group.

(f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation, amortisation and any impairment in value. Depreciation is calculated on a straight-line basis over their estimated useful lives as follows:

- Plant and equipment over 4 to 8 years
- Land – not depreciated
- Motor vehicles – 7 years
- Leasehold improvements – 6 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and;

i) It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;

ii) Exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised 'Mine properties in development'. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the entity must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

(k) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE LEAVE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(n) Income recognition

Income, including management fees, is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the income can be reliably measured. The following specific recognition criteria must also be met before income can be recognised:

Interest

Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(o) Share-based payment transactions

The Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using the Black Scholes model or Trinomial Barrier Option model, further details of which are given in Note 14(c).

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of YTC ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(q) Other taxes

Income, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown directly in equity as a deduction, net of tax, from proceeds.

(s) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn income and incur expenses (including income and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn income. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services.
- Nature of the production processes.
- Type or class of customer for the products and services.
- Methods used to distribute the products or provide the services, and if applicable.
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(t) Profit / (loss) per share

Basic profit / (loss) per share

Basic profit / (loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted profit / (loss) per share

Diluted earnings per share is calculated as net profit / (loss) attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in income or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(u) Financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent valuation

After initial recognition, the Group measures financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

- Loans and receivables as defined in paragraph, which shall be measured at amortised cost using the effective interest method;
- Held-to-maturity investments as defined in paragraph, which shall be measured at amortised cost using the effective interest method; and
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(v) Associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(w) Comparative information

Where necessary, the prior year financial data was restated for comparability purposes.

2B. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(a) Significant accounting judgements

Exploration and evaluation expenditure

Exploration and evaluation expenditure is capitalised when either, costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively by its sale: or exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made and in the event that these assumptions no longer hold valid then this expenditure may, in part or full, be expensed through the income statement in future periods – see Note 9 for disclosure of carrying values.

(b) Significant accounting estimates and assumptions

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes or Trinomial Barrier Option Model formula taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Deferred acquisition costs in relation to Hera

The Company measures the deferred acquisition costs by reference to the fair value of net present value of future cash outflows. The following assumptions have been taken into account: risk free bond rate, gold price, possibility of payment.

3. INCOME AND EXPENSES

(a) Income from continuing operations

	Consolidated 2013 $	Consolidated 2012 $
Management fee	24,204	383,374
Interest income	398,377	1,233,673
Gain on sale of tenements	-	635,648
Gain on sale of investments in associates	320,912	-
Loss on revaluation of investments	(750,200)	-
Gain on revaluation of Financial Assets	4,674,619	-
R&D Refund	264,242	199,728
	4,932,154	2,452,423

Management fee income consists of consulting fees earned from YT Parksong Australia Holdings Pty Ltd, a Company involved in a joint venture with Metals X Limited in the Renison tin mine in Tasmania.

Gain on sale of tenements relates to tenements sold to Taronga Mines Limited for which further details can be found in Note 7.

Gain / (loss) on sale of investments in associates relates to the sale of YTC's shareholding in Taronga Mines Limited to the ASX listed AusNiCo Limited. Loss on revaluation of investments relates to the subsequent revaluation of the consideration shares held in AusNiCo to the ASX market value at 30th June 2013.

Gain on revaluation of financial assets relates to unrealised gain on gold put options for which further details can be found in Note 8.

Expenses from continuing operations

Profit / (loss) before income tax includes the following specific expenses:

(b) Employee benefits expense

	Note	Consolidated 2013 $	Consolidated 2012 $
Salaries and on-costs		1,176,123	1,408,179
Options and Performance Rights expense	28	365,184	413,533
		1,541,307	1,821,712
Employee benefits expense and directors fees include superannuation expense of		93,095	251,225

(c) Administration expense

	Consolidated 2013 $	Consolidated 2012 $
Bank fees	2,797	3,381
Insurance	103,079	124,919
Printing and stationery	18,295	50,720
Postage and freight	2,454	10,813
Subscriptions	29,349	21,306
Telephone	33,859	51,551
IT expenses	95,367	85,710
Leased office premises	60,000	52,277
Leasing office equipment	11,021	33,210
Other	33,999	13,284
	390,220	447,171

4. INCOME TAX

	Consolidated 2013 $	Consolidated 2012 $
The major components of income tax expense		
Income Statement		
Current income Tax		
Current income tax charge	39,152	(2,876,986)
Deferred income tax		
Relating to origination and reversal of temporary differences	3,026,483	551,002
Unrecognised tax losses	(3,065,635)	2,325,984
Income tax expense reported in the income statement	-	-

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

	2013 $	2012 $
Accounting profit / (loss) before income tax	535,572	(2,076,613)
At the Company's statutory income tax rate (30%)	160,671	(622,984)
Share based payments & other non-assessable items	(199,823)	71,982
Income tax benefit (expense) not brought to account	39,152	551,002
Income tax reported in the income statement	-	-

The Group had formed a tax consolidated group at 30 June 2013.

Consolidated	Statement of Financial Position 2013 $	Statement of Financial Position 2012 $	Statement of Comprehensive Income 2013 $	Statement of Comprehensive Income 2012 $
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Deferred exploration and evaluation expenditure	(12,957,193)	(10,105,848)	(1,453,216)	(3,671,169)
Receivables	(12,221)	(27,953)	(904,280)	60,732
Deferred Tax Assets				
Provisions	2,417,992	2,437,588	64,712	1,284,453
Carried forward losses not recognised	10,551,422	7,696,213	2,292,784	2,325,984
Net deferred tax	-	-		
Deferred tax income/(expense)			-	-

At 30 June 2013 the Group had carried forward tax losses totalling $44,623,199 (2012: $35,776,750).

	Consolidated 2013 $	Consolidated 2012 $

5. TRADE AND OTHER RECEIVABLES - CURRENT

	2013 $	2012 $
Trade receivables	9,344	66,440
Receivable from Australian Taxation Office	1,439,819	-
Accrued interest	40,737	91,977
	1,489,900	158,417

All of the above are non-interest bearing and generally receivable on 30 day terms. Due to the short term nature their carrying value approximates their fair value.

6. PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
Property, plant and equipment at cost	2,009,320	1,862,049
Accumulated depreciation amortisation and impairment	(801,143)	(504,499)
Total property, plant and equipment	1,208,177	1,357,550
Property, plant and equipment is represented by the following:		
Motor Vehicles		
At 1 July, net of accumulated depreciation and impairment	280,833	213,482
Additions	-	122,168
Depreciation expense	(59,575)	(54,817)
At 30 June, net of accumulated depreciation and impairment	221,258	280,833
Plant & Equipment		
At 1 July, net of accumulated depreciation and impairment	762,303	367,841
Additions	147,272	540,314
Disposals	-	(1,985)
Depreciation expense	(217,259)	(143,867)
At 30 June, net of accumulated depreciation and impairment	692,316	762,303
Leasehold improvements		
At 1 July, net of accumulated amortisation and impairment	39,414	59,611
Additions	-	-
Amortisation expense	(19,811)	(20,197)
At 30 June, net of accumulated amortisation and impairment	19,603	39,414
Land [1]		
At 1 July	275,000	90,000
Additions	-	185,000
At 30 June	275,000	275,000

1 – Land assets are held at cost and are not depreciated.

7. INVESTMENTS IN ASSOCIATES

	Consolidated 2013 $	Consolidated 2012 $
Shares in Taronga Mines Limited	-	1,152,118
	-	1,152,118

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 $320,912 gain on disposal of investment in associate. YTC's shareholding and options in AusNiCo are recorded as financial assets in the statement of financial position as at 30 June 2013.

8. FINANCIAL ASSETS

	Note	Consolidated 2013 $	Consolidated 2012 $
(a) Carrying values of financial assets			
Shares in AusNiCo Limited		477,400	-
Options in AusNiCo Limited		355,431	-
Options in Taronga Mines Limited		-	110,000
Gold put options	8(b)	9,699,819	-
		10,532,650	110,000
(b) Gold Put Options			
Purchase price paid including brokerage		5,025,200	-
Gain on revaluation during the period		4,674,619	-
		9,699,819	-

28,912 oz. of gold put options were purchased on 26th April 2013 at a strike price of $AUD 1,500 per ounce. The options expire in 6 quarterly tranches with the first tranche expiring in April 2015. The options give YTC the right, but not the obligation, to sell gold at the strike price. The options are revalued each period using a Black-Scholes methodology, with revaluation adjustments appearing as gains / (losses) in the statement of comprehensive income.

	Consolidated 2013 $	Consolidated 2012 $

9. (A) DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2013 $	2012 $
At cost	54,727,629	47,358,473
Accumulated impairment	(1,222,311)	(1,749,236)
Transfer to mine development	(37,355,915)	-
Total exploration and evaluation	16,149,403	45,609,237
At 1 July	45,609,237	33,480,004
Exploration expenditure during the year	4,449,038	8,428,348
Increase in deferred acquisition costs	3,456,869	4,062,439
Transfer to mine properties	(37,355,915)	-
Impairment charge recognised	(9,826)	(361,554)
At 30 June	16,149,403	45,609,237

The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

An impairment charge of $9,826 has been recognised in 2013 (2012: $361,554). Impairment has been recognised on exploration expenditure incurred on tenements where prospectivity will not be pursued or has deteriorated.

Movements in the provision for impairment loss were as follows:

	2013 $	2012 $
At 1 July	(1,749,236)	(1,387,682)
Tenements relinquished during the year	536,751	-
Charge for the year	(9,826)	(361,554)
At 30 June	(1,222,311)	(1,749,236)

An amount of $3,456,869 (2012: $4,062,439) within exploration expenditure during the 2013 year relates to an increase in the provision for estimated royalty payable on gravity gold dore production from the Hera deposit. This provision increase occurred during the first half of 2013, when Hera expenditure was treated as 'exploration'. All accumulated Hera exploration costs were transferred to 'mine properties' during the second half of 2013. Following this transfer the provision for royalty was reduced by $3,189,957 (refer to Note 9(b)), thus the net fair value increment in 2013 due to royalty adjustments was $266,912. Refer to Note 29 for further information.

9. (B) MINE PROPERTIES

	2013 $	2012 $
At 1 July	3,734,098	-
Development expenditure during the year	19,696,900	3,734,098
Transfers from exploration and evaluation expenditure	37,355,915	-
Reduction in deferred acquisition costs	(3,189,957)	-
Interest on project borrowings	337,062	-
At 30 June	57,934,018	3,734,098

Mine properties relate to expenditure incurred in the development of the Hera project under the terms and conditions of Mining Licence No. 1686 (Act 1992) granted 16th May 2013.

10. TRADE AND OTHER PAYABLES

	Consolidated 2013 $	Consolidated 2012 $
Trade payables	800,048	270,151
Accrued expenses	3,057,170	523,241
	3,857,218	793,392

Trade payables are non-interest bearing and generally payable on 7 to 30 day terms and due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

11. PROVISIONS

	Note	2013 $	2012 $
Current			
Annual leave		206,508	155,028
Non – current			
Deferred acquisition costs	29	7,062,303	7,795,391
Hera rehabilitation provision (a)		339,000	-
		7,401,303	7,795,391

(a) The Group makes full provision for the future cost of rehabilitating the Hera mine site and related production facilities at the time of developing the mine and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to February 2022. These provisions have been created based on YTC's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future gold, lead and zinc prices, which are inherently uncertain.

12. BORROWINGS

	2013 $	2012 $
Glencore borrowings:		
Facility A	20,000,000	-
Facility B	10,000,000	-
Facility E	5,000,000	-
Glencore borrowings total	35,000,000	-
Interest accrued on borrowings	383,099	-
Less: Facility establishment costs	(5,707,548)	-
	29,675,551	-

During the period YTC completed a funding transaction with Glencore International. Upon completion of the funding transaction,

- YTC issued 9.39 million shares in YTC at 31.38 cents per share to Glencore Australia, representing a 25% premium to YTC's share price at the time of signing the transaction term sheet.
- YTC commenced drawdown of Facilities A & E under the A$155 million in debt and converting note facilities.
- Mr Mike Menzies was appointed to the YTC Board as a nominee of Glencore.

The key terms of the binding term sheet in respect of the Glencore Transaction are summarised below:

Placement	Shares:	9,390,000
	Amount:	A$2,946,582.00
	Issue Price:	$0.3138 per share (being a 25% premium to YTC's 30 day VWAP at date of binding Term Sheet)
	Glencore Position:	The placement will increase Glencore's total shareholding in YTC to 9.9% (undiluted)
Facility A	Limit:	A$20 million Converting Note Facility
	Conversion:	Convertible at YTC's option at $0.251 per share
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after date of shareholder approval
	Drawdown Period:	12 months date of shareholder approval
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 date of shareholder approval
	Drawdown Period:	12 months from date of shareholder approval
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 date of shareholder approval 18 months from date of shareholder approval
	Drawdown Period:	
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$5 million 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 date of shareholder approval

At 30 June 2013 YTC had fully drawn Facilities A & E and drawn $10 million under Facility B; and as a result issued 30 million converting notes under Facilities A & B all of which remain unconverted. There were no converting notes converted during the year.

The converting notes can be repaid as per a conventional debt facility or converted only at YTC's election and will convert at various prices; Facility A converting notes can convert (upon YTC's election) at 25.1 cents per share resulting in the issue of 79,681,275 YTC shares; Facility B converting notes can convert (upon YTC's election) at YTC's 60 day VWAP Share Price prior to conversion cents per share.

	Consolidated	
	2013 $	2012 $
13. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
Ordinary shares fully paid	70,180,671	67,074,707

(b) Movements in ordinary shares on issue

Details	Date	Number	$
Opening balance	1-Jul-12	252,724,334	67,074,707
Issue of shares	26-Mar-13	9,390,000	2,946,582
Issue of shares	28-Jun-13	555,556	250,000
Less: Share issue costs		-	(90,618)
Closing Balance		262,669,890	70,180,671

(c) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Parent, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest costs of capital available to the entity.

In order to maintain or adjust capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in the year ending 30 June 2013.

	Consolidated	
	2013 $	2012 $

14. RESERVES

	2013 $	2012 $
Option and performance rights reserve	2,396,118	2,030,934

(a) Movements

	2013 $	2012 $
Carrying amount at beginning of financial year	2,030,934	1,617,401
Options and performance rights issued during the year	365,184	413,533
Carrying amount at the end of the financial year	2,396,118	2,030,934

(b) Details of options and performance rights issued or lapsed during the year

	Date	Number	$
Opening balance	1-Jul-12	3,755,000	2,030,934
Expiry of 100,000 options at $0.40	4-Sep-12	(100,000)	-
Expiry of 350,000 options at $0.45	4-Sep-12	(350,000)	-
Issue of 1,850,000 options at $0.35	29-Nov-12	1,850,000	196,082
Issue of 1,850,000 options at $0.45	29-Nov-12	1,850,000	82,443
Expiry of 1,175,000 options at $0.40	31-Dec-12	(1,175,000)	-
Issue of 1,670,000 performance rights	12-Apr-13	1,670,000	86,659
Closing balance		7,500,000	2,396,118

(c) Valuation of Options and Performance Rights Reserve

This reserve is used to record the options and performance rights issued to directors, executives and employees. Valuation of the options and performance rights is based on Black-Scholes methodology and Trinomial Barrier Options methodology respectively using the following assumptions:

	Class A Director Options	Class B Director Options	Class A Performance Rights	Class B Performance Rights
Grant date	29 Nov 2012	29 Nov 2012	12 Apr 2013	12 Apr 2013
No. of options / performance rights	1,850,000	1,850,000	595,000	1,075,000
Share price at date of grant	$0.37	$0.37	$0.24	$0.24
Exercise price	$0.35	$0.45	$0.00	$0.00
Vesting date	29 Nov 2013	29 Nov 2014	19 Jun 2016	31 Dec 2013
Expected price volatility	69%	69%	68%	68%
Risk free rate	3.00%	3.00%	2.60%	2.60%
Expected life	3 years	3 years	3 years	0.72 years
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Fair value	$0.182	$0.153	$0.20	$0.24

15. ACCUMULATED LOSSES

	Consolidated	
	2013 $	2012 $
Movements in accumulated losses were as follows:		
Balance at beginning of year	(10,507,012)	(8,430,399)
Net profit / (loss) attributable to members of YTC Resources Limited	535,572	(2,076,613)
Balance at end of year	(9,971,440)	(10,507,012)

16. CASH FLOW STATEMENT

	Consolidated	
	2013 $	2012 $
(a) Reconciliation of the net loss after tax to the net cash flows used in operating activities		
Net profit / (loss) after tax	535,572	(2,076,613)
Adjustments for:		
Issue of options	365,184	413,533
Capitalised exploration costs written off	9,827	361,554
Depreciation and amortisation	258,255	220,101
Gain on disposal of assets	-	(635,648)
Gain on sale of investments in associates	(320,912)	-
Loss on revaluation of investments	750,200	-
Profit on revaluation of commodity derivatives	(4,674,619)	-
GST not included in net profit / (loss)	1,324,314	-
Changes in assets and liabilities:		
(Increase) / decrease in receivables	(1,331,483)	182,352
(Increase) / decrease in prepayments	15,044	(71,755)
Increase / (decrease) in trade and other payables	3,063,826	(77,704)
Increase / (decrease) in provisions	51,480	44,198
Changes in asset and liability values not related to net profit / (loss)	(1,078,029)	-
Net cash flow used in operating activities	(1,031,341)	(1,639,982)
(b) Reconciliation of cash		
Cash at bank and in hand	12,882,989	1,166,189
Short-term deposits	3,430,000	13,920,995
	16,312,989	15,087,184

All short term deposits can be withdrawn at any time.

Of the $16,312,989 cash at 30th June 2013, $14,399,593 is held in Hera Resources Pty Limited, as a result of borrowings drawn on the Glencore loan facilities, but not used at year end. Under the terms of these facilities, funds drawn are only available for use in the development of the Hera – Nymagee project, and may not be used for other purposes.

	Consolidated	
	2013 $	2012 $
17. EXPENDITURE COMMITMENTS		
Commitments contracted for at reporting date but not recognised as liabilities are as follows:		
Within one year	5,304,574	67,348
After one year but not longer than 5 years	344,105	23,627
	5,648,679	90,975

18. SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report which may significantly impact on the state of affairs of the Company.

	Consolidated	
	2013 $	2012 $
19. PROFIT / (LOSS) PER SHARE		
Profit / (loss) used in calculating basic and dilutive EPS	535,572	(2,076,613)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	255,224,325	249,505,438
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	262,724,325	249,505,438
Basic profit / (loss) per share (cents per share)	0.21	(0.83)
Diluted profit / (loss) per share (cents per share)	0.20	(0.83)
20. AUDITOR'S REMUNERATION		
The auditor of YTC Resources Limited is Ernst & Young.		
Amounts received or due and receivable by Ernst & Young for:		
Audit or review of the financial report of the Company and any other entity in the Group	77,264	55,104
Non-audit services – Research & Development grant application	-	27,012
	77,264	82,116

There were no other services provided by Ernst & Young other than as disclosed above.

21. RELATED PARTY AND INTER COMPANY DISCLOSURES

Mr Woodham is the owner of the premises leased by the Company at 2 Corporation Place, Orange NSW. The lease is for a three year period to May 2013, and an option to extend by a further three years has been accepted. The gross rent paid in 2013 was $66,000 (including GST) (2012: $66,000). At 30 June 2013 $Nil (2012: $Nil) was payable to Mr Woodham for rent.

For all payments to directors and executives please refer to the "Remuneration Report" contained in the "Directors Report".

22. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director 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 and development of 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 – Nymagee project, being the most significant current project of the Company, all other tenements. Financial information about each of these segments is reported to the Managing Director 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 2A 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 and other income
- Gain or loss on sale of financial assets
- Research & development grant
- Corporate costs
- Depreciation and amortisation of property, plant and equipment

The following represents profit and loss and asset and liability information for reportable segments for the years ended 30 June 2013 and 30 June 2012.

Segment Results	Hera – Nymagee Project	Other Exploration Projects	Total
Year ended 30 June 2013			
Segment income	4,674,619	-	4,674,619
Deferred exploration costs written-off	-	(9,827)	(9,827)
Segment net profit / (loss) after tax	4,674,619	(9,827)	4,664,792
Reconciliation of segment net profit / (loss) after tax to net profit / (loss) after tax:			
Interest income			398,377
Other income			24,204
Loss on sale/revaluation of investments in associates			(429,288)
Research & development grant			264,242
Corporate operating costs			(4,128,500)
Corporate asset depreciation and amortisation			(258,255)
Net profit after tax per the statement of comprehensive income			535,572
Year ended 30 June 2012			
Segment income	-	635,648	635,648
Deferred exploration costs written-off	-	(361,554)	(361,554)
Depreciation and amortisation	-	-	-
Other allocated costs	-	-	-
Segment net profit after tax	-	274,094	274,094
Reconciliation of segment net loss after tax to net loss after tax			
Interest income			1,233,673
Other income			383,374
Research & development grant			199,728
Corporate operating costs			(3,947,381)
Corporate asset depreciation and amortisation			(220,101)
Net Loss after tax per the statement of comprehensive income			(2,076,613)
Segment assets and liabilities for the year ended 30 June are as follows:			
Segment assets at 30 June 2013			
Cash and cash equivalents	14,399,593	-	14,399,593
Trade and other receivables	27,387	-	27,387
Property, plant and equipment	375,202	-	375,202
Financial Assets	9,699,819	-	9,699,819
Deferred exploration and evaluation expenditure	12,583,108	3,566,295	16,149,403
Mines under development	57,934,018	-	57,934,018
	95,019,127	3,566,295	98,585,422

Segment Results	Hera – Nymagee Project	Other Exploration Projects	Total
Reconciliation of segment assets to total assets			
Cash and cash equivalents			1,913,396
Trade and other receivables			1,462,513
Prepayments			118,792
Corporate plant and equipment			832,975
Investments in associates			477,400
Financial assets			355,431
Total assets per the balance sheet at 30 June 2013			103,745,929
Segment liabilities at 30 June 2013			
Trade and other payables	42,566	-	42,566
Deferred acquisition costs	7,062,303	-	7,062,303
Hera rehabilitation provision	339,000	-	339,000
Borrowings	29,675,551	-	29,675,551
	37,119,420	-	37,119,420
Reconciliation of segment liabilities to total liabilities			
Trade and other payables			3,814,652
Provisions			206,508
Total liabilities per the balance sheet at 30 June 2013			41,140,580
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
Held-for-sale exploration assets	-	-	-
	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
Segment liabilities at 30 June 2012			
Deferred acquisition costs	7,795,391	-	7,795,391
	7,795,391	-	7,795,391
Reconciliation of segment liabilities to total liabilities			
Trade and other payables			793,392
Provisions			155,028
Total liabilities per the balance sheet at 30 June 2012			8,743,811

23. PARENT COMPANY INFORMATION

	Parent 2013 $	Parent 2012 $
Information relating to the parent entity of the Group, YTC Resources Limited:		
Current assets	3,494,701	15,379,437
Non-current assets	58,467,016	51,963,003
Total assets	61,961,717	67,342,440
Current liabilities	4,021,160	948,420
Non-current liabilities	-	7,795,391
Total liabilities	4,021,160	8,743,811
Net assets	57,940,557	58,598,629
Issued capital	70,180,671	67,074,707
Reserves	2,396,118	2,030,934
Accumulated losses	(14,636,232)	(10,507,012)
Total shareholders' equity	57,940,557	58,598,629
Profit / (loss) for the year	(4,129,220)	(2,076,613)

Commitments

	Parent 2013 $	Parent 2012 $
Commitments contracted for at reporting date but not recognised as liabilities are as follows:		
Within one year	190,834	67,348
After one year but not longer than 5 years	344,105	23,627
	534,939	90,975

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's management of financial risk is aimed at ensuring cash flows are sufficient to:

- Withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due; and
- Maintain the capacity to fund project development, exploration and acquisition strategies.

The Group continually monitors and tests its forecast financial position against these criteria.

The Group is exposed to the following financial risks: liquidity risk, credit risk, and market risk (including foreign exchange risk, commodity price risk and interest rate risk).

The Directors are responsible for monitoring and managing financial risk exposures of the Group.

The Group's financial instruments consist mainly of borrowings, deposits with banks, derivatives, payables and receivables.

The Group holds the following financial instruments:

	$
Financial Assets	
Cash at bank	12,882,989
Term deposits	3,430,000
Receivables	1,489,900
Derivatives (put options)	9,699,819
Available for sale financial assets	832,831
Total financial assets	28,335,539
Financial Liabilities	
Trade and other payables	3,857,218
Borrowings	35,383,099
Total financial liabilities	39,240,317

a) Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. As the Group is still in a development phase funds are generated from equity subscriptions and by drawing down on borrowing facilities.

Maturities of financial liabilities:

- Payables: Trade and other payables are expected to be settled within 12 months.
- Borrowings: The table below shows the Group's financial arrangements at 30 June 2013 in their relevant contractual maturity groupings.

Contractual maturities of loans	<1 Year	1-2 Years	2-3 Years	4-5 Years	Total
Glencore Facility A - matures 15/3/18	-	-	-	20,293,348	20,293,348
Glencore Facility B - matures 15/3/18	-	-	-	10,011,209	10,011,209
Glencore Facility E - matures 15/8/16	-	-	5,078,542	-	5,078,542
Total	-	-	5,078,542	30,304,557	35,383,099

b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the entity which have been recognised in the Consolidated Statement of Financial Position is the carrying amount, net of any provision for doubtful debts.

Credit risk is managed through the maintenance of procedures which ensure, to the extent possible, that counterparties to transactions are of sound creditworthiness. Such monitoring is used in assessing receivables for impairment.

No receivables are considered past due or impaired.

c) Foreign Currency Risk

The Group undertakes transactions impacted by foreign currencies; hence exposures to exchange rate fluctuations arise. Although the majority of the Group costs, including development expenditure, are in Australian dollars many of these costs are affected either directly or indirectly by movements in exchange rates. When the Group begins to earn revenue from the sale of commodities in 2014 most of the revenue will be affected by movements in the USD:AUD exchange rate.

Currently the Group does not hedge against this risk. The group considers the effects of foreign currency risk on its financial position and financial performance and assesses its option to hedge based on current economic conditions and available market data.

d) Commodity Price Risk

There was no commodity price risk in the 2012/13 year because there were no commodity sales. However the Group is mindful that future revenue is exposed to commodity price fluctuations, particularly gold, lead and zinc prices. Price risk relates to the risk that the fair value of future cash flows of commodity sales will fluctuate because of changes in market prices largely due to supply and demand factors for commodities. The Group will be exposed to commodity price risk due to the sale of gold, lead, zinc and copper on physical prices determined by the market at the time of sale.

Gold price risk is managed with the use of hedging strategies through the purchase of gold put options to establish gold "floor prices" in Australian dollars over part of the group's future gold production. Currently 28,912 ounces are optioned at a strike price of $AUD 1,500 per ounce. These options give YTC the right, but not the obligation, to sell gold at the strike price thereby allowing YTC to retain exposure to any future rises in the gold price while providing protection to a fall in the gold price below the strike price. As there is no obligation to deliver into the options there is no obligation to produce the gold. Gold prices, gold futures and economic forecasts are constantly monitored to determine whether to implement a hedging program.

As there have been no commodity sales during the current financial year no price sensitivity analysis can be performed.

e) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The group has long term financial liabilities on which it pays interest and also holds cash and short term deposits on which it receives interest.

The Group has not entered in any hedging activities to cover interest rate risk. In regard to its interest rate risk the Group continually analyses its exposure. Within this analysis consideration is given to alternative financing options, potential renewal of existing positions, alternative investments and the mix of fixed and variable interest rates.

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Trade and other receivables, payables, derivatives and available for sale assets, are not interest bearing. Based on the cash and loan balances at the end of the financial year, if interest rates were to change by + or – 2% with all other variables remaining constant, the estimated impact on pre-tax profits and equity would have been as follows:

		Interest Rate Sensitivity			
		Decrease interest rates by 2%		Increase interest rates by 2%	
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
2013					
Financial Assets:					
Borrowings net of cash and cash equivalents assets [1]	(19,070,110)	-	-	-	-
2012					
Financial assets:					
Cash and cash equivalents assets [2]	15,087,184	(301,774)	-	301,774	-

[1] Cash and cash equivalents include only short-term deposits with floating rates in AUD.
[2] Under current accounting policy, interest is capitalised to mine properties in the statement of financial position, therefore any change to interest rates does not impact current period profit.

f) Capital Risk Management

The Group's capital management strategy is to maximise shareholder value by debt financing its development aspirations. The group believes this will reduce the cost of capital and maximise shareholder returns but it does bring an increased level of risk. The Group has sought to reduce this risk by ensuring part of the debt (44%) is convertible to equity, that interest rates are favourable, that commodity prices are protected and that non development activities including exploration and acquisitions are funded from equity.

The Group's capital structure consists of borrowings and equity. The Group continues to monitor the capital of YTC by assessing the financial risks and adjusting the capital structure in response to changes in the risks. The Group is continually evaluating financing and capital raising opportunities.

The Group is not subject to any externally imposed capital requirements.

YTC's capital structure consists of:

	$
Capital Structure	
Borrowings	(35,383,099)
Cash and cash equivalents	16,312,989
Net borrowings	(19,070,110)
Equity	62,605,349
Total Capital (net borrowings and equity)	43,535,239

g) Fair Value

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable note. Certain financial assets were valued at cost as their fair value cannot be determined reliably.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments carried at fair value in the statement of financial position, and measured at fair value through profit or loss:

	Level 1	Level 2	Level 3
2013	$	$	$
Assets			
Shares in AusNiCo Limited	477,400	-	-
Options in AusNiCo Limited	-	355,431	-
Gold Put Options	-	9,699,819	-
Liabilities			
Deferred acquisition costs	-	7,062,303	-
2012			
Assets			
Options in Taronga Mines Limited	-	110,000	-
Liabilities			
Deferred acquisition costs	-	7,795,391	-

During the reporting period ended 30 June 2013, and 30 June 2012, there were no transfers between level 1 and level 2 fair value measurements.

25. SHARE BASED PAYMENT ARRANGEMENTS

(a) Recognised share based payments expenses

The expense recognised for executive and employee services received during the year is shown in the table below:

	Consolidated	
	2013 $	2012 $
Expenses arising from the equity settled share based payment transactions - eligible employees and directors	365,184	413,533

(b) Type of share based payment plan

Employee Share Option Plan & Performance Rights Plan

The Company has established an Employee Share Option Plan (ESOP) and a Performance Rights Plan. The objective of these is to assist in the recruitment, reward, retention and motivation of employees of YTC. An individual may receive the options or nominate a relative or associate to receive the options. The plans are open to directors and eligible employees of YTC.

(c) Options and performance rights granted as at 30 June 2013

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
1-Jan-10	31-Dec-12	$0.40	1,275,000	-	-	1,275,000	-	-
6-May-11	31-Dec-14	$0.40	340,000	-	-	-	340,000	340,000
6-May-11	31-Dec-14	$0.45	1,300,000	-	-	350,000	950,000	950,000
15-Mar-12	15-Mar-16	-	840,000	-	-	-	840,000	-
29-Nov-12	29-Nov-15	$0.35	-	1,850,000	-	-	1,850,000	-
29-Nov-12	29-Nov-15	$0.45	-	1,850,000	-	-	1,850,000	-
12-Apr-13	18-Jun-16	-	-	1,670,000	-	-	1,670,000	-
Totals			3,755,000	5,370,000	-	1,625,000	7,500,000	1,290,000
Weighted average exercise price			0.42	0.40	-	0.41	0.41	0.44

(d) Options and performance rights granted as at 30 June 2012

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
4-May-07	4-May-12	$0.25	4,000,000	-	4,000,000	-	-	-
1-Jan-10	31-Dec-12	$0.40	1,275,000	-	-	-	1,275,000	1,275,000
6-May-11	31-Dec-14	$0.40	500,000	-	160,000	-	340,000	340,000
6-May-11	31-Dec-14	$0.45	1,350,000	-	50,000	-	1,300,000	1,300,000
15-Mar-12	15-Mar-16	-	-	840,000	-	-	840,000	-
Totals			7,125,000	840,000	4,210,000	-	3,755,000	2,915,000
Weighted average exercise price			0.32	-	0.26	-	0.42	0.42

(e) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2013 is 2.2 years (2012: 1.6 years).

(f) Fair Value of options granted

The fair value of the equity share options at grant date is determined using a Black-Scholes option pricing model or Trinomial Barrier Options model that takes into account the terms and conditions upon which the options were granted.

The model inputs for options granted and assessed fair value at grant date of options granted during the year ended 30 June 2013 is shown in Note 14.

(g) Performance Rights

During the year 1,670,000 Performance Rights were issued to employees. Each Performance Right entitles the Holder, upon vesting, to one fully paid ordinary share at no cost. The Performance Rights vest as follows:

- 595,000 Performance Rights vest upon the Company's shares price recording a 5 day VWAP of 40 cents before 18 June 2016.
- 1,075,000 Performance Rights vest upon achieving key KPI's related to Hera Project delivery to 31st December 2013.

26. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

27. DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2013. The balance of our franking account is nil (2012: Nil).

28. KEY MANAGEMENT PERSONNEL

Share, option & performance rights holdings of directors, executives and key management personnel

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	1,543,496	1,669,578
Post-employment benefits	119,522	122,392
Share based payments	759,750	245,833
Total	2,422,768	2,037,803

(i) Share holdings

The number of shares in the Company held during the financial year held by each director, executive and key management personnel of YTC Resources Limited, including their related parties, is set out below.

2013	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	745,000	-	-	-	745,000
Mr Rimas Kairaitis	4,438,544	-	-	30,000 [a]	4,468,544
Mr Robin Chambers	860,003	-	-	-	860,003
Mr Gary Comb	-	-	-	250,000 [a]	250,000
Dr Wenxiang Gao	510,000	-	-	-	510,000
Mr Mike Menzies	-	-	-	-	-
Mr Mark Milazzo	-	-	-	-	-
Ms Christine Ng	-	-	-	-	-
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	-	-	-	-	-
Mr Sean Pearce	-	-	-	-	-
Mr Richard Willson	-	-	-	20,000 [a]	20,000
	6,553,547	-	-	300,000	6,835,547

2012	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	245,000	-	500,000	-	745,000
Mr Rimas Kairaitis	3,438,544	-	1,000,000	-	4,438,544
Mr Robin Chambers	360,003	-	500,000	-	860,003
Dr Wenxiang Gao	10,000	-	500,000	-	510,000
Mr Richard Hill	1,158,821	-	500,000	80,167 [(a)]	1,738,988
Ms Christine Ng	-	-	-	-	-
Mr Stephen Woodham	3,520,317	-	500,000	(3,520,317) [(a)]	500,000
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	-	-	160,000	(160,000) [(a)]	-
Mr Sean Pearce	-	-	-	-	-
Mr Richard Willson	-	-	-	-	-
	8,732,685	-	3,660,000	(3,600,150)	8,792,535

a) Acquired or disposed via on, or off market transaction.

(ii) Option & Performance Rights holdings

The numbers of options over ordinary shares in the Company and performance rights held during the financial year by each director, executive and key management personnel of YTC Resources Limited and specified executive of the Group, including their personally related parties, are set out below.

2013	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	-	600,000	-	-	600,000
Mr Rimas Kairaitis	250,000	600,000	-	-	850,000
Mr Robin Chambers	-	500,000	-	-	500,000
Mr Gary Comb	-	500,000	-	-	500,000
Dr Wenxiang Gao	-	500,000	-	-	500,000
Mr Mike Menzies	-	-	-	-	-
Mr Mark Milazzo	-	500,000	-	-	500,000
Ms Christine Ng	-	500,000	-	-	500,000
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	420,000	330,000	-	-	750,000
Mr Sean Pearce	550,000	270,000	-	-	820,000
Mr Richard Willson	650,000	-	-	(500,000) [(a)]	150,000
	1,870,000	4,300,000	-	(500,000)	5,670,000

Share, option & performance rights holdings of directors, executives and key management personnel (continued)

2012	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr Anthony Wehby	500,000	-	500,000	-	-
Mr Rimas Kairaitis	1,000,000	250,000	1,000,000	-	250,000
Mr Robin Chambers	500,000	-	500,000	-	-
Dr Wenxiang Gao	500,000	-	500,000	-	-
Mr Richard Hill	500,000	-	500,000	-	-
Ms Christine Ng	-	-	-	-	-
Mr Stephen Woodham	500,000	-	500,000	-	-
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	500,000	80,000	160,000	-	420,000
Mr Sean Pearce	500,000	50,000	-	-	550,000
Mr Richard Willson	600,000	50,000	-	-	650,000
	5,100,000	430,000	3,660,000	-	1,870,000

29. 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.

During the reporting period, the Consolidated Entity made a payment of $1,000,000 to amend the terms of the acquisition, which includes reducing the gold royalty from 5% to 4.5%.

The Consolidated Entity has recorded deferred consideration of $7,062,303 ($7,795,391 at 30 June 2013) representing the net present value of projected royalty payments due under the revised terms of the acquisition, calculated based on information available as at 30 June 2013. The deferred consideration is revalued at each reporting date in accordance with AASB 3 with a corresponding adjustment to exploration and evaluation assets acquired.

The Consolidated Entity had provisionally calculated the fair value of the identifiable net assets. The fair values at acquisition date were subsequently determined to be as follows:

2013	Fair Value as reported $	Transfers $	Fair Value Adjustments $	Total consideration $
Exploration and evaluation assets	19,655,391	(19,655,391)	-	-
Mine development assets	-	19,655,391	266,912	19,922,303
Other property, plant and equipment	140,000	-	-	140,000
Fair value of identifiable net assets	19,795,391	-	266,912	20,062,303

Cost of the combination at 30 June 2013:	$
Cash consideration (paid)	12,000,000
Additional consideration paid during the reporting period	1,000,000
Deferred consideration (re-valued at 30 June 2013)	7,062,303
	20,062,303

2012	Fair Value as reported $	Transfers $	Fair Value Adjustments $	Total consideration $
Exploration and evaluation assets	15,592,952	-	4,062,439	19,655,391
Other property, plant and equipment	140,000	-	-	140,000
Fair value of identifiable net assets	15,732,952	-	4,062,439	19,795,391

Cost of the combination at 30 June 2012:	$
Cash consideration (paid)	12,000,000
Deferred consideration (re-valued at 30 June 2012)	7,795,391
	19,795,391

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of YTC Resources Limited, we 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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2A (b); and

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

(d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board

Anthony Wehby

Non-Executive Chairman

3 September 2013

EY
Building a better working world

680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

In relation to our audit of the financial report of YTC Resources Limited for the financial year ended 30 June 2013, 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

Ryan Fisk
Partner
Sydney
3 September 2013

The Community and YTC

Top: Nymagee Magpies cricket team grand finalists. Middle left: First aid administered to YTC staff. Middle right, lower left and lower right: Hera Mine Open Day at Nymagee.

EY
Building a better working world

680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of YTC Resources Limited

Report on the financial report

We have audited the accompanying financial report of YTC Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Opinion

In our opinion:

a. the financial report of YTC Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of YTC Resources Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
3 September 2013

SHAREHOLDER INFORMATION

Additional Information required by the Australia Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

This additional information was applicable as at 18 September 2013.

DISTRIBUTION OF SECURITY HOLDERS

Analysis of numbers of listed equity security holders by size of holding.

Distribution of Security Holders	
1-1,000	201
1,001-5,000	596
5,001-10,000	538
10,001-100,000	1,210
101,000-	244
Total on register	2,789

There are 295 holders of less than a marketable parcel of shares.

Statement of Top 20 Shareholders

	Holder Name	Units	% of issued
1	YUNNAN TIN AUSTRALIA	30,630,504	11.62%
2	HSBC CUSTODY NOMINEES	17,478,897	6.63%
3	PERSHING AUSTRALIA NOMINEES	16,560,316	6.28%
4	YUNNAN TIN (YTC) HOLDINGS PTY	12,141,905	4.61%
5	GLENCORE AUSTRALIA FINANCE	9,390,000	3.56%
6	J P MORGAN NOMINEES AUSTRALIA	9,034,646	3.43%
7	JP MORGAN NOMINEES AUSTRALIA	6,018,372	2.28%
8	LUJETA PTY LTD	6,000,000	2.28%
9	LION SELECTION GROUP LIMITED	5,000,165	1.90%
10	1215 CAPITAL PTY LTD	4,608,363	1.75%
11	WEST TRADE ENTERPRISES PTY LTD	4,358,000	1.65%
12	SMIFF PTY LTD	4,167,244	1.58%
13	BNP PARIBAS NOMS (NZ) LTD	3,915,589	1.49%
14	MR BRIAN HENRY MCCUBBING &	3,000,000	1.14%
15	WEST TRADE ENTERPRISES PTY	2,642,000	1%
16	JOJO ENTERPRISES PTY LTD	2,621,173	0.99%
17	B&M JACKSON PTY LTD	2,541,045	0.96%
18	NEFCO NOMINEES PTY LTD	2,047,500	0.78%
19	KIMBRIKI NOMINEES PTY LTD	2,000,000	0.76%
20	MR IAN BRUCE COOPER	1,830,000	0.69%
	Top 20 Total	145,985,719	55.38%
	Other Shareholders	117,601,630	44.62%
	Total On Issue	263,587,349	100%

STATEMENT OF RESTRICTED SECURITIES

There are no restricted securities.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company are as follows:

Substantial Shareholders	
Yunnan Tin Aust TDK Resources Pty Ltd*	24,237,433
Yunnan Tin YTC Holdings Pty Ltd**	9,761,905
Glencore Australia Finance Holdings Pty Ltd***	25,930,316

* The holder is a wholly owned subsidiary of Yunnan Tin Company Group Limited

** The holder is a wholly owned subsidiary of the Hong Kong listed China Yunnan Tin Minerals Group Company Limited

*** The holder is a member of the Glencore International Group

The number of securities disclosed above is as per substantial notices given to the Company. Substantial Shareholder interests in securities may change without requiring the holder to provide notice of the change, therefore resulting in a difference between their disclosure and other disclosures in this report.

UNQUOTED SECURITIES

Holder	# Options over Ordinary Shares	Expiry Date	Exercise Price
Employee Options	340,000	31 December 2014	$0.40
Employee Options	950,000	31 December 2014	$0.45
Director Options	1,850,000	29 November 2015	$0.35
Director Options	1,850,000	29 November 2015	$0.45
Performance Rights	840,000	15 March 2016	$Nil
Performance Rights	1,670,000	18 June 2016	$Nil
Total Unlisted Securities on Issue	7,500,000		

VOTING RIGHTS

The voting rights attached to each class of equity security are as follows;

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

These securities have no voting rights.

Additional ASX Information

Schedule of Tenement Interests					
Tenement	Project	Location	Holder	Size	YTC Interest
ML53	Nymagee	Nymagee, NSW	Nymagee Resources Pty Ltd	4.8ha	95%
ML90	Nymagee	Nymagee, NSW	Nymagee Resources Pty Ltd	0.34km2	95%
ML5295	Nymagee	Nymagee, NSW	Nymagee Resources Pty Ltd	3339m2	95%
ML5828	Nymagee	Nymagee, NSW	Nymagee Resources Pty Ltd	1.5ha	95%
PLL847	Nymagee	Nymagee, NSW	Nymagee Resources Pty Ltd	12.2ha	95%
EL4232	Nymagee	Nymagee, NSW	Nymagee Resources Pty Ltd	14.5km2	95%
EL4458	Nymagee	Nymagee, NSW	Nymagee Resources Pty Ltd	11.6km2	95%
ML1686	Hera	Nymagee, NSW	Hera Resources Pty Ltd	13.08km2	100%
EL6162	Hera	Nymagee, NSW	Hera Resources Pty Ltd	130km2	100%
EL6226	Kadungle	70km north west of Parkes, central west NSW	Defiance Resources Pty Ltd	87km2	100%
EL6258	Doradilla	50km southeast of Bourke	Stannum Pty Ltd	232km2	100%
EL6673	Baldry	32km north east of Parkes, central west NSW	Defiance Resources Pty Ltd	69.6km2	100%
EL6699	Tallebung	70km north west of Condobolin, central west NSW	Stannum Pty Ltd	72.5km2	100%
EL7446	Linera	60km south of Cobar, western NSW	Defiance Resources Pty Ltd	116km2	100%
EL7447	Box Creek	Nymagee, NSW	Defiance Resources Pty Ltd	232km2	100%
EL7254	Barrow	25km West North West of Nymagee	Defiance Resources Pty Ltd	121.8km2	100%
EL7529	Lyell	20km west of Nymagee	Defiance Resources Pty Ltd	8.7km2	100%
EL7661	Crowie Creek	70km north west of Condobolin, central west NSW	Hera Resources Pty Ltd	133.4km2	100%

Nymagee Resources Pty Ltd, Hera Resources Pty Ltd, Defiance Resources Pty Ltd and Stannum Pty Ltd are 100% owned subsidiaries of YTC Resources Ltd.

2013

ANNUAL REPORT

YTC
RESOURCES LIMITED

2 Corporation Place, Orange NSW Australia 2800
T: (02) 6361 4700 • F: (02) 6361 4711
E: office@ytcresources.com • W: www.ytcresources.com
ASX Code: YTC • ABN 37 108 476 384