

1 March 2013

Dear YTC Shareholder

### **Reminder to Return Your Proxy Form & Vote In Favour of the Development Funding**

On 15 March 2013 YTC Resources Limited ("YTC " or "the Company") is holding a General Meeting at which Shareholders will be asked to approve a \$158 million funding transaction to secure the funding necessary to complete the development of the Hera Gold Project ("Development Funding").

I am pleased to report that earlier this week YTC was awarded with "**Best Small Cap Deal**" at the Government Magazine's Annual Mining Awards in respect of this Development Funding. It is great to see the achievements of YTC being recognised by this award.

Approval of the Development Funding at the upcoming General Meeting is the final major hurdle required for YTC to transition from explorer to a gold developer and producer. Given the importance of the Development Funding, regardless of the size of your investment, **I strongly urge every Shareholder to vote "For" both Resolutions as soon as possible by voting online or returning their personalised proxy form.** Instructions for voting online, a personalised proxy form and a reply paid envelope have been included with this letter.

Since announcement of the Development Funding, I've spoken with many of YTC's Shareholders, and continue to endeavour to speak with others. Pleasingly, the feedback from these conversations has been overwhelmingly in favour of the Development Funding transaction, with Shareholders recognising this opportunity to build the Hera and Nymagee Projects on very favourable funding terms. Building on this indicative support, I urge all Shareholders to vote to ensure your support for the transaction is recorded.

#### **Background**

As you will no doubt be aware, YTC has undertaken early site works for the development of the Hera Gold Project, however to complete the mine's development, YTC requires considerable capital. Following a competitive and rigorous negotiation process, YTC secured funding from Glencore International AG and its related bodies corporate ("Glencore") on terms that I consider to be an outstanding outcome for YTC Shareholders.

As announced to the ASX on 22 November 2012, Glencore and YTC have agreed binding terms for Glencore to provide the YTC group with a total of A\$158 million for development of the Hera and Nymagee Projects. Pursuant to this agreement, Glencore will:

- subscribe to approximately \$2.95 million worth of YTC shares at a 25% premium to YTC's 30 day volume weighted average price<sup>1</sup>, to grow its total equity interest in YTC to 9.9% ("Placement");
- provide the YTC group with two converting note facilities for a total of A\$70 million, which may be converted into YTC shares solely at YTC's discretion<sup>2</sup> ("Converting Notes"); and
- provide the YTC group with three debt facilities for a total A\$85 million<sup>3</sup>.

<sup>1</sup> Based on the 30 day volume weighted average price of YTC at the time of execution of the Term Sheet in respect of the Development Funding.

<sup>2</sup> Subject to terms and conditions considered standard for this type of funding, details of which are specified in the Notice of Meeting.

<sup>3</sup> Subject to terms and conditions considered standard for this type of funding, details of which are specified in the Notice of Meeting.

Further details on the terms of the agreement, and the potential advantages and potential disadvantages of the Development Funding, are set out in the Notice of Meeting and Explanatory Statement, which includes the Independent Expert's Report ("**Notice**"). A copy of the Notice was mailed to all Shareholders on 13 February 2013.

A full copy of the Notice may be downloaded from the Company's website at: [www.ytcreources.com](http://www.ytcreources.com) If you require a new hard copy, please contact the Company Secretary on +61 2 6361 4700 or by email on [richard.willson@ytcreources.com](mailto:richard.willson@ytcreources.com).

In the Independent Expert's Report ("IER"), the Independent Expert concluded that the Development Funding is **FAIR AND REASONABLE** to Shareholders who are not associated with Glencore (reasons for the decision are detailed in the IER). In addition, the majority of the YTC Board, including the independent Chairman, each of the independent non-executive Directors, and myself as the Managing Director (the "Board Majority"), **recommend Shareholders vote in favour of the Development Funding by voting FOR both Resolution 1 and Resolution 2.**

Shareholders should be aware that the various components of the Development Funding are inter-dependent, so that if Shareholders do not approve the Resolutions for the Placement and Converting Notes, all of the proposed Development Funding and related agreements such as the Off-Take Agreement and formation of the Technical Steering Committee will fall away, and YTC will need to source alternative funding to develop the Hera and Nymagee Projects.

#### **Vote FOR the Resolutions**

The Board Majority recommends that Shareholders vote For both Resolutions, and the Board Majority intends to vote all YTC shares they own or control in favour of the Resolutions, subject to there being no superior proposal and the Independent Expert not changing its view prior to the General Meeting. However, the minority Directors recommend that Shareholders vote Against both Resolutions.

The reasons why the Board Majority have recommended that Shareholders vote in favour of the Resolutions are contained in the Notice. The reasons why the minority Directors have recommended that Shareholders vote against the Resolutions are also contained in that Notice.

The Explanatory Memorandum previously sent to all Shareholders sets out all information relevant to your decision, and you should read it in its entirety.

#### **How to Vote**

If you cannot attend the General Meeting to vote in person, you can complete and return the enclosed proxy form by mail, in the reply paid envelope, or by fax on +61 8 9315 2233. Instructions for how to complete the proxy form are set out on the proxy form.


Alternatively, you may vote online by visiting [www.securitytransfer.com.au](http://www.securitytransfer.com.au). To use this option, you will utilise your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) and your allocated Online Proxy ID as shown on your proxy form. Detailed instructions on how to vote online are included with this letter.

We encourage you to vote as soon as possible, and to **vote by no later than 10am (AEDST) Wednesday 13 March 2013.**

I look forward to finalising the Development Funding and immediately commencing full scale construction and development of the Hera Gold Project to become one of Australia's next gold producers. Commencing gold production at Hera will be a tremendous achievement for YTC Resources, and lays a solid foundation for the continued growth of the Company.

If you have any queries, please contact myself on +61 2 6361 4700 or Richard Willson, YTC's Company Secretary, on +61 2 6361 4700 or email [richard.willson@ytcreources.com](mailto:richard.willson@ytcreources.com).

Yours sincerely



**Rimantas Kairaitis**  
Managing Director

# YTC Resources Limited

## Proxy Voting Guide



### *You can now vote online!*

We encourage all Shareholders to **vote online now** by following the steps outlined below.

Regardless of the size of your shareholding, **your vote is important to YTC.**

**The majority of the YTC Board of Directors, including the Managing Director, the Independent Chairman, and all of the Independent Non-Executive Directors recommend that you vote FOR both the Resolutions.**

### How to Vote Online

**Step 1:** Visit [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Step 2:** Click on "Investor Login" at the top of the web page.

**Step 3:** Select "YTC Resources Limited" from the drop down menu under the field titled "Investment Name".

**Step 4:** Select your Holder Type:

- **Issuer Sponsored:** Your shares are Issuer Sponsored if there is a "C" in front of your Holder Number.
- or
- **CHESS** Your shares are a CHESS holding if there is an "X" in front of your Holder Number.

Type in your Holder Identification Number (HIN) or Security Reference Number (SRN), and remember to ignore any letters (i.e. X or C) and any zeros that appear at the start of your Holder Number.

**Step 5:** Click on "Submit"

**Step 6:** Click on "Voting" in the options on the right hand side of the web page.

**Step 7:** Enter your Online Proxy ID, which is printed on your Proxy Form.

**Step 8:** Tick the "For" or "Against" boxes for each of the Resolutions to reflect your voting preference.

**Step 9:** Click on "Submit" to lodge your vote.

If you vote online, you do not need to complete and return the Proxy Form.

### Voting By Proxy Form

If you are unable to vote online, we urge you to vote by returning the personalised proxy form enclosed with this letter. A reply paid envelope is included for your convenience.

Please refer to the Proxy Form for instructions on how to complete the Proxy Form.

**Proxies must be received no later than 10am AEDST on Wednesday 13 March 2013.**

### Enquiries

If you have any questions in relation to voting online or completing your Proxy Form, please contact YTC's Company Secretary, Richard Willson, on +61 2 6361 4700, or by email on [richard.willson@ytcresources.com](mailto:richard.willson@ytcresources.com).



