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**YTC RESOURCES LIMITED**

**ACN 108 476 384**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10:00am (EST)

**DATE:** 18 November 2011

**PLACE:** Prince Albert Room  
Sir Stanford Hotel  
Circular Quay  
93 Macquarie Street  
Sydney

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 6361 4700.***

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the annual general meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (AEDST) on 18 November 2011 at:

Prince Albert Room  
Sir Stanford Hotel  
Circular Quay  
93 Macquarie Street  
Sydney NSW 2000

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**YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

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**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7.00pm (Sydney time) on 16 November 2011.

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**VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting at the time, date and place set out above.

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**VOTING BY PROXY**

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

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

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

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

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

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

### ***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

##### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2011."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

##### Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR GUOQUING ZHANG

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rules 14.4 and 14.5 and for all other purposes, Mr Guoqing Zhang, a Director, retires, and being eligible, is re-elected as a Director."*

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#### 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR STEPHEN WOODHAM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rules 14.4 and 14.5 and for all other purposes, Mr Stephen Woodham, a Director, retires, and being eligible, is re-elected as a Director.”*

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#### **4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR ROBIN CHAMBERS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rules 14.4 and 14.5 and for all other purposes, Mr Robin Chambers, a Director, retires, and being eligible, is re-elected as a Director.”*

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#### **5. RESOLUTION 5 – ADOPTION OF PERFORMANCE RIGHTS PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to:*

- (a) establish and maintain the YTC Resources Performance Rights Plan (**Plan**) on the terms and conditions summarised in the accompanying Explanatory Memorandum; and*
- (b) grant Performance Rights from time to time under the Plan.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

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#### **6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS MR RIMAS KAIRAITIS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 5, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to allot and issue 250,000 Performance Rights to Mr Rimas Kairaitis (or his nominee) under the YTC Resources Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director (except those who are ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**DATED: 14 OCTOBER 2011**

**BY ORDER OF THE BOARD**



**RICHARD WILLSON  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.ytcresearch.com](http://www.ytcresearch.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

#### 2.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that

member as your proxy to vote on this Resolution 1, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

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### **3. RESOLUTIONS 2, 3 AND 4 – RE-ELECTION OF DIRECTORS**

Listing Rule 14.4 requires that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is longer. Listing Rule 14.5 requires that an entity which has directors must hold an election of directors each year.

Accordingly Messrs Guoqing Zhang, Stephen Woodham and Robin Chambers, retire and being eligible seek re-election as Directors of the Company.

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### **4. RESOLUTION 5 – ADOPTION OF EMPLOYEE PERFORMANCE RIGHTS PLAN**

#### **4.1 General**

Resolution 5 seeks shareholder approval to establish and maintain a YTC Resources Limited Performance Rights Plan (**Plan**) to provide ongoing incentives to employees of the Company.

On 13 September 2011, the board adopted the Plan to allow employees to be granted Performance Rights to acquire shares in the Company.

The objective of the Plan is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the Plan are aligned with the successful growth of the Company's business activities.

The employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plan is an appropriate method to:

- (a) reward employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate employees and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable employees.

#### **4.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

One of the exceptions to ASX Listing Rule 7.1 is Listing Rule 7.2 (Exception 9) which provides that ASX Listing Rule 7.1 does not apply to an issue under an



employee incentive scheme if, within the 3 years before the date issue, shareholders have approved the issue as an exception to ASX Listing Rule 7.1.

The effect of Resolution 5 will be to allow the Directors to grant Performance Rights to employees of the Company pursuant to the Plan during the period of 3 years after the meeting (or a longer period, if allowed by ASX), and to issue Shares to those employees if they achieve the performance and vesting conditions of the Performance Rights, without using the Company's 15% annual placement capacity.

#### **4.3 Terms of the Plan**

A summary of the terms of the Plan is provided in Schedule 1 to this explanatory memorandum. A copy of the Plan will be made available free of charge to any Shareholder on request.

No Performance Rights have been issued under the Plan as at the date of this Notice.

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### **5. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO MR RIMAS KAIRAITIS**

#### **5.1 General**

The Company has agreed, subject to obtaining Shareholder approval and the passing of Resolution 4, to allot and issue a total of 250,000 Performance Rights to Mr Rimas Kairaitis (or his nominee) pursuant to the Company's Performance Rights Plan (**Plan**) and on the terms and conditions set out below.

#### **5.2 Related Party Transaction**

The Performance Rights are to be issued to Mr Kairaitis (or his nominee) to provide further incentive to perform and secure the ongoing commitment of Mr Kairaitis to the continued growth of the Company.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of Performance Rights to Mr Kairaitis under the Plan requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit and Mr Kairaitis is a related party of the Company by virtue of being a Director.

#### **5.3 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition:

- (a) a director of the company;

- (b) an associate of a director; or
- (c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolution 6 is passed, Performance Rights will be issued to Mr Kairaitis, a Director of the Company. Therefore, the Company requires Shareholder approval to issue the Performance Rights to Mr Kairaitis (or his nominee).

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under ASX Listing Rule 10.14 and Exception 9(b) of ASX Listing Rule 7.2. The issue of Performance Rights to Mr Kairaitis will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to Mr Kairaitis.

#### **5.4 Technical information required by Chapter 2E of the Corporations Act and Listing Rules 10.15.**

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Performance Rights:

- (a) the related party is Mr Rimas Kairaitis and he is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to Mr Kairaitis is 250,000 Performance Rights;
- (c) the Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights on the achievement of the specified performance criteria;
- (d) no other Performance Rights have previously been issued to any persons referred to in ASX Listing Rule 10.14;
- (e) any person who is a full time or part time employee (including a director or company secretary of the Company who holds salaried employment with the Company on a full or part time basis) of the Company or its subsidiaries, who is determined by the Board to be eligible to receive grants of Performance Rights under the Plan. As at the date of this Notice of General Meeting, Richard Hill, Anthony Wehby, Wenxiang Gao, Robin Chambers, Rimas Kairaitis, Christine Ng, Stephen Woodham and Guoqing Zhang are eligible to participate in the Plan;
- (f) the Performance Rights will vest upon the Company's share price reaching a 5 day volume weighted average price of 80 cents (**Vesting Condition**). The Performance Rights will otherwise be fully paid ordinary shares in the capital of the Company issued on the terms and conditions of the Plan as set out in Schedule 1.

- (g) no loan has or will be provided to Mr Kairaitis in relation to the issue of the Performance Rights;
- (h) the Performance Rights will be issued to Mr Kairaitis no later than 12 months after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (i) in determining the number of Performance Rights to be issued to Mr Kairaitis, consideration was given to the relevant experience and role of Mr Kairaitis, his overall remuneration terms, and the terms of share packages granted to directors of similar companies;
- (j) the value of the Performance Rights, being the financial benefit being given to Mr Kairaitis, and the pricing methodology is set out in Schedule 3;
- (n) Mr Kairaitis has a relevant interest in 3,438,544 Shares and 1,000,000 Options;
- (o) the remuneration and emoluments from the Company to Mr Kairaitis for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Mr Kairaitis	310,650	272,524

- (p) if the Vesting Condition is satisfied, a total of 250,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 248,724,334 to 248,974,334 (assuming that no Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.001%;
- (q) if the Vesting Condition is met, then the Performance Rights will vest to Mr Kairaitis. Accordingly, there may be a perceived cost to the Company as the Performance Rights have been issued for nil consideration.
- (r) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	82 cents	18 April 2011
Lowest	26 cents	15 October 2010
Last	50 cents	13 October 2011

- (s) the primary purpose of the issue of Performance Rights to Mr Kairaitis is to provide a performance linked incentive component in the remuneration package for Mr Kairaitis to motivate and reward the performance of Mr Kairaitis in achieving specified vesting conditions within a specified period. The Board considers this issue to be a cost effective remuneration practice and reasonable given the vesting

conditions will align the interests of Mr Kairaitis with those of Shareholders. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed.

## **5.5 Directors' Recommendation**

- (a) Mr Kairaitis declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution.
- (b) Messrs Richard Hill, Anthony Wehby, Wen Gao, Robin Chambers, Christine Ng, Stephen Woodham and Guoqing Zhang recommend that Shareholders vote in favour of those Resolutions for the following reasons:
  - (i) the grant of Performance Rights to the Related Parties will align the interests of Mr Kairaitis with those of Shareholders;
  - (ii) the grant of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Kairaitis; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed.
- (c) in forming their recommendations, each Director considered the experience of Mr Kairaitis, the current market price of Shares, the current market practices when determining the number of Performance Rights to be granted as well as the exercise price and, vesting conditions of those Performance rights; and
- (d) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

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## GLOSSARY

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**\$** means Australian dollars.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** means YTC Resources Limited (ACN 108 476 384).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**AEDST** means Australian Eastern Daylight Savings Time as observed in Sydney, New South Wales.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

**Performance Rights** means a performance right issued under the Plan with the terms and conditions set out in Schedule 2.

**Plan** means the employee incentive scheme titled YTC Resources Limited Performance Rights Plan, as included in Schedule 1.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2011.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

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**SCHEDULE 1 – KEY TERMS OF THE YTC RESOURCES LIMITED PERFORMANCE RIGHTS PLAN**

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The Company has established the YTC Resources Performance Rights Plan (**Plan**).

The key terms of the Plan are summarised below:

- (a) The Board of the Company will administer the Plan in accordance with the Plan Rules and the Board has a broad discretion to determine which employees are eligible to participate in the Plan (**Eligible Participants**).
- (b) Under the Plan the Board may grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the Plan and upon such additional terms and vesting conditions as the Board determines.
- (c) The Board will advise each Eligible Participant of the following minimum information regarding the Performance Rights:
  - (i) the number of Performance Rights being offered (each entitling its holder to one Share upon vesting of that Performance Right);
  - (ii) any applicable Vesting Conditions;
  - (iii) the period or periods during which any vested Performance Rights may be exercised;
  - (iv) the dates and times when the Performance Rights lapse;
  - (v) any amount that will be payable upon vesting of a Performance Right; and
  - (vi) any other relevant conditions to be attached to the Performance Rights or the Shares.
- (d) A Performance Right granted under the Plan will not vest unless the vesting conditions (if any) have been satisfied and the Board has notified the Eligible Participant.
- (e) A vested Performance Right may only be exercised by a Participant once the Board has notified the Eligible Participant that the vesting conditions attached to the Performance Right have been satisfied.
- (f) A Performance Right will lapse upon the earlier to occur of:
  - (i) failure to meet the Performance Right's vesting conditions;
  - (ii) the date specified by the Board;
  - (iii) where the Participant purports to transfer a Performance Right other than in accordance with the terms of the Plan;
  - (iv) where, in the opinion of the Board, an Eligible Participant's Performance Rights vest as a result of the fraud, dishonesty, or breach of obligations of another person and, in the opinion of the Board, the Performance Rights would not otherwise have vested; or
  - (v) the 7 year anniversary of the date of grant of the Performance Rights.

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**SCHEDULE 2 – VALUATION OF PERFORMANCE RIGHTS**

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The Performance Rights to be issued to Mr Kairaitis pursuant to Resolution 6 have been valued by internal management.

Using the Black & Scholes model and based on the assumptions set out below, Mr Kairaitis were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	30 September 2011
Market price of Shares	42 cents
Exercise price	Nil
Expiry date (length of time from issue)	Four years from date of issue
Risk free interest rate	5%
Volatility (discount)	88.6%
<b>Indicative value per Performance Right</b>	38.4 cents
<b>Total Value of Performance Right</b>	\$96,000

Note: The valuation noted above is not necessarily the market price that Mr Kairaitis could be traded at and is not automatically the market price for taxation purposes.



PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

YTC RESOURCES LIMITED

ABN: 37 108 476 384

REGISTERED OFFICE:
PO Box 7077
ORANGE NSW 2800

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: YTC

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

Empty box for Chairperson appointment

OR

Grid for appointing another person

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am (EST) on Friday 18 November 2011 at Prince Albert Room, Sir Stanford Hotel, Circular Quay, 93 Macquarie Street Sydney and at any adjournment of that meeting.

Comment: Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your Proxy and you have not directed the Proxy to vote on Resolution 1, the Proxy will be prevented from casting your vote on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain\*

Table with 3 columns: Resolution, For, Against, Abstain\*. Rows include resolutions like 'ADOPTION OF REMUNERATION REPORT', 'RE-ELECTION OF DIRECTOR - MR GUOQUING ZHANG', etc.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Signature box for Individual or Security Holder

Signature box for Security Holder 2

Signature box for Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

9063304702 Reference Number:

1

YTC

1

My/Our contact details in case of enquiries are:

**NAME**

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**TELEPHONE NUMBER**

(			)											
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**NOTES**

**1. Name and Address**

This is the name and address on the Share Register of YTC Resources Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

**2. Appointment of a Proxy**

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure that you mark the boxes in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of YTC Resources Limited.

**3. Directing your Proxy how to vote**

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions. Where more than one box is marked on an item the vote will be invalid on that item.

**4. Appointment of a Second Proxy**

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll on their behalf. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

A duly appointed Proxy need not be a member of the Company.

**5. Signing Instructions**

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

**6. Attending the Meeting**

Completion of a proxy form will not prevent an individual from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the Proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

**7. Lodgement of Proxy**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10:00am (EST) on Wednesday 16 November 2011, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Security Transfer Registrars Pty Ltd  
PO BOX 535  
Applecross, Western Australia 6953**

**Street Address:  
Alexandrea House, Suite 1  
770 Canning Highway  
Applecross, Western Australia 6153**

**Telephone +61 8 9315 2333**

**Facsimile +61 8 9315 2233**

**Email registrar@securitytransfer.com.au**

**PRIVACY STATEMENT**

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.