
YTC RESOURCES LIMITED

ACN 108 476 384

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 am (AEDST)

DATE: 22 November 2012

PLACE: "Elizabeth Room"
Sir Stamford at Circular Quay
93 Macquarie Street
Sydney NSW 2000

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

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 am (AEDST) on 22 November 2012 at:

"Elizabeth Room"
Sir Stamford at Circular Quay
93 Macquarie Street
Sydney NSW 2000

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00 pm (Sydney time) on 20 November 2012.

VOTING IN PERSON

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

VOTING BY PROXY

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

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

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

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

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

Further details on these changes is 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.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. 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 2012."

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 either 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 (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – 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 ASX Listing Rules 14.4 and 14.5, and for all other purposes, Robin Chambers, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – WENXIANG GAO

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

"That, for the purposes of ASX Listing Rules 14.4 and 14.5, and for all other purposes, Wenxiang Gao, a Director, retires by rotation, and being eligible, is re-elected as a Director."

5. **RESOLUTION 4 – RE-ELECTION OF DIRECTOR – GARY COMB**

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

"That, for the purpose of clause 18.2(a)(i) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Gary Comb, a Director who was appointed on 4 July 2012, retires, and being eligible, is re-elected as a Director."

6. **RESOLUTION 5 – RE-ELECTION OF DIRECTOR – MARK MILAZZO**

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

"That, for the purpose of clause 18.2(a)(i) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mark Milazzo, a Director who was appointed on 6 August 2012, retires, and being eligible, is re-elected as a Director."

7. **RESOLUTION 6 – ISSUE OF OPTIONS TO ANTHONY WEHBY**

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

"That, for the purpose of Section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

(a) 300,000 Class A Related Party Options; and

(b) 300,000 Class B Related Party Options,

to Anthony Wehby (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Anthony Wehby (or his nominee) and any of their associates. 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:

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

8. **RESOLUTION 7 – ISSUE OF OPTIONS TO RIMAS KAIRAITIS**

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

"That, for the purpose of Section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

(a) 300,000 Class A Related Party Options; and

(b) 300,000 Class B Related Party Options,

to Rimas Kairaitis (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Rimas Kairaitis (or his nominee) and any of their associates. 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:

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

9. RESOLUTION 8 – ISSUE OF OPTIONS TO ROBIN CHAMBERS

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

"That, subject to the passing of Resolution 2, for the purpose of Section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

(a) 250,000 Class A Related Party Options; and

(b) 250,000 Class B Related Party Options,

to Robin Chambers (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Robin Chambers (or his nominee) and any of their associates. 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:

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

10. RESOLUTION 9 – ISSUE OF OPTIONS TO CHRISTINE NG

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

"That, for the purpose of Section 195(4) of the Corporations Act ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

(a) 250,000 Class A Related Party Options; and

(b) 250,000 Class B Related Party Options,

to Christine Ng (or her nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Christine Ng (or her nominee) and any of their associates. 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:

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

11. RESOLUTION 10 – ISSUE OF OPTIONS TO WENXIANG GAO

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

"That, subject to the passing of Resolution 3, for the purpose of Section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

(a) 250,000 Class A Related Party Options; and

(b) 250,000 Class B Related Party Options,

to Wenxiang Gao (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Wenxiang Gao (or his nominee) and any of their associates. 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:

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

12. RESOLUTION 11 – ISSUE OF OPTIONS TO GARY COMB

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

"That, subject to the passing of Resolution 4, for the purpose of Section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

(a) 250,000 Class A Related Party Options; and

(b) 250,000 Class B Related Party Options,

to Gary Comb (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Gary Comb (or his nominee) and any of their associates. 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:

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

13. RESOLUTION 12 – ISSUE OF OPTIONS TO MARK MILAZZO

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

"That, subject to the passing of Resolution 5, for the purpose of Section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

(a) 250,000 Class A Related Party Options; and

(b) 250,000 Class B Related Party Options,

to Mark Milazzo (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mark Milazzo (or his nominee) and any of their associates. 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:

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

14. **RESOLUTION 13 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES**

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

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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.

15. **RESOLUTION 14 – DIRECTORS' REMUNERATION**

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

"That, for the purposes of clause 18.4 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Directors be set at \$600,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any of their associates. 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:

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

16. **RESOLUTION 15 – REPLACEMENT OF CONSTITUTION**

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

"That, for the purpose of Section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chairman of the Meeting for identification purposes."

DATED: 11 OCTOBER 2012

BY ORDER OF THE BOARD



RICHARD WILLSON
COMPANY SECRETARY

EXPLANATORY STATEMENT

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.

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

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 2012 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.

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 company or 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 a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report as included in the company's annual financial report for the previous financial year 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 of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you ***must*** mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote on this Resolution, and you ***do not*** need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS – ROBIN CHAMBERS AND WENXIANG GAO

ASX 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. ASX Listing Rule 14.5 requires that an entity which has directors must hold an election of directors each year.

Accordingly, Robin Chambers and Wenxiang Gao retire and being eligible seek re-election as Directors of the Company.

4. RESOLUTION 4 AND 5 – RE-ELECTION OF DIRECTORS – GARY COMB AND MARK MALAZZO

Clause 18.2(a)(i) of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors.

Any Director so appointed holds office only until the next annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Gary Comb and Mr Mark Milazzo will retire in accordance with clause 18.2(a)(i) of the Constitution and, being eligible, seek re-election.

5. RESOLUTION 6 - 12 – ISSUE OF OPTIONS TO DIRECTORS

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 3,700,000 Options (**Related Party Options**) to Anthony Wehby, Rimas Kairaitis, Robin Chambers, Christine Ng, Wenxiang Gao, Gary Comb and Mark Milazzo (or their nominee) on the terms and conditions set out below.

The Related Party Options issued will comprise of:

- (a) 1,850,000 Options which shall:

- (i) 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;
 - (ii) be exercisable at 35 cents each on or before the date which is 3 years from their date of issue; and
 - (iii) be otherwise issued on the terms and conditions set out in Schedule 1,
(being the **Class A Related Party Options**).
- (b) 1,850,000 Options which shall:
- (i) 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;
 - (ii) be exercisable at 45 cents each on or before the date which is 3 years from their date of issue; and
 - (iii) be otherwise issued on the terms and conditions set out in Schedule 2,
(being the **Class B Related Party Options**).

A summary of the Related Party Options to be issued and the corresponding Resolution is detailed in the following table:

Related Party	Total Related Party Options	Class A Related Party Options	Class B Related Party Options	Approval sought pursuant to Resolution
Anthony Wehby	600,000	300,000	300,000	6
Rimas Kairaitis	600,000	300,000	300,000	7
Robin Chambers	500,000	250,000	250,000	8
Christine Ng	500,000	250,000	250,000	9
Wenxiang Gao	500,000	250,000	250,000	10
Gary Comb	500,000	250,000	250,000	11
Mark Milazzo	500,000	250,000	250,000	12
TOTAL	3,700,000	1,850,000	1,850,000	

5.2 Chapter 2E of the Corporations Act

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 grant of Related Party Options constitutes giving a financial benefit and each of Anthony Wehby, Rimas Kairaitis, Robin Chambers, Christine Ng, Wenxiang Gao, Gary Comb and Mark Milazzo is a related party of the Company by virtue of being a Director.

The Directors (other than the Director who has a material personal interest in the relevant Resolution) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options pursuant to Resolutions 6 – 12, because the agreement to grant the Related Party Options, reached as part of the remuneration package for each Director, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5 - 11:

- (a) the Related Party Options will be granted to Anthony Wehby, Rimas Kairaitis, Robin Chambers, Christine Ng, Wenxiang Gao, Gary Comb and Mark Milazzo (or their nominee);
- (b) the total number of Related Party Options to be issued is 3,700,000 to be allocated in accordance with the table set out above at Section 5.1 of the Explanatory Statement;
- (c) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Class A Related Party Options are set out in Schedule 1; and
- (f) the terms and conditions of the Class B Related Party Options are set out in Schedule 2.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to the Related Parties (or their nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 13 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 13, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 6.2 below).

The effect of Resolution 13 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing.

Resolution 13 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 13 for it to be passed.

6.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and

- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$70,762,814.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has five classes of Equity Securities on issue, being:

- (a) the Shares (ASX Code: YTC);
- (b) unlisted Options exercisable at 40 cents on or before 31 December 2012;
- (c) unlisted Options exercisable at 40 cents on or before 31 December 2013;
- (d) unlisted Options exercisable at 40 cents on or before 31 December 2014; and
- (e) performance rights expiring on 15 March 2016.

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

6.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 13:

(a) **Minimum price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 6.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),

or such longer period if allowed by ASX (**10% Placement Capacity Period**).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 13 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows:

- (a) the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity;
- (b) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (c) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Issue Price (per Share)	Dilution		
		\$0.14 50% decrease in Issue Price	\$0.28 Issue Price	\$0.56 100% increase in Issue Price
253,279,890 (Current Variable A)	Shares issued (10% voting dilution)	25,327,989	25,327,989	25,327,989
	Funds raised	\$3,545,918	\$7,091,837	\$14,183,674
379,919,835 (50% increase in Variable A)	Shares issued (10% voting dilution)	37,991,984	37,991,984	37,991,984
	Funds raised	\$5,318,878	\$10,637,756	\$21,275,511

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.14 50% decrease in Issue Price	\$0.28 Issue Price	\$0.56 100% increase in Issue Price
506,559,780 (100% increase in Variable A)	Shares issued (10% voting dilution)	50,688,978	50,688,978	50,688,978
	Funds raised	\$7,096,456	\$14,192,913	\$28,385,828

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. There are 253,279,890 Shares on issue which includes:
 - (a) the 252,724,334 Shares currently on issue as at 11 October 2012; and
 - (b) 555,566 Shares to be issued upon the satisfaction of conditions precedent (which is expected to occur prior to the Meeting) pursuant to an agreement with Oz Exploration Pty Ltd as consideration for the sale of exploration licenses 7446, 7447, 7524 & 7529.
2. The issue price set out above is the closing price of the Shares on the ASX on 10 October 2012.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the development of the Hera Project and the advancement of the Nymagee Project; or
- (ii) as non-cash consideration for the acquisition of new resources assets in the proximity of the Company's existing projects, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;

- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be vendors of the new resources assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

6.4 Voting exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 13.

7. RESOLUTION 14 – DIRECTORS' REMUNERATION

Clause 18.4(a) of the Constitution requires that Directors are to be paid the remuneration as determined by a resolution at a meeting of Shareholders divided between them in such proportions as they may determine and, failing agreement, equally.

ASX Listing Rule 10.17 provides that if a non-executive director is paid, he or she must be paid a fixed sum.

The total aggregate fixed sum per annum to be paid to the non-executive Directors is currently set at \$400,000. Resolution 14 seeks Shareholder approval to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors by \$200,000 to \$600,000.

The total amount of Directors' fees payable includes superannuation contributions made by the Company for the benefit of non-executive directors and any fees which a non-executive Director agrees to sacrifice on a pre-tax basis.

The Company proposes to pay non-executive Directors a total of \$340,329 in Directors' fees for the 2012/2013 financial year.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

8. RESOLUTION 15 – REPLACEMENT OF CONSTITUTION

8.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 15 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will, amongst other things, incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2006.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement. However, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.ytcreources.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 2 6361 4700). Shareholders are invited to contact the Company if they have any queries or concerns.

8.2 Summary of material proposed changes

(a) Minimum shareholding (clause 3)

Clause 3 of the Proposed Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

(b) Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

(c) **Dividends (clause 21)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

(d) **Partial (proportional) takeover provisions (clause 35)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to Section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

(i) Information required by Section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (A) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (B) assisting in preventing Shareholders from being locked in as a minority;
- (C) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (D) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (A) proportional takeover bids may be discouraged;
- (B) lost opportunity to sell a portion of their Shares at a premium; and
- (C) the likelihood of a proportional takeover bid succeeding may be reduced.

(ii) Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders.

GLOSSARY

\$ 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.

Chair means the chair of the Meeting.

Class A Related Party Option means a Related Party Option issued on the terms and conditions set out in Schedule 1.

Class B Related Party Option means a Related Party Option issued on the terms and conditions set out in Schedule 2.

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 Eastern daylight savings time as observed in Sydney, NSW.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Related Party Option as the context requires.

Proposed Constitution means the Constitution proposed to be adopted by the Company pursuant to Resolution 15.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolutions 6 to 12 with the terms and conditions set out in Schedules 1 and 2.

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 2012.

Resolutions means the resolutions set out in the Notice, 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.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF CLASS A RELATED PARTY OPTIONS

(a) **Entitlement**

Each Class A Related Party Option entitles the holder to subscribe for one Share upon exercise of the Class A Related Party Option.

(b) **Vesting Condition**

Each Class A Related Party Option will vest upon on that date which is 12 months from their date of issue (**Vesting Date**) and so long as the Optionholder is a Director on the Vesting Date.

(c) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Class A Related Party Option will be \$0.35 (**Exercise Price**)

(d) **Expiry Date**

Each Class A Related Party Option will expire at 5.00pm (WST) on the date that is 3 years from their date of issue (**Expiry Date**). An Class A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The Class A Related Party Options are exercisable at any time on and from the Vesting Date until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Class A Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Class A Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Class A Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Class A Related Party Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Class A Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Class A Related Party Options.

If a notice delivered under (h)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Class A Related Party Options rank equally with the then issued shares of the Company.

(j) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Class A Related Party Options.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Class A Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class A Related Party Options without exercising the Class A Related Party Options.

(m) **Change in exercise price**

An Class A Related Party Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Class A Related Party Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Class A Related Party Options on ASX.

(o) **Transferability**

The Class A Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF CLASS B RELATED PARTY OPTIONS

(a) **Entitlement**

Each Class B Related Party Option entitles the holder to subscribe for one Share upon exercise of the Class B Related Party Option.

(b) **Vesting Condition**

Each Class B Related Party Option will vest upon on that date which is 24 months from their date of issue (**Vesting Date**) and so long as the Optionholder is a Director on the Vesting Date.

(c) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Class B Related Party Option will be \$0.45 (**Exercise Price**)

(d) **Expiry Date**

Each Class B Related Party Option will expire at 5.00pm (WST) on the date that is 3 years from their date of issue (**Expiry Date**). A Class B Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The Class B Related Party Options are exercisable at any time on and from the Vesting Date until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Class B Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Class B Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Class B Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Class B Related Party Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Class B Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Class B Related Party Options.

If a notice delivered under (h)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Class B Related Party Options rank equally with the then issued shares of the Company.

(j) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Class B Related Party Options.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Class B Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class B Related Party Options without exercising the Class B Related Party Options.

(m) **Change in exercise price**

An Class B Related Party Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Class B Related Party Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Class B Related Party Options on ASX.

(o) **Transferability**

The Class B Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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:
2 CORPORATION PLACE
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:

Holder Number:

SECTION A: Appointment of Proxy

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

OR

The meeting Chairperson
(mark with an "X")

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

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10.00am (AEDST) on Thursday 22 November 2012 at the "Elizabeth Room" Sir Stamford at Circular Quay, 93 Macquarie Street, Sydney NSW 2000 and at any adjournment of that meeting.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

SECTION B: Voting Directions to your Proxy

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

RESOLUTIONS	For	Against	Abstain*	For	Against	Abstain*
1. ADOPTION OF REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. ISSUE OF OPTIONS TO CHRISTINE NG	<input type="checkbox"/>	<input type="checkbox"/>
2. RE-ELECTION OF DIRECTOR - ROBIN CHAMBERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. ISSUE OF OPTIONS TO WENXIANG GAO	<input type="checkbox"/>	<input type="checkbox"/>
3. RE-ELECTION OF DIRECTOR - WENXIANG GAO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. ISSUE OF OPTIONS TO GARY COMB	<input type="checkbox"/>	<input type="checkbox"/>
4. RE-ELECTION OF DIRECTOR - GARY COMB	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. ISSUE OF OPTIONS TO MARK MILAZZO	<input type="checkbox"/>	<input type="checkbox"/>
5. RE-ELECTION OF DIRECTOR - MARK MILAZZO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. APPROVAL OF 10% PLACEMENT CAPACITY- SHARES	<input type="checkbox"/>	<input type="checkbox"/>
6. ISSUE OF OPTIONS TO ANTHONY WEHBY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. DIRECTORS' REMUNERATION	<input type="checkbox"/>	<input type="checkbox"/>
7. ISSUE OF OPTIONS TO RIMAS KAIRAITIS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. REPLACEMENT OF CONSTITUTION	<input type="checkbox"/>	<input type="checkbox"/>
8. ISSUE OF OPTIONS TO ROBIN CHAMBERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____ %

Important for Resolutions 1 and 6 - 14: If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1 and 6 - 14 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1, 6 and 7 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 6 - 13 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 6 - 14 and those votes cast by the Chair for Resolutions 6 - 14, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 and 6 - 14 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 6 - 14.

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

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

SECTION C: Please Sign Below

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

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

3628407156

Reference Number:

1

YTC

1

