

YTC

RESOURCES LIMITED

ACN 108 476 384



PROSPECTUS

For the offer of up to 14,000,000 Shares at an issue price of
\$0.25 each to raise up to \$3,500,000

IMPORTANT INFORMATION: This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered speculative.



Yunnan Tin Group office, China.





INVESTMENT HIGHLIGHTS



INVESTMENT HIGHLIGHTS

YTC International Partnership

- \$2.67 million investment by Yunnan Tin Group, the world's largest tin producer
- Yunnan Tin Group's Chairman and an executive director appointed to the YTC Resources board
- Access to the financial, technical and marketing expertise and support of a major international resource company
- Exposure to the capital markets of Asia

Projects

- Targeting tin, gold, copper and other non-ferrous metals in world-class terrains such as the Lachlan and New England Fold Belts in New South Wales
- Control of two of Australia's major historical tin fields which have had little modern exploration
- Gold-copper projects within the Lachlan Fold Belt including potential for a porphyry-related system
- Series of ready-to-drill targets identified by the Company

Management

- Australian and Chinese Board and management with a wide range of resource and corporate experience
- Head office located close to operations in the well equipped mining centre of Orange, NSW
- Immediate access to local drill rigs and field support

Market Conditions

- Tin and other non-ferrous metal prices at historically high levels
- Potential for exploration success combined with the backing of Yunnan Tin Group positions the Company to take advantage of strong metal prices and expand its footprint in Australia



IMPORTANT NOTICE

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

This Prospectus is dated 2 April 2007 and was lodged with the ASIC on that date. The ASIC and the ASX take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made to the ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

WEB SITE - ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.ytcreources.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

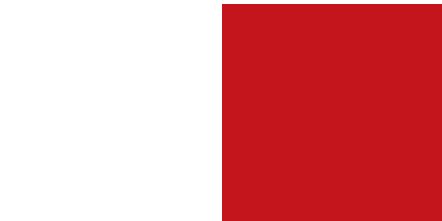
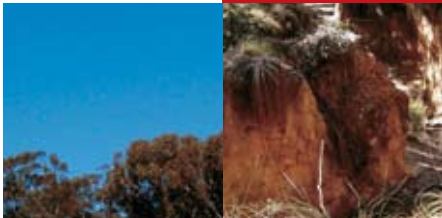
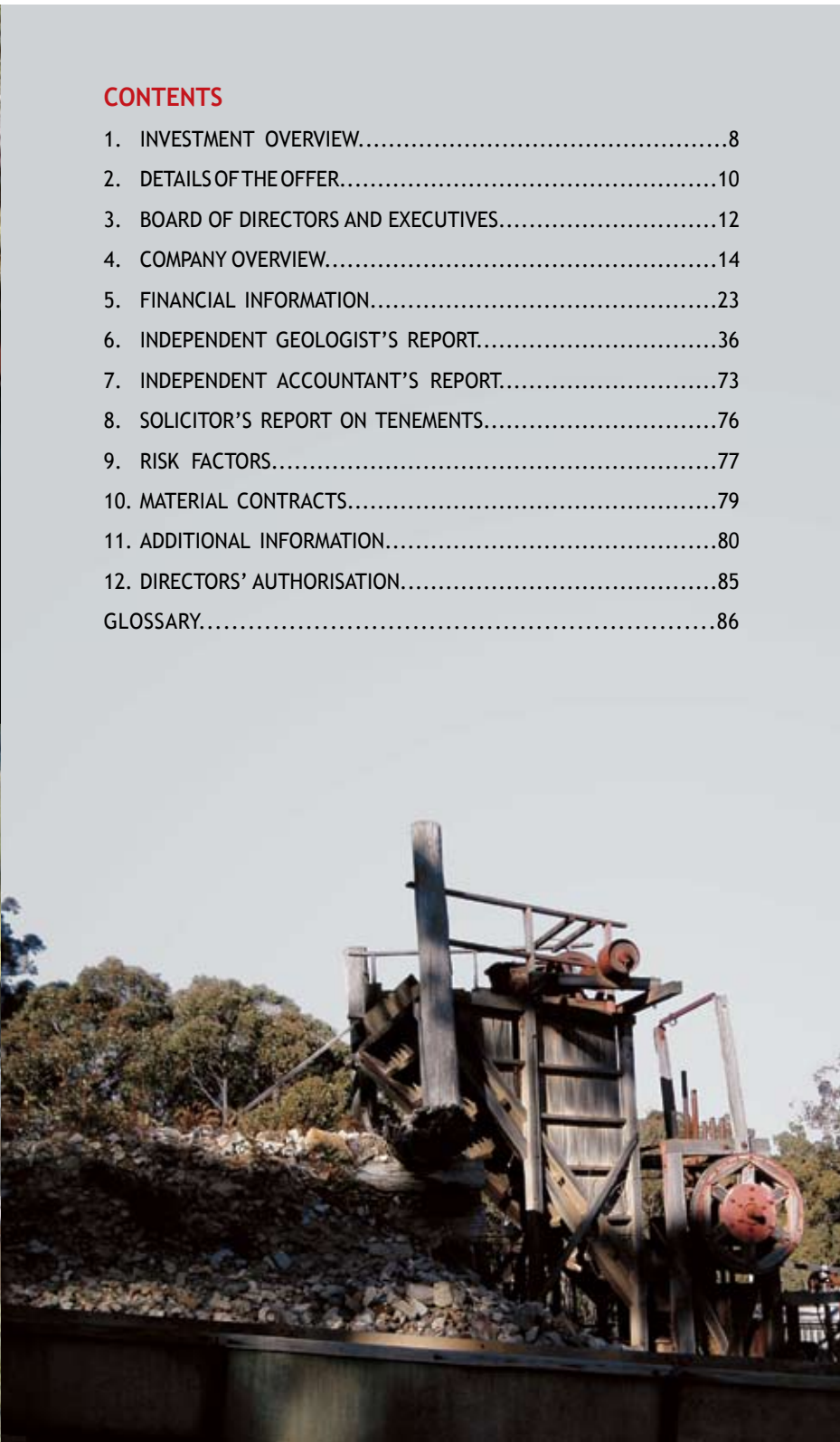
The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

EXPOSURE PERIOD

In accordance with the Corporations Act this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with the ASIC. This period may be extended by the ASIC for a further 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances; any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.





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CORPORATE DIRECTORY

Directors

Jianming Xiao - Chairman
Anthony Wehby - Vice Chairman
Stephen Woodham - Non-Executive Director
Wenxiang Gao - Non-Executive Director
Robin Chambers - Non-Executive Director
Richard Hill - Non-Executive Director

Senior Management

Rimas Kairaitis - Chief Executive Officer
Ian Cooper - Chief Geologist (Australia)
Xiang Tong - Chief Geologist (China)

Company Secretary

Matthew Sikirich

Registered Office

YTC Resources Limited
36 Clinton Street
ORANGE NSW 2800
Telephone: (02) 6361 4700
Facsimile: (02) 6361 4711
Email: office@ytcresources.com

Website

www.ytcresources.com

Solicitors to the Company

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Auditors and Independent Accountant

Ernst & Young
11 Mounts Bay Road
Perth, WA 6000

Independent Geologist

Passeres Group Pty Ltd
(trading as Ravensgate)
49 Ord Street
WEST PERTH WA 6005

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

CORPORATE DIRECTORY





CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board of YTC Resources Limited we are pleased to offer you a unique investment opportunity.

The Company was established in March 2004 in the centrally located mining town of Orange, New South Wales. In September 2006, a strategic alliance was formed with Yunnan Tin Company Group Limited (Yunnan Tin Group) of China, the world's largest producer of tin and a major producer of non-ferrous metals. In January 2007 the Company changed its name to YTC Resources Limited to reflect the alliance with Yunnan Tin Group and their subsequent investment of \$2.67 million on 27 March 2007. This investment gave Yunnan Tin Group 50% of the Company's issued capital prior to the Offer and 33% should the Offer be fully subscribed. Two of Yunnan Tin Group's senior directors, including its Chairman, have been appointed to the Board.

YTC Resources' aim is to target high quality, under-explored tin and gold-copper projects in world-class mineral belts. It has acquired an extensive portfolio of exploration assets within which it has identified a series of immediate drill targets.

Through its investment and management involvement, Yunnan Tin Group has endorsed YTC Resources as its Australian partner to explore existing projects and seek new mineral opportunities in the region. This partnership not only gives the Company access to over 100 years of technical, operational and marketing expertise but also exposes it to the burgeoning Chinese resources sector and corresponding capital markets of Asia.

The purpose of this Prospectus is to raise up to \$3.5 million and to facilitate the listing of YTC Resources on ASX. The funds raised will be combined with existing cash reserves and used principally to fund the exploration programs as set out in this document.

This Prospectus contains detailed information about the Offer and the Company and discusses both the investment opportunity and the risks of investing. We recommend that you read the Prospectus in its entirety.

Together with our fellow Board Members we look forward to welcoming you as a shareholder of YTC Resources as we actively explore our current projects and seek new opportunities.

JIANMING XIAO
CHAIRMAN

2 April 2007

ANTHONY WEHBY
VICE CHAIRMAN

CHAIRMAN'S LETTER



1. INVESTMENT OVERVIEW

1.1 Important Notice

This section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

1.2 Objectives

YTC Resources is an Australian resource exploration company. Its objective is to become a major resource producer through the discovery and acquisition of significant mineral deposits.

The Company will initially focus on the exploration of its tin and gold-copper projects which are all situated in NSW, a region which hosts world-class deposits though has been relatively under explored.

1.3 Indicative Timetable

Lodgement of Prospectus with the ASIC	2 April 2007
Opening Date	12 April 2007
Closing Date	1 May 2007
Despatch of Holding Statements	3 May 2007
Expected date for listing on ASX	8 May 2007

1.4 Purpose of the Offer and Use of Funds

The funds available to the Company at the close of the Offer are intended to be applied over the next two years as follows:

	Fully Subscribed ¹
Existing cash ²	2,498,493
Offer Funds	3,500,000
Expenses of Offer	390,000
Total	5,608,493
Exploration and evaluation	3,545,000
New project generation	450,000
Plant and equipment	320,000
Administration costs	1,050,000
Working capital	243,493
Total	5,608,493

¹All amounts exclude GST.

²Cash less liabilities plus offer expenses paid, as at 31 December 2006, plus investment by Yunnan Tin Group.

The minimum subscription for the Offer is \$3,000,000. If the Company only receives the minimum subscription, then it will have sufficient working capital to carry out its stated objectives by rationalisation of un-allocated working capital and expenditure on new project generation (after accounting for reduced Offer costs and in order of priority).





1.5 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares	Number
Shares on Issue @ 31 December 2006	13,515,975
Shares issued to Yunnan Tin Group ¹	13,515,975
Shares now offered	14,000,000
Total Shares on issue at completion of the Offer	41,031,950
Options	4,500,000
Total Options on issue at completion of the Offer	4,500,000

¹Shares held by Yunnan Tin Group subsidiary, Yunnan Tin Australia TDK Resources Pty Ltd.

The rights and liabilities attaching to the Shares and Options are set out in Section 11 and the Independent Accountants Report in Section 7 provides historical details of share and option issues.

Restricted securities

Subject to the Company being admitted to the Official List, certain of the Shares and Options on issue prior to the Offer are likely to be classified by ASX as restricted securities and will be required to be held in escrow.



2. DETAILS OF THE OFFER

2.1 The Offer

By this Prospectus, the Company offers for subscription up to 14,000,000 Shares at 25 cents each to raise up to \$3,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

2.2 Applications

Applications for Shares under the Offer must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of 25 cents per Share. Applications for Shares must be for a minimum of 10,000 Shares (being \$2,500) and thereafter in multiples of 1,000 Shares (being \$250). Completed Application Forms and accompanying cheques must be mailed or delivered to:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
PO Box 535
Applecross WA 6953

Cheques should be made payable to "YTC Resources Limited - Share Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early

2.3 Oversubscriptions

The Company will not accept oversubscriptions.

2.4 Allotment

Subject to the ASX granting approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

2.5 Minimum Subscription

The minimum subscription to be raised pursuant to this Prospectus is \$3,000,000.

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

2.6 ASX Listing

The Company will apply to the ASX within seven (7) days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If the ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

2.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

2.8 Commissions on Application Forms

The Company reserves the right to pay a commission on amounts subscribed to any licensed securities dealer or Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee.



2.9 CHES

The Company will apply to participate in the Clearing House Electronic Subregister System (CHES). The CHES is operated by the ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under the CHES, the Company will not issue certificates to investors. Instead, Share and Option holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, the ASTC will send a CHES statement.

2.10 Risk factors

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 9 and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 9, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

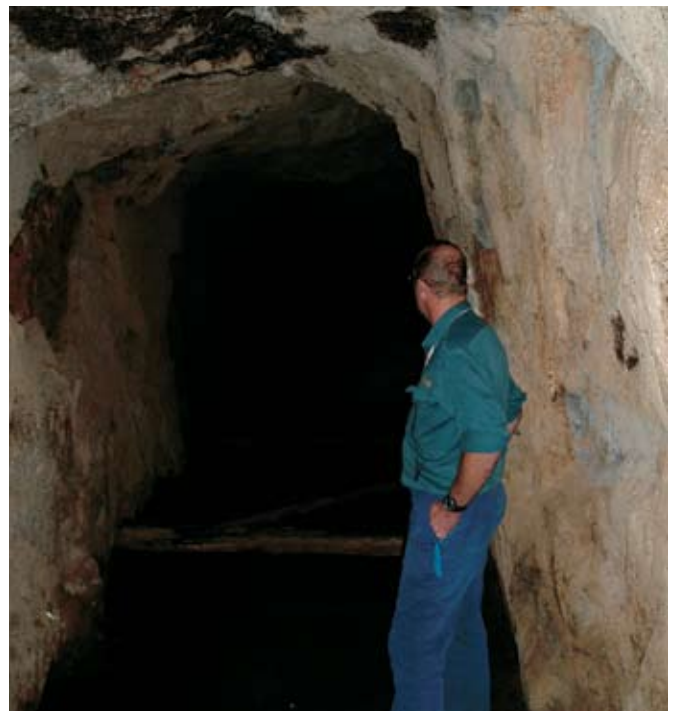
2.11 Privacy Statement

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.



3. BOARD OF DIRECTORS AND EXECUTIVES

Mr. Jianming Xiao

Chairman

Jianming Xiao is the chairman of Yunnan Tin Group. He has extensive experience in the exploration, mining, processing and marketing of non-ferrous metals in China and Southeast Asia. He graduated from Yunnan Normal University in 1982 before commencing work with Yunnan Tin Group. In 1997 he was appointed as General Manager of Yunnan Tin Group before being promoted to Chairman in 2001. He has recently been named the Provincial Model Worker of Yunnan, the National Model Worker as well as being recognised by the Chinese government as one of the Most Influential Managers in Chinese Enterprise and the Nonferrous Industry of China. Mr Xiao is also a director of Yunnan Tin Co, Ltd which is listed on the Shenzhen Stock Exchange.

Professional associations include Professor of the Kunming University of Science and Technology, Standing Director of the China Mining Association and the China Nonferrous Metals Industry Association, Director of the Nonferrous Metals Society of China, President of the Tin Manufacturing Enterprise Association of China, Deputy President of the Technology Innovation Association of Yunnan, Deputy President of Yunnan Province Federation of Industrial Economics, Director of the World Nonferrous Metals Council, and Director of the Nonferrous Metals Industry Council.

Mr. Anthony Wehby

Vice Chairman

Anthony Wehby was a partner with PricewaterhouseCoopers Australia (Coopers & Lybrand) for 19 years during which time he specialised in the provision of corporate finance advice to a wide range of clients including those in the mining and exploration sectors.

Since 2001, Mr Wehby has maintained a financial consulting practice, advising corporate clients considering significant changes to their business activities. His current activities include advice in respect of mergers, acquisitions and disposals, initial public offerings and fundraisings, valuation assessments and investment strategy support. He works closely with Tandem Corporate, a boutique advisory company to small and mid size businesses.

He was previously a director of Harmony Gold (Australia) Pty Ltd and is a Fellow of the Institute of Chartered Accountants in Australia.

Mr. Rimas Kairaitis

Chief Executive Officer

Rimas Kairaitis is a geologist with over 12 years experience in minerals exploration and resource development in gold, base metals and industrial minerals in Queensland and NSW, working with companies including Shell Minerals, Plutonic Resources, and CRA. Mr Kairaitis has extensive experience in tenement acquisition,

exploration project management and mining feasibility as well as experience in capital raisings and corporate management.

He was a founding Director of the successful mineral exploration company LFB Resources NL (now a subsidiary of Alkane Exploration Ltd). Since 1999 he has worked as a geological consultant. Mr Kairaitis has a strong exploration track record, leading the geological field team to the discovery of the Wyoming Gold deposit in NSW in 2001 and the McPhillamy's Gold Deposit in 2006.

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

Mr. Stephen Woodham

Non-Executive Director

Stephen Woodham has over 15 years experience in the mining and exploration industry in Western Australia and New South Wales specialising in field logistics and support and land access in rural and remote environments. He also has a successful track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation.

As a founding director of LFB Resources Limited, Mr Woodham negotiated the purchase of an extensive tenement portfolio from Rio Tinto in 1996 and later negotiated joint ventures with Sumitomo and AngloGold prior to the takeover of LFB Resources in 1999.

Since 1999, Mr Woodham has worked as a consultant specialising in logistics, tenement acquisition and land access throughout NSW. During this time Mr Woodham was a founder and principal of the successful field logistics business, Southern Cross Technical & Field Services which is based in Orange, NSW.

Mr. Wenxiang Gao

Non-Executive Director

Wenxiang Gao has over 20 years experience as a senior mining engineer in China. He graduated as a Master of Mining Engineering from the Mining Academy of Kunming and University of Science and Technology. He is currently studying for a doctoral degree at the Mining Academy of South Central University, China.

Mr Gao commenced work with Yunnan Tin Group in 1984, becoming the Assistant to the General Manager of Yunnan Tin Group and later the Vice General Manager from October, 1995 to September, 2001. In 2001 he was appointed Executive Deputy General Manager and a Director of Yunnan Tin Group. Mr Gao is Vice-Chairman of Yunnan Tin Co. Ltd which is listed on the Shenzhen Stock Exchange.

His professional associations include Vice-Chairman of the Nonferrous Geology Association of China and Vice-Chairman of the Geology Education Association of China.



Mr. Robin Chambers
Non- Executive Director

Robin Chambers is a lawyer with over 30 years experience in the resources sector. He is the Senior Partner of Chambers & Company, an international law firm based in Melbourne, and Special Counsel - China for its affiliate, the New York law firm of Chadbourne & Parke, which has its China office in Beijing.

Mr Chambers' practice involves acting as the lead lawyer on international projects, with a particular focus on China.

Mr Chambers has advised a number of major Chinese state owned enterprises on their investments in Australia over more than 22 years, including Sinosteel Corporation, CITIC, Sinotrans, Everbright, Ministry of Geology & Resources (now Ministry of Land and Resources) and many of China's leading steel mills. He has also advised Australian and US corporations on a range of projects in China.

Prior to becoming the Senior Partner at Chambers & Company, he was General Counsel of CRA Limited (now Rio Tinto Limited) for 14 years and before that was an associate with Baker & McKenzie in Chicago and Chadbourne & Parke in New York.

Mr Chambers graduated with an Arts degree and an Honours Law degree from the University of Melbourne and with a Master of Laws degree from Duke University in the United States. He was co-founder of the Australian Mining and Petroleum Lawyers Association (AMPLA) and was previously a board member of the Australia China Council. He has been a member of the Executive Committee of the Australia China Business Council since 1986 and formerly a Vice President of the Victorian branch. He is also a member of the advisory board of the International Centre of Excellence in Asia-Pacific Studies at the Australian National University. He has been the Chairman or Director of a number of public and private companies in Australia and China, including Chinese holding companies for their investments in Australia.

Mr Richard Hill
Non-Executive Director

Richard Hill has over 15 years experience in the resource industry as both a solicitor and a geologist. He initially worked for the law firm, Clayton Utz, practising in commercial, corporate and resources law and litigation.

Over the past 10 years, Mr Hill has worked as a geologist for several major Australian mining companies and most recently, as a founding director of two successful ASX-listed companies, Moly Mines Limited and Siberia Mining Corporation Limited (now Monarch Gold Mining Company Limited). During that time he gained a diversity of practical geological experience as a mine based and exploration geologist in a range of commodities and rock types throughout Australia. In his commercial and legal roles, he has been involved in project generation and evaluation, acquisition and joint venture negotiation, company secretarial

tasks, mining law and land access issues as well as local and overseas marketing and fund raising.

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

Mr Ian Cooper
Chief Geologist - Australia

Ian Cooper has over 20 years experience in metalliferous mining and minerals exploration. A qualified Mining Engineer and Geologist, his industry experience ranges from work as a mechanised and airleg development miner in Broken Hill to mine planning, pillar reserves and ventilation engineer at Broken Hill and open pit and mine lease exploration geologist in Kalgoorlie where he was responsible for discovery of significant gold and nickel resources at the Mount Martin Mine.

Mr Cooper has a wide range of experience in minerals exploration in New South Wales with particular exposure to gold, copper, lead, zinc, silver, tin and tungsten at locations such as Cobar, Mineral Hill, Forbes, Cowra, Wellington and Blayney. He also has extensive tin exploration experience in the Torrington district.

Mr Cooper's qualifications are Bachelor of Science (Hons), Bachelor of Engineering (Mining), Master of Science and he is a member of Australian Institute of Mining and Metallurgy.

Mr Xiang Tong
Chief Geologist - China

Xiang Tong has 20 years experience as a geologist. He graduated with a bachelor of Geological Prospecting and Exploration from the Geology Academy of Kunming University of Science and Technology (KUST) in 1987 before joining Yunnan Tin Group. He received his Masters Degree in Mineral Resources Geology from KUST in 2003. He is currently studying a doctoral degree in Geological Prospecting and Exploration at China University of Geosciences (Beijing). He was appointed the Vice Chief Engineer in Geology at Yunnan Tin Group in July, 2004.

Mr Tong's experience includes exploration and development of several major tin and non-ferrous metal projects in China as well as international experience in exploration for tin, copper, lead, zinc and nickel in Southeast Asia, Australia and South Africa.

His professional associations include Vice Secretary-General of the Sub-association of Geology for Mineral Resources of China Non-ferrous Metals Industry Association, a member of the 4th and 5th Committee on Geology of Nonferrous Metals Society of China and a member of Yunnan Tin Group Committee of Experts.

4. Company Overview

Incorporated on 24 March 2004 the Company changed its name to YTC Resources in January 2007 to reflect its strategic alliance with the world's largest producer of tin and major producer of non-ferrous metals, the Yunnan Tin Group of China.

YTC Resources has targeted a high quality portfolio of tin projects and gold-copper projects within the mineral rich New England and Lachlan Fold Belts of New South Wales (*Figure 1*). YTC Resources has two 100% owned subsidiaries, Stannum Pty Ltd and Defiance Resources Limited which hold the tin and gold-copper assets respectively.

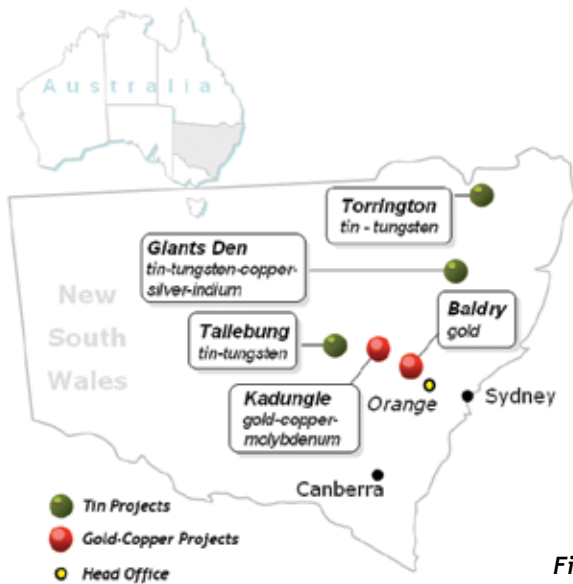


Figure 1
Project Locations

The Company is based in Orange, New South Wales, close to its projects and exploration infrastructure. The resident technical team have an aggressive exploration philosophy and have substantially advanced a number of the projects, such that a series of drill-ready targets has been identified. Through its long-standing relationships with local service providers the Company will have immediate access to drill rigs and field technicians.

4.1 Company Strategy and Strategic Partner

Tin Strategy

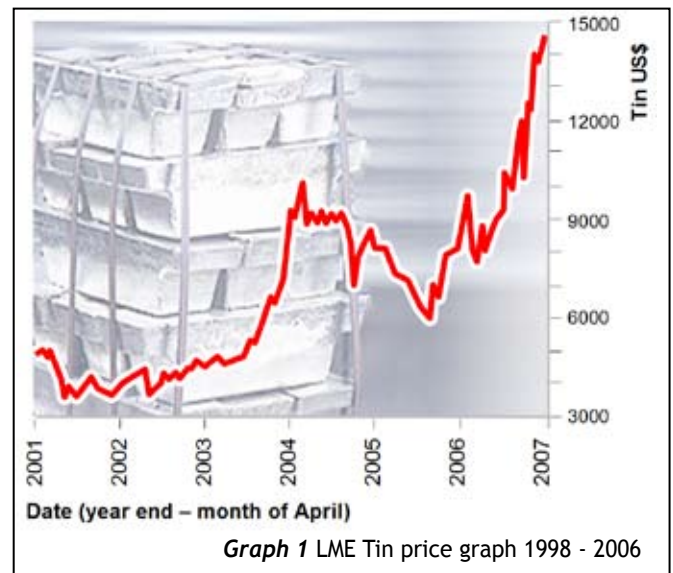
YTC Resources has a large and strategic tenement holding in the New England Fold Belt which was a historically important producer of tin-silver-molybdenum and tungsten prior to the

1970's and remains highly prospective for tin and its associated metals including copper, silver, indium and tungsten.

The price of refined tin, in line with other industrial commodities has risen strongly in the last 5 years, on the rapid expansion of large economies including China and India. In late March 2007, the LME quoted tin price exceeded US\$14,000 per tonne, the highest reported level in nearly two decades.

At present, Australia is not a major global producer of tin, with production dominated by China, Indonesia and Peru. However in the past, Australia has played a significant role in global tin production with major tin production centres in NSW, Tasmania and north Queensland. Only minor tin exploration or development has been carried out since the 1980's

Tin mineralisation within the New England Fold Belt also contains important levels of indium. Indium is a precious metal whose increasing application in new technologies such as LCD and plasma flat screen televisions has seen its value increase over 10 times since 1984. Indium has the potential to add significant value as a by-product to any potential tin production.



Graph 1 LME Tin price graph 1998 - 2006

Gold-Copper Strategy

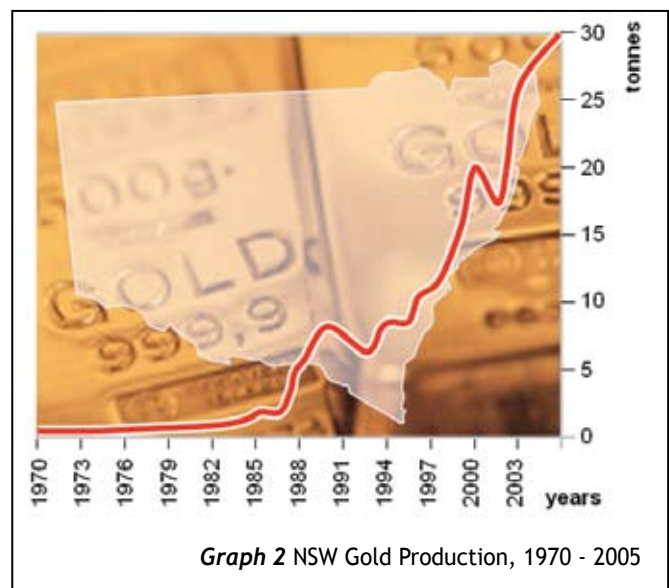
The Company has chosen to focus its gold-copper exploration within the state of New South Wales and in particular the Lachlan Fold Belt. The reasons for this include the state's endowment of world-class deposits and low levels of modern exploration. Other key features are its favourable mining and



exploration legislation, land accessibility and well developed infrastructure. The world-class NSW gold-copper deposits include Newcrest's Cadia-Ridgeway operation, Rio Tinto's North Parkes mine and Barrick's Cobar Gold Mine (*Figure 2*).

Since 2001, exploration activity in NSW has increased, resulting in a number of new discoveries such as Wyoming gold deposit (discovered 2001; 7.13Mt @ 2.70g/t Au) and Dargues Reef (discovered 2004; 3.58Mt @ 2.8g/t Au). These discoveries help to confirm the prospectivity of NSW.

The Company will also be targeting the New England Fold Belt, which has recently been recognised by experts to host Intrusion Related Gold (IRG) deposits. IRG deposits are typically located in tin-tungsten provinces like the New England Fold Belt such as the multi-million ounce Fort Knox (5Moz) and Pogo (5Moz) deposits in North America.



Graph 2 NSW Gold Production, 1970 - 2005

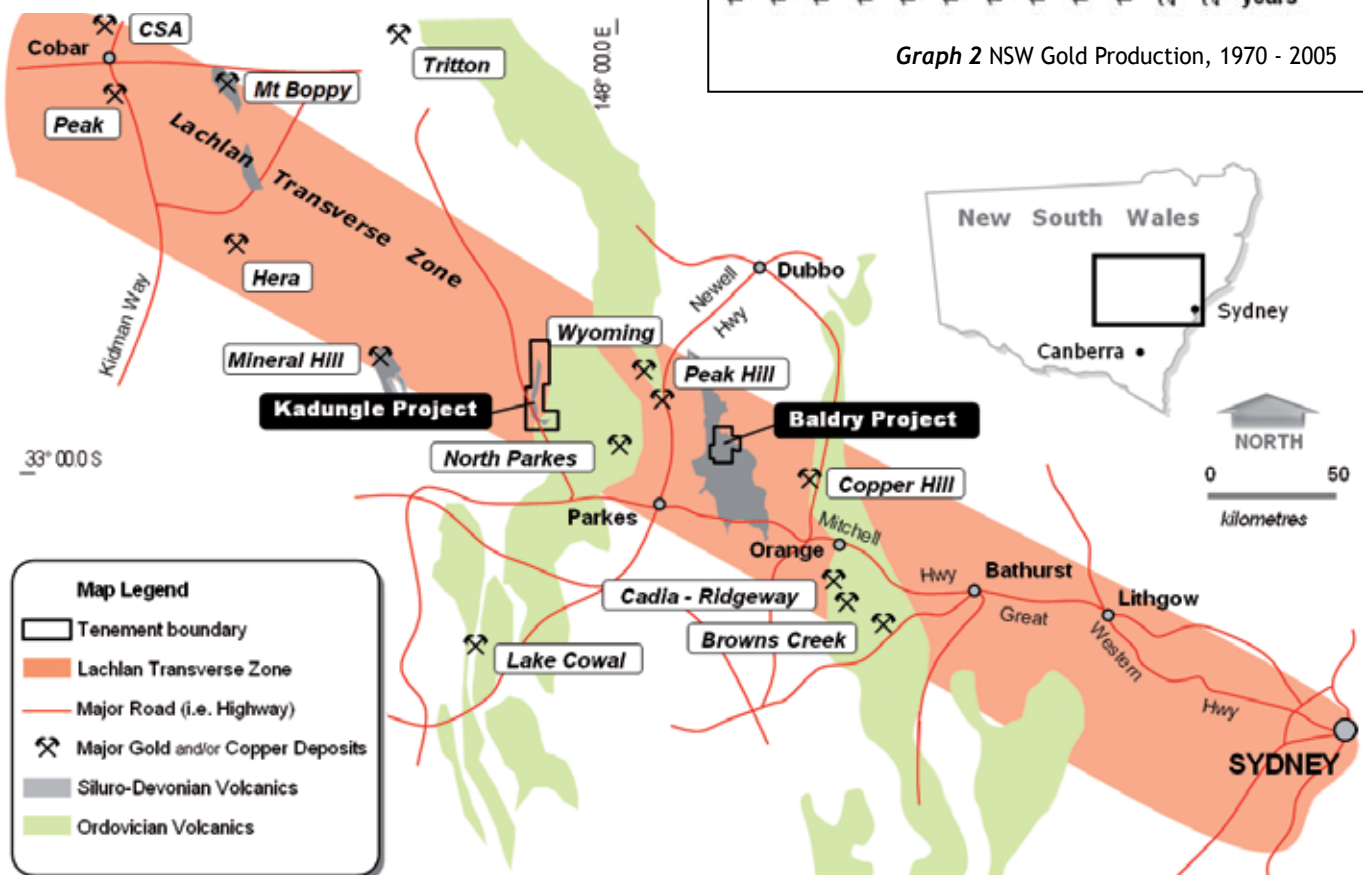


Figure 2 Lachlan Transverse Zone - World Class Mineral Belt Copper - Gold Project Locations

YTC International Partnership

YTC Resources has recently established a strategic partnership with Yunnan Tin Group whereby they have invested \$2.67 million in YTC Resources at \$0.198 per share and two of Yunnan Tin Group's directors (including their chairman) and their local legal advisor have been appointed to the Board.

Yunnan Tin Group is incorporated in the People's Republic of China. It is a major producer of non-ferrous metals and is the world's largest producer of tin.

The partnership provides YTC Resources with additional support to expand the Company by utilising Yunnan Tin Group's financial, marketing, operational and technical skills and reach. In addition, Yunnan Tin Group provides direct exposure to the burgeoning Chinese resources sector and corresponding capital markets of Asia.

The adoption of the name YTC Resources Limited reflects the significant mutual commitment between the Yunnan Tin Company Group Limited and YTC Resources to grow the Company in partnership.

About Yunnan Tin Group

Yunnan Tin Group is a century-old enterprise, which is the world's largest production and manufacturing base for tin. It is also the biggest precious metals research and development centre in China.

Based in the south-western Chinese province of Yunnan, Yunnan Tin Group produces a range of tin and other base and precious metal products including copper, lead, zinc, silver, nickel, bismuth, antimony, indium, rhenium, arsenic and various alloys. It sells a variety of 600 specialist metal and chemical products globally. It is a vertically integrated organisation with expertise ranging from mineral exploration, mining, dressing, smelting and refining,

chemical production through to downstream processing and marketing as well as significant interests in scientific research, real estate development, construction & building materials, machinery manufacturing, storage and logistics.

Yunnan Tin Group owns the state-level enterprise technology centre and the biggest tin research & precious metals research and development organization in China.

Yunnan Tin Group has operations in Beijing, Shanghai, Hunan, Shenzhen, Wuhan, Chengdu, Hong Kong, United States, Germany, Indonesia, and Singapore.

The quality and reliability of Yunnan Tin Group's tin products are famous regionally and internationally, with its trademark "YT", being registered on the London Metals Exchange, having won the gold medal for national excellence three times in succession and being recognised locally as an inspection-free product for export.

Yunnan Tin Group has significant shareholdings in two listed companies; Yunnan Tin Co. Ltd and Sino-Platinum Metals Co. Ltd which are listed on Shenzhen Stock Exchange and Shanghai Stock Exchange respectively.

Yunnan Tin Group has a proud history of growth over more than 100 years, having established itself as one of Yunnan's most significant export earners and 91st among the top 500 Most Competitive Companies of China in 2006. Yunnan Tin Group is listed as one of the top 520 largest Chinese industrial enterprises sponsored by the Chinese government and one of the top Ten Group Enterprises prioritized by Yunnan Provincial Government.

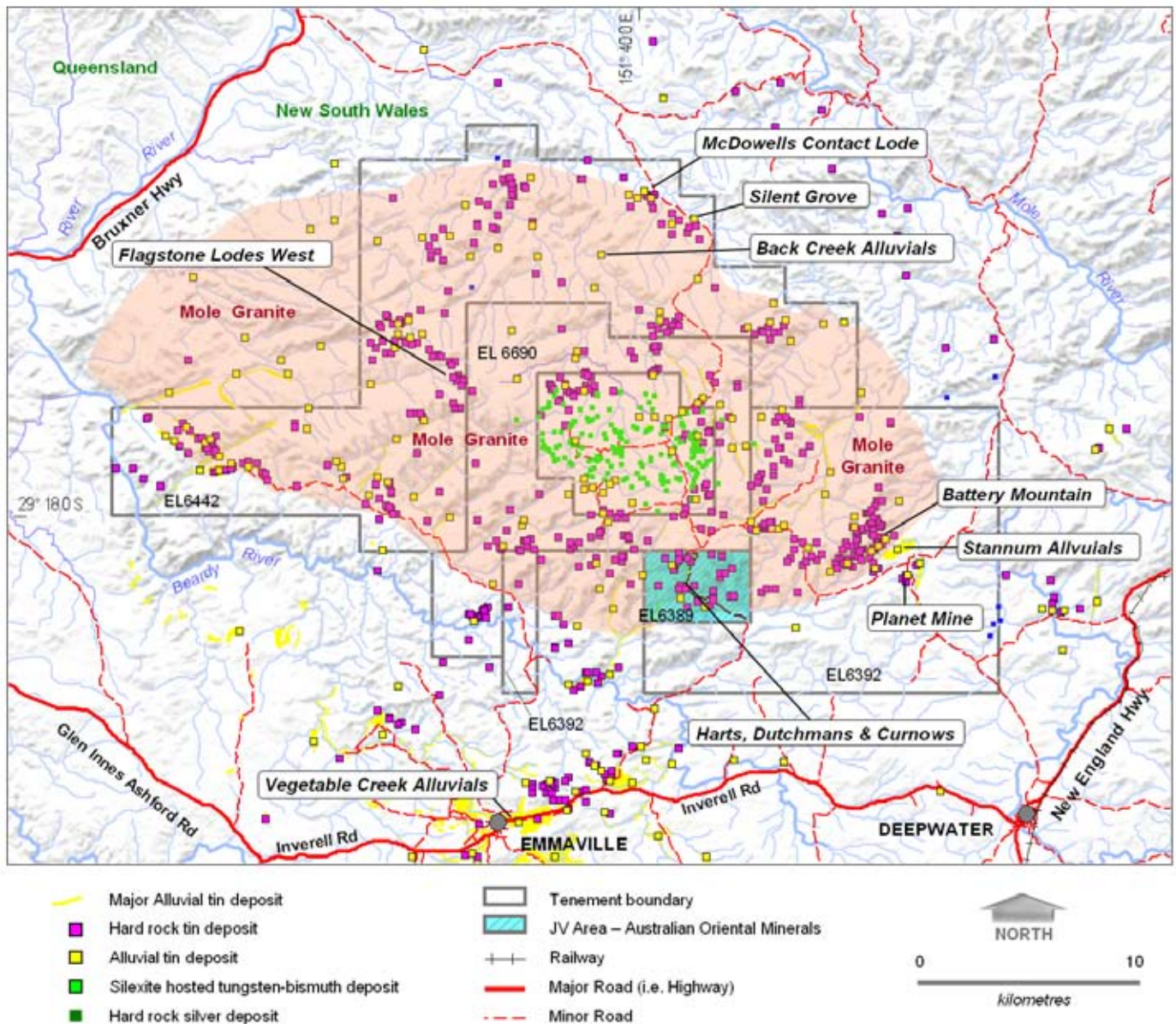
With this tradition of growth, strong financial capacity and diverse range of skills, Yunnan Tin Group is the ideal partner for YTC Resources to enact its strategy of exploration and acquisition growth through strong local management and direct access to world-class development, production and marketing expertise.



Yunnan Tin Group high technology centre, China.



Figure 3 Torrington Tin Project



4.2 Summary of Projects

Summary details of the Company’s projects are provided below. A full appraisal of the projects can be found in the Independent Geologist’s Report in Section 6. When considering the information in the Independent Geologists Report, investors should bear in mind the risks set out in Section 9.

Tin

YTC Resource’s has secured dominant ground positions at Torrington, Giants Den, and Tallebung, three of the most historically significant tin fields in NSW.

Torrington Tin Project

The extensive Torrington project comprises some of the highest production-grade, hard rock, historic tin mines in NSW and

hosts major deep-lead alluvial tin potential.

The tenements are located 45km north of Glen Innes in northern NSW and cover most of the highly mineralised Mole Granite. The project includes the historic Torrington and Stannum tin fields as well as more than 250 recorded hard rock and alluvial tin mines (Figure 3).

Very little recent exploration has been carried out on this dense collection of historical workings and they remain effectively untested by modern exploration methods.

At Torrington, the target is high-grade, hard-rock, underground tin mineralisation as well as large-scale, deep-lead, alluvial tin deposits. Potential also exists for bulk tonnage sheeted vein tin deposits as demonstrated by the nearby Taronga deposit (46.8Mt @ 0.145% Sn).

The initial focus of the Company will be a cluster of past mines centred around the town of Torrington, including the Harts, Dutchmans and Curnows mines. These are the largest and highest grade cassiterite-ore tin mines in the district, with excellent potential for extension of the existing tin lodes and for the discovery of additional tin lodes below the surface. Together, the reported historic mine production for the Harts, Dutchmans and Curnows mines is 2,803 tonnes of tin concentrate.

The Harts Mine was also host to the famous 'Big Bung', a bonanza grade tin shoot within the mine with dimensions of 100m x 30m x 3m, grading better than 10% tin.

The large Stannum Alluvial field lies entirely within EL 6392, and has potential to host large-scale alluvial tin mining within Tertiary deep lead deposits (*Figure 3*). Similar deep leads have produced over 6,500 tonnes of cassiterite at the nearby Vegetable Creek deep lead. Historical shaft sinking and drilling suggest the Stannum deep lead may extend to over 5km in length.

The Stannum alluvials are largely sourced from Battery Mountain to the immediate north-west. The high concentration of tin bearing veins in this area provides potential for a bulk tonnage deposit.

The Company also intends to drill test a number of other high grade, historic, hard rock tin mines which have had little or no modern exploration. These include the Planet Mine which has been tested by a single diamond core hole (Pacific Copper, 1984) returning 1m @ 16% Sn (from 90m). This intersection corresponds to the down-dip projection of the tin lode exploited at surface, and suggests good continuity of the lode at depth.

A number of accessory minerals are recorded with the tin mineralisation in the Torrington district including silver, tungsten and uranium.

Planned exploration on the Torrington Project includes:

- Detailed gravity and ground magnetic surveys along strike of the Harts, Dutchmans and Curnows tin mines are expected to assist with locating potential bonanza grade 'bung' lodes and drill hole targeting.
- Initial exploration at Stannum will consist of wide spaced, RC drilling traverses across the Stannum deep lead. The drilling will be designed to assess the depth of basalt cover and the thickness, grade and extent of the tin bearing deep lead.
- Shallow drilling programmes to test the strike and depth extent of bonanza grade cassiterite lodes at the Planet Tin Mine, Torrington Lode, Silent Grove and McDowells Contact Lode.

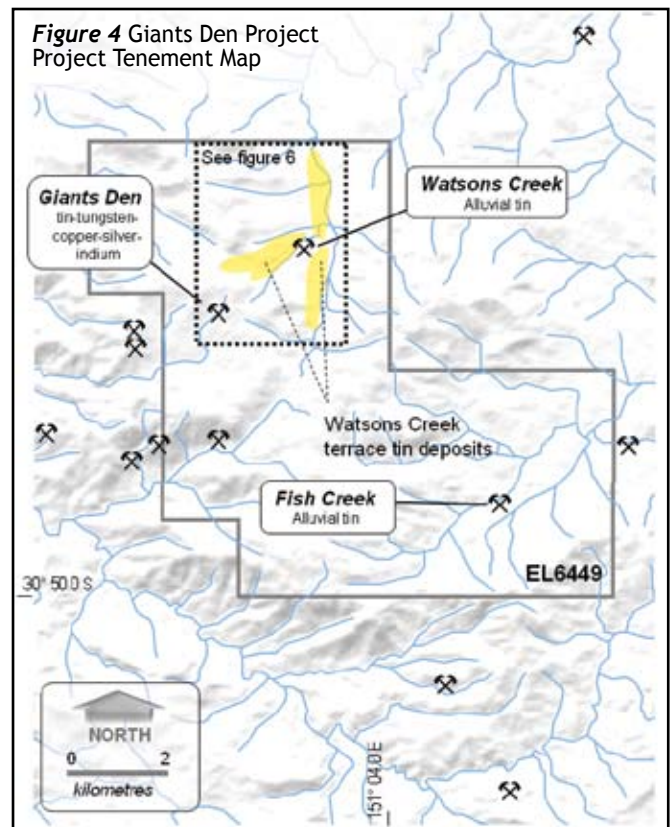
TORRINGTON TIN PROJECT HIGHLIGHTS

- Exploration to focus around large, high-grade historic tin mines of Harts, Dutchmans and Curnows with long production records.
- Bonanza grade tin lodes at the Planet Tin Mine and Torrington Lode with little or no modern exploration.
- Testing for large deep-lead alluvial tin deposits at Stannum

Giants Den Tin - Poly Metallic Project

The Giants Den project comprises an 83 square kilometre tenement situated near Bendemeer in northern NSW. The tenement covers historic alluvial tin mines at Watson's Creek and Fish Creek as well as the quartz-greisen poly-metallic hard rock workings at Giants Den (*Figure 4*).

The Giants Den mineralisation occurs as cassiterite and chalcopyrite in sheeted quartz-greisen veins, over an area of 400 metres x 600 metres (*Figure 5*). A number of veins have been exploited historically to depths of up to 20 metres.



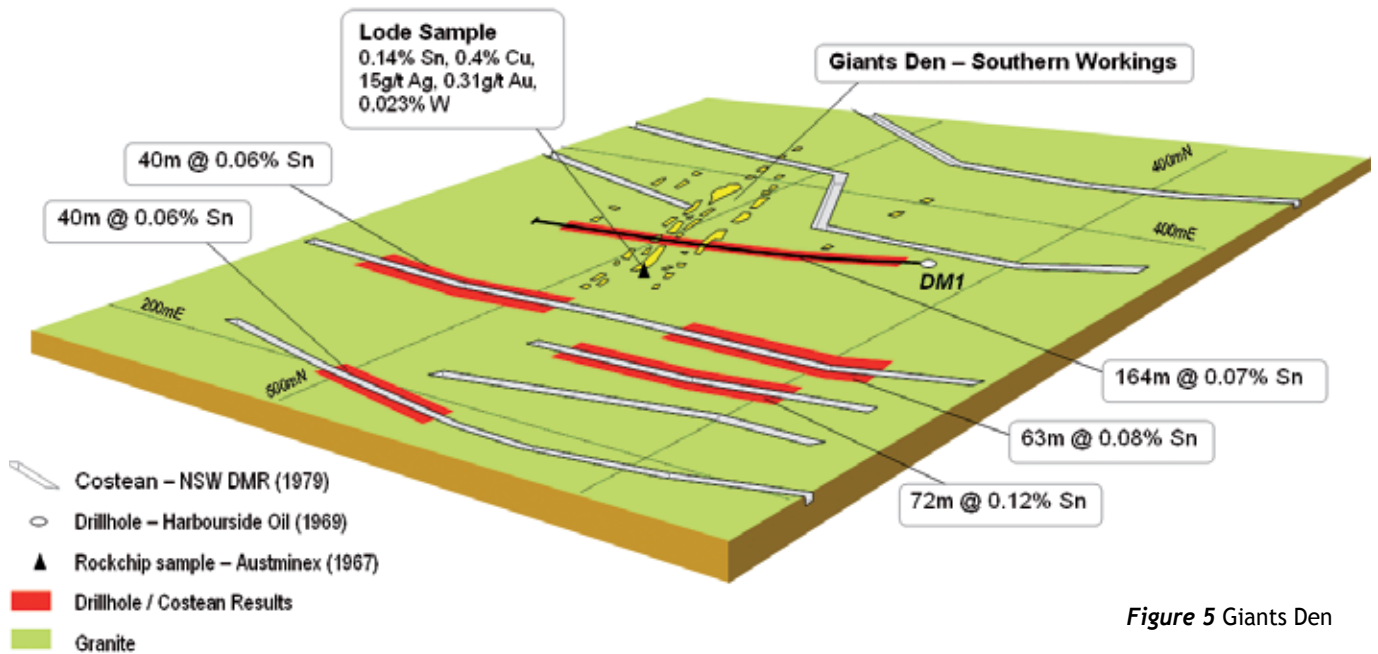


Figure 5 Giants Den

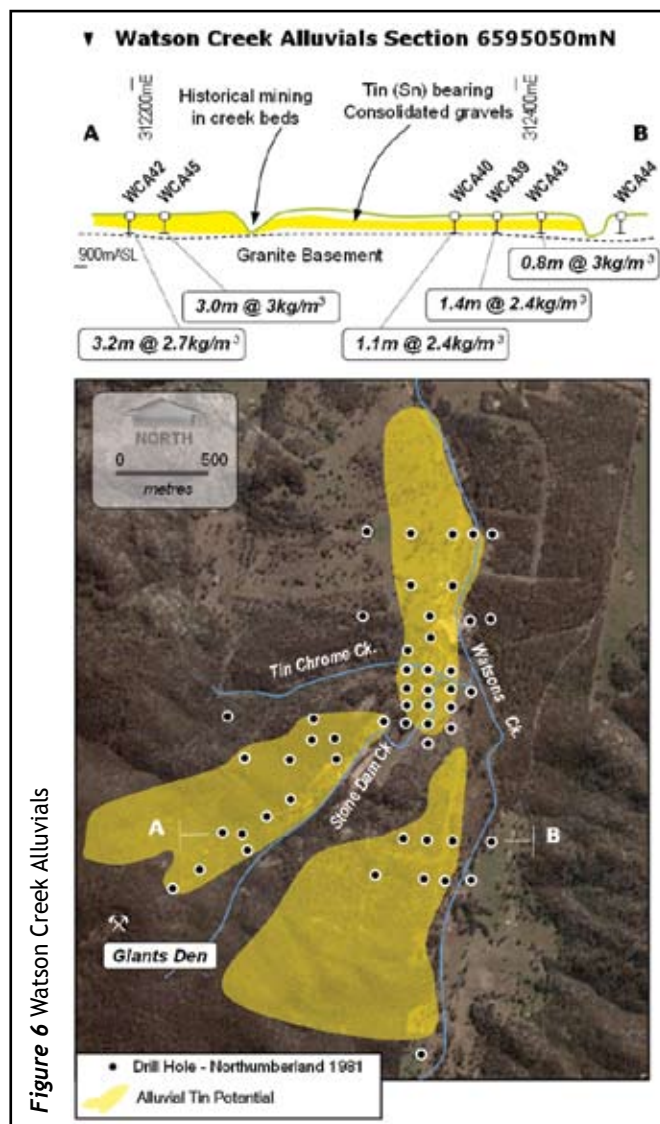


Figure 6 Watson Creek Alluvials

The polymetallic potential of this extensive mineralisation is indicated by significant recorded values of copper, silver, gold tungsten and indium. The presence of gold and indium within the system is potentially very significant, inferring that the Giants Den system may be more appropriately classified as an Intrusive Related Gold (IRG) type of deposit.

The Watson's Creek alluvial tin deposit commences at the foot of Giants Den Hill and has been mined (pre-1960s) for at least 2km downstream with production of over 1,600 tonnes of tin concentrate recorded between 1879 and 1962.

In 1981 Northumberland Development Company undertook a series of auger holes to test for alluvial tin away from current active streambeds. It was found that variably cemented tin-bearing wash occurs as broad alluvial terraces under a thin cover of barren sandy clay. Wash thickness averages 2m grading between 2kg/m³ and 3kg/m³ (Figure 6).

Planned exploration on the Giants Den Greisen and Watsons Creek alluvials includes:

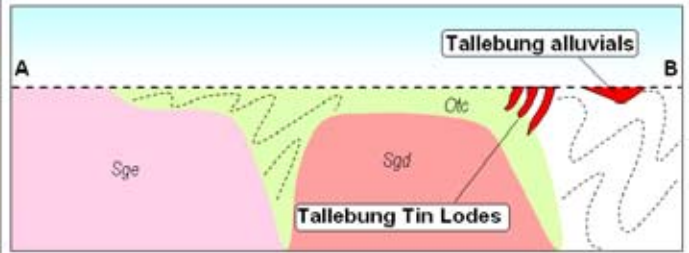
- Detailed rock chip sampling of greisen lodes from existing costeans and workings to type the poly-metallic signature of the system.
- Completion of up to 3 (+200m) diamond core holes through the mineralisation to investigate the Giants Den polymetallic potential.
- Grid pattern drilling over the tin-bearing terraces at Watson's Creek to test tin content and distribution and potential extensions of tin mineralisation downstream.

GIANTS DEN PROJECT HIGHLIGHTS

- Potential large-tonnage polymetallic tin-copper-gold-indium-silver-tungsten mineralisation at Giants Den
- Potential for alluvial tin at Watsons Creek



← Tallebung Project Geology



▲ Tallebung Tin Field Schematic Cross Section

▼ Idealised plan and cross section for porphyry tin deposits (Blevin 1998)

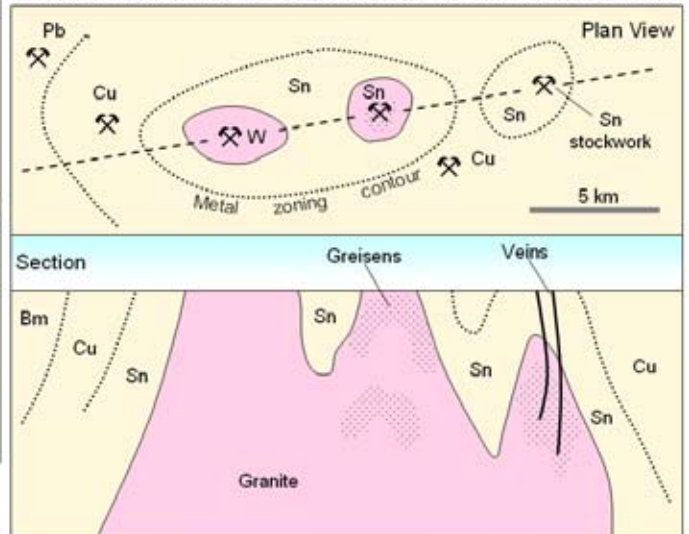


Figure 7 Tallebung Project

Tallebung Tin-Tungsten Project

The Tallebung tin field, located 70km north-west of Condoblin, NSW includes a series of historic alluvial and deep lead tin deposits as well as tin-tungsten hard rock lodes which have a combined historic production of 3,350 tonnes of tin concentrate.

The hard rock potential of the lodes have been poorly explored, with only 24 drill holes completed in the early 1980s with encouraging shallow results not followed up.

The relative position of the lodes, in the upper zone of the granite, infers the potential for a large, bulk tonnage 'porphyry' tin deposit at moderate depths (Figure 7). Porphyry tin deposits are considered to be under-explored in south-east Australia and can yield large volumes of tin mineralisation (eg: Ardlethan Mine historical production >31,000 tonnes Sn).

Planned exploration on the Tallebung Project includes:

- Detailed gravity and magnetic surveys to target the position of high-grade tin-tungsten lodes and to model the depth to the underlying Granite.
- Deeper drilling of geophysical targets and below existing high-grade drill intercepts to test for large tonnage porphyry tin-tungsten mineralisation.

TALLEBUNG TIN PROJECT HIGHLIGHTS

- Drill beneath shallow, high-grade tin-tungsten drill intercepts defined by previous explorers.
- Potential for large, bulk-tonnage "tin porphyry" mineralisation beneath high grade tin lodes.

Gold - Copper

Historical and recent exploration for magmatic gold-copper mineralisation within the Lachlan Fold Belt has focussed on Ordovician aged volcanic belts. Recent recognition of this style of mineralisation within younger Silurian and Devonian aged rocks has expanded the prospective areas within the state. YTC Resources has focussed on Silurian and Devonian aged rock types as they provide an ideal combination of high prospectivity and low levels of previous exploration. This strategy is best demonstrated by the Company's exciting drill results over a large (1km x 1km) area at its Kadungle gold-copper Project.

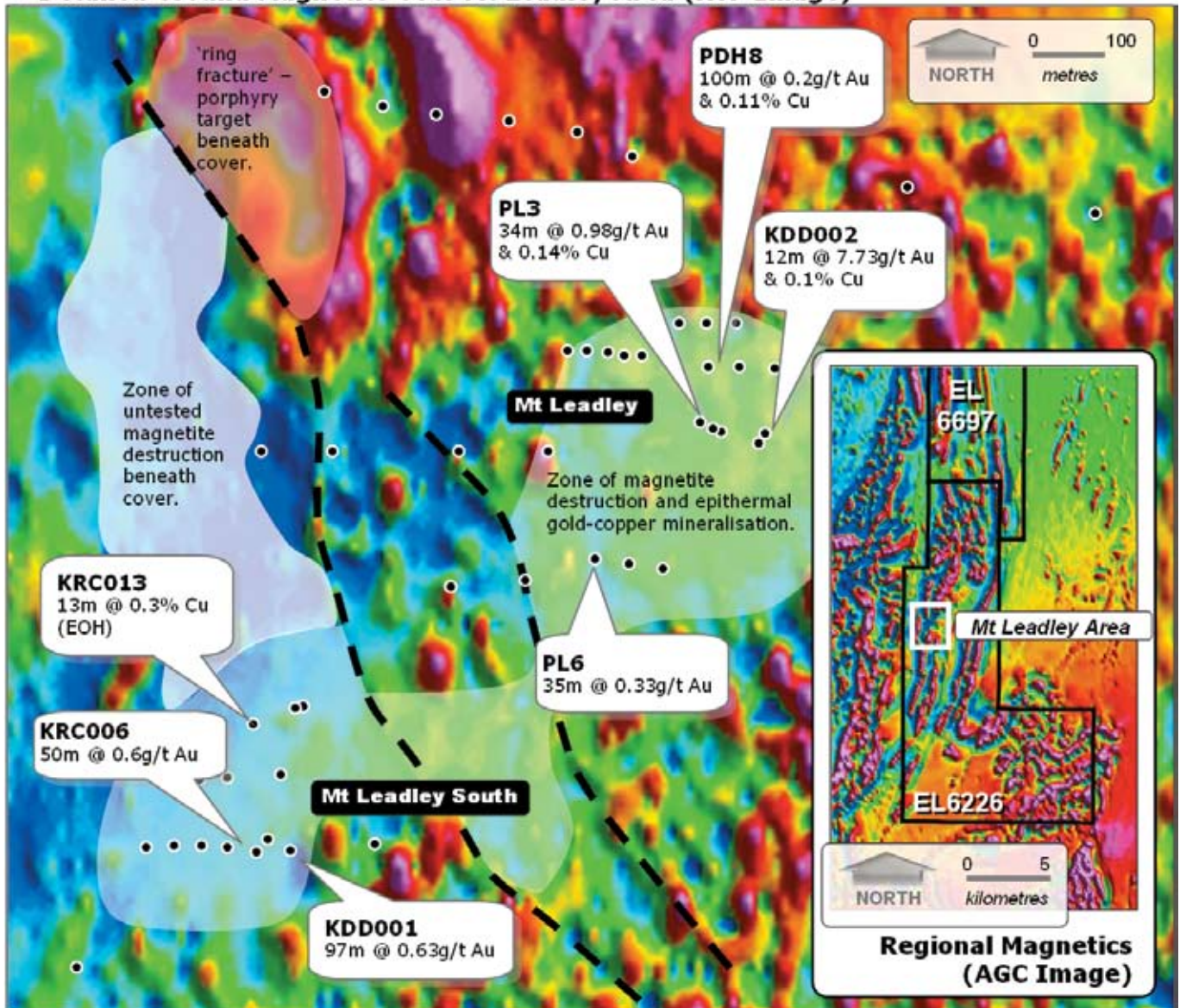
Kadungle Project

The Kadungle Project tenements are situated approximately 55 km north-west of Parkes in central NSW covering 263 square kilometres within broad-acre freehold pastoral properties that are well serviced by regional road and rail infrastructure.

Recent exploration of the Kadungle Project has focussed on the Mt Leadley and Mt Leadley South prospects, which crop out as two low hills of mineralised volcanics separated by about 900m.



▼ Detailed Ground Magnetics over Mt Leadley Area (RTP Image)



• Drillhole collar - - - - - Fault - Interpreted

Figure 8 Kadungle Project Magnetics

The two prospect areas record significant gold mineralisation in soil and rock chip geochemistry.

The Company's recent drilling beneath these anomalous outcrops has led to the identification of an epithermal gold system within an extensive porphyry-related envelope of copper ± molybdenum mineralisation.

Regional magnetic surveys show the mineralisation at the Mt Leadley - Mt Leadley South prospect as a distinctive, circular magnetic 'hole' approximately 2km in diameter (Figure 8). A number of look-a-like magnetic holes have also been identified within the tenement. Some of these 'holes' such as at the Nulgarra Hill and Mt Leadley Trig prospects, show alteration similar to Mt Leadley, with both areas reporting anomalous surface rock chip values.

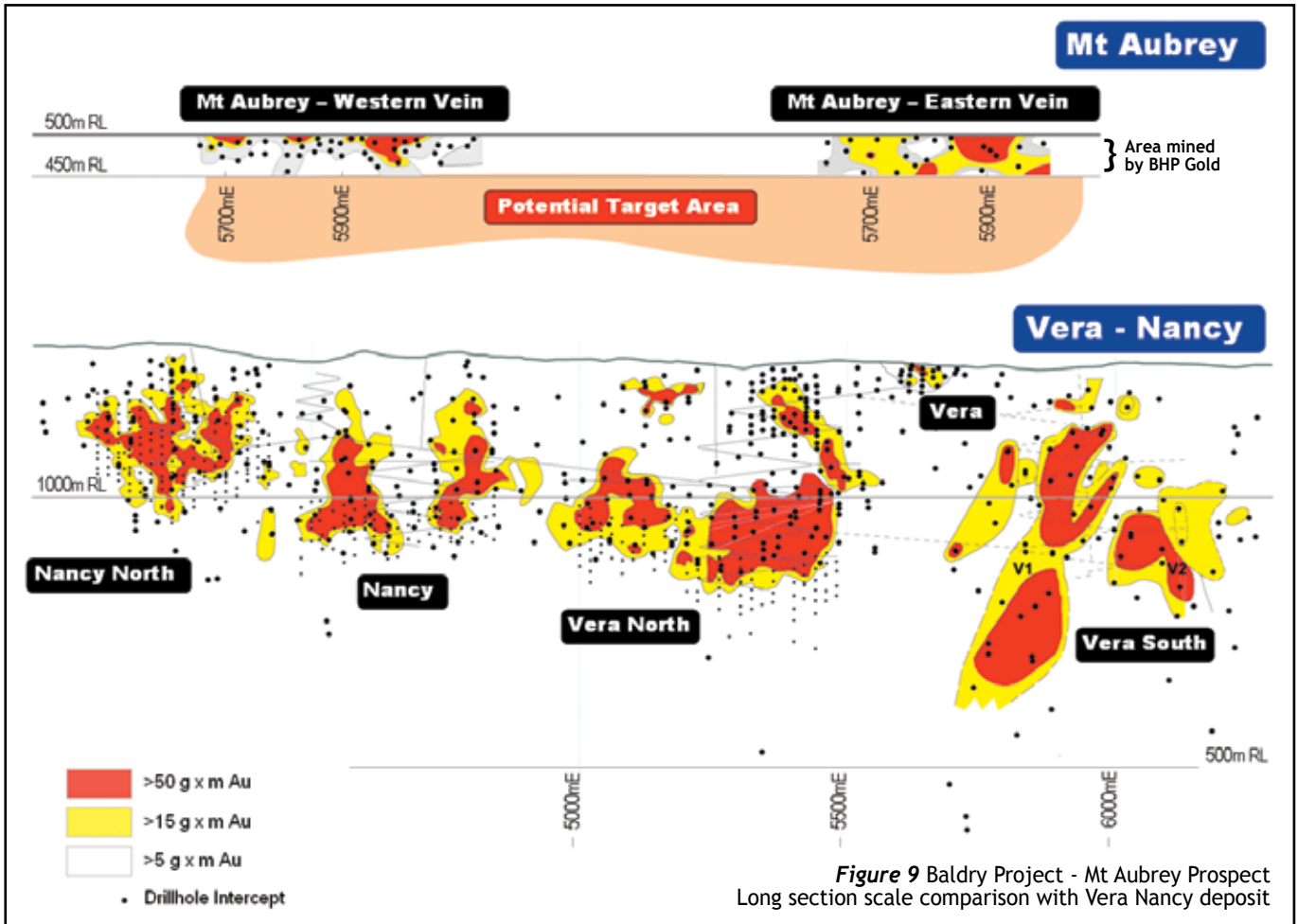
Locally, the Mt Leadley and Mt Leadley South areas have recently been tested with detailed ground magnetics. This survey showed the outcropping epithermal gold mineralisation

as a magnetic low and also highlighted further magnetic lows to the immediate north-west of the prospect under shallow cover. The ground magnetics also indicate a discrete 'ring structure' about 750m north of Mt Leadley South. The ring structure is interpreted as an intrusive source to the Mt Leadley Au-Cu mineralisation and a potential porphyry Au-Cu ± Mo target (Figure 8).

The exploration target at Kadungle is shallow, high-grade gold ± copper mineralisation with longer term exploration targeting a large, porphyry related gold-copper ± molybdenum source.

Planned exploration at the Kadungle Project includes:

- Drill test beneath holes recently drilled by the Company including KDD002 (12m @ 7.73g/t Au and 0.12% Cu) and KDD001 (97m @ 0.63g/t Au from 117m). These results were obtained from a drilling program undertaken at the Kadungle Project by YTC Resources. For details of the results from that program please refer to part 4.4 of Section 6.



- Drill test beneath the shallow cover, overlying the 'ring structure' for porphyry related Au-Cu-Mo mineralisation.
- Ground magnetic surveys and detailed surface sampling of the Mt Leadley Trig and Nulgarr Hill areas.

KADUNGLE PROJECT HIGHLIGHTS

- Highly encouraging drilling results by YTC Resources within large epithermal gold-copper system
- Magnetic data, geochemistry and alteration infer a potential intrusive gold-copper source beneath cover
- Regional magnetics infers a number of similar targets within tenement area.

Baldry Gold Project

Located 37km north-east of Parkes, the Baldry tenement covers 127 square kilometres within freehold pastoral land easily accessed by sealed road.

The Baldry tenement is prospective for low-sulphidation epithermal gold deposits at the Blue Hills prospect and beneath the shallow Mt Aubrey deposit which was mined by BHP Gold between 1990-1991. Low sulphidation gold systems typically form bonanza-grade vein deposits, with Australian examples including the Vera-Nancy, (6.5Mt @ 13.5 g/t Au) and Cracow (1.97Mt @ 10.6g/t Au) deposits.

Gold mineralisation at the Mt Aubrey vein system remains open at depth, as the historical drilling done by BHP was only designed to define a shallow high grade oxide resource. There is a strong exploration precedent for drilling beneath shallow low-sulphidation veins to identify much larger resources at depth (eg: the discovery of the Vera-Nancy underground gold deposit beneath the shallow Vera vein, QLD; **Figure 9**).

Planned exploration on the Baldry Project includes:

- Diamond drilling beneath high-grade intersections on the Mt Aubrey vein, targeting large, blind 'pods' of bonanza grade gold ± silver mineralisation.
- Drill testing beneath outcropping epithermal quartz vein mineralisation at the Blue Hills prospect.
- Follow-up exploration on an untested gold-in-soil anomaly, which lies within a favourable WNW aeromagnetic trend in the northern part of the tenement.

BALDRY PROJECT HIGHLIGHTS

- High-grade gold mineralisation open at depth beneath the Mt Aubrey Gold Mine. Potential for continuation of mineralised vein system at depth.
- Untested gold-in-soil anomaly in the northern part of the tenement, within a similar WNW aeromagnetic trend to the Mt Aubrey deposit.



5. FINANCIAL INFORMATION

5.1 Introduction

This Section contains the following financial information:

- The Historical Consolidated Balance Sheet of YTC Resources Limited as at 31 December 2006 and the Historical Consolidated Income Statement, Historical Consolidated Statement of Changes in Equity, Historical Consolidated Cash Flow Statement and applicable notes to these statements for the period from incorporation on 24 March 2004 to 31 December 2006.
- Pro-forma Consolidated Financial Information comprising the Pro-forma Consolidated Balance Sheet as at 31 December 2006 which assumes completion of the contemplated transactions as at that date as set out in Section 5.2

The Company has two wholly owned subsidiaries being, Defiance Resources Limited and Stannum Pty Ltd. The Company has owned these companies since their incorporation.

5.2 Assumptions used in preparing the Pro-Forma Consolidated Balance Sheet

The pro-forma consolidated balance sheet of YTC has been prepared as if the following transactions had taken place as at 31 December 2006:

- the issue of 13,515,975 shares at 19.78 cents per share to Yunnan Tin Company Limited to raise \$2,673,160 for working capital requirements;
- the issue of 14,000,000 shares at 25 cents per share pursuant to this Prospectus to raise \$3,500,000;
- the repayment of \$75,013 of related party loans and \$217,448 of trade creditors and accruals owing at 31 December 2006;
- the payment and recognition directly in equity of costs incurred by the Company in relation to the Offer estimated to be \$390,000; and
- the issue of 4,500,000 Options over shares to directors and employees exercisable at 25 cents per share on or before 5 years from the date of listing, at a deemed value of \$0.1397 per Option. An estimated amount of \$628,758 has been expensed in respect of these options with a corresponding amount being credited to the option premium reserve. The actual amount will be determined at the grant date of the Options.

5.3 Historical and Pro-Forma Consolidated Balance Sheets

		Reviewed Historical Consolidated at 31 December 2006 \$	Reviewed Pro-forma Consolidated at 31 December 2006 \$
Current Assets			
Cash	2	70,760	5,608,493
Receivables		12,121	12,121
Other assets	3	127,034	80,000
Total Current Assets		209,915	5,700,614
Non-Current Assets			
Plant and equipment	4	671	671
Exploration and evaluation expenditure	5	527,060	527,060
Total Non-Current Assets		527,731	527,731
Total Assets		737,646	6,228,345
Current Liabilities			
Payables	6	(217,448)	-
Non interest bearing loan	7	(75,013)	-
Total Current Liabilities		(292,461)	-
Total Liabilities		(292,461)	-
Net Assets		445,185	6,228,345
Equity			
Issued equity	8	561,777	6,344,937
Option Premium Reserve	8	-	628,758
Accumulated losses		(116,592)	(745,350)
Total Equity		445,185	6,228,345

The consolidated balance sheets should be read in conjunction with the accompanying notes.



5.4 Historical Consolidated Income Statement

Reviewed Historical Consolidated Period
from Incorporation to 31 December 2006
\$

Revenues from continuing activities:	
Interest income	1,080
Expenses from continuing activities:	
Office	(7,420)
Legal	(11,123)
Accounting	(9,975)
Consultants general	(51,329)
Travel and marketing	(34,181)
Depreciation	(573)
Other	(3,071)
	(117,672)
Loss from continuing activities before income tax expense	(116,592)
Income tax expense relating to continuing activities	-
Net loss attributable to members of YTC Resources Limited	(116,592)



5.5 Historical Consolidated Statement of Cash Flows

Reviewed Historical Consolidated Period
from Incorporation to 31 December 2006
\$

Cash Flows from Operating Activities

Payments to suppliers	(57,003)
Interest Received	1,080
Net cash flows used in operating activities	(55,923)

Cash Flows from Investing Activities

Payments for exploration and evaluation expenditure	(91,829)
Tenement security deposits	(70,000)
Acquisition of plant and equipment	(1,244)
Net cash flows used in investing activities	(163,073)

Cash Flows from Financing Activities

Proceeds from issues of shares	261,777
Capital raising costs	(43,034)
Proceeds from borrowings	75,013
Net cash flows from financing activities	289,756

Net increase in cash held	70,760
Add opening cash brought forward	-

Cash at the end of the period	70,760
--------------------------------------	---------------



5.6 Historical Consolidated Statement of Changes in Equity

Set out below is the Statement of Changes in Equity of YTC Resources Limited for the period from incorporation to 31 December 2006.

	Reviewed Historical Consolidated Period from Incorporation to 31 December 2006		
	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at incorporation	2	-	2
Issue of share capital (refer note 8)	561,775	-	561,775
Loss for the period	-	(116,592)	(116,592)
Balance at 31 December 2006	561,777	(116,592)	445,185

5.7 Accompanying notes

1. Statement of accounting policies

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

Basis of Accounting

The financial report is a special purpose financial report which has been prepared in accordance with the measurement and recognition, but not the disclosure requirements, of applicable Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS") and other mandatory professional reporting requirements in Australia, using the accrual basis of accounting, including the historical cost convention and the going concern assumption. The historical consolidated income statement, historical consolidated cash flow statement and historical consolidated statement of changes in equity are for the period from the date of incorporation on 24 March 2004 to 31 December 2006.

Principles of consolidation

The consolidated financial information is that of the consolidated entity, comprising YTC Resources Limited and all entities that YTC Resources Limited controlled from time to time during the period and at the reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control

of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

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

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Cash and cash equivalents

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

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

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment - over 1 to 5 years

Impairment

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

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

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

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

Impairment losses are recognised in the income statement in the cost of sales line item.

Recoverable amount of assets

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

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

In assessing value in use, the estimated future cash flows are

discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Exploration and evaluation expenditure

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

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

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

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the consolidated entity must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136.

Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

Trade and other payables

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

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are included as part of the carrying amount of the loans and borrowings.



Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probably that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue can be recognised:

Interest income

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

Share-based payment transactions

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

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

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

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

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

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

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

Income tax

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

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

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

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

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

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

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

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

Other taxes

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

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

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

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

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





2. Reconciliation of adjustments to cash

	\$
Balance as at 31 December 2006	70,760
Issue of 13,515,975 shares at 19.78 cents per share to Yunnan Tin Company Limited for working capital requirements	2,673,160
Issue of 14,000,000 shares at 25 cents per share pursuant to the Capital Raising	3,500,000
Repayment of related party loans	(75,013)
Repayment of related and un-related trade creditors and accruals	(217,448)
Estimated cost of the Offer	(390,000)
Costs of the Offer paid at 31 December 2006	47,034
Pro-forma balance as at 31 December 2006	5,608,493

	Reviewed Consolidated Historical 31 December 2006 \$	Reviewed Consolidated Pro- forma 31 December 2006 \$
3. Other assets		
Deferred IPO costs	47,034	-
Security deposits	80,000	80,000
	<u>127,034</u>	<u>80,000</u>
4. Property plant and equipment		
Plant and equipment at cost	1,244	1,244
Less: Accumulated depreciation	(573)	(573)
	<u>671</u>	<u>671</u>
5. Exploration and evaluation expenditure		
At cost	527,060	527,060
<p>The ultimate recoupment of costs carried forwards for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.</p>		
6. Payables		
Trade creditors and accruals	217,448	-
<p>For further details refer to Related Party Transactions note 11.</p>		
7. Non interest bearing loans		
Amount due to Director related entities	75,013	-
<p>For further details refer to Related Party Transactions note 11.</p>		

	Reviewed Consolidated Historical 31 December 2006 \$	Reviewed Consolidated Pro- forma 31 December 2006 \$
8. Issued Equity		
a) Share Capital		
Issued & Fully Paid Ordinary Shares	Number 1,501,775	Number 41,031,950
	\$	\$
Issued and Fully Paid Ordinary Shares	561,777	6,344,937
	Number of Shares	\$
Reconciliation of share capital:		
Balance as at incorporation	2	2
Issue of shares at \$0.01 per share on 17/02/05	999,998	10,000
Issue of shares at \$1.00 per share on 23/05/05	30,000	30,000
Issue of shares at \$1.00 per share on 05/09/05	30,135	30,135
Issue of shares at \$1.00 per share on 21/12/05	11,640	11,640
Issue of shares at \$1.00 per share in consideration for drilling services provided ¹	300,000	300,000
Issue of shares at \$1.00 per share on 28/04/06	30,000	30,000
Issue of shares at \$1.50 per share on 20/10/06	100,000	150,000
Balance at 15 December 2006	1,501,775	561,777
Additional Shares issued as a result of a 9 for 1 share split ²	12,014,200	-
Balance at 31 December 2006	13,515,975	561,777
Issue of shares at 19.78 cents per share to Yunnan Tin Company Limited for working capital requirements	13,515,975	2,673,160
Issue of shares at 25 cents per share pursuant to the Prospectus	14,000,000	3,500,000
Costs associated with the Capital Raising	-	(390,000)
Pro-forma balance at 31 December 2006	41,031,950	6,344,937

¹ On 24 March 2006 the Company issued 300,000 Shares to Shelljet Pty Ltd as payment for drilling work performed.

² On 15 December 2006 the Company's shareholders approved a share split such that each Share would be converted into 9 Shares.

	Reviewed Consolidated Historical 31 December 2006 \$	Reviewed Consolidated Pro-forma 31 December 2006 \$
b) Option Premium Reserve		
Reconciliation of option premium reserve:		
Balance as at 31 December 2006	-	-
Issue of 3,000,000 options to directors exercisable at 25 cents	-	419,172
Issue of 1,500,000 options to employees exercisable at 25 cents	-	209,586
Pro-forma balance at 31 December 2006	-	628,758

9. Net assets per share

Net assets (\$)	445,185	6,228,345
Number of shares on issue	13,515,975	41,031,950
Net assets per share (cents)	3.29	15.18

10. Expenditure and other commitments

The consolidated entity has certain obligations with respect to tenements and minimum expenditure requirements on areas as follows:

Within 1 year	610,073
1-2 years	587,333
2-5 years	2,211,500
Total	3,408,906

The commitments may vary depending upon additions or relinquishments of tenements as well as farm-out agreements.

11. Related party transactions

Trade Creditors and Accruals

Trade creditors and accruals includes amounts payable to current and former directors and their related entities for corporate and exploration consulting and expense reimbursements. The following amounts (excl GST) are outstanding at 31 December 2006; Mr Richard Hill \$28,965, Mr Stephen Woodham and his formerly related company Southern Cross Technical and Field Services Pty Ltd \$102,821 and Mr Rimas Kairaitis \$24,300.

Director Loans

The following current and former Directors have loaned the Company funds for working capital on an interest free basis. The following amounts are outstanding at 31 December 2006.


Mr Stephen Woodham (Locksley Holdings Pty Ltd) \$24,915 and Mr Rimas Kairaitis (Smiff Pty Ltd) \$41,598. The loans will be repaid from the share issue to Yunnan Tin Group prior to lodging the Prospectus.

12. Contingent assets and liabilities

The Company has no contingent assets and liabilities.

13. Subsequent events

On 27 March 2007 Yunnan Tin Group invested \$2.673 million to acquire 13,515,975 Shares at a deemed issue price of 19.78 cents per share.



Yunnan Tin Group smelting plant, China.

6. INDEPENDENT GEOLOGIST'S REPORT

29 March 2007



The Directors
YTC Resources Ltd
36 Clinton Street
Orange NSW 2800

Dear Sirs

INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL ASSETS OF YTC RESOURCES LTD

At your request Corvidae Pty Ltd as Trustee for Ravensgate Unit Trust (trading as and hereinafter referred to as Ravensgate) has prepared an Independent Geologist's Report on the Mineral Assets of YTC Resources Limited (YTC) located in New South Wales, Australia. It is intended that this report will be included in a Prospectus to be lodged by YTC with the Australian Securities and Investments Commission (ASIC). The purpose of the Prospectus is to offer for subscription up to 14,000,000 ordinary shares at an issue price of \$0.25 per share to raise a total of \$3.5 million (with a minimum subscription of \$3.0 million) before costs of the issue to fund the future exploration of YTC's projects.

Ravensgate has not been requested to provide an Independent Valuation of the Mineral Assets, nor has it been asked to comment on fairness or reasonableness of any vendor or promoter consideration, and it has therefore not offered any opinions on these matters.

Ravensgate has based its review of YTC's projects on information provided by YTC along with technical reports prepared by Government agencies and previous tenement holders, as well as other relevant published and unpublished data. Ravensgate visited the main prospects under consideration in December 2005.

Ravensgate has made all reasonable enquiries to establish the authenticity and completeness of the technical data on which this report is based.

YTC was given a final draft of this report, and was thereby given an opportunity to identify any material errors or omissions. Where appropriate, and in accordance with ASIC Practice 55 and Update 183, consent has been obtained to quote data and opinions expressed in unpublished reports prepared by other professionals on the properties concerned.

YTC's projects consist of nine granted Exploration Licences. The total area covered by the tenements is approximately 6,340 km².

The legal status associated with the tenure of the YTC's projects has not been verified by Ravensgate, and is discussed elsewhere in this Prospectus.

This report has been prepared in accordance with the Code and Guidelines for the Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the VALMIN Code), which is binding upon members the Australian

Institute of Mining and Metallurgy (AusIMM) and members of the Australian Institute of Geoscientists (AIG), as well as the rules and guidelines pertaining to Independent Expert Reports issued by the Australian Stock Exchange (ASX).

The properties in which YTC holds, or is, earning an interest in, are considered to be 'Exploration Prospects', which are inherently speculative in nature. However, Ravensgate is of the opinion that the projects have been acquired on the basis of sound technical merit. The properties are also considered to be sufficiently prospective, to warrant further exploration and assessment of their economic potential, and are consistent with the exploration budget proposed.

Exploration and evaluation programmes summarized in the report involve a total expenditure of approximately \$3.5 million committed to exploration and evaluation, of which YTC intends to spend approximately \$1.46 million in the first year of investigation. YTC intends to raise \$3.5 million, and more than half the liquid assets held, or funds proposed to be raised by YTC are understood to be committed to acquisition, exploration, development and administration of the mineral properties.

Ravensgate also understands that YTC will have sufficient working capital to carry out its stated objectives, thereby satisfying the requirements of ASX Listing Rule 1.3.3 (a). YTC has prepared staged exploration and development programmes specific to the exploration potential of the projects, which are consistent with the budget allocations. Ravensgate considers that the relevant areas have sufficient technical merit to justify the proposed programmes and associated expenditure, thereby satisfying the requirements of ASX Listing Rule 1.3.3 (a) and 1.33 (b). The proposed exploration also exceeds the anticipated minimum annual statutory expenditure commitments on the various project tenements.

This Independent Geologist's Report has been prepared on the basis of information available up to and including 29 March 2007. Ravensgate has provided consent for the inclusion of the report in the Prospectus, in the form and context in which the report and these statements appear.

Yours faithfully



Mr Andre Wulfse Pr.Sci.Nat.

This document has been prepared for the exclusive use of YTC Resources Ltd and the information contained within it is based on instructions, information and data supplied by them. No warranty or guarantee, whether expressed or implied, is made by Ravensgate with respect to the completeness or accuracy of this document and no party, other than the client, is authorised to or should place any reliance whatsoever on the whole or any part or parts of the document. Ravensgate does not undertake or accept any responsibility or liability in any way whatsoever to any person or entity in respect of the whole or any part or parts of this document, or any errors in or omissions from it, whether arising from negligence or any other basis in law whatsoever.

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1. SUMMARY

YTC Resources Ltd (YTC) which is a New South Wales based unlisted exploration company has signed an Investment Agreement with Yunnan Tin Company (Yunnan Group) of China.

Yunnan Group has invested \$2.67 million in YTC Resources at a deemed issue price of \$0.198 per share to give them approximately 33% of the issued capital of YTC given a fully subscribed Initial Public Offer (IPO).

Ravensgate was requested by YTC to complete an Independent Geologist's Report on its mineral assets in Australia. YTC is seeking to list on the Australian Stock Exchange (ASX) in order to raise working capital to fund the future technical assessment of its projects. A partial requirement of listing is the submission of an Independent Geologist's Report on the mineral assets of the Company.

Following a successful listing YTC aims to continue development of the following five mineral projects, all of which are located in New South Wales:

- The **Kadungle Gold-Copper Project** covering areas of broadly mineralised acid volcanic rocks of the Kadungle Volcanics, within the broader prospective terrane of the eastern Lachlan Fold Belt
- The **Torrington Tin Project** which is centred on the Mole Granite and is prospective for lode tin mineralisation and associated alluvial deposits. The project covers the historic Torrington and Stannum tin fields that include over 250 tin mines
- The **Giants Den and Watsons Creek Tin Projects** covering areas of granite with greisen tin and associated alluvial tin mineralisation and previously mined deposits that are also prospective for copper, silver, indium, tungsten and gold
- The **Tallebung Tin Project** covering Ordovician aged sediments hosting lode tin-tungsten mineralisation and associated alluvial tin mineralisation
- The **Baldry Gold Project** covering Devonian aged felsic volcanic rocks prospective for low-sulphidation epithermal gold deposits

All of the projects are greenfields to advanced exploration projects. Despite historical mining on some of the projects, no formal mineral resources have yet been identified. The projects are speculative and involve varying degrees of exploration and financial risk. However Ravensgate is of the opinion that the projects are sufficiently prospective to warrant exploration at the budgetary levels proposed by YTC.

The Kadungle, Baldry and Tallebung projects all lie within the Lachlan Fold Belt. The Lachlan Fold Belt outcrops in central, western and southern New South Wales and extends into the states of Victoria and Tasmania. The Giants Den and Torrington

projects are situated within the New England Fold Belt which is located in the north east of New South Wales and extends into Queensland.

The Kadungle Project

The Kadungle Project was subject to several exploration programs from 1976 to the present. Recent drilling by LFB Resources at the Mt Leadley South prospect situated at the Kadungle Project confirmed a gold-in-soil anomaly of 500m x 300m. Percussion drilling of nine holes in 2001 at the Mt Leadley South Prospect produced some encouraging results and LFB concluded that the shallow (<120m) drilling done by previous explorers had been hindered by the partial depletion of gold and copper within the litho-cap. Furthermore the company concluded that broad zones of strong pyrite mineralization associated with alteration indicate the presence of a significant mineralizing event at depth.

Recent magnetic surveys by YTC suggest both the magnetic low pattern characteristic of epithermal gold mineralisation and an extensive under cover exploration target to the north west of the prospects. In addition, the survey has described a circular feature about 750m north of Mt Leadley South, which is interpreted to be an intrusive source to the Mt Leadley gold-copper mineralisation and a potential porphyry gold-copper target. Devonian rocks in this area are obscured by a thin veneer of Mesozoic quartz-sandstone and conglomerate.

YTC are proposing to test the magnetic low pattern and the circular feature by means of an extensive diamond core and RC drilling program, to enable the dimensions of associated mineralisation at the Mt Leadley and Mt Leadley South areas to be evaluated.

Ravensgate is of the opinion that these targets are prospective for gold-copper mineralisation and further drilling as proposed by YTC is warranted.

The Torrington Project

The Torrington project covers the historic Torrington and Stannum tin fields, where over 250 hard rock and alluvial tin mines have been recorded. Some of the highest production tin grades in New South Wales have been recorded at hard rock mines in the area.

The area has undergone exploration since 1963. YTC completed an initial drilling program of three diamond core holes for 686m beneath the historical Harts and Dutchmans mines in October 2005. All three holes recorded numerous intersections of cassiterite (SnO₂) and chalcopyrite (CuFeS₂) bearing quartz-chlorite lodes of widths from 0.1m to 1.5m. The lodes included extensions to known lode systems as well as several unknown lodes which are blind to the surface. In addition the holes identified previously unidentified zones of copper and molybdenum mineralisation hosted in late stage pegmatites.

YTC are proposing an exploration program that will include surface and underground mapping and rock chip sampling as well as surface gravity and ground magnetic surveys around the Harts, Dutchmans, Curnows and Wallaroo tin mines. The work is designed to fully assess the extent and geometry of the mineralised vein system. A second stage of extensive drilling is proposed to effectively test the total mineralisation potential of the area. The drilling targets will be based on the results of the initial 2005 drilling program.

Despite an extensive exploration history in the areas around the historical mines, very little drilling has taken place and Ravensgate considers that further drilling of the historical tin mines in conjunction with gravity and magnetic surveys is justified in order to fully assess the extent of the tin and copper bearing lode system.

The Giants Den Project

The Giants Den Project consists of the Giants Den tin lodes and corresponding Watsons Creek tin alluvial deposits. The tin lodes occur within an intrusion forming part of the Bundarra Plutonic Suite. Giants Den and Watsons Creek have undergone extensive exploration programs since 1966. Northumberland drilled auger holes in the Watsons Creek area and found evidence of alluvial tin concentrate over a wide area and that it occurred in sufficient quantity to justify a dredging operation to recover the tin.

Auger drilling to test the validity of the previous Northumberland Development Company drilling and to formally define a resource has been proposed by YTC Resources.

Based on exploration results of earlier explorers, Ravensgate is of the opinion that the Watsons Creek area is prospective for alluvial tin concentrate. Further exploration work including the drilling program proposed by YTC is warranted.

Very little drilling has been undertaken at Giant's Den by previous explorers. Approximately 1,000m of diamond core drilling has been proposed to test the Giants Den greisens for tin as well as copper, gold, silver, and tungsten as additional credits.

Ravensgate considers that the drilling programme proposed by YTC to test the Giants Den greisens is justified for tin as well as the associated metals identified by previous explorers and targeted by YTC.

The Baldry Project

The Baldry Project has been explored from 1982 to 1993 mainly by BHP which included several drilling programs resulting in 180 holes that led to the discovery and delineation of an open pit gold resource at Mt Aubrey. This was mined as a satellite pit to the London Victoria Mine at Parkes between 1990 and 1991 and 120,000 tonnes at 3.3 g/t Au was reportedly

processed.

Numerous sections of BHP drilling at Mt Aubrey show gold intersections open at depth; this suggests depth potential to the vein system which YTC Resources propose to explore.

Further exploration will be directed toward drill testing outcropping epithermal quartz vein mineralisation at the Blue Hills prospect as well as untested gold-in-soil- responses from the northern part of the tenement.

Ravensgate is of the opinion that there is potential for further epithermal gold mineralisation at Mt Aubrey as well as at the Blue Hills prospect and that YTC's exploration philosophy is justified.

The Tallebung Project

The Tallebung project area includes the historic Tallebung tin field that has been mined for tin since its discovery in the early 1880's. Tin and tungsten mining at Tallebung commenced in 1897.

Exploration at the Tallebung tin field began in 1962 and included shaft sinking to evaluate the potential for the Tallebung Deep Lead in 1978.

YTC's exploration at the Tallebung Project will initially focus on targeting porphyry tin mineralisation beneath existing tin lode deposits. The relative position of the lodes, in the carapace zone above the granite, infers the potential for a large porphyry tin deposit at moderate depths.

Ravensgate is of the opinion that the Tallebung Project area remains prospective for tin-tungsten mineralisation at depth and that YTC's proposed exploration program is justified.

A summary of YTC's two year proposed exploration budget for all of the projects is given in the following table.

Project	Expenditure Year 1 (\$)	Expenditure Year 2 (\$)
Kadungle	418,200	394,900
Torrington	572,665	515,600
Giants Den	166,135	515,100
Baldry	224,300	245,500
Tallebung	44,500	448,200
Total	1,425,800	2,119,300



2. INTRODUCTION

2.1 Terms of Reference

Yunnan Group has invested \$2.67 million in YTC Resources at a deemed issue price of \$0.198 per share to give them approximately 33% of the issued capital of YTC given a fully subscribed Initial Public Offer (IPO).

By means of their Yunnan Group alliance, YTC Resources Ltd is well positioned to market future tin concentrate production and to continue to pursue large scale polymetallic resource projects in Australia and South East Asia.

Ravensgate was requested by YTC Resources Ltd (YTC) to complete an Independent Geologist's Report on its mineral assets in Australia. YTC is seeking to list on the Australian Stock Exchange (ASX) in order to raise working capital to fund the future technical assessment of its projects. A partial requirement of listing is the submission of an Independent Geologist's Report on the mineral assets of the Company.

This report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004) and the Code for the Technical assessment and Valuation of Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005).

Ravensgate has made no attempt to establish the legal status of tenements within each project area with respect to Native Title claims. Ravensgate has not verified ownership and current standing of the tenements and is not qualified to make legal representations in this regard. Details of the legal ownership of the mineral assets are dealt with elsewhere in the Prospectus.

The Independent Geologist's Report is based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears.

2.2 Qualifications, Experience and Independence

Ravensgate is an independent, privately owned consultancy which has provided exploration, mining and mineral resource consulting services to the minerals industry since 1997.

The primary author, Mr Andre Wulfse, is a registered professional geologist with over 16 years international experience in the minerals industry. He has carried out numerous resource estimations and technical assessments of mining and exploration properties in Africa, Canada, Indonesia and Australia. He is employed by Ravensgate as a Principal Resource Consultant. He is a member of the South African Institute of Mining and Metallurgy (SAIMM) which is accepted by the Australian Stock Exchange as a Recognised Overseas Professional Organisation (ROPO).

The reviewer, Stephen Hyland has over 20 years experience in exploration geology and resource modelling and has worked off shore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals. He is responsible for all computerised geological modelling, resource estimation, resource reporting and JORC and other regulatory guideline or compliance issues. Stephen Hyland holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin codes in Australia. He is also a Qualified Person under the rules of the CIMM and NI43-101.

Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of YTC Resources or any associated company. In January 2006 Ravensgate completed an Independent Mineral Asset Valuation of the mineral assets currently held by YTC Resources. Apart from this work, neither Ravensgate nor any of its affiliates have acted previously in any capacity for YTC Resources or any of its associates or affiliates.

Ravensgate's professional fees are based on time charges for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached.

2.3 Principal Sources of Information

This review is based on the information provided by the current title holders, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area.

Ravensgate did not complete its own independent assessment of the quality of the geological data or the accuracy of any Mineral Resources that may be quoted in this report. Furthermore, the status of agreements, royalties or tenement standing pertaining to the assets was not investigated. This report is based on public information, some of which was supplied by YTC. Ravensgate visited three of the five projects as part of the Independent Mineral Asset Valuation mentioned above.

The author has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. YTC was given a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

2.4 Background Information

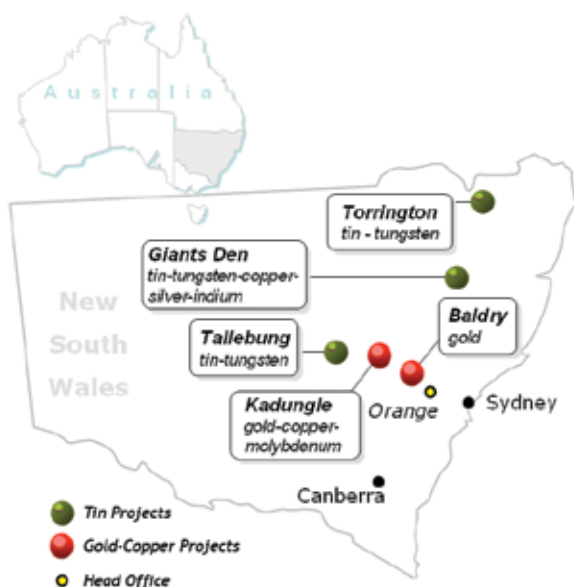
YTC is an unlisted public exploration company with a portfolio of gold-copper and tin exploration mineral assets in New South Wales that are in various stages of development. YTC proposes to raise up to \$3.5 million by way of a placement of 14,000,000 shares at \$0.25 per share through an Initial Public Offer. The reader is referred to the Solicitor's Report which is included in this Prospectus for a summary of the tenement status and strategic agreements between YTC and its joint venture partners.

Following a successful listing YTC aims to continue development of the following five mineral projects, all of which are located in New South Wales:

- The **Kadungle Gold-Copper Project** (176km²) covering areas of broadly mineralised acid volcanic rocks of the Kadungle Volcanics, within the broader prospective terrane of the eastern Lachlan Fold Belt
- The **Torrington Tin Project** (509km²) which is centred on the Mole Granite and is prospective for lode tin mineralisation and associated alluvial deposits. The project covers the historic Torrington and Stannum tin fields that include over 250 tin mines
- The **Giants Den and Watsons Creek Tin Projects** (83km²) covering areas of granite with greisen tin and associated alluvial tin mineralisation and previously mined deposits that are also prospective for copper, silver, indium, tungsten and gold
- The **Baldry Gold Project** (127km²) covering Devonian aged felsic volcanic rocks prospective for low-sulphidation epithermal gold deposits
- The **Tallebung Tin Project** (148km²) covering Ordovician aged sediments hosting lode and associated alluvial tin mineralisation

The location of the projects is shown in *Figure 1*.

Figure 1 Project locality plan



3. REGIONAL GEOLOGICAL SETTING

The Kadungle, Tallebung and Baldry projects all lie within the Lachlan Fold Belt. The Lachlan Fold Belt outcrops in central, western and southern New South Wales and extends into the states of Victoria and Tasmania. It is internally composed of anticlinorial and synclinorial zones with a north to north westerly structural trend. Surface geology comprises Cambrian to Early Carboniferous complexes.

Granites typically occur within the anticlinorial zones. The Lachlan Fold Belt is a composite orogenic belt, affected by four episodes of folding, strong compression, and uplift. The Cambrian-Ordovician rocks within the belt were folded and metamorphosed during the Late Ordovician to Early Silurian Orogeny which uplifted large tracts of country. To the west of the Gilmore Suture (Tumut-West Wyalong), the Silurian is generally absent and during the Early Devonian marine sedimentation and volcanism occurred here. To the east, sedimentation was in deep troughs and on shallower ridges and acid volcanism was associated with rifting, basin formation, and emplacement of granites. This development began during the Middle Silurian and terminated during the Middle Devonian Tabberabberan Orogeny, the effect of which diminishes from the south east to the north west. Subsequent shallow-water sedimentation lasted from the Early Devonian to the Early Carboniferous terminating during the Kanimblan Orogeny, which stabilised the Lachlan Fold Belt area.

Within the Lachlan Fold Belt, the following mineralisation occurs:

- **Gold:** Gold mineralization resulted from a wide range of processes, chiefly from volcanism associated with rifting and convergent island arc development, or from the intrusion of igneous rocks ranging in composition from granitic to ultrabasic, and from mobilization of auriferous hydrothermal solutions during regional metamorphism. The majority of the gold produced in New South Wales has come from the Lachlan Fold Belt.
- **Copper-silver-lead-zinc:** Copper deposits were formed over a broad time span during the development of the Lachlan Fold Belt, whereas the major silver-lead-zinc deposits (with and without copper) were formed in the Middle to Late Silurian and Early Devonian time.
- **Tin-tungsten-molybdenum:** These deposits, though generally small, are widely distributed through the Lachlan Fold Belt. They are dominant in rocks related to Silurian and Early Devonian granitoids.
- **Other commodities:** Platinum, chromium, magnesium, manganese and iron have been produced in modest quantities and arsenic, antimony and cobalt have been produced in very minor quantities.



The Giants Den and Torrington projects are situated within the New England Fold Belt which is located in the north east of New South Wales and extends into Queensland. The fold belt is partly concealed under the Clarence Moreton Basin which formed during the Mesozoic. It is composed of Late Palaeozoic and remobilised older complexes intruded by extensive Permian and Triassic orogenic granites. Major faults and fractures divide the belt into distinctive blocks. The belt was affected by deformation during the Middle Devonian and the Middle to Late Carboniferous and progressively stabilized from south to north. Within the New England Fold Belt, the following mineralisation occurs:

- **Tin-tungsten-silver-molybdenum-bismuth:** Major production of tin, tungsten and associated silver, molybdenum & bismuth is related to Permo-Triassic granitoids and co-eval volcanics. Major tin fields of the New England include the Emmaville, Torrington and Tingha fields.
- **Gold-Antimony:** Major production of gold and antimony, principally from the Hilgrove Mine, as orogenic lode systems hosted within Permo-Carboniferous granites and older meta-sediments. Minor gold production from epithermal gold-silver veins hosted in late Permian acid volcanics and sediments in the Drake and Tooloom districts. Some gold mineralisation in the New England Fold Belt has recently been classified into the Intrusion Related Gold type, (McKay & Wake).
- **Lead-Zinc:** Minor lead zinc mineralisation is recorded, often in association with epithermal gold-silver mineralisation.
- **Indium:** A number of tin-tungsten and/or silver-zinc occurrences have recently been recognised as hosting potentially important levels of indium mineralisation (e.g. Conrad silver-zinc deposit, Giants Den)

4. KADUNGLE GOLD-COPPER PROJECT

4.1 Introduction

The project is situated in the central west of New South Wales between the towns of Tullamore and Trundle approximately 55km north west of Parkes. The project covers broad-acre, freehold agricultural land and is readily accessible via an extensive regional road system. Numerous historical gold and base metal workings are scattered throughout the project area.

4.2 Regional Geology and Mineralisation

The project covers large areas of broadly mineralised acid Ordovician volcanic rocks of the Kadungle Volcanics within a north west trending regional structural corridor known as the Lachlan Transverse Zone. The Lachlan Transverse Zone

is comprised of several deep crustal structures which have facilitated magmatic fluid activity and are considered to have a fundamental impact on mineralised fluid flow, and hence the location of almost all significant mineral deposits in New South Wales. These include the porphyry copper-gold mines of Northparkes and Cadia.

Sediments of the Early Late Ordovician aged Girilambone Group form the basement to the project area. The Girilambone sediments make up a regionally extensive flysch wedge that has been metamorphosed to greenschist facies schists and phyllites.

The basement sediments are intruded by Middle to Late Ordovician aged Alaskan-type ultramafic bodies which have been the main focus of modern exploration in the region.

The ultramafic bodies outcrop infrequently and are generally deeply laterised. Lithologies within the Alaskan-type complexes range from intermediate diorites through to pyroxenites, hornblendites and ultramafic dunites. Lateritic nickel-cobalt deposits include the Syerston nickel-cobalt-platinum deposit near Fifield, north of Condobolin, and extensive nickel-cobalt deposits near Young.

The basement rocks are overlain by Siluro-Devonian aged sediments and limestone of the Derriwong Group. This group is in turn overlain by sediments and continental acid volcanics of the Trundle Group and quartz rich sandstones of the Hervey Group. Within the Trundle Group, the Early Devonian aged calc-alkaline continental volcanic arches such as the Kadungle Volcanics are sites of well developed epithermal alteration with associated base metal and gold mineralisation.

The Kadungle Volcanics are considered to be contemporaneous with the Mineral Hill Volcanics which outcrop 60km to the west of the Kadungle project. The Late Silurian to Early Devonian Mineral Hill Volcanics consists of felsic volcanic and clastic sedimentary rocks. These volcanics host the Mineral Hill deposit where high grade gold and copper bodies are developed in breccias. Triako Resources' open cut and underground Mineral Hill Mine yielded 350,000 ounces of gold before operations ceased in September 2005.

Several different mineralisation styles have been recognised at the Mineral Hill deposit including:

- silver-lead mineralisation with minor gold, copper and zinc which were mined between 1911 and 1925
 - gold-copper mineralisation with lead and bismuth and minor zinc and silver
 - Zinc-lead mineralisation with minor copper and gold-silver.
- The mineralisation is largely structurally controlled, although some conformable mineralisation has been recognised.

The project locality and underlying geology is shown in *Figure 2*.

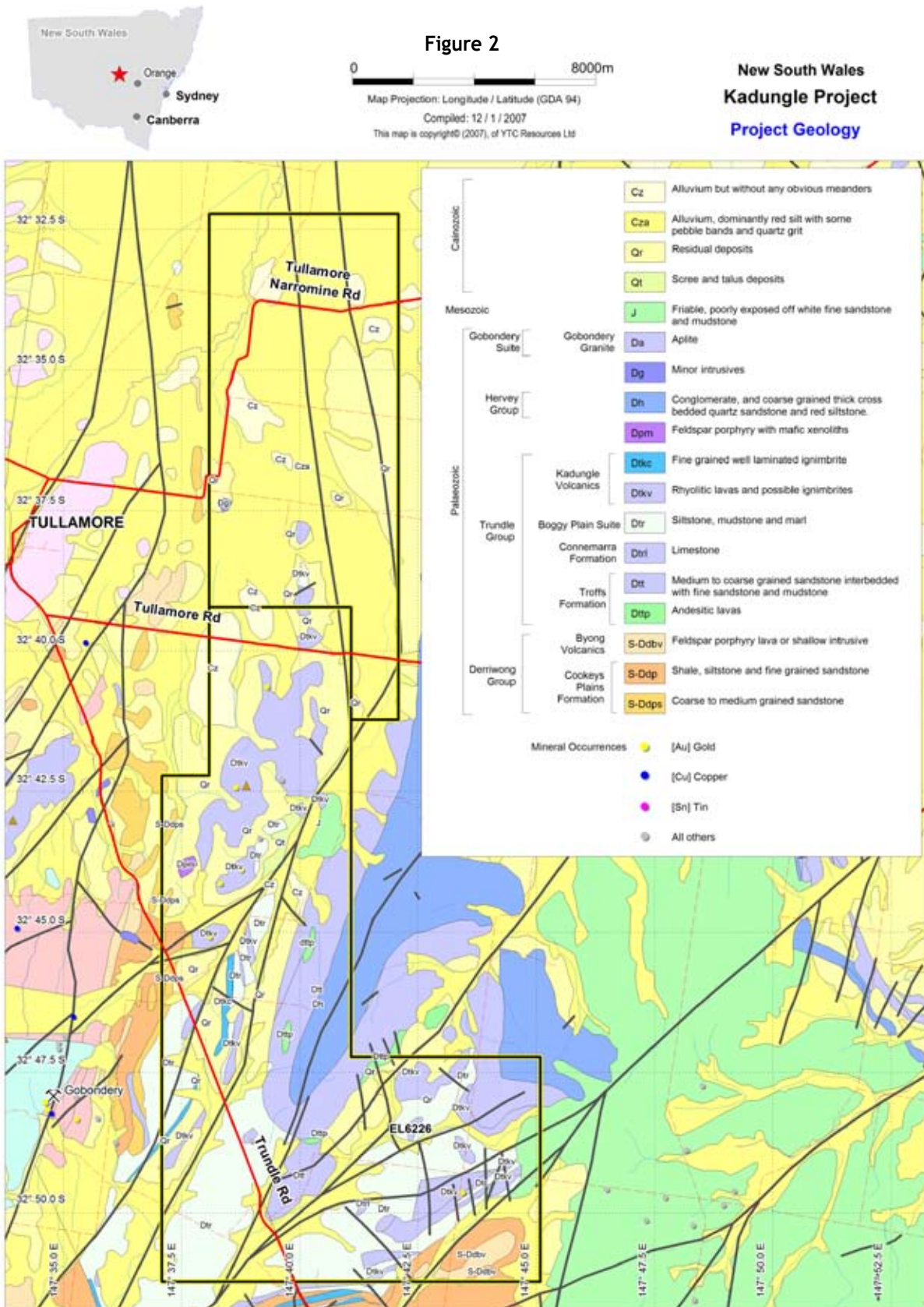




Figure 2 Kadungle Project locality and underlying geology

The Kadungle project is located on the western edge of the Tullamore Syncline. The geology of the syncline comprises Ordovician-Devonian sequences of acidic to basic volcanics and pyroclastics, rudaceous-argillaceous sediments and carbonates. The Ordovician basement is overlain by sediments and limestones of the Siluro-Devonian Derriwong Group. The Derriwong Group is conformably overlain by Trundle Group rocks, and then by coarse clastic sediments of the Hervey Group. The Derriwong incorporates sediments of the prospective rhyolitic package of the Kadungle Volcanics. The Raggatt Volcanics that exist on the tenements are believed to be the equivalent of the Goonumbla Volcanics that host the Northparkes porphyry copper-gold deposit.

A simplified stratigraphic succession of the rocks within the project area is shown in **Table 1**.

CRA Exploration identified three major mineralization classifications for the area:

Epi-mesothermal Au, Cu-Pb-Zn. This type of mineralization may be observed at Redcliffe Prospects such as Nulgara, Mount Leadley, Alpha, Kidney, Kilmarnock and Plevna.

Skarn-porphyry Fe-Cu (Su, W). This type of mineralization may be observed at Gabondery and Ben Hur. These deposits are all located within the Devonian Gabondery Granite and the Ordovician Raggatt Volcanics.

Skarn porphyry Fe-Au-Cu (Pb, Ag). There are minor occurrences which occur on this licence, but nearby prospects which fall into this category are Copper Hill, Dunns, Mordialloc, Wilcox and Batsfield. These occur in the Ordovician Raggatt Volcanics which also occur within the area.

Table 1 Kadungle Project simplified stratigraphic succession

Age	Rock Unit	Description
Cainozoic/Mesozoic		Residual soils laterite, alluvials, sandstone with ironstone bands, mudstone, conglomerate
Devonian	Hervey Group	Sandstones with mudstones and conglomerates
	Unconformity Trundle Group	Andesitic and rhyolitic lavas, ignimbrites, sandstone, siltstone, mudstone and limestone. Includes the Kadungle Volcanics.
Early Devonian Devonian/Silurian	Intrusives Derriwong Group	Granite, quartz-feldspar porphyry, diorite Sandstones, shales, limestones and basal conglomerate with feldspar porphyry lava and shallow intrusives
Ordovician	Unconformity	
	Ultramafic intrusions Raggatt Volcanics	Dunite, pyroxenite, gabbro, monzonite Andesitic lavas, volcanogenic sandstone and calcareous sediments and calc-silicates

4.3 Historical Exploration

Table 2 summarises the previous exploration conducted by various companies between 1976 and 2004, on tenements that overlapped the Kadungle project area.

Old Tenement	Period	Company	Exploration Philosophy	Work Completed
EL 862/3	1976-1977	Union Miniere Pty Ltd	Explore for Cu, Pb, Zn and Ag mineralisation, focussing in the Alpha-Kidney Zones	Reconnaissance mapping, rock chip sampling (67 samples), soil sampling (451 samples), electromagnetic survey, percussion drilling (11 holes, totalling 398m), three diamond drill holes at Alpha and Kidney prospects and petrographic work
EL 1268/9	1978-1983	Mines Exploration Pty Ltd	Explore for base metals of the volcanogenic massive sulphide type	Regional mapping, rock chip sampling, soil sampling at Mt Leadley, aerial photography, airborne and ground geophysical surveys
EL 2171	1984-1989	Seltrust Gold Pty Ltd (license operated by BP Minerals), Paragon, Geopeko JV	Explore for large tonnage low-grade gold that would be amenable to open cut mining. Mt Leadley, Kilmarnock and Nulgara were the areas of focus	Rock chip sampling, soil sampling and RC drilling (six holes at Mt Leadley, one hole at Kilmarnock, totalling 805m), RAB drilling (eight holes totalling 366m), RC drilling at Mt Leadley (four holes totalling 348m)
EL 3841	1987-1988	Geopeko (in association with Seltrust)	As above	Evaluation of regional geophysics, mapping, rock chip sampling, RAB drilling, percussion and diamond drilling at Plevna (two holes drilled to 134m and 194m respectively)
EL 4073	1992-1993	Geopeko	As above	Ground magnetics, RAB drilling
EL 4418	1993-1994	Geopeko	As above	Stream sediment and rock chip sampling, bedrock auger sampling
EL 4933	1997	CRA Exploration Pty Ltd	To investigate potassium-channel radiometric responses from work by previous explorers and to relate these to the potential for porphyry-style copper-gold and magmatic related gold mineralisation	Geophysical data processing, rock chip and soil sampling, Portable Infrared Mineral Analysis (PIMA) of 41 samples from the Mt Leadley, Kilmarnock and Nulgara Hill gold prospects, reconnaissance mapping
EL 4933	1998-2004	LFB Resources NL	To explore for magmatic related gold and base metal mineralization within the Kadungle Volcanics	Geological mapping, petrology, rock chip sampling (79 samples), soil sampling, RC drilling (12 holes for 1,020m) at Mt Leadley and Mt Leadley South areas

Notes: 1. A division of Peko-Wallsend Operations Ltd.



The following section summarises the results and conclusions of work completed by the previous explorers.

Exploration results of Union Miniere indicated that stratiform sulphide mineralisation exists in the V6 unit of the Ootha Beds sequence. Their work also indicated that drill targets in the project area are better defined by geochemical methods than by electromagnetic methods. They concluded that although no ore grade drilling intersections were observed, indications are that ore grade mineralisation in the Alpha-Kidney Zone was possible. The reason for Union Miniere's relinquishment of the tenement was not reported.

Mines Exploration Pty Ltd results highlighted the soils covering the Plevna and Mt Leadley areas as being anomalous in base metals and silver. Copper anomalism was exhibited in andesites in the area. Anomalous gold was only detected in five soil samples. One of the two diamond holes drilled at Plevna and Mt Leadley intersected base metal mineralisation. The company concluded however that since the base metal mineralisation was not substantiated with corresponding geophysical data, that the tenement should be relinquished.

Seltrust Gold Pty Ltd and Geopeko (whom Seltrust entered into a JV with) received drilling results which included widespread anomalous Au, Cu, Pb and As values but no zones of economic grade. Seltrust concluded that gold mineralisation was associated with chalcedonic infilling along narrow fault zones. Geological reconnaissance work identified two areas of gold/base metal mineralisation, at Plevna and in the Gabondery Granites. The first was not considered a viable target after follow-up work was completed, and the second prospect was anomalous for Ag, As, Sb and Ba only. Although this was thought by Seltrust to be encouraging, it was felt that the mineralisation was not economically viable and the licence was relinquished.

CRA Exploration Pty Ltd exploration results identified nine Cu-Au targets for reconnaissance ground inspection and sampling. Orientation soil sampling over silica-clay alteration at Nulgara Hill, Kilmarnock and Mt Leadley prospects confirmed the presence of elevated Ag, As, Au, and Pb values. PIMA analysis identified accessory jarosite and kaolinite within silicified host lithologies. CRA Exploration concluded that the exploration potential within the tenement did not meet their prospectivity

guidelines and the exploration license was relinquished. LFB Resources' drilling at Mt Leadley South confirmed a gold-in-soil anomaly of 500m x 300m @ 40 ppb gold. Percussion drilling of nine holes in 2001 at the Mt Leadley South Prospect included the following results:

KRC001: This hole was sampled from 0 m to 88 m and did not return any sample assays greater than 0.13 g/t Au.

KRC002: This hole was sampled from 0 m to 76 m and did not return any sample assays greater than 0.15 g/t Au.

KRC003: This hole was sampled from 0m to 76m at 2m intervals, only one sample at 1.62 g/t Au (from 42 m) returned a grade greater than 0.3 g/t Au.

KRC004: This hole was sampled from 0 m to 76 m and no samples returned assay values greater than 0.25 g/t Au.

KRC006: 12m @ 1.08 g/t Au from 22m, including 4m @ 2.25 g/t Au from 28m, 10m @ 0.60 g/t Au from 42m, including 2m @ 2.00 g/t Au from 46m. The highest value from 0m to 22m was 0.59 g/t Au from 6m to 8m. The highest value from 46 m to the end of the hole was 0.92 g/t @ 62m, and 0.59 g/t Au from 60m to 72m. All other samples returned assay values less than 0.15 g/t Au.

KRC007: 10m @ 0.70 g/t Au from 68m to the end of the hole. Apart from a 2m sample at 54m which returned a value of 0.42 g/t Au the rest of the samples were all below 0.3 g/t Au

KRC008: this hole was sampled from 0 m to 100 m and did not return any sample assays greater than 0.85 g/t Au.

KRC009: The hole sampled every 2 m from 0 m to 136 m, values included 2m @ 3.95 g/t Au from 40m and 6m @ 1.30 g/t Au from 54m, including 2m @ 3.25 g/t Au from 54m. An intersection from 90 m to 92 m returned a value of 1.25 g/t Au and from 6m to 8m a value of 0.42 g/t Au. The rest of the samples had assays less than 0.4 g/t Au.

LFB concluded that the shallow (<120m) drilling done by previous explorers had been hindered by the partial depletion of gold and copper within the litho-cap. Furthermore the company concluded that broad zones of strong pyrite mineralization associated with alteration indicate the presence of a significant mineralizing event at depth. However, due to the company's other priorities, the license was relinquished.

4.4 Recent Exploration

YTC Resources completed five diamond drillholes and three RC drillholes at the Mount Leadley and Mount Leadley South prospects, the results of which are given here:

Mt Leadley Prospect

KDD002: This hole was drilled from 0m to 249m and sampled at 2m intervals from 0 m to 36 m and 1m intervals from 36m to 249 m. Results included 12m @ 7.73 g/t Au and 0.12% Cu from 62m including 23.7 g/t Au in the section between 71m and 72m. Samples from the intersection from 59m to 77m returned an average of 5.3 g/t Au. Other significant intercepts include 7.1 g/t Au from 16m to 18m and 1.64 g/t Au from 42 to 47m. The rest of the samples returned insignificant results.

The section has been logged as disseminated pyrite and chalcedonic quartz vein hosted chalcopyrite in ash tuff altered to sericite in places.

Mt Leadley South Prospect

KDD001: This diamond hole was sampled every 2m from 0m to the end of the hole. The best intercept was 97m @ 0.63 g/t Au from 117m. The drill hole reaches a depth of 221m beneath a gold-in-soil anomaly, and intersected strong pyrite mineralisation with silica-clay alteration from 120m to the end of the hole. Apart from a couple of samples, values from 0 to 117m were generally below 0.2 g/t Au.

KDD003: This diamond hole was drilled from 0m to 297m and results included 108m @ 0.3g/t Au from 144m, including 12m @ 1.07g/t Au from 226m. No significant results were intercepted from 0m to 108m.

KDD004: This diamond hole was drilled to 442m. The entire hole was sampled without any significant assay results.

KDD005: This diamond hole was sampled to 120m Significant intersections include 9.4m @ 0.26% Cu from 76m, and 14.2m @ 0.2% Cu from 106m to end of hole. The rest of the hole returned insignificant results.

KRC013: This RC hole was sampled from 0m to 126m. Significant results include 12m @ 0.31% Cu from 116m to end of hole. The rest of the samples returned insignificant results.

KRC014: This RC hole was sampled from 0m to 120m; significant intersections include 24m @ 0.14% Cu from 96m to end of hole. The rest of the samples returned insignificant results.

KRC015: This RC hole was sampled from 0m to 130m. Significant intersections returned included 8m @ 124ppm Mo from 6m, 22m @ 0.22% Cu from 26m, and 12m @ 0.18% Cu from 94m. The rest of the samples returned insignificant results.

Follow-up GPS controlled ground magnetic surveys by YTC have defined both the magnetic low pattern characteristic of epithermal gold mineralisation and an extensive under cover exploration target to the immediate north west of the prospects. In addition, the survey has described a circular feature about 750m north of Mt Leadley South, which is interpreted to be an intrusive source to the Mt Leadley Au-Cu mineralisation and a potential porphyry Au-Cu target. Devonian rocks in this area are obscured by a thin veneer of Mesozoic quartz-sandstone and conglomerate.

4.5 Proposed Exploration

In consideration of the above findings, the magnetic low pattern and the circular feature will be tested by means of an extensive diamond core and RC drilling program, to enable the dimensions of associated mineralisation at the Mt Leadley and Mt Leadley South areas to be evaluated.

Ravensgate is of the opinion that these targets are prospective for gold-copper mineralisation and further diamond and RC drilling as proposed by YTC is warranted.

5. TORRINGTON TIN PROJECT

5.1 Introduction

The project lies immediately about and to the north of the town of Torrington. The project covers broad-acre, freehold agricultural land and forested hill and is readily accessible via an extensive regional road system. Numerous historic alluvial and hard rock tin mines are scattered throughout the Torrington project area.

5.2 Regional Geology and Mineralisation

The Torrington region is dominated by the Mole granitic batholith. This batholith forms an elevated, though dissected plateau which rises some 450m above the surrounding hinterland of sediments and volcanics.

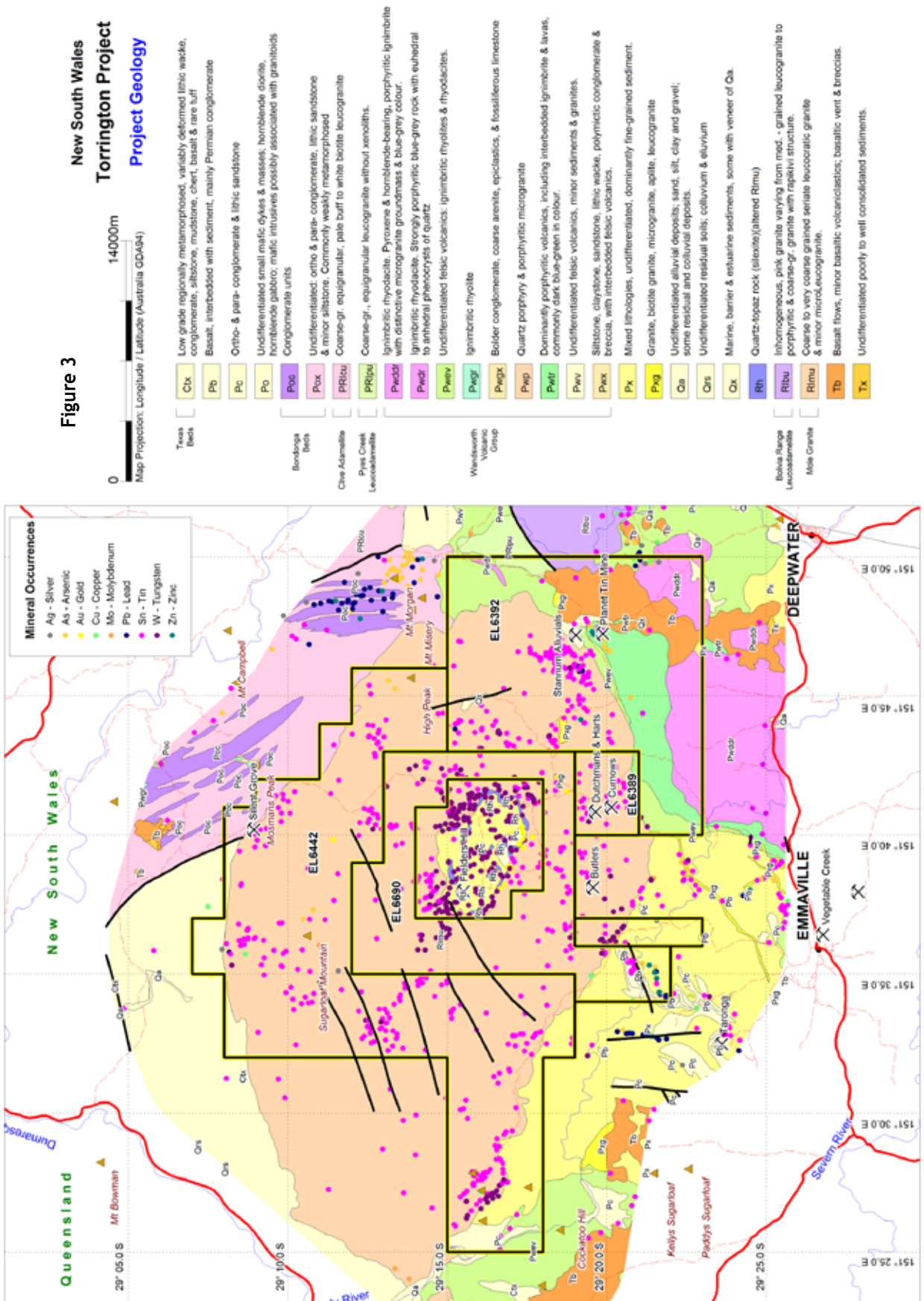
The Mole Granite is of the Late Permian / Early Triassic age and is a late stage intrusion of the New England Batholith. The New England Batholith comprises all of the granites of the southern New England Orogen (NEO) in eastern Australia.

Research has indicated that the Mole Granite is lensoidal in shape and was emplaced at a relatively shallow depth.

Figure 3 shows the locality and underlying geology.



Figure 3 Torrington Project locality plan and underlying geology



The Mole Granite is recognized as an ore-bearing system. Most of the world's copper and gold ore deposits result from the transport of metals by aqueous solutions at high temperatures and pressures. Many of these hydrothermal deposits are associated with magma bodies generated by subduction and occur in two classes known as porphyry and epithermal styles. In some cases, boiling hydrothermal fluids separate into high-density brine containing metal chloride complexes that form porphyry deposits and a low density sulphur-rich vapour that migrates towards the surface before precipitating a high sulphidation Au (Cu) epithermal deposit. Fluid inclusion studies of the Mole Granite have suggested a system in which a boiling 'two-phase fluid' was trapped, i.e. both porphyry and epithermal vapour.

Tin precipitation was driven by mixing of hot magmatic brine with cooler meteoric water. At some time, a separate magmatic vapour phase selectively transported copper, tin and boron into the liquid mixture.

Other mineralization occurring within the Mole Granite in decreasing order of importance includes tungsten, silver, arsenic, bismuth, base metals, fluorite, beryl and molybdenite. Over 20 small gold occurrences have been recorded at the Highland Home area north of Torrington.

The Mole Granite is an A-type granite, having a distinctive chemical signature with a very high tin content compared with other granites. Tin deposits are more often related to A-type granites, whereas porphyry copper deposits are usually related to calcium-rich I-type granites. The ratio of tin in A-type granites compared to I-type granites is usually 5:1.

The following three genetic models have been proposed for the Mole Granite:

- A late stage differentiate of preceding I-type granites,
- A partial melt of residue remaining after the production of an I-type partial melt, or
- A 10-20% partial melt formed contemporaneously with I-type partial melts (which could be due to a regional shear stress squeezing the liquid out at a later stage).

In general, the Mole Granite can be described as multi-phase coarse-grained biotite granite. It is believed that there are three principal phases to the Mole Granite:

- Porphyritic (3-4mm groundmass)
- Coarse-grained (5-6mm groundmass)
- Micro-granitic (<2-3mm groundmass) - this phase is usually dyke or sheet-like with sharp contacts.

Mineralisation

There are approximately 150 mineral deposits within the Mole Granite. These deposits occur in the Binghi and Silent Grove areas to the north, the Torrington area to the south east, and the Gulf area to the south west.

In the Torrington area, five major and a number of lesser mines have been worked. The major mines are the Curnows, Harts, Dutchmans, Butlers and Wallaroo mines.

Each of these mines produced tin concentrate from stanniferous quartz/chlorite/sericite veins generally associated with primary joint/fracture system of the Mole Granite. Historical mining records indicate that the veins dipped from 50° to 90°, mainly to the north west, with strikes from 40° magnetic to 60° magnetic north. In surface outcrop, the length of the veins could be traced from 300m at Wallaroo to 1600m at Butlers. The depths of workings varied from 88m at Dutchmans to 274m at Curnows. The thickness of the veins varied from 15cm to 73m. Total tin production until 1950 is recorded as 3286 tons of SnO₂ from 95,915 tons of ore giving an average recovered grade of approximately 3.43% SnO₂. No major production is recorded after 1950.

Approximately 20 tin lodes of similar composition, but of smaller dimensions (of the order of tens of metres in length), are reported in the Stannum area to the east of Torrington.

In the Gulf area, 40 small quartz/chlorite veins containing tin and wolfram together with non-economic quantities of base metals occur.

Mineralisation within the country rocks is largely of four types:

- Tin veining e.g. the Taronga and Emmaville deposits which are quite a distance from the Mole Granite, occur as narrow sheeted vein type mineralization. However the Mole Granite is interpreted to lie at shallow depths beneath these deposits. These are relatively large tonnage low grade deposits in pelites and weathered rhyolites. The eluvial nature of the Emmaville deposit significantly enhances the viability of this deposit.
- Tin/arsenopyrite veining e.g. the Ottery and Stannum deposits have north east trending veins whose emplacement is fault-controlled.
- Sulphide veins of copper, zinc, arsenopyrite, silver and antimony are found in faults and shears; and
- Alluvial accumulations - alluvial tin can be panned from many of the streams within and flowing from the Mole Granite (Snepp, 1986).



5.3 Previous Mining

The project covers the historic Torrington and Stannum tin fields, where over 250 hard rock and alluvial tin mines have been recorded. Some of the highest production tin grades in New South Wales have been recorded at hard rock mines in the area. The Dutchmans, Curnows and Harts Mines are the largest and highest grade cassiterite-ore tin mines in the district, with the latter being the most consistent high grade producer. Conservatively, Harts Mine is estimated to have yielded over 40,000 tons @ > 3.5% Sn. The 'Big Bung' tin shoot with grades in excess of 10% tin was located at Harts Mine. Since high tin grades are still recorded at deep levels of the mine, potential for another similar discovery exists. In addition, the tenements also cover the grade Planet Tin Mine, which is a hard rock source for the Stannum alluvial field, and includes Sn-Zn-As sulphide mineralisation as well as cassiterite mineralisation. The alluvial tin deposits at the historic Stannum tin fields have produced more than 3,000 tonnes of cassiterite, and are under-exploited. The deep leads at Stannum were worked during the 1920's and have potential to be mined more productively using modern methodologies.

5.4 Project Geology and Mineralisation

Regional scale mapping by Pacific Copper and previous explorers identified three prospective targets within the project area. These were the Torrington Lode north west of Torrington Township, Battery Mountain and the Planet Tin Mine.

• **Torrington Lode:** The lode consists of many small pits and trenches over a 1km² area. The mineralisation occurs as tight

parallel and branching veins which contain feldspathic chlorite hematite and quartzite lodes. Workings consist of shallow lines of pits about 1m wide and less than 5m deep. Records indicate that approximately 300 tonnes of tin concentrate was produced from the area. The granite in the area of the lode contains a mafic phase of biotite and orthoclase megacrysts with biotite with xenoliths and fine grained siliceous rhyolite in old mine records and variations of the porphyritic contact phase.

• **Battery Mountain Prospect:** Mineralisation occurs principally as quartz chlorite-sulphide-cassiterite veining within joints. An exception occurs at the Stannum Bung (at the southern end of the area) where a feldspathic lode was historically worked to a depth of 65 metres. To the north the extent of chloritisation decreases and mineralisation occurs as very tight veining. Pacific Copper concluded from their studies that there appears to be no consistent line of lode, and instead a series of short sub-parallel en echelon lode bearing joints have been put forward as a model for mineralisation. The total area mapped contained approximately 50 individual lode workings.

• **Planet Tin Mine:** The mine was first worked in 1872 and 1,000 tonnes of ore was reportedly recovered, however according to Pacific Copper, it proved to be generally uneconomic to exploit. The deepest shaft was sunk to 40 metres. The lode material was pyritic ore with common arsenopyrite, the sulphide component increasing with depth. Rocks high in sulphides are generally low in tin concentrate. The country rock was described by previous owners as metamorphosed and rich in disseminated sulphide. The Planet Tin Mine consists of a series of pits generally defining 80° jointing direction, located at the base of a north east trending ridge.



Table 3 Torrington Project Significant Exploration History

Old Tenement	Period	Company	Exploration Philosophy	Work Completed
Harts, Dutchmans, Butlers, Wallaroo and Torrington Mines	1963	Carpentaria Exploration	To investigate the potential of the main historic tin mines in the project area	Investigation of the Harts, Dutchmans, Butlers, Wallaroo and Torrington Mines
Stannum and Wet Flat	1964	Mobile Alluvial	Investigation of the Stannum alluvial tin deposit	Auger drilling of the Stannum tin deposit
Butlers and Harts-Dutchmans mines	1966-1967	MCPC ¹	Explore potential of Butlers and Harts-Dutchmans mines	Exploration development (vertical and horizontal) and sampling of Butlers mine and de-watering and drilling (15 holes totalling 198m) on levels three and four of Harts-Dutchmans mine to locate new ore shoots
Butlers, Harts, Dutchman, Curnows, and Wallaroo mines	1965	BHP Pty Ltd	Explore potential of Butlers and Harts-Dutchmans mines	Detailed topographic mapping. Renovation and geological mapping of underground workings at Harts & Butlers Mines. A single diamond hole was commenced and abandoned at 106ft.
Butlers, Harts, Dutchman, Curnows, and Wallaroo mines	1967	North Broken Hill	To increase ore reserves of Butlers, Harts-Dutchmans, Curnows and Wallaroo mines	No geological work of their own was completed, the assumptions and results were based on previous exploration efforts
EL 1708	1982	Aberfoyle Exploration Pty Ltd	Prospecting for an open cast or underground economically viable tin deposit	Interpretation of airborne and satellite photography, rock chip sampling, reinterpretation of airborne magnetic results and stream sediment sampling
EL 1490	1983	Pacific Copper	Explore for tin mineralisation focussing on the Planet tin mine area	Regional geological mapping, rock chip (43) and stream sediment (73) geochemistry, ground magnetometer traverses and drilling of one borehole at Planet Tin Mine.
EL 2527	1986	Kratos Minerals NL and Stellar Resources NL	To discover another 'Big Bung' (large pod previously mined) lode	Reappraisal of earlier exploration data and reconnaissance sampling (89 samples) of tin in alluvial material, magnetic surveying to delineate prospective zones within vein systems to expose bedrock, and follow-up on magnetic survey by trenching and geochemical studies of channel samples taken from the trenches.
EL 3876-3880	1989-1991	RZ Mines (Newcastle) Pty Ltd	To explore for unconventional deposits of rutile, zircon and monazite, in conjunction with tin deposits	Literature search for zircon and monazite exploration, airborne magnetics, radiometric surveys, sampling of mine tailings in the Emmaville area

Notes: 1: Minerals and Chemical Phillip Corporation (New York)/Mobile Alluvial Tin Pty Ltd

5.5 Historical Exploration

Table 3 (left) lists the significant exploration history recorded in the area. The results and conclusions of these earlier explorers are summarised here:

Based on the assumption that the tin lodes at Dutchmans, Wallaroo, Butlers and Torrington Mines are payable to 244m, **Carpentaria** concluded that these mines have considerable economic potential. They recommended that the mines be de-watered and sampled. The reason for relinquishment is not known.

Mobile Alluvial concluded from their auger drilling program that one of the Stannum alluvial prospects (West Flat) had considerable economic potential. It is not known why the company relinquished the tenement.

MCPC's exploration of the Butler Mine which was focussed on the Lockwood Vein did not result in encouraging results. They concluded that a small tonnage stand-alone operation would be uneconomic but mining of such a deposit could be viable in the context of a large operating mine scenario. They were unsuccessful in delineating new shoots at the Harts-Dutchmans mine, and the tenement was relinquished.

North Broken Hill concluded that the ore bodies were probably too small and capital intensive to justify a mining operation. The tenement was relinquished.

Aberfoyle were unsuccessful in defining an economical deposit and their exploration efforts were hampered by landowners' refusal to grant access to certain areas. The tenement was relinquished.

Pacific Copper delineated three prospective target areas namely, Torrington Lode, Battery Mountain and Planet Tin Mine. A total of 16 magnetometer traverses led to the development

of a magnetic model for the Planet Tin Mine. A 100m hole (PT1) at Planet Tin Mine intersected blue-grey porphyry and two major mineralised joints. At 20m, a 1m intersection of rich sulphide mineralisation was intersected in a cleaved felsic joint carrying grades of up to 0.13% tin, 9.4% zinc and 14.9% arsenic. At 90m a tin vein within a similar cleaved joint was intersected within the porphyry. This joint averaged 16% tin over one metre and carried a 0.25m intersection which assayed 57% tin. The wall rock was mildly chloritised. A small conceptual mine model was defined. Pacific Copper planned further work including a programme of percussion holes and they also applied for further tenements to the south. Pacific Copper finally relinquished the main tenement in favour of a smaller tenement situated over the Planet Tin Mine area. Ravensgate was unable to locate a final report for the work completed on the smaller tenement; however it appears from associated government reports that very little work was carried out and the licence was cancelled.

Kratos Minerals NL and Stellar Resources NL did not discover any economic levels of tin. Their results suggested that the Mole Granite is somewhat depleted in tin, compared with average background granites and they concluded that it was possible the tin was remobilized into the veins. They were unable to define a second 'Big Bung'. They concluded that smaller pods were more likely to be found, but that these were uneconomic, given the tin prices current at the time.

RZ Mines concluded that theoretically, economic levels of zircon, monazite and tin occur in the Emmaville mine tailings and virgin ground in the surrounding areas. However, the company decided that costs associated with mining such a deposit were prohibitively high, given the fact that the market prices for these commodities were depressed.



5.6 Recent Exploration

YTC completed an initial drilling program of three diamond core holes for 686m beneath the Harts and Dutchmans mines in October 2005. All three holes recorded numerous intersections of cassiterite and chalcopyrite bearing quartz-chlorite lodes of widths from 0.1m to 1.5 metres. The lodes included extensions to known lode systems as well as several unknown lodes which are blind to the surface. In addition the holes identified previously unidentified zones of copper and molybdenum mineralisation hosted in late stage pegmatites.

5.7 Proposed Exploration

YTC are proposing an exploration program that will include surface and underground mapping and rock chip sampling as well as surface gravity and ground magnetic surveys around the Harts, Dutchmans, Curnows and Wallaroo tin mines. The work is designed to fully assess the extent and geometry of the mineralised vein system. YTC Resources propose an extensive (+2000m) RC drilling programme to test for deep lead tin mineralisation at Stannum. Ten diamond drill core holes are proposed for a total of 2,500m to 3,000 metres. The drilling targets are based on the results of the initial 2005 drilling program.

Despite an extensive exploration history, very little drilling has taken place and Ravensgate considers that further drilling of the tin mines in conjunction with gravity and magnetic surveys is justified in order to fully assess the extent of the vein system.

6. GIANTS DEN TIN PROJECT

6.1 Introduction

The project straddles the village of Watsons Creek and is situated approximately 13km north west of Bendemeer. Bendemeer lies 45km north of Tamworth on the New England Highway in northern New South Wales. Access to the tenement is via sealed road from Bendemeer, while a secondary unsealed road traverses the project along the course of Watsons Creek. Historic tin mines at Giants Den, Watsons Creek and Fish Creek are all located within the tenement.

6.2 Regional Geology and Mineralisation

The Giants Den tin lodes are situated near the southern end of the Woolomin-Texas Block, a major anticlinorial structural unit of the New England Fold Belt. The block is composed of marine shelf, flysch and abyssal plain sediments and volcanics

of Ordovician, Silurian and Devonian ages; terrestrial Permian volcanics, and extensive granitic plutons of Late Carboniferous-Early Triassic age.

The tin lodes occur within an intrusion which is mapped as an undifferentiated leucadamellite forming part of the Bundarra Plutonic Suite. The host pluton intrudes Devonian sediments and volcanics of the Tamworth Synclinal Zone. Several granitoid intrusions belonging to the younger New England Batholith Suite crop out within a radius of about 20km to the east and south. The deposits could be situated close to the roof of the host intrusion. This is suggested by the presence of a roof pendant of intruded sediments at Manganese Mountain, 2km to the west.

The Bundarra Plutonic Suite is a continuous belt of synkinematic acid intrusions which stretches in a northerly direction for more than 200km along the western side of the New England Fold Belt to the east of, and parallel to, the Peel Thrust. The intrusions consist mainly of coarse grained leucadamellite. They have only been sparsely mineralised.

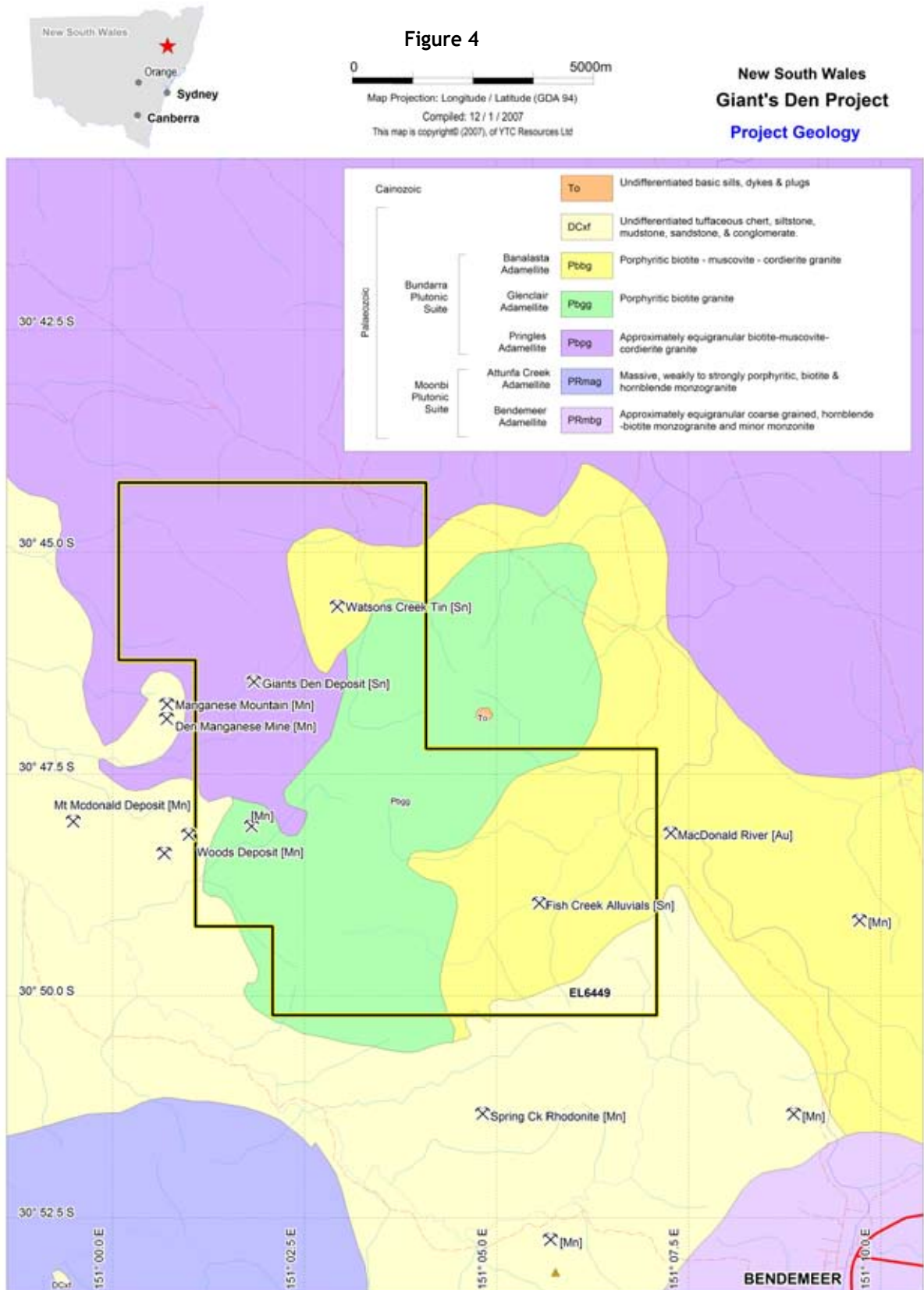
The suite is thought to have formed by the partial melting of a thick sedimentary pile during the period of deformation which cratonized the western part of the Woolomin-Texas complex and initiated the Peel Thrust, an obduction zone.

The New England Batholith Suite is made up of numerous disconnected late-post kinematic intrusions of granodioritic-granitic composition and of Permian-Early Triassic age. These are thought to be subduction granites derived from a Benioff zone which existed to the east in the Nambucca Marginal Basin (a probable marginal sea) during the Permian.

In contrast to the Bundarra Plutonic Suite, the New England Batholith has been extensively mineralized. Weber and Schneiber (1977) delineated a number of north easterly trending metal zones within the deposits related to the intrusions of the New England Batholith. The Giants Den deposits, although mapped as lying within the Bundarra Plutonic Suite, are coincident with the southern end of a belt of tin deposits. As rocks of the Bundarra Suite are sparsely mineralised, this led Weber to suggest that the host rock at Giants Den is related to the New England Batholith Suite rather than the Bundarra Plutonic Suite. However, recent petrological evidence tends to contradict this hypothesis.

Figure 4 shows the locality of the project and the underlying geology.

Figure 4 Giants Den location and underlying geology



6.3 Local Geology and Mineralisation

Host Rock

The host rock is a medium to coarse grained biotite granite. Several small bodies of porphyritic aplite intrude the granite to the north and east of the costeans (Beattie, 1970), outside the area covered by this investigation.

The granite is generally even grained, but a porphyritic texture with potash feldspar phenocrysts up to 3cm in length was observed locally within the northern part of the area. The granite consists predominantly of quartz (10-20%), potash feldspar (40-60%), plagioclase (10-15%) and biotite (5-10%).

On the summit where most of the lodes occur, outcrop is poor and the granite has generally weathered to a reddish sandy clay soil up to 2m deep. The granite which is exposed in the costeans is generally soft and moderately to highly weathered. On the slopes of the mountain, the depth of weathering is less and there are extensive outcrops of hard, fresh granite.

The soft highly weathered nature of the granite on the summit is due to either hydrothermal alteration, or to weathering.

The Tin Lodes

The lodes are composed principally of quartz and muscovite with accessory tourmaline (i.e. greisen). The principal metallic minerals are cassiterite, chalcopyrite and arsenopyrite. Most of the lodes consist predominantly of medium-coarse grained polygonal quartz. Muscovite generally comprises from a few percent to 20% of the lode, occurring as flakes up to 4mm or so, in size. There are a few muscovite rich lodes. The micaceous lodes have a characteristically soft crumbly surface expression in contrast to the hard, resistant siliceous lodes.

In the centre of the lodes there is commonly a narrow zone, generally between 1 and 5cm wide, of milky translucent quartz with abundant radiating aggregates of acicular tourmaline crystals up to several centimetres in length.

Cassiterite occurs in coarsely crystalline form in the central quartz-tourmaline portions of the lodes and as finely disseminated grains within the quartz-muscovite greisen.

Chalcopyrite and arsenopyrite, the next two most common metallic minerals, occur as finely disseminated grains within the lodes and occasionally in the adjacent country rocks. Chalcopyrite also occurs sporadically in small veinlets.

The lodes all strike east-west. They are controlled by a set of sub-parallel joints which strike at between 285° and 260° M and dip at 79°-90° to the south. The lodes range in width from about 2cm to 3.6m, with the average lode width being about 30 centimetres. They have sharp contacts with the enclosing granite. The lodes occur either individually or in groups at intervals of up to 40m apart. Lodes constitute about 4% of the total length of the costeans sampled.

The mineral assemblage comprising the lodes is indicative of a late-stage hydrothermal granitic source. The hydrothermal fluids are emplaced along fractures which had developed in the already solidified granite. The apparent lack of relic granitic textures within the quartz-muscovite greisen, the absence of greisenized country rock, and the sharp contacts of the lodes suggest that the veins formed as fissure fillings rather than by alteration (greisenization) of the host granite. The source of the hydrothermal fluids is not known.



6.4 Historical Exploration

Table 4 lists significant exploration recorded in the area.

The results and conclusions of these exploration efforts are summarised here:

An Austminex grab sample at Giants Den yielded the following results:

- 0.14% Sn, 0.40% Cu, 15 g/t Ag, 0.31 g/t Au and 0.023% W

Nevertheless they were unable to define targets worthy of further exploration and the tenements were relinquished.

Eastmet Minerals concluded that most economic mineralisation occurs in granite intrusion and in serpentinites. Other deposits of tungsten, molybdenum, gold, tin, bismuth, asbestos and copper may also be present in granites in the area.

Harbourside Oil NL concluded that most eluvial and alluvial deposits had been exhausted, and that remaining deposits were uneconomic to exploit. Drilling results were disappointing, the tin-bearing veins are widely spaced, and the material is low-grade. They concluded that there was no potential for open-cut mining, and that selective underground mining in hard granite

was too expensive to pursue. The tenement was relinquished.

The **Geological Survey of New South Wales** assayed costeans for tin only and determined that the bulk grade of the area sampled is about 0.05% tin. This was considered uneconomical in view of the low tin prices at the time.

Northumberland drilled auger holes in the Watsons Creek area and found evidence of alluvial tin concentrate over a wide area. However, the drilling revealed much of the overburden as being barren with respect to tin ore. In many cases, the tin concentrate was confined to the last metre of material encountered. Furthermore, it was suggested that while the youngest granites were tin bearing, there has been considerable emplacement of granites devoid of tin. Follow up work by Northumberland was essentially abandoned due to difficulties in negotiations involving Northumberland and TEFEP Pty Ltd. While a bulk testing plant was being established, the company withdrew from the tenement due to lack of funds. Significant results of sampling from Northumberland's auger drilling and trenching program are summarised in **Table 5**.

Table 4 *Giants Den Project significant exploration history*

Old Tenement	Period	Company	Exploration Philosophy	Work Completed
EL 44, 45 and 46	1966-1967	Austminex Pty Ltd	Not stated	Literature search, aerial photography studies, soil and stream sediment sampling, regional geological mapping, geochemistry, geophysical surveys
EL 150	1969-1970	Eastmet Minerals NL	To explore for large deposits of tin occurring in greisen	Geological mapping, stream sediment sampling
	1969-1970	Harbourside Oil NL	To test for tin bearing veins close together, or one large tin lode	Costeaning, rock chip sampling, one diamond drill hole (228m, yielded 37 samples)
	1979	Geological Survey of New South Wales	To sample costeans across tin lodes at Giants Den prior to rehabilitation work	Costean sample collection (234 samples), geochemistry
EL 1536	1981-1982	Northumberland Development Company (later with TEFEP Pty Ltd)	To explore Watsons Creek and its tributaries for alluvial tin	Auger holes (30) drilled, regional mapping, three costeans in upper Watsons Creek, sampling, and bulk testing plant established
EL 4147	1992-1995	Manpic Pty Ltd	To explore for alluvial-rich cassiterite and gold	Literature search, pan sampling (200 samples) in previously unsampled areas

Table 5 Northumberland exploration - significant results

Hole Name	AMG_East	AMG_North	Inclination	Total depth (m)	Hole_Type	Year	From (m)	To (m)	SnO ₂ (g/m3)	Comments
WCA01	313218	6597078	-90	6.8	auger	1981	5.0	6.8	3007	cemented wash
WCA03	313459	6597069	-90	7.8	auger	1981	4.5	6.2	556	cemented wash
							6.2	7.8	3064	
WCA06	313464	6596734	-90	8.2	auger	1981	3.5	6.0	540	cemented wash
							6.0	8.2	3078	
WCA07	313227	6596739	-90	7.6	auger	1981	4.0	6.5	336	uncemented wash
							6.5	7.6	2085	
WCA08	313339	6596515	-90	7.2	auger	1981	3.2	5.3	1007	uncemented wash
							5.3	7.2	3784	
WCA09	312972	6596525	-90	7.3	auger	1981	3.0	5.6	974	worked ground
							5.6	7.3	276	
WCA10	313576	6596515	-90	7.5	auger	1981	0.0	7.5	250	worked ground
WCA11	313683	6596510	-90	7.5	auger	1981	0.0	7.5	165	
WCA12	313344	6596409	-90	7.8	auger	1981	3.0	5.2	532	uncemented wash
							5.2	7.8	2430	
WCA13	313223	6596302	-90	5.1	auger	1981	2.5	4.3	236	uncemented wash
							4.3	5.1	2470	
WCA14	313335	6596181	-90	4.7	auger	1981	2.0	3.4	334	cemented wash
							3.4	4.7	3840	
WCA16	313218	6596185	-90	5.1	auger	1981	1.6	3.8	339	uncemented wash
							3.8	5.1	2462	
WCA18	313335	6596060	-90	5.7	auger	1981	3.0	4.3	382	uncemented wash
							4.3	6.0	2943	
WCA19	313218	6596074	-90	6.0	auger	1981	3.2	4.3	382	uncemented wash
							4.3	6.0	2743	
WCA22	313339	6595948	-90	6.4	auger	1981	3.8	4.7	331	cemented wash
							4.7	6.4	3210	
WCA27	313098	6595841	-90	13.6	auger	1981	3.7	5.4	362	uncemented wash
							5.4	7.8	2862	
							7.8	9.3	3240	
WCA28	312707	6595851	-90	6.1	auger	1981	1.2	3.4	324	uncemented wash
							3.4	6.1	2783	
							2.0	4.3	210	
WCA32	312833	6595725	-90	13.0	auger	1981	4.3	6.8	1007	cemented wash
							6.8	8.4	2493	
							8.4	10.6	3024	
							1.0	2.2	374	
WCA33	312707	6595721	-90	3.4	auger	1981	2.2	3.4	3201	cemented wash
							2.0	5.1	234	
WCA34	312838	6595605	-90	7.4	auger	1981	5.1	7.4	3207	cemented wash
							0.0	2.0	234	
WCA36	312340	6595610	-90	6.0	auger	1981	2.0	4.0	2430	cemented wash
							4.0	6.0	3207	
WCA37	312582	6595344	-90	3.2	pit	1981	0.0	3.2	3410	cemented wash
WCA38	312461	6595233	-90	3.2	pit	1981	0.0	3.2	3104	elluvial
WCA39	313345	6595097	-90	3.4	auger	1981	1.0	2.0	284	uncemented wash
							2.0	3.4	2378	
WCA40	313219	6595097	-90	3.1	auger	1981	1.0	2.0	284	uncemented wash
							2.0	3.1	2378	
WCA41	312331	6595112	-90	2.8	pit	1981	0.0	2.8	2984	elluvial
WCA42	312215	6595112	-90	3.2	pit	1981	0.0	3.2	2784	cemented wash
WCA43	313461	6595092	-90	4.0	auger	1981	2.0	3.2	382	
WCA45	312340	6595000	-90	3.0	auger	1981	3.2	4.0	3024	cemented wash
WCA46	313345	6594841	-90	4.7	auger	1981	0.0	3.0	3016	
							1.4	3.2	384	cemented wash
							3.2	4.7	2093	
WCA49	313075	6594856	-90	3.4	auger	1981	1.0	2.0	234	elluvial
							2.0	3.4	1970	
WCA50	312085	6594871	-90	2.8	pit	1981	0.0	2.8	2748	elluvial
WCA51	311955	6594759	-90	3.0	pit	1981	0.0	3.0	3072	
WCA52	313341	6593711	-90	3.9	auger	1981	3.0	3.9	236	elluvial



Manpic Pty Ltd concluded that there was potential for a significant gold-tin resource at Giants Den. While some economic grades were identified in the younger, unconsolidated materials, the volumes of these were insufficient to be considered economically viable. The company discovered potential to exploit industrial sand, which would simultaneously define tin and gold resources. They explored the idea of having a combined industrial materials and heavy mineral mining operation, and relinquished the tenement to pursue their new target.

Giants Den Proposed Exploration

Minor RC drilling to test the validity of the previous Northumberland Development Company drilling has been proposed by YTC Resources. An additional 400m of diamond core drilling has been proposed to test the Giants Den greisens.

Based on exploration results of earlier explorers, Ravensgate is of the opinion that the Watsons Creek area is prospective for alluvial tin concentrate and that further auger drilling is justified. Although in general terms the exploration results of the Giants Den tin lodes have not been very encouraging very little drilling has been undertaken. Ravensgate therefore considers that the drilling programme proposed by YTC is justified for not only the primary tin target but also Cu, Au, Ag and W.

7. BALDRY GOLD COPPER PROJECT

7.1 Introduction

The primary prospect of the Baldry Project is Mt Aubrey which is located 30km north west of the town of Parkes in New South Wales. It straddles a sealed road that joins the towns of Parkes and Wellington and is easily accessed.

7.2 Regional Geology and Mineralisation

The tenement exclusively covers the Middle Devonian aged alkaline volcanic rocks of the Dulladerry Volcanics. These are described as banded rhyolites, quartz-feldspar porphyry, as well as component rhyolitic ignimbrite and minor volcanoclastics. The formation is also locally bi-modal, with intercalated andesitic and basaltic lavas recorded at a number of localities, including the Mt Aubrey mine area. Reconnaissance mapping of the Dulladerry Volcanics in 1980 recorded shallow (10-15°) dips to the north west which suggests that the volcanic suite is situated on the eastern limb of the Hervey Syncline which is a prominent (approximately 30km strike length) structural feature in the region.

The Dulladerry Volcanics host a number of low-sulphidation epithermal gold occurrences including the Mt Aubrey vein gold

deposit, which lies within the southern part of the tenement area. The width of the vein system at Mt Aubrey ranges from 0.1m to 8m, and occurs discontinuously over a strike length of approximately one kilometre (Geopeko EL3372 April 1993).

Figure 5 shows the project and underlying geology.

7.3 Local Geology and Mineralisation

Mt Aubrey Prospect

The Mt Aubrey prospect lies south of the licence area. The geology of the prospect comprises mostly ignimbrites to the south western edges of the prospect. Amygdaloidal basalts lie beneath the capping rhyolites and contain epithermal quartz veins hosted by weathered amygdaloidal basalt.

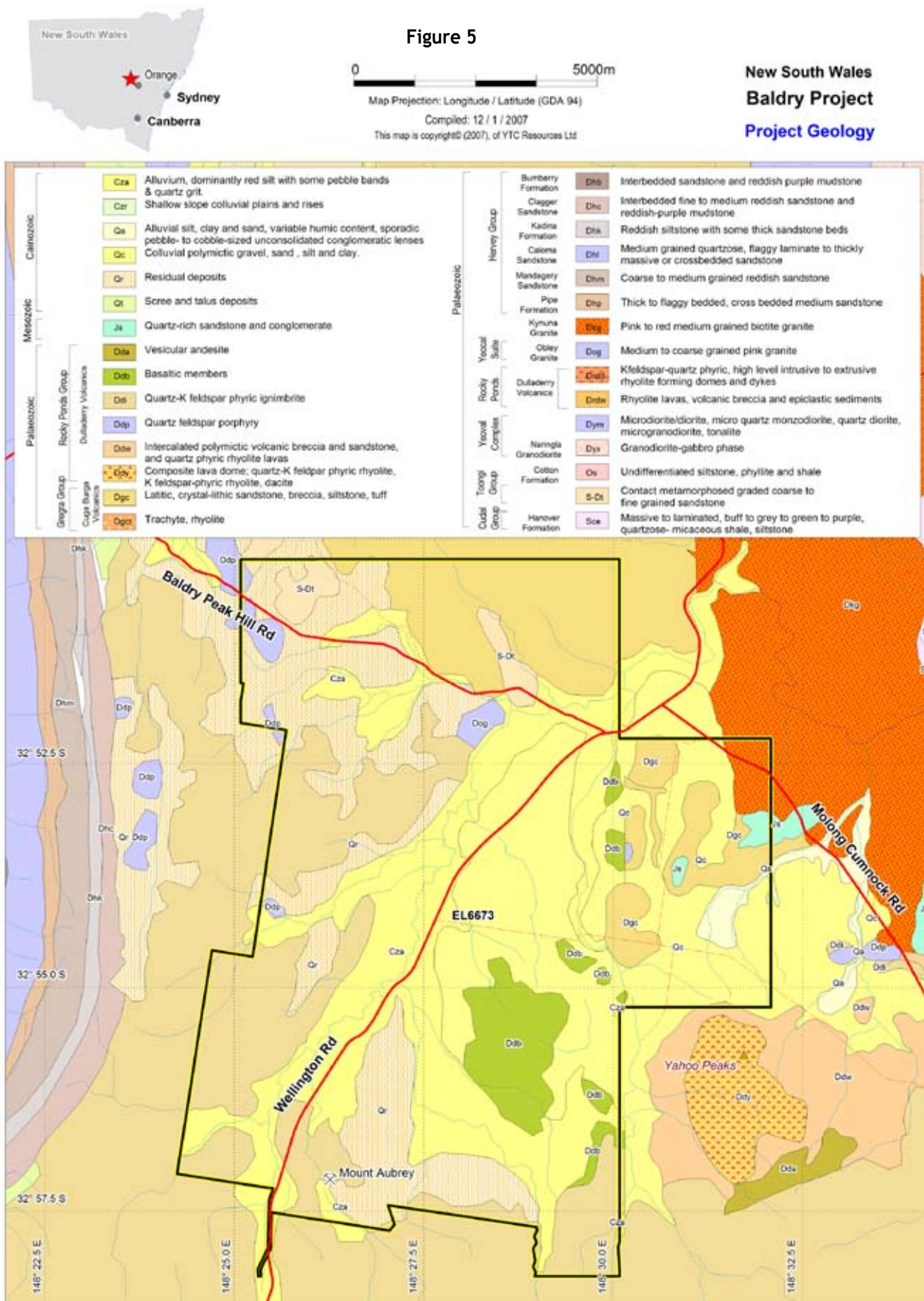
Gold mineralisation was recorded by previous explorers as occurring in an echelon style quartz veins. A main lode system comprised one main chalcidonic quartz lode from 0.5m to 3m in surface width. Stockwork veining was also associated. The main vein measured 700m in length striking 90°.

Mullock sampling undertaken by previous explorers returned grades of <1 g/t Au. Mineralisation is seen as deriving its source from a NW trending fault which passes close to the Mt Aubrey and Blue Hills prospects. The fault system to the south is also considered prospective for mineralisation in the style of Mt Aubrey. The Dilga Creek prospect lies near the edge of a major fault zone with associated magnetic destruction. The prospect has copper-gold-silver mineralisation within altered Yeoval Granite with quartz, sericite and pyrite.

At Mt Aubrey the style of gold mineralisation was held in dominantly micro crystalline quartz with unmineralised crystalline quartz occurring in the western part of the prospect. Alteration assemblages included carbonate, indicating that mineralised boiling fluids were at work. Basalts were weakly propylitically altered with epidote, calcite, quartz and disseminated pyrite. The quartz vein was reported attaining a thickness of 9m along 5710m E but swelled and pinched both along strike and down dip. The vein became stockwork to the east. Gold mineralisation was free with some remobilization from the quartz into the surrounding oxide clays. Refer to figure 11 for a map of the local geology.

At the Blue Hills prospect, located 2km north west of Mt Aubrey, some anomalous gold mineralisation occurred in chalcidonic quartz veins. Veining appeared to be vertical to steep south and 0.5m in width. Propylitic and phyllic alteration of host rock was common. Hole BHR-1 drilled into the prospect did not return anomalous gold values at depth.

Figure 5 Baldry project locality and underlying geology





7.4 Historical Exploration

Table 6 lists significant exploration activities undertaken in the vicinity of the Baldry Project.

The results and conclusions of these explorers are summarised here:

Samedan concluded that the potential of the tenement was downgraded due to poor geochemical results, and the lack of suitable host environments and alterations. The underlying and overlying volcanic rocks were considered too acidic to be associated with Manto-type deposits. The tenements were relinquished.

BHP Minerals/Newcrest returned three stream sediment samples having anomalous gold values. The IP and ground magnetic survey over the Mt Aubrey prospect did not return significant IP anomalies. The trench sampling at the Mt Aubrey prospect returned grades of up to 1.63 g/t Au over vein widths of up to 5 metres. A gridded soil sampling programme returned higher (up to 2.2 g/t Au) gold values associated with areas of quartz veining.

The initial program consisted of 15 RC drill holes drilled at Mt Aubrey that were drilled as fences. Oxidised basalts were encountered to 50m depth with intense kaolinization. Basic volcanic rocks occur beneath this oxidised zone. Invariably, anomalous gold mineralisation is associated with chalcedonic quartz veining.

Some significant intersections are included in **Table 7**.

In addition to the holes summarised one diamond hole (MAD-1) was completed to the south of the mineralisation envelope. Only minor quartz veining was encountered. The thickest was between 67.3m and 67.6 metres. The results of detailed geological mapping within the surrounds of the Mt Aubrey prospect revealed two anomalous gold areas. Results from the

soil sampling programme revealed a large anomalous gold zone 7km north of Mt Aubrey.

BHP also investigated the Blue Hills prospect which lies 2km north west of Mt Aubrey. A mullock rock chip returned 2.23 g/t Au from chalcedonic quartz.

Three costeans totalling 58m revealed several zones of silicified rhyolite. Most results were negligible. These included 2m @ 1.354 g/t Au in a trench vein. Trench #8 returned 6.5m @ 1.40 g/t Au.

During a second programme of work, **BHP** drilled an additional 50 RC holes for 3782.5m bringing the total number of RC holes to 65 for a total of 4735.5 metres. Further drilling was aimed at finding extensions of mineralisation defined from the previous drill program.

Significant zones of gold mineralisation hosted by predominantly clay above and below quartz veins were found. Quartz veining and mineralisation was reported to push and swell with depth along strike. One hole was drilled at the Blue Hills prospect, but the results were disappointing.

A third programme of drilling took the total number of holes to 110 for a total of 6,345 metres. From this programme, a thick lens of ore was found at 5120m E to 5200m E which defined the mineralisation as sub-parallel quartz veins.

A fourth programme of exploration drilling was carried out to infill the Mt Aubrey prospect to centres spaced 20m apart. Drilling to test for the depth of alluvium was also conducted in Barber's Paddock to the west of the Mt Aubrey prospect, and a ground magnetic survey to look for extensions to the prospect was proposed. The alluvium appeared to be between 5m and 12m thick, and consists of rhyolitic pebbles and clays. The infill program involved 52 RC holes for 2215.7m and 50 RAB holes for 2511 metres.

Table 6 Baldry Project significant exploration history

Old Tenement	Period	Company	Exploration Philosophy	Work Completed
EL 1952	1982-1983	Samedan Oil Corporation	To explore for economic polymetallic porphyry and Manto-style deposits	Stream sediment and rock chip sampling, mapping, geochemistry
EL 2771	1987-1991	BHP Minerals Ltd (later Newcrest Mining Ltd)	To explore for volcanic hosted epithermal gold mineralisation	Stream sediment BLEG survey (452 samples), rock chip and soil sampling, IP survey, ground magnetics, costeaning, RC drilling (110 holes totalling 6,345m at the Mt Aubrey prospect)
EL 3934	1991-1993	Geopeko	To explore for epithermal gold deposits in the Dulladerry Rhyolite	Literature search, reconnaissance mapping, rock chip sampling and infill BLEG sampling

Table 7 BHP exploration: significant drilling results at Mt Aubrey

Hole Number	From	To	Length	Grade (g/t Au)
MAR001	36	38	2	0.98
MAR011	43	45	2	0.72
	48	49	2	3.86
MAR015	2	16	14	6.2
	7	14	7	11.7
MAR016	38	44	6	6.65
MAR025	30	32	2	6.04
MAR034	49	55	6	6.21
MAR039	33	36	3	3.85
MAR041	22	28	6	2.18
MAR042	5	6	1	3.19
MAR046	64	73	9	4.12
MAR060	2	4	2	2.38
MAR065	14	17	3	7.68
MAR066	32	40	8	1.85
MAR070	15	27	12	17.78
MAR071	55	61	7	1.52
MAR072	6	16	10	8.52
MAR075	17	18	1	6.77
MAR077	5	10	5	8.10
MAR079	6	14	8	2.87
MAR083	37	48	11	2.95
MAR084	17	20	3	4.57
MAR085	12	16	4	3.97
MAR096	8	10	2	2.58
MAR097	30	33	3	1.39
MAR098	61	67	8	1.27
MAR105	33	40	7	2.55

A summary of BHP's drilling programs is shown in **Table 8**.

Geopeko concluded that while their tenement was situated in the vicinity of the prosperous Mt Aubrey deposit, further exploration was not justified. This was due to the fact that the rock type and structure encountered was the same as that found on two adjacent tenements, and that the geochemical results of these adjacent tenements were not encouraging. The tenement was subsequently relinquished.

7.5 Previous Mining

Exploration by BHP resulted in the discovery and delineation of a satellite (to the Parkes Gold Mine) open pit resource at the Mt Aubrey Prospect. According to an exploration report by Geopeko (Geopeko EL3372 April 1993) the deposit was mined by BHP Gold in the period 1990-1991. Approximately 120 000 tonnes of ore at a grade of 3.3 g/t Au was trucked to a plant near Parkes for processing. Production records for the Mt Aubrey Mine could not be obtained from the NSW DPI Royalties branch for the following reasons:

- The production was incorporated into the London-Victoria gold Mine near Parkes, as Mt Aubrey was operated as a satellite pit
- Only values, rather than ounces were recorded as the Royalty is ad-valorem
- Records are confidential and not public domain.

YTC Resources will initially target the Mt Aubrey vein system at depth, as the existing drilling was only designed to define a shallow oxide resource.

Numerous sections show gold intersections which remain open at depth, indicating depth potential to the vein system. A number of very significant low sulphidation gold systems have been discovered by drilling deeper beneath small, shallow, chalcedonic quartz vein systems, for example the Vera-Nancy deposit below the Vera Lode.

Further exploration will be directed at drill testing outcropping epithermal quartz vein mineralisation at the Blue Hills prospect as well as untested gold-in-soil responses from the northern part of the tenement.

Ravensgate is of the opinion that there is potential for further unmined mineralisation at the Mount Aubrey site below the existing pit as well as at the Blue Hills prospect and that YTC exploration philosophy is justified.

8. TALLEBUNG TIN PROJECT

8.1 Introduction

The project area is situated 75km north west of the township of Condobolin in central New South Wales, approximately 400km west of Sydney. The project area is readily accessible from Condobolin by major road. The region is generally used for wheat, sheep and minor cattle farming.

Table 8 Summary of BHP drilling conducted at Mt Aubrey

Company	Period	Drilling type	No. of Drill Holes	Drilling depth (m)
BHP Minerals	July-August 1987	RC	15	953
BHP Minerals	November-December 1987	RC	50	3782
BHP Minerals	February-August 1988	RC	110	6345
		DD	1	228
BHP Gold	August 1988-February 1989	RC	52	2215
		RAB	50	2511

8.2 Regional Geology and Mineralisation

The region is situated within the Lachlan Fold Belt of central New South Wales. The Girilambone-Wagga Zone comprises an extensive belt of Ordovician age metamorphosed complexes. Granitic bodies intrude these complexes in various places. In the vicinity of Tallebung, the Erimeran Granite is thought to be related to the tungsten and tin mineralisation in the area. The granitic intrusions occur throughout the zone and major mineralisation is associated with these bodies.

This mineralisation comprises vein style occurrences of gold, silver, tin, tungsten, molybdenum, bismuth, lead and fluorite throughout the region.

The Tallebung tin field is situated in the Eastern foothills of the Black Range, a ridge of resistant quartzites and slates of the Tallebung Group of Upper Ordovician age. Metamorphosed sediments of this group form the bedrock to the unconsolidated sediments which host the cassiterite bearing buried leads. The bedrock comprises, typically, metamorphosed siltstones and sandstones in altering bands, forming an irregular basement profile.

The unconsolidated sediments are alluvial to elluvial in nature, poorly sorted and contain coarse bedrock fragments up to 15cm dimensions on average, in a matrix of sandy/silty clay with some iron oxides and cemented layers. Sediment thickness varies from 5m to 36 metres.

8.3 Local Geology and Mineralisation

The distribution of tin, as cassiterite, recognized major episodes of drainage. Significant concentrations of cassiterite are restricted to two or three of these episodes and are sporadic and variable. Cassiterite deposition occurs in a paleo-stream environment in the buried leads with richer values restricted to a 2m thick zone above bedrock in a poorly defined channel. A near surface lead towards the east contains more widespread cassiterite concentration in a sheet work environment.

Figure 6 shows the project and underlying geology.

Previous Mining

The project area includes the Tallebung tin field that has been

mined for tin since its discovery in the early 1880's. Mining of tin and wolfram from quartz bearing reefs commenced in 1897 with significant production in 1910, following the establishment of a treatment plant.

A total of 274 tons of concentrate was recorded for 1897-1938 period with the majority from reef mining. From 1939 onwards, alluvial mining gained prominence and 375 tons was recorded over the 20 year period to 1959.

Open cut mining of alluvials commenced in 1963, following the consolidation of leases previously individually owned by small operators. A total recovery of 2,076 tonnes of tin concentrate was recorded over the eight year period to 1970.

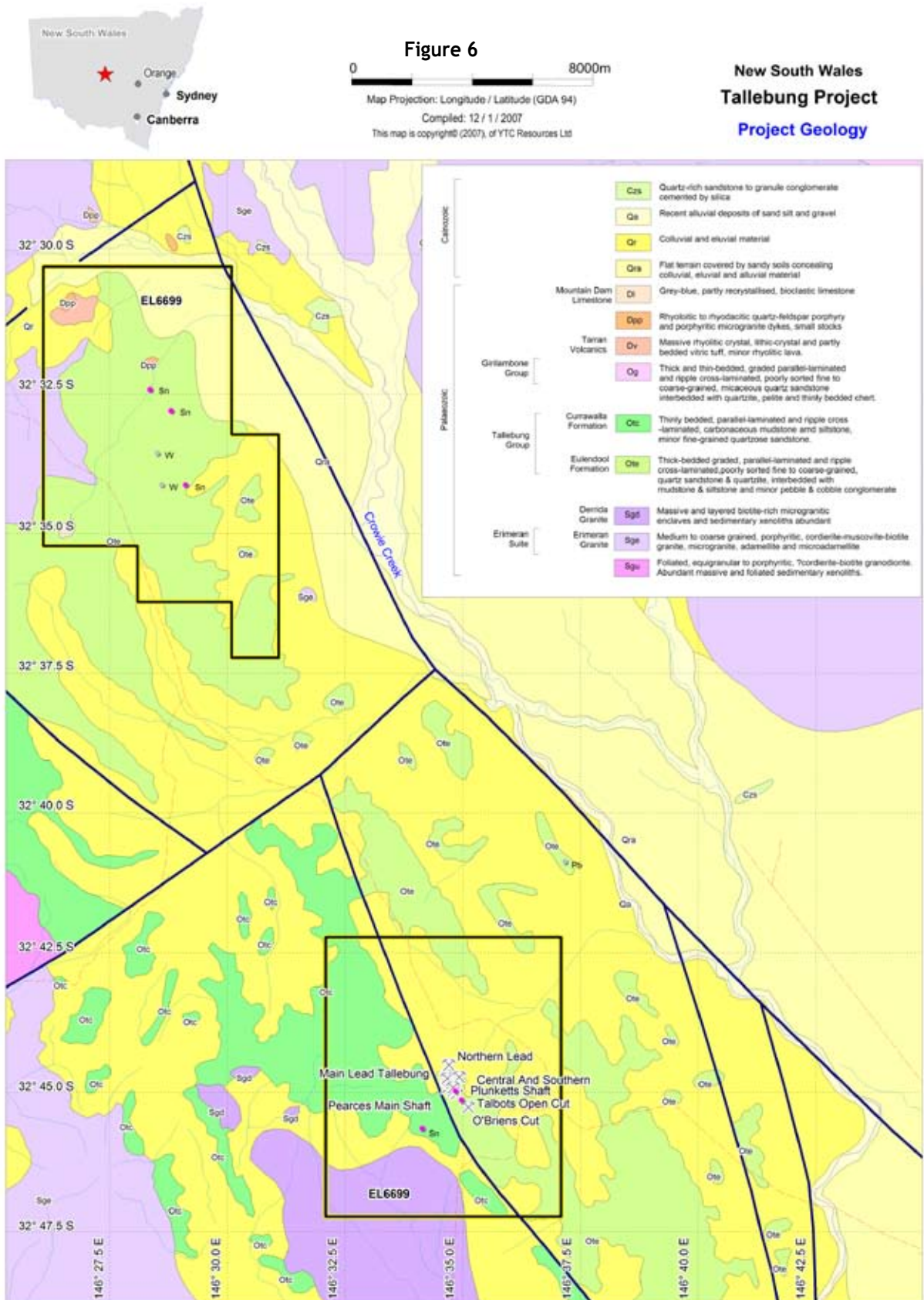
Production of concentrates totaled 305 tonnes for the nine years to 1978. Since then official records indicate an annual output of less than 60 tonnes. A total recorded production for the field is 3,048 tonnes of tin concentrate (75% Sn) from alluvials and 302 tonnes of tin from veins.

The bulk of Tallebung Tin Limited's production came principally from their two main interconnecting pits. Some production from the mining of an extensive multiple vein system adjacent to the pits had also been reported. From the outline of the pits, there was strong evidence to suggest that the ore was mainly confined to a system of well defined paleo-channels or deep leads.

In 1963 the Department of Mineral Resources carried out a geophysical survey of Tallebung Tin Limited's lease areas and adjacent areas. In that survey, it was postulated that the main deep lead channel extends beyond the company's current final pit limits for some 4km in a north easterly direction.

Subsequent to the survey, several lines of boreholes of large diameter were drilled by Tallebung Tin Limited in the area where the deep lead extension was proposed, but at the time when these boreholes were drilled, the company was mainly concerned with proving the enriched sections of the underlying bedrock, the aim being to mine underground. Random sampling of these boreholes from grassroots to bedrock was conducted, and tin occurrences were found in all horizons. This suggests the possibility of proving ore blocks of uniform grade distribution, which could be exploited by dredging.

Figure 6 Tallebung Project locality and underlying geology



8.4 Historical Exploration

Table 9 summarizes the main exploration activities that were undertaken in the area.

Period	Company	Exploration Philosophy	Work Completed
1962-1970	Tullabong Tin Syndicate	To assess the Tallebung Deep Lead	Six drill holes, treatment plant established, water supply connected
1970-1974	Tullabong Tin Syndicate/ Dominion Mining	To test the tin/tungsten lodes at Tallebung	Geological mapping, rock chip sampling, diamond drilling
1975-1976	Australian Selection Pty Ltd	To explore for Cu-Pb-Zn mineralisation near the Tallebung tin mines	Geological mapping, rock chip sampling (80 ferruginous rock samples), stream sediment sampling (99 samples)
1977	North Broken Hill Ltd	To explore for pyrrhotite-cassiterite Cleveland/Renison type tin mineralisation to northwest of Tallebung tin field	Low level aeromagnetic survey, ground magnetics, IP geophysics, gridding and auger drilling (44 holes at Pinnacles, 6 holes at Crowie Creek), geochemical sampling, petrology
1978-1980	Tallebung Tin Ltd & AO Australia Pty Ltd	To evaluate the potential of the Tallebung Deep Lead	Shaft sinking (3 shafts to 36m) and cross cutting through tin wash, drilling
1980	Western Mining Corporation	To compare the Boothumble beds with the Cobar Supergroup sediments, to explore for Cu-Pb-Zn-Ag mineralisation	Reconnaissance geological mapping, soil sampling and geochemistry, stream sediment sampling, ground magnetics, TEM survey, IP survey
1983	Getty Oil Pty Ltd	To examine replacement/Renison style tin mineralisation associated with the tin bearing phase of the Erimera Granite	Aeromagnetic survey, ground magnetics, IP surveys, RAB drilling, mapping of the Erimera Granite
1985	Preussag Australia Pty Ltd	To examine the feasibility of purchasing the Tallebung tin fields, including assessment of overburden dumps for re-treatment	Reopened deep lead exploration shafts of earlier explorers (three), mapping, sampling, RC drilling (35 holes)
1990-1991	Placer Exploration Limited	To explore for gold and base metal mineralisation at the boundary between the early Devonian Supergroup rocks and the basement rocks of the Erimera Granite	Re-evaluated earlier aeromagnetic data, regional geochemical sampling



The results and conclusions of these explorers are summarised here:

The **Tullabong Tin Syndicate** commenced production in 1963, and a total of 2,138 tonnes of high grade (74% Sn) concentrate was produced. Production was halted as the increasing costs of overburden removal became prohibitive.

Tullebung Tin Syndicate/Dominion Mining enjoyed encouraging drilling results which included the following:

- DDH5: 0.35m @ 1.8% Sn and 0.85% W_3 from 38.66m
- DDH10: 0.76m @ 1.9%Sn from 15.7m, 2.1m @ 0.99% Sn and 0.14% W_3 from 30m, and 1.42m @ 5.06%Sn and 0.12% W_3 from 36m

Australian Selection Pty Ltd concluded that no significant base metal mineralisation was indicated, and the potential for alluvial tin deposits was insufficient to justify further exploration of the area.

North Broken Hill Ltd concluded that the lode-tin mineralisation was closely associated with magnetically anomalous stratigraphy due to the high (up to 5%) ilmenite content. Despite identifying various anomalies from the aeromagnetic survey, follow-up work was discouraging, and the tenement was relinquished.

Tallebung Tin Limited held the mining lease over the Tallebung tin field, while AO Australia Pty Ltd covered the surrounding area. The tin bearing wash was found to be up to 44.5m wide and up to 1.8m thick, with encouraging grades. At one of the cross cuts a hard rock tin lode was discovered at bedrock level, and led to speculation that the lode tin deposits extend considerably under the deep leads to the north. Borehole results confirmed the presence of tin bearing horizons along strike of the old mine pits. The downstream section of the paleo-channel was noted as being quite restricted. The source of the tin ore was thought to come from weathering of the multiple tin-bearing veins or the hills to the south west.

Getty Oil Development Co Ltd did not detect any high order anomalies from airborne magnetics, but the work helped define the granite margins and intrusive phases, and indicated stratigraphic trends and major faults. The geochemical results of the RAB drilling were not encouraging. They concluded that the area was not favourable for Renison-type deposits, but that there was potential for Ardlethan-style mineralisation in the Erimeran Granite. The tenement was relinquished.

Preussag Australia Pty Ltd re-evaluated the alluvial deep lead with RC drilling and concluded that there was no scope for extending the existing open cut workings in alluvium, and that a tin resource of the target size does not exist in the Tallebung tin field.

Western Mining Corporation Limited were not encouraged by results of magnetic surveys and stream sediment sampling programme. The company concluded that the deep water facies believed to be essential for a Cobar-type base metal deposit, were lacking. Furthermore, no volcanic rocks were identified in the stratigraphy, thereby diminishing any potential for volcanogenic base metal deposits. The tenement was relinquished.

Placer Exploration Limited were disappointed with the results of the geochemical sampling. Due to land owner arbitration, Placer decided against further exploration and the tenement was relinquished.

8.5 Exploration Philosophy

Exploration at the Tallebung Project will initially focus on targeting porphyry tin mineralisation beneath existing high grade tin lode mineralisation. The relative position of the lodes, in the carapace zone above the granite, infers the potential for a large, bulk mineable porphyry tin deposit at moderate depths. Porphyry tin deposits are considered to be under-explored in south east Australia and can yield large volumes of tin mineralisation.

Planned exploration on the Tallebung Project includes:

- Detailed gravity and magnetic surveys to target the position of high-grade tin-tungsten lodes and to model the depth to the underlying Erimeran Granite
- Deeper drilling of geophysical targets and below existing high-grade drill intercepts to test for large tonnage porphyry tin-tungsten mineralisation

Ravensgate is of the opinion that the Tallebung Project area remains prospective for tin-tungsten mineralisation at depth and that YTC's proposed exploration program and budget is justified.

9. CONCLUSIONS

YTC Resources' projects are greenfields to advanced projects without any formal mineral resources. Historical mining activities have taken place on some of the projects. The projects are speculative and involve varying degrees of financial and

exploration risk. All of the projects identified are prospective for the discovery of further mineralisation, and historical and recent exploration activities have returned some encouraging results. Ravensgate believes that the projects are sufficiently prospective to warrant exploration at the budgetary levels proposed by YTC Resources. This is summarized in **Table 10**.

Table 10 Summary of YTC's Proposed Exploration Budget

Project	Expenditure Year 1 (\$)	Expenditure Year 2 (\$)
Kadungle	418,200	394,900
Torrington	572,665	515,600
Giants Den	166,135	515,100
Baldry	224,300	245,500
Tallebung	44,500	448,200
Total	1,425,800	2,119,300





10. GLOSSARY

- Abyssal** see Plutonic
- Acicular** needle shaped
- Ad valorem** in proportion to the value of
- Alluvial** sand, clay and silt deposit - water transported
- Alteration** a change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions or by pressure changes
- Amygdaloidal** almond-shaped filled "vesicles" or "vugs"
- Andesite** a dark, fine-grained volcanic rock
- Anomalous** a departure from the expected norm, generally geochemical or geophysical values higher or lower than the norm
- Ardlethan-style** a mineralisation style typical of the tin fields at Ardlethan, New South Wales
- Arsenopyrite** a mineral of iron, sulphur, and arsenic commonly associated with metamorphism around igneous intrusions
- Ash tuff** a type of rock consisting of consolidated volcanic ash
- Auger** a corkscrew-shaped tool
- Auriferous** gold-containing
- Anticline** a ridge or fold of stratified rock in which the strata dip downwards from the crest
- Antimony** a metallic element used in various alloys
- Assay** the method of determining the concentration of a mineral component of a rock
- Basalt** a dark, fine-grained volcanic rock
- Batholith** a massive igneous intrusion extending into the earth's crust
- Beryl** a transparent to translucent glassy mineral, essentially aluminium beryllium silicate
- Biotite** a widely distributed rock-forming black mineral of the mica group
- Bismuth** a white, crystalline, brittle, highly diamagnetic metallic element used in alloys to form sharp castings for objects
- Breccia** fragmented rock with angular components
- Benioff Zone** a deep active seismic area in a subduction zone
- Cambrian** earliest period of the Palaeozoic era, about 543 million and 490 million years ago
- Carapace** a hard outer covering or shell
- Carboniferous** a period of the Palaeozoic era, about 295 million to 354 million years ago
- Cassiterite** SnO₂, a tin ore
- Chalcedonic** pertaining to a family of fine grained silica rock often found as multicoloured stones
- Chalcopyrite** CuFeS₂, the main copper ore
- Clastic** pertaining to sedimentary rocks composed primarily from fragments of pre-existing rocks or fossils
- Calcite** a widely distributed calcium carbonate mineral-primary component of limestone
- Cobar-style** a mineralisation style typical of the Cobar region, New South Wales
- Conformable** description of rock strata where the layers are uninterrupted
- Conglomerate** a sedimentary rock consisting of rounded rock fragments cemented together
- Costean** exploration trench
- Craterised** exhibiting craters
- Devonian** a time period from 410 to 352 Ma
- Diamond drilling** a method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit
- Disseminated** widely and evenly spread
- Dunite** a dense igneous rock that consists mainly of olivine and is commonly a source of magnesium mineralisation
- Elluvial** weathered material which is still at or near its point of formation
- En echelon** parallel or sub-parallel, closely-spaced, overlapping or step-like minor structural features in rock, such as faults and tension fractures, that are oblique to the overall structural trend
- Epidote** a lustrous yellow, green, or black mineral commonly found in metamorphic rocks
- Epithermal** mineralisation style of gold or silver formed deep within the Earth's crust from ascending hot solutions
- Facies** characteristic features of rocks such as sedimentary rock type, mineral content, metamorphic grade, fossil content and bedding characteristics
- Fault** a fracture in rocks along which rocks on one side have been moved relative to the rocks on the other

Felsic light coloured rock containing an abundance of feldspars, feldspathoids, and silica

Flysch deposits of dark, fine-grained, thinly bedded sandstone shales and of clay, thought to be deposited by turbidity currents

Granite a medium to coarse-grained felsic intrusive rock which contains 10-50% quartz g/t grams per tonne

Granitoid granite-bearing rock structure

Greenschist a low grade, low temperature regional metamorphism that results in a mineral assemblage typically containing chlorite, epidote and/or actinolite

Greisen a granitic rock composed of quartz and mica

Hematite a common iron ore, natural iron oxide that is reddish or brown in colour

Hornblende an ultrabasic rock containing hornblende

Hydrothermal a term applied to magmatic emanations rich in water and to the alteration products and mineral deposits produced by them

Igneous a rock that has solidified from molten rock or magma

Ignimbrite a rock formed by the widespread deposition and consolidation of hot volcanic ash flows

Indium a rare soft silvery metallic element useful for making low-melting alloys

Intercalated inserted between

Intrusion/Intrusive a body of igneous rock that invades older rock

Jarosite an ochre-yellow mineral occurring in minute rhombohedral crystals

JORC Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia)

Kg/m³ Kilogram per cubic metre

Kaolinite a clay mineral $\text{Al}_2\text{Si}_2\text{O}_5(\text{OH})_4$ that is the principal constituent of kaolin

Kinematic produced by motion

Laterised the process whereby soils are leached of silica and enriched with aluminium and iron oxides

Leucoadamellite white coloured granites which contain plagioclase

Lithology a term pertaining to the general characteristics of rocks

Lode a vein or other tabular mineral deposit with distinct boundaries

Mt million tonnes

Mafic a dark igneous rock composed dominantly of iron and magnesium minerals (such as basalt)

Magnetite a ferromagnetic mineral form of iron oxide (Fe_3O_4)

Magnetometer an instrument which measures the earth's magnetic field intensity

Manto-type a horizontal ore vein, cloak or bed

Mesozoic a time period from 245 to 65 million years ago

Metamorphism process by which changes are brought about to rock in the earth's crust by the agencies of heat, pressure and chemically active fluids

Metasediment metamorphosed sedimentary rock

Micaceous mica-containing

Molybdenite a molybdenum ore mineral (MoS_2)

Monazite a rare earth mineral found as an accessory mineral in acid igneous rocks

Mullock a rock which contains no gold or waste rock from which the gold has been extracted

Muscovite the white coloured most common mica, found in granites, pegmatites, gneisses and schists

Obduction the overthrusting of continental crust by oceanic crust or mantle rocks

Ordovician a time period from 490 to 434 million years ago

Ore a volume of rock containing components or minerals in a mode of occurrence which renders it valuable for mining

Orogeny a period of mountain building

Orthoclase a potassium-rich mineral of the feldspar group

Palaeozoic the era of geologic time that includes the Cambrian, Ordovician, Silurian, Devonian, Carboniferous, and Permian periods

Petrology the study of the natural history of rocks, including their origins, present conditions, alterations, and decay

Pegmatite a very coarse-grained granite or other igneous rock



Pelites sedimentary rock composed of very fine clay or mud particles

Percussion drilling method of where rock is broken by the hammering action of a drill bit

Permian a time period about 295 to 251 million years ago

Phenocrysts relatively large crystals set in a finer-grained groundmass

Phyllites fine grained metamorphic rocks that have textures intermediate between shale and slate

Plagioclase a major constituent feldspar mineral in the Earth's crust

Pluton a large body of intrusive igneous rock

Porphyry an igneous rock that contains conspicuous crystals in a fine grained matrix

Potash any compound containing potassium

Propylitically a type of hydrothermal alteration of fine-grained igneous rock to secondary minerals (sodium or potassium rich)

Pyrite, Pyrrhotite a common, pale bronze iron sulphide mineral

Pyroclastic fragmented volcanic rock or ash erupted by volcanic activity

Pyroxenite an ultramafic intrusive rock, chiefly composed of the mineral pyroxene

Quartz mineral species composed of crystalline silica (SiO_2)

Radiometric geophysical technique measuring emission from radioactive isotopes

RC drilling Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples

Reconnaissance an examination or survey of a region in reference to its general geological character

Relic formerly widespread, now confined to few localities, or having survived from an earlier period

Rhyolites fine grained to glassy acid light coloured volcanic rocks

Rudaceous a sedimentary rock formed of coarse-grained material or shell/coral material

Schist fine grained micaceous metamorphic rock with laminated cleavage fabric

Sedimentary rocks formed by the deposition of particles carried by air, water or ice

Sedimentation the accumulation of sediment

Sericite sericite is a fine grained light coloured mica, a common alteration mineral of orthoclase or plagioclase feldspars

Shale fine grained sedimentary rock with well defined bedding planes

Siliceous containing silica or silica dioxide

Silicified rock into which silica has been introduced

Silurian a time period about 434 to 410 million years ago

Stanniferous containing or yielding tin

Stratiform the arrangement of mineral deposit in strata or layers

Subduction the process by which one tectonic plate moves beneath another

Sulphidation the reaction of a metal or alloy with a sulphur-containing species to produce a sulphur compound that forms on or beneath the surface of the metal or alloy

Syncline a downward-curving fold, with layers that dip toward the centre of the structure

Synkinematic a geologic process or event occurring during tectonic activity

Tectonic forces or movements resulting in the formation of geologic structural features

Tourmaline a dark crystalline mineral that is sometimes used as a gemstone

Triassic a time period, about 251 to 205 million years ago

Tuff a type of rock consisting of consolidated volcanic ash ejected from vents during a volcanic eruption

Tungsten a hard grey metal having a very high (3410°) melting point

Ultramafic dark to very dark coloured igneous rocks composed mainly of mafic minerals

Unconformity description of rock strata where the layers are interrupted, discontinuous

Volcanics collective term for extrusive igneous rocks

Volcanoclastics sediments comprising rock fragments derived by explosion or eruption from a volcanic vent

Volcanogenic rocks having volcanic origin

Wolfram tungsten

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7. INDEPENDENT ACCOUNTANT'S REPORT



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30 March 2007
The Directors
YTC Resources Limited
36 Clinton Street
ORANGE NSW 2800
Dear Sirs
Independent Accountant's Report

1. Introduction

We have prepared this Independent Accountant's Report ("Report") at the request of the Directors of YTC Resources Limited ("the Company") and its subsidiaries, hereafter referred to as the Consolidated Entity, for inclusion in a Prospectus to be dated on or about 30 March 2007 relating to the offer of 14,000,000 Shares at 25 cents per share in the Company to raise up to \$3,500,000 before capital raising costs ("Capital Raising").

The offer is not underwritten.

Expressions defined in the Prospectus have the same meaning in this Report.

2. Background Information

The Company was incorporated on 24 March 2004 as LFB Pty Limited for the purpose of mineral exploration in Australia. The Company changed its name to Big Sky Holdings Pty Limited on 14 April 2004.

The Company incorporated subsidiaries, Defiance Resources Limited and Stannum Pty Limited on 15 May 2006 and 15 September 2006 respectively for the purposes of holding the Consolidated Entity's gold-copper and tin projects.

Big Sky Holdings Pty Limited converted to a public company on 26 June 2006, and on 8 January 2007 changed its name to YTC Resources Limited.

3. Scope

We have been requested to prepare an Independent Accountant's Report covering the following financial information:

- Historical Consolidated Financial Information comprising the Historical Consolidated Balance Sheet as at 31 December 2006 and the Historical Consolidated Income Statement, Historical Consolidated Statement of Changes in Equity, Historical Consolidated Cash Flow Statement and applicable notes to these statements for the period from incorporation on 24 March 2004 to 31 December 2006 set out in Section 5 of the Prospectus; and



- Pro-forma Consolidated Financial Information comprising the Pro-forma Consolidated Balance Sheet as at 31 December 2006 which assumes completion of the contemplated transactions as at that date as set out in Section 5.2 of the Prospectus.

The Directors have prepared and are responsible for the Historical and Pro-forma Consolidated Financial Information. We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

Review of Historical Consolidated Financial Information

We have conducted an independent review of the historical consolidated financial information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the historical consolidated financial information is not prepared in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has been limited to reading of relevant Board minutes, inquiries of management personnel, analytical procedures applied to the financial data and certain limited verification procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the historical consolidated financial information.

Review of Proforma Consolidated Financial Information

We have conducted an independent review of the pro-forma consolidated financial information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- a) the Pro-forma Consolidated Balance Sheet has not been prepared on the basis of the assumptions set out in Section 5.2 of the Prospectus; and
- b) the Pro-forma Consolidated Financial Information is not applying the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions set out above had occurred at 31 December 2006.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has been limited to reading of relevant Board minutes, reading of contracts and other legal documents, inquiries of management personnel and analytical procedures applied to the financial data. We have also determined whether the pro-forma transactions form a reasonable basis for the preparation of the pro-forma consolidated balance sheet. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the pro-forma consolidated financial information.

4. Review Statements

Historical Consolidated Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical consolidated financial information, as set out in Section 5 of the Prospectus, is not prepared in accordance with



ERNST & YOUNG

the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, to present:

- the financial position of the Consolidated Entity as at 31 December 2006; and
- its performance as represented by the results of its operations and its cash flows for the period from incorporation on 24 March 2004 to 31 December 2006.

Pro-forma Consolidated Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the pro-forma consolidated financial information as set out in Section 5 of the Prospectus:

- a) has not been prepared on the basis of the assumptions as set out in Section 5.2 of the Prospectus of the Company as at 31 December 2006, and
- b) is not applying the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions set out in Section 5.2 of the Prospectus had occurred on that date.

5. Subsequent Events

Apart from the matters dealt with in this Report and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of the Consolidated Entity subsequent to 31 December 2006 have come to our attention which require comment on or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

6. Disclosure

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter. Ernst & Young provides audit services to the Company, and will receive a professional fee for the preparation of this Report.

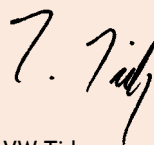
The Company has agreed to indemnify and hold harmless Ernst & Young and its employees from any claims arising out of misstatement or omission in any material or information supplied by the Company.

Consent to the inclusion of the Independent Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully



Ernst & Young



VW Tidy
Partner

8. SOLICITOR'S REPORT ON TENEMENTS

The Company has commissioned and received a Solicitor's Report on Tenements from Steinepreis Paganin dated 29 March 2007 (Solicitor's Report).

The Company lodged a copy of the Solicitor's Report with ASIC on 2 April 2007. The lodged Solicitor's Report is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. The Company will give a copy of the Solicitor's Report to any person who requests a copy of it during the Offer, free of charge.

The Solicitor's Report is a review of publicly available information obtained from searches. The results of those searches are described, setting out details of the Tenements that have been granted and which the Company has an interest in, and the factors which affect those Tenements.

The Solicitor's Report describes obligations and limitations on any rights with respect to the Tenements. In particular:

- (a) some of the Tenements are subject to native title claims and heritage protection agreements.
- (b) EL6389 is held by Australian Oriental Minerals NL who the Company has entered into a heads of agreement with. A summary of the material terms and conditions of this heads of

agreement is set out in Section 10 of this Prospectus.

(c) The remainder of the Tenements are held by either Stannum Pty Ltd or Defiance Resources Ltd, both of which are wholly owned subsidiaries of the Company.

(d) EL6389 and 6392 are the subject of valid applications for renewal. EL6392 is also the subject of an extenuating circumstances application. Further information regarding these applications are set out in Section 9.9 of this Prospectus.

The Solicitor's Report includes schedules and tables setting out information about the Tenements. This information includes details of each Tenement, their status, the registered holder, shares held, expiry date, area, shire/locality, annual rent, minimum expenditure, bond, registered encumbrances and dealings, related tenements, endorsements and conditions, other comments, Aboriginal heritage and native title claims.

The information provided in the Solicitor's Report is subject to specified assumptions and qualifications as to the accuracy and completeness of information relating to the Tenements obtained during searches of records maintained by various departments or authorities.

Investors and their advisors who wish to review detailed information about the Tenements may obtain and read a copy of the Solicitor's Report.

TENEMENT SCHEDULE

TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE	ENCUMBRANCES/ DEALINGS	NATIVE TITLE CLAIMS
EL6389	Australian Oriental Minerals NL	100% owned	08/03/2005	07/03/2007*	18 Units	Nil	\$29,000	-	-
EL6392	Stannum Pty Ltd	100% owned	11/03/2005	10/03/2007*	66 Units	Nil	\$53,000	-	-
EL6449	Stannum Pty Ltd	100% owned	15/07/2005	14/07/2007	28 Units	Nil	\$34,000	-	NC98/17, Nucoorilma Clan of the Gamilarooy Aboriginal People
EL6442	Stannum Pty Ltd	100% owned	08/07/2005	07/07/2007	98 Units	Nil	\$69,000	-	-
EL6673	Defiance Resources Ltd	100% owned	5/12/2006	04/12/2008	49 units	Nil	\$44,500	-	-
EL6697	Defiance Resources Ltd	100% owned	10/01/2007	09/01/2009	30 Units	Nil	\$35,000	-	-
EL6699	Stannum Pty Ltd	100% owned	10/01/2007	09/01/2009	51 Units	Nil	\$45,500	-	-
EL6690	Stannum Pty Ltd	100% owned	20/12/2006	19/12/2008	40 Units	Nil	\$40,000	-	-
EL6226	Defiance Resources Ltd	100% owned	06/04/2004	05/04/2008	61 Units	Nil	\$91,000	-	-

* The subject of application for renewal. Please refer to section 4(a) of the Solicitor's Report lodged with ASIC on 2 April 2007 and Section 9.9 of this Prospectus.



9. RISK FACTORS

9.1 Introduction

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.2 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

9.3 Market Conditions

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

9.4 Exploration Success

The Tenements described in this Prospectus are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions

are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

9.5 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated on 24 March 2004, the Company has a limited operating history, although it should be noted that the Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

9.6 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

9.7 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are

denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

9.8 Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, government regulatory organisations from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

9.9 Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

There are inherent risks associated with the grant of mining tenements (the subject of applications) or renewal of tenements upon expiry of their current terms. EL6389 and 6392 are the subject of renewal applications with EL6392 also the subject of an extenuating circumstances application for under expenditure.

If a tenement is not granted or renewed for any reason the Company may suffer loss of opportunity to discover and develop any minerals on that tenement. The Directors are not aware of any reason why EL6389 will not be renewed. In the event the Company's application regarding EL6392 is rejected, the Company will be required to reduce the tenement area by 50%. Such an event is not considered material by the Directors and will not impact the Company's ability to carry out its stated objectives.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native

title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

9.10 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

9.11 Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

9.12 Significant Shareholder

In the event that the Offer closes fully subscribed then Yunnan Tin Group will hold 33% of the Company. Yunnan Tin Group has three representatives on the board including the Chairman. Whilst a cornerstone investor with the partnership credentials of Yunnan Tin Group is considered to be a benefit to the Company, the ability of that investor to exert influence on the Company may pose a risk to the activities and share price of the Company.

9.13 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.



10. MATERIAL CONTRACTS

10.1 Yunnan Investment Agreement

On 22 September 2006, the Company entered into an investment agreement with Yunnan Tin Group whereby they agreed to subscribe for 1,501,775 pre re-structure Shares at an issue price of \$1.78 per Share. Subsequently the Company re-structured its issued capital such that every one (1) Share on issue was converted to nine (9) Shares. This resulted in Yunnan Tin Group being issued 13,515,975 Shares at a deemed issue price of \$0.198 per Share.

The agreement was conditional on Yunnan Tin Group obtaining all necessary approvals from the relevant government authorities to subscribe for and acquire the Shares (and pay moneys in respect of such shares). All necessary approvals have been obtained. The investment agreement was settled on 27 March 2007.

Pursuant to the agreement, Yunnan Tin Group was entitled to appoint 3 directors to the Company's board (including the initial Chairman) whilst the other shareholders of the Company were entitled to appoint (or maintain the appointment of) 3 directors (including the initial vice chairman).

Yunnan Tin Group also, notwithstanding its investment in the Company, specifically retained the right to:

- (a) bid/quote for any tender issued by the Company for the design and/or construction of mine processing plant and infrastructure (subject to compliance with applicable laws); and
- (b) subject to commercial mine development within any mining tenement held by the Company, to negotiate an offtake agreement with the Company for any mineral concentrate or other metalliferous mine product on arms length commercial terms.

All such tenders and agreements must be made subject to compliance with the Corporations Act and the Listing Rules.

The agreement is subject to normal termination provisions. Furthermore, no party may assign its rights and obligations in the agreement without the other party's prior written consent.

10.2 Australian Oriental Minerals NL - Heads of Agreement

On 22 March 2005, the Company entered into an agreement (Heads of Agreement) with Australian Oriental Minerals NL (AOM) to establish the terms for the future drafting of a formal joint venture agreement whereby the Company could earn the right to an 80% interest in a specified area comprising 6 units (The Area) of the land contained in Exploration Licence 6389 (EL 6389).

The Company is required to spend \$100,000 on exploration

within The Area within an 18 month period to earn the right to take up a 70% equity interest in The Area.

The Company can earn the right to a further 10% interest following expenditure of \$200,000 on exploration within The Area within a further 18 month period.

When the Company earns the right to an 80% equity interest in The Area, AOM may elect to contribute to further exploration in The Area at its 20% equity level or sell its remaining interest in The Area for a 5% net smelter return Royalty with the Company holding first right of refusal.

The Company agrees to provide AOM with appropriate technical reports in regards to its exploration activities as required under the conditions to the tenement.

10.3 Chief Executive Officer Remuneration Agreement

The Company has entered into an executive service agreement with Mr Rimas Kairaitis as Chief Executive Officer. Under the terms of this agreement, Mr Kairaitis will receive \$125,000 per annum (plus superannuation) for fulfilling his assigned role.

Subject to the Company obtaining all necessary shareholder approvals, Mr Kairaitis is also entitled to 1 million options to acquire shares. The options will be exercisable at \$0.25 each, and will expire 5 years from the date of their issue, subject to the lapse of any unexercised options:

- If one year from the date the Company lists on ASX the executive resigns or is terminated for breach of contract; or
- 90 days after the executive ceases to be an employee of the Company.

The options are not transferable, other than to an associate.

The agreement may be terminated by either party upon 3 months written notice, unless Mr Kairaitis commits an act of serious misconduct in which case the Company may terminate the agreement without notice.

The agreement is otherwise on standard terms and conditions.

10.4 Chief Geologists Remuneration

The Company has agreed terms for the remuneration of Mr Ian Cooper as Chief Geologist - Australia. Mr Cooper will receive \$600 per day (plus superannuation) for fulfilling his assigned role and he has committed a minimum of 200 days to YTC Resources Ltd.

The Company has agreed terms for the remuneration of Mr Tong as Chief Geologist - China. Mr Tong will be paid by the Yunnan Tin Group and when assisting YTC Resources in Australia YTC Resources will provide for disbursements and a living away from home allowance.

10.5 Directors' Deeds of Indemnity and Access

The Company intends to enter into a deed of indemnity and access with each of its Directors. The deeds also provide for access to Board papers and insurance for a period of 7 years after the Director ceases to be an officer of the Company.

10.6 Property Lease Agreement

The Company has agreed to enter into a lease over 2 Corporation Place, Orange NSW. A company related to Mr Stephen Woodham has contracted to purchase this property and assume the lessor's obligations. The lease is for a period 3 years at \$65,000 per annum plus GST and otherwise contains terms and conditions which are normal for a lease of this type.

11. ADDITIONAL INFORMATION

11.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may deduct from any dividend payable to a Shareholder all sums of money (if any) presently payable by that Shareholder to the Company on account of calls or otherwise in relation to Shares. Interest is not payable by the Company in respect of any dividend, whether final or interim.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

11.2 Option Terms and Conditions

There will be 4,500,000 Options on issue at the date the company receives approval to list on ASX. Set out below are the basic terms and conditions which apply to these Options. Half of the Options are not subject to clause (d).

The material terms and conditions of the Options are set out below:

- a) each Option entitles the holder to one (1) Share in the Company;
- b) the Options are to be issued subject to the Company receiving approval to list on ASX, this date being the issue date;
- c) the Options are exercisable at any time on or prior to 5 years from the issue date, subject to the conditions set out in part (d) of these terms;
- d) the Options are only exercisable in the event that the volume weighted average daily share price has reached \$0.50 per Share for 5 consecutive trading days (this clause applies to half of the total options on issue);
- e) In the event that the Option holder leaves the Company then the Options must be exercised within 3 months of that date or they will be forfeited (this term is subject to the discretion of the Board).
- f) Executive-employee options totalling 1,500,000 of the total Options on issue will, at the discretion of the board, be forfeited in the event that the executive-employee resigns or is terminated for breach of contract within one year of issue.
- g) the Option exercise price is \$0.25 per Option;
- h) all of the Company's Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of all Shares issued upon exercise of the Options on ASX;
- i) there is no current intention of the Company to apply for quotation of the Options on ASX;
- j) in the event of any reconstruction (including consolidation,

sub-division, reduction or return) of the issued capital of the Company prior to the expiry date, all rights of the optionholders will be varied in accordance with the ASX Listing Rules.

11.3 Employees' Share Option Plan

The Company has established an employee share option plan (ESOP). The full terms of the ESOP may be inspected at the registered office of the Company during normal business hours.

Objectives: The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of the Company and its subsidiaries.

Consideration: Each Option issued under the plan (Employee Option) will be issued free of charge.

Exercise Price: The exercise price for Employee Options granted under the ESOP will be the price fixed by the Board prior to the grant of the Employee Option and shall not be less than the weighted average sale price of Shares sold on ASX during the five Business Days prior to the issue date of the Employee Options or such other period as determined by the Board (in its discretion).

Exercise Restrictions: The options granted under the ESOP may be subject to such other restrictions on exercise as may be fixed by the Directors from time to time.

Participation in Rights Issues and Bonus Issues: The Employee Options granted under the ESOP do not give any right to participate in dividends or rights issues until Shares are allotted pursuant to the exercise of the relevant Employee Option. The number of Shares issued on the exercise of Employee Options will be adjusted for bonus issues made prior to the exercise of the Employee Options.

Eligibility: Under the ESOP, the Directors may invite employees to participate in the ESOP and receive Employee Options. An employee may receive the Employee Options or nominate a relative or associate to receive the Employee Options. The plan is open to Directors of the Company or its subsidiaries.

Restrictions on Transfer: Employee Options are not transferable.

11.4 Corporate Governance

The Directors are responsible for the overall corporate governance of the Company, and are committed to the principles underpinning best practice in corporate governance, applied in a manner that meets the ASX standards and best addresses the Directors' accountability to Shareholders.

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The following policies and procedures have been considered by the Company in preparing the Company's corporate governance policy.

- Board Charter
- Audit Committee Charter
- Executive Committee Charter
- Directors and Executive Officers' Code of Conduct
- Performance Evaluation Process
- Code of Business Conduct
- Dealings in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

Whilst the Company will endeavour to comply with all of the guidelines under the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations", the Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the additional expense of compliance with all recommendations. The Board will consider on an ongoing basis its corporate governance procedures and whether they are sufficient given the Company's nature of operations and size.

11.5 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors and CEO have relevant interests in securities as set out in the table below:

	Shares	Options ^(f)
Jianming Xiao	- ^(a)	500,000
Anthony Wehby	90,000	500,000
Stephen Woodham	3,801,654 ^(b)	500,000
Rimas Kairaitis	3,167,244 ^(c)	1,000,000
Robin Chambers	150,003 ^(d)	500,000
Wenxiang Gao	- ^(a)	500,000
Richard Hill	1,121,958 ^(e)	500,000

(a) Mr Jianming Xiao and Mr Wenxiang Gao are directors of Yunnan Tin Group which holds 13,515,975 Shares.

(b) Mr Stephen Woodham holds 3,243,915 Shares in Locksley Holdings Pty Ltd and 557,739 Shares jointly with his wife.

(c) Mr Rimas Kairaitis holds his Shares in Smiff Pty Ltd.

(d) Mr Robin Chambers holds his Shares in Broad Street Management Pty Ltd.

(e) Mr Richard Hill holds his Shares in Silverpeak Nominees Pty Ltd.

(f) At the time the options vest the receiving party will nominate a holder.

11.6 Remuneration and Consulting Fees

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors has been set at an amount not to exceed \$300,000 per annum.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

In the past 2 years to the date of this Prospectus the Company has incurred the following fees (excl GST) resulting from services provided by its Directors and CEO or their related companies.

	\$'s
Rimas Kairaitis	39,600
Richard Hill	70,368
Stephen Woodham ¹	93,848
Anthony Wehby	15,000

¹Mr Woodham will receive \$24,000 in relation to consulting to the Company prior to its listing. Mr Woodham also had an ownership interest which he has now sold in Southern Cross Technical and Field Services which provides field and drilling services to the Company and is owed \$69,848.

Expense claims incurred by Directors on behalf of the Company have not been included. The non-executive Directors may in the future provide services to the Company for which they may be remunerated on normal commercial terms.

The Yunnan Tin Group has also agreed to provide the Company with additional marketing, operational and technical support. It is proposed that this support will be provided on an on-cost basis and otherwise commercial arms length terms.

11.7 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director of the Company;
- (b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (c) promoter of the Company; or
- (d) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in the Prospectus as a financial services licensee involved in the issue,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
- (c) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Ernst & Young has acted as Independent Accountant and has prepared an Independent Accountant's Report, which has been included in Section 7. The Company estimates it will pay Ernst & Young a total of \$15,000 (excl GST) for this service. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ernst & Young has not received any other fees from the Company.

Steinepreis Paganin has acted as the Solicitors' to the Company in relation to the Offer, has prepared a Solicitor's Report on Tenements which has been lodged with ASIC on 2 April 2007 and is summarised and incorporated by reference in Section 8 and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Steinepreis Paganin \$45,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24

months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any other fees for legal services.

Ravensgate has acted as the Independent Geologist and has prepared an Independent Geologist's Report which has been included in Section 6. The Company estimates that it will pay Ravensgate a total of \$23,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ravensgate has not received any other fees from the Company.

11.8 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Ernst & Young has given their written consent to being named as auditor and Independent Accountant in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 7 in the form and context in which the report is included. Ernst & Young has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus and to the reference to the Solicitor's Report on Tenements in Section 8 in the form and context in which the report is incorporated. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Ravensgate has given its written consent to being named as the Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 6 in the form and context in which the report is included. Ravensgate has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

11.9 Restricted securities

ASX has indicated that certain existing security holders may be required to enter into agreements which restrict dealings in securities held by them. These agreements will be entered into in accordance with the Listing Rules.

11.10 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. Assuming full subscription, it is estimated that approximately \$390,000 (excluding GST) will be paid by the Company in respect of broker, legal, accounting, and experts' fees, printing, ASIC and ASX fees, and other costs arising from this Prospectus and the Offer.

11.11 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.12 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic Application Form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic Application Form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Forms. If you have not, please email the Company at office@ytcresources.com and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the

Prospectus from the Company's website at www.ytcresources.com

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

11.13 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

11.14 Forecasts

The Company is an exploration company. Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.



Yunnan Tin Company tin dressing plant, China.



12. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Richard Hill
For and on behalf of
YTC Resources Limited

GLOSSARY

A\$ or \$ means an Australian dollar.

Application Form means the application form accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Company or **YTC Resources** means YTC Resources Limited (ACN 108 476 384) and its subsidiaries Stannum Pty Ltd (ACN 121 771 695) and Defiance Resources Limited (ACN 119 700 220).

Closing Date means the closing date of the Offer being 1 May 2007.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Listing Rules means the official listing rules of ASX.

Moz means millions of ounces.

Mt means millions of tonnes.

NSW means New South Wales, a state of Australia.

Offer means the offer of Shares pursuant to this Prospectus as outlined in Section 2.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Option means an option to acquire a Share and having the terms and conditions set out in Section 11.2.

Project means a grouping of prospects within a specific geographic location, often with a common geological setting.

Prospectus means this prospectus.

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

Share Registry means Security Transfer Registrars Pty Ltd.

Shareholder means a holder of Shares.

Tenements means tenements set out in the Schedule in Section 8.

WST means Western Standard Time, Perth, Western Australia.

RMB or **Yuan** means the currency of the Peoples' Republic of China.

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

Yunnan Tin Company Group Limited or **Yunnan Tin Group** means Yunnan Tin Group Limited of 121 E. Jinhua Road, Gejiu, Yunnan, Peoples' Republic of China and its subsidiaries.

THE APPLICATION FORM WILL BE AVAILABLE
ON THE PROSPECTUS OPENING DATE

THE APPLICATION FORM WILL BE AVAILABLE
ON THE PROSPECTUS OPENING DATE





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ACN 108 476 384

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