

## A\$158 MILLION FINANCING & OFFTAKE WITH GLENCORE TO DEVELOP HERA AND NYMAGEE

- A\$158m Project Financing agreement with Glencore
- Both Hera and Nymagee Projects fully funded to development
- Funding includes \$2.95m placement, \$70m in Converting Notes, and \$85m in Finance Facilities
- Exploration to continue through development
- Technical Committee formed with Glencore

YTC Resources Limited ("YTC" or the "Company") is pleased to announce that it has agreed binding terms with Glencore International AG ("Glencore") for the provision of up to A\$155 million in debt and converting note facilities (together "Project Finance Facilities"), in addition to the subscription by Glencore of \$2.95 million in YTC shares, for the construction of the Hera and Nymagee Projects ("the Transaction"), subject to the conditions precedent specified below.

- Glencore to subscribe for a placement of YTC shares to the value of \$2.95 million at a 25% premium to YTC's 30 day VWAP, to grow its total equity interest in YTC to 9.9%
- Glencore committed to provide YTC with up to A\$155 million in funding comprising two converting note facilities for a total of A\$70 million, and three debt facilities for a total A\$85 million ("Project Finance Facilities"), subject to conditions discussed below
- The Project Finance Facilities have been structured to ensure financial flexibility for YTC and manage cash flow during project ramp-up whilst providing Glencore with the strategic benefits of the base metal concentrate production from Hera and Nymagee and the associated synergies with the existing Glencore operations in the Cobar district
- The development of both Hera and Nymagee will be funded into production once the Project Finance Facilities are in place
- YTC will retain sufficient cash reserves to maintain continuous exploration programmes at the Hera and Nymagee Projects, and at its regional targets
- The Project Finance Facilities place YTC in a strong position to commence development of the Hera Gold and Base Metals Project, and establish a strong platform from which it may integrate the Nymagee Copper Project in the medium term
- YTC has agreed life of mine offtake and marketing arrangements with Glencore in respect of base metals production from the Hera and Nymagee projects
- YTC and Glencore will form a Technical Steering Committee to advise on the technical aspects of the mining feasibility, development and operations of the Hera and Nymagee Projects
- YTC well placed to join the ranks of Australia's gold production companies, and begin its transformation from explorer to diversified miner

As part of the Transaction YTC and Glencore have agreed to strengthen their strategic relationship, by jointly forming a Technical Steering Committee to advise on technical aspects of the Hera and Nymagee Project, and by providing Glencore with one seat on the YTC Board. YTC believes that having Glencore as a project partner will provide significant benefits for YTC shareholders given Glencore's mining and logistical base in the Cobar district centred on the large CSA copper mine.

The Transaction has already received all internal Glencore approvals, and is subject to several conditions precedent that are considered customary for such a transaction including the parties' execution of definitive transaction agreements within 2 months of execution of the binding terms sheet. The conditions precedent are specified below.

Hartleys Limited is YTC's corporate advisor in respect of the Transaction.

YTC and Glencore have executed a Binding Terms Sheet for the Transaction, the key terms of which are summarised below:

<b>Placement</b>	Shares:	9,390,000
	Amount	A\$2,946,582.00
	Issue Price:	\$0.3138 per share (being a 25% premium to YTC's 30 day VWAP)
	Glencore Position:	The placement will increase Glencore's total shareholding in YTC to 9.9% (undiluted)
<b>Facility A</b>	Limit:	A\$20 million Converting Note Facility
	Conversion:	Convertible at YTC's option at \$0.251 per share
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after execution of definitive agreements
	Drawdown Period:	12 months from execution of definitive agreements
<b>Facility B</b>	Limit:	A\$50 million Converting Note Facility
	Conversion:	Convertible at YTC's option at 60 day VWAP Price prior to conversion
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after execution of definitive agreements
	Drawdown Period:	12 months from execution of definitive agreements
<b>Facility C</b>	Limit:	A\$30 million Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after execution of definitive agreements
	Drawdown Period:	18 months from execution of definitive agreements
<b>Facility D</b>	Limit:	A\$50 million Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Nymagee development
	Maturity Date:	42 months after first drawdown
	Drawdown Period:	12 months after completion of approved Nymagee bankable feasibility study or earlier with Glencore consent
<b>Facility E</b>	Limit:	A\$5m Debt Facility
	Interest Rate:	3M AUD BBSW + 5%
	Use of Funds:	Purchase of precious and/or base metal option cover.
	Maturity Date:	42 months after first drawdown
	Drawdown Period:	12 months from execution of definitive agreements

Other key terms to the Project Finance Facilities include:

- No establishment fees;
- Each of the facilities may be drawn down in multiples of US\$1 million;
- Repayments of principal and interest will be deferred until the earlier of Nymagee production starting and 30 months after execution of definitive agreements;
- No hedging requirements;
- No restrictions on the issue of future equity; and
- Life of Mine Offtake Agreement for the base metal production of both the Hera and Nymagee Projects.

YTC will be required to seek shareholder approval for the issue of the Converting Notes. A Notice of Meeting with explanatory memorandum will be issued in due course.

## COMMENTARY

YTC's Managing Director, Rimas Kairaitis said:

*"YTC is delighted to have reached agreement with Glencore on the funding of the Hera and Nymagee Projects. We believe the terms agreed are attractive to both parties, and provide YTC with funding certainty at a low cost of funds with minimum dilution to YTC shareholders. YTC believes Glencore represents a logical and mutually beneficial funding and off-take partner for the Hera and Nymagee Projects. With their established mining and logistics infrastructure in the Cobar district, YTC believes Glencore shares the YTC vision for a large scale, long life mining precinct around the Hera and Nymagee Projects."*

## CONDITIONS PRECEDENT

The Transaction with Glencore is subject to the following conditions precedent:

- execution of definitive transaction agreements within 2 months of the date of this announcement;
- there being no YTC prescribed occurrence being any of the following: a YTC insolvency event, YTC announcing a competing transaction, YTC agreeing to issue any shares or equity securities or undertaking any capital reorganisation, information previously published by YTC becoming untrue (in any material respect) which has a material adverse impact on YTC's project economics or YTC's financial position, YTC disposing or agreeing to dispose the whole or a substantial part of its business, YTC acquiring or agreeing to acquire any major asset or any key YTC tenement being liable to forfeiture;
- YTC shareholder approval of the Transaction within 6 months of the date of this announcement – conversion of the converting notes to be issued to Glencore will be conditional on shareholder approval (to be sought at the same shareholder meeting) and any regulatory approvals (such as Foreign Investment Review Board approval if applicable);

- Glencore being satisfied that all relevant documents to implement the Transaction are in full force and effect and that all relevant registrations have been made under any applicable register; and
- there being no material adverse change in the business, operations, assets or financial position of YTC.

## SUMMARY OF OTHER AGREED TERMS

- YTC has agreed to exclusively deal with Glencore for a period of up to 2 months subject to customary fiduciary carve-outs.
- Subject to completion of the Transaction, YTC will grant life of mine offtake and marketing arrangements to Glencore in respect of base metals concentrate production from the Hera and Nymagee projects with YTC able to sell precious metal dore production at its sole discretion.
- On completion of the Transaction, Glencore and YTC will establish a Technical Steering Committee with equal representation from both parties to advise the YTC Board on the technical aspects of the mining feasibility, development and operations of the Hera and Nymagee Projects.
- Following completion of the Transaction, Glencore shall have the right to appoint one member to the YTC board whilst holding more than 5% of YTC.
- Subject to obtaining a waiver from ASX, following completion of the Transaction Glencore will have a top-up right to maintain its interest in YTC at 9.9%.
- During the term of the Project Finance Facilities, Glencore shall have a right of first offer if YTC chooses to divest Hera or Nymagee. The right of first offer obligates YTC to first offer any sale of the Hera or Nymagee projects to Glencore, following which YTC may sell without restriction to any third party in the subsequent 6 month period on terms not more favourable to the purchaser than were offered to Glencore.
- YTC will not be prevented from issuing further equity during the terms of the Project Finance Facilities on terms it sees fit. The conversion price of the Facility A converting notes will adjust to reflect any YTC share capital reorganisation or share issuance including a placement or rights issue.

## ABOUT GLENCORE

Glencore International AG is a wholly owned subsidiary of Glencore International plc.

### About Glencore International plc

Glencore is one of the world's leading integrated producers and marketers of commodities, headquartered in Baar, Switzerland, and listed on the London and Hong Kong Stock Exchanges. Glencore has worldwide activities in the production, sourcing, processing, refining, transporting, storage, financing and supply of Metals and Minerals, Energy Products and Agricultural Products.

## About the Hera Gold and Base Metals Deposit

The Hera Project is located 100km south-east of Cobar and is hosted in Cobar Basin rocks which also host the world-class mineral deposits at CSA, The Peak and Endeavor.

The Hera deposit was discovered by Pasmaenco in 2001 and advanced to pre-feasibility by Triako Resources in the period 2002 to 2006, before Triako was the subject of a takeover by CBH Resources Limited. YTC acquired the Hera Project from CBH Resources in September 2009.

The Hera deposit represents multiple lenses of high grade, sub-vertical gold and base metal mineralisation. The central Main lens represents the bulk of the deposit tonnes and extends for approximately 600m along strike.

In September 2011, YTC released a Definitive Feasibility Study ("DFS") on mining and processing of the Hera deposit to establish an underground mine producing gold, silver, lead, zinc as Stage 1 of an integrated mine development with Nymagee. The study confirms the technical and financial viability of the development of the Hera deposit. Stage 1 development will see the establishment of the Hera gold mine and construction of a processing facility at the Hera site.

YTC received State Government Approval for the Hera Project in August 2012.

Stage 2 Feasibility studies will look at the optimum strategy for the integration of the Nymagee deposit into the Hera development.

YTC considers that exploration upside exists not only in the extension of the existing lenses, but also in the interpretation of Hera to evolve into a major gold-base metal system consistent with the pedigree of Cobar-style deposits.



Hera Project – Completed Boxcut

## About the Nymagee Joint Venture

YTC has a 95% interest in the Nymagee JV tenements which are located immediately north of YTC's 100% owned Hera gold-base metal deposit.

YTC has recently announced a maiden resource at Nymagee of 8.1Mt @ 1.2% Cu, 0.3%Pb, 0.7% Zn and 9g/t Ag.

The Joint Venture includes the Nymagee Copper Mine which last operated in 1918, and has recorded historical production of 422,000t @ 5.8% Cu.

YTC is the manager and operator of the Joint Venture and undertaking exploration at Nymagee to pursue the combined development of Nymagee and Hera.

The Nymagee Mine Joint Venture includes the following Exploration Licences and Mining Leases which cover both the historic Nymagee Copper Mine as well as linking the tenement coverage of the Hera-Nymagee corridor.

- EL 4458, EL 4232, ML 53, ML 90, ML 5295, ML 5828 and PLL 847



Massive sulphide mineralisation – Nymagee Copper Deposit

**Appendix 1: MINERAL RESOURCES AND RESERVES**
**Table 1: Hera Deposit Mineral Resource Estimate (YTC – 100%) – June 2011**

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

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

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

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

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

## GOLD EQUIVALENTS – HERA DFS & HERA RESERVE

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

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

The following metal prices, exchange rates and metal recoveries and payabilities were used for the calculation of a gold equivalent.

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

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



## GOLD EQUIVALENTS – HERA RESOURCE

This release makes references to the Hera Resource Estimate and metal equivalents. These metal equivalent values refer to those included with Hera Resource Estimate released to the ASX on 2nd June 2011. It is the company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered.

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

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

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

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

### Competent Persons Statement – Hera Resource Estimate

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

### Competent Persons Statement – Hera Ore Reserve

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