

# December 2009

## Quarterly Activities Report



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### ASX Release

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**YTC Resources Ltd**  
2 Corporation Place  
Orange, NSW  
Australia  
Tel: +61 2 6361 4700  
Fax: +61 2 6361 4711

#### Contact:

Rimas Kairaitis  
Chief Executive Officer

E-mail:  
[office@ytcresources.com](mailto:office@ytcresources.com)

Tel: +61 2 6361 4700

For the latest news:

[www.ytcresources.com](http://www.ytcresources.com)

#### Directors / Officers:

Dr Wenxiang Gao  
Anthony Wehby  
Rimas Kairaitis  
Robin Chambers  
Stephen Woodham  
Richard Hill  
Dr Guoqing Zhang  
Christine Ng  
Matthew Sikirich

**ASX Symbol:** YTC

## Highlights

### Hera DFS

GR Engineering Services (GRES) appointed as Lead Manager to the Hera Gold project Definitive Feasibility Study (DFS).

Stage 1 DFS Metallurgy test work programme completed with very positive results including:

- Very high gravity gold recoveries (+70%) at coarse grinds.
- High base metal recoveries from bulk float of gravity tail.

Stage 2 of the DFS Scope of Work, being the finalisation of the flow sheets and evaluate the infrastructure, plant design and cost estimates for the optimised process options, is now underway.

### Resource Drilling Extends Main Lens

The resource drilling programme is well underway and scheduled for completion in mid February. Strong Main Lens results to date include:

**HRD003\*:** 19m @ 6.33g/t Au, 0.35% Pb, 0.48% Zn from 380m,  
*including:* 4m @ 16.66g/t Au from 380m,  
and 6m @ 8.57g/t Au, 0.61% Pb and 1.3% Zn from 392m

**HRD009W1\*:** 3m @ 6.20/t Au, 23ppm Ag, 2.8%Pb, 4.3% Zn from 457m

Strong intersections in holes HRD004, HRD012 and HRD014 (assays pending) and HRD003 have resulted in the extension of the resource drilling to test the open northerly plunge of the Hera Main Lens.

### New Copper Lens Discovered

A previously un-discovered copper-gold lens located on the western margin of the Hera Main Lens has been intersected by drill hole HDR005. The copper-gold lens returned intersections of:

**HRD005\*:** 7m @ 3.15% Cu, 0.56g/t Au, 33g/t Ag and 1.2% Pb from 282m  
*as part of* 24m @ 1.02%Cu, 0.21g/t Au, 15g/t Ag and 0.9% Pb from 267m

### Hera Exploration

- Major ground gravity survey covering the Hera deposit and extending to the Nymagee copper mine is now complete. Initial survey block defines new 'Zeus' gravity anomaly 1.5km south of Hera deposit. Results for the remainder of the survey are now being processed.
- Initial drill testing of Zeus anomaly returns encouraging, low-level base metal mineralisation.

## Hera Definitive Feasibility Study (DFS)

### DFS Manager Appointed

In November 2009, YTC announced the appointment GR Engineering Services ('GRES') as Lead Manager to the Hera Gold Project Definitive Feasibility Study ('DFS').

GRES personnel have a proven track record and reputation in successful feasibility studies and project delivery, in particular gold and base metal processing facilities including site infrastructure.

GRES will be leading the Feasibility team in combination with a number of sub Consultants.

Manager	Task
GRES	Overall study management/co-ordination.
GRES	Process plant, services and infrastructure.
Optiro	Mining including mine geotechnical Financial modelling/analysis (with GRES input)
Coffey	Plant and infrastructure civil geotechnical Hydrology Tailings storage facility Site drainage/catchment Geochemistry and ARD
Leo Consulting/Metcon Laboratories	Metallurgical testwork and flow sheet design

### Metallurgy – Stage 1

Stage 1 of the DFS Scope of Work, being a detailed metallurgical test work programme and the optimisation of the Hera process options, has been completed.

Stage 1 metallurgy results have been strongly encouraging indicating very high gravity gold recoveries (+70%) are achievable at coarse grinds. In addition, flotation tests of the gravity tail show high recoveries of copper, lead and zinc to a bulk float.

Test programmes have now been completed at both Metcon Laboratories and Gekko Systems.

### Summary Results:

#### Metcon Laboratories

- Coarse grind to P80 passing 400µm
- 5.7% gravity concentrate using Knelson Concentrator recovers 69% of the gold
- Re grind of gravity tail to 200µm then bulk sulphide float
- Bulk float recovers 90.3% of the Cu, 98.4% of the Pb & 90.7% of the Zn
- Indicative flow sheet recovers 94.6% of the Au & 93.4% of the Ag

### Gekko Systems

- Coarse grind to P80 passing 600µm
- 3.2% gravity concentrate using gravity tables recovers 74% of the gold or
- 11.3% gravity concentrate using gravity tables recovers 83% of the gold
- Bulk float recovers up to 86% of the Cu, 88% of the Pb & 96% of the Zn
- Indicative flow sheet recovers 91.8% of the Au & 93% of the Ag

These initial results are considered strongly encouraging as they indicate that despite utilising a low energy coarse grind, the Hera ore will deliver:

- Very high gravity gold recoveries at coarse grind, and
- High base metal recoveries

Such strong results at coarse grinds infers the Hera Project is amenable to a lower Capex, lower Opex grinding circuit whilst still retaining high metal recoveries, and higher gravity gold recoveries than reported in previous metallurgical test work.

Further test work has shown that the bulk sulphide concentrate can be reground and separate Cu-Pb-Zn concentrates produced.

These results combine to give the indicative Hera flow sheet is represented on the following page.

### Stage 2

Under Stage 2 of the DFS Scope of Work, GRES are now evaluating the infrastructure, plant design and cost estimates for the optimised process options.

Environmental Consultants, RW Corkery, have distributed briefs to update the existing studies for: groundwater, traffic, air & noise and flora & fauna.

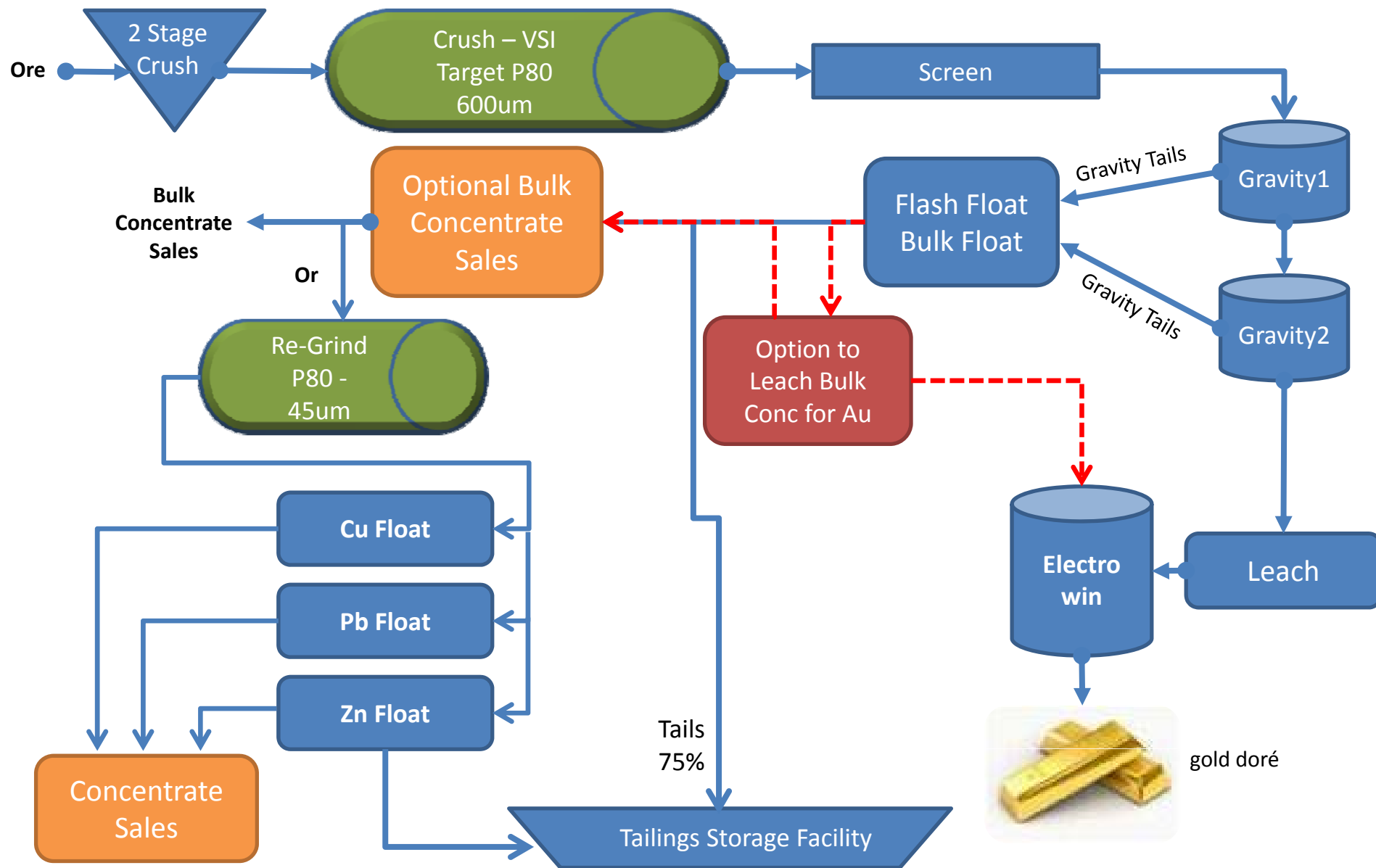
### Resource Drilling

The resource drill programme has been designed to infill areas of wider spaced drill coverage and to test the margins of a \$170/tonne shell, which was defined by YTC as the likely limits of a final mining shape.

To date, drill results have either confirmed the margins of the grade shell or upgraded the Resource with high grade results.

Nine resource drill holes are now complete. A further six holes are either in progress or to be completed. Resource infill drilling is scheduled to be completed in the second week of February.

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Hera Gold Project - DFS  
Indicative Metallurgical Flow Sheet

## New Copper Lens discovered

A previously un-discovered copper-gold lens located on the western margin of the Hera Main Lens has been intersected by drill hole HDR005. The copper-gold lens returned intersections of:

**HRD005\*:** 7m @ 3.15% Cu, 0.56g/t Au, 33g/t Ag and 1.2% Pb from 282m  
*as part of* 24m @ 1.02%Cu, 0.21g/t Au, 15g/t Ag and 0.9% Pb from 267m

The new lens appears open to the north and down plunge for about 300m. Follow up drilling has now been planned to test the northern strike extension of this new lens as part of the current drilling programme.

The recognition of a new, copper-gold lens is considered particularly exciting, and more typical of the gold-copper mineralisation observed at the world-class Peak gold mine, located 100km along strike to the north-west.

## Strong results indicate northern plunge on Main Lens

Drilling results from holes targeting the Hera Main Lens are indicating a high-grade, shallow northerly plunge to the Hera Main Lens. Highlight assay results available from drill holes to date include:

**HRD003\*:** 19m @ 6.33g/t Au, 0.35% Pb, 0.48% Zn from 380m,  
*including:* 4m @ 16.66g/t Au from 380m,  
 and 6m @ 8.57g/t Au, 0.61% Pb and 1.3% Zn from 392m

**HRD009W1\*:** 3m @ 6.20/t Au, 23ppm Ag, 2.8%Pb, 4.3% Zn from 457m

*\* All drill holes marked with an asterisk are reporting gold results generated from the screen fire assay method. Screen fire assay is considered a more definitive estimation of gold grade in coarse gold mineralisation.*

Hole HRD003, together with strong intersections in hole HRD004, HRD012 & HRD014 (assays pending) are particularly pleasing, as they will likely extend the size of the existing \$170/tonne shell as well as indicating a shallow northern plunge to the Main Lens which remains open. Follow up drilling to further test the northern plunge potential is now in progress.

A summary of resource drilling to date as well as the interpreted position of the new copper-gold lens is presented on two Main Lens long sections with this quarterly.

Details of hole collars and results are included as Tables 1 & 2 on the following page.

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**Table 1: Resource Drilling – Collar Information.**

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth (m)	Comments
HRD003	436146	6447242	-68	61.5	435.9	Northern Main Lens Infill
HRD005	436233	6446954	-65	75.5	450.5	Southern Main Lens Infill
HRD006	436441	6446997	-70	328	59	Hole abandoned
HRD007	436435	6447002	-73	327.5	63.8	Hole abandoned
HRD008	436236	6446955	-61	80	440	Southern Main Lens & 1530 Lens Infill
HRD009W1	436234	6446952	-70	78	520	Southern Main Lens & Hays Lens Infill
HRD004	436063	6447122	-63	66	569.9	Northern Main Lens Infill
HRD011	436278	6447055	-59	73	372.6	Southern Main Lens Infill
HRD012	436218	6447054	-58	73.25	408.5	Southern Main Lens Infill
HRD013	436061	6447123	-62	76	~570	Northern Main Lens Infill
HRD014	436080	6447201	-63	71	~530	Northern Main Lens Extension
HRD015	436058	6447122	-59	77		Northern Main Lens Infill - In Progress
HRD020	436078	6447202	-60	60.5		Main Lens Extension – In Progress

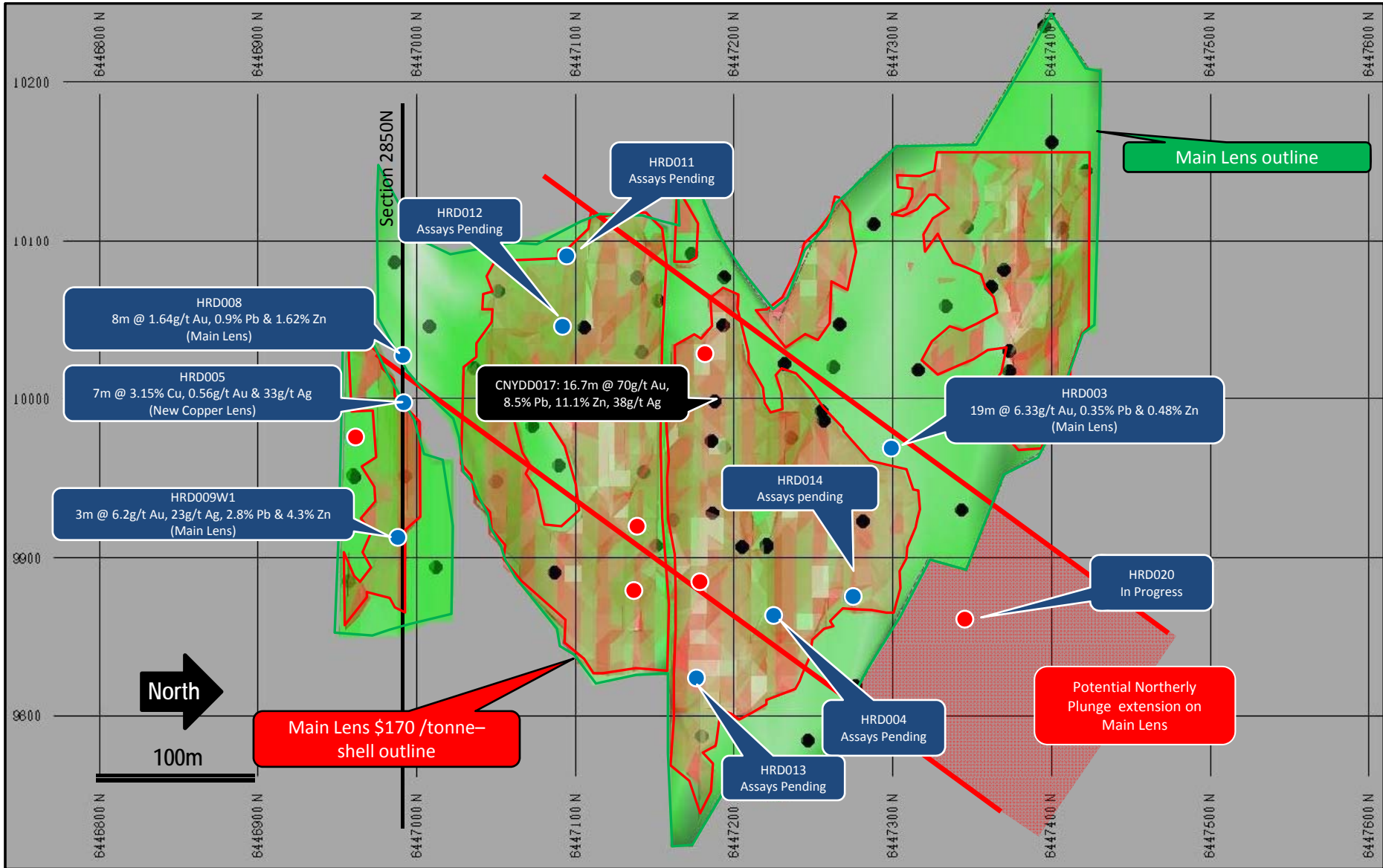
**Table 2: Resource Drilling: Significant results received to date.**

Hole	From (m)	To (m)	Intercept (m)	Au g/t	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)	Comments
HRD003*	380	399	19	6.33	3.2	0.05	0.35	0.48	Main Lens North, includes
	380	374	4	16.7	4.7	0.14	0.16	0.09	and
	392	398	6	8.57	4	0.06	0.61	1.28	and
HRD005*	267	291	24	0.21	15	1.02	0.9	0.41	New Copper Lens, includes
	282	289	7	0.56	33	3.15	1.2	0.23	New Copper Lens
	373.4	375.05	0.75	4.8	32	0.74	4.92	3.5	Hays Lens
	412	416	4	1.13	1	NSR	0.51	0.74	Main Lens South
HRD009W1*	440	441	1	1.2	48	0.1	8.99	8.41	Hays Lens
	457	460	3	6.2	23	0.07	2.8	4.3	Main Lens
HRD008*	290	293	3	0.6	11	0.75	1.03	0.34	Hays Lens
	349	357	8	1.64	8	0.14	0.9	1.62	Main Lens South

\* All drill holes marked with an asterisk are reporting gold results generated from the screen fire assay method. Screen fire assay is considered a more definitive estimation of gold grade in coarse gold mineralisation.

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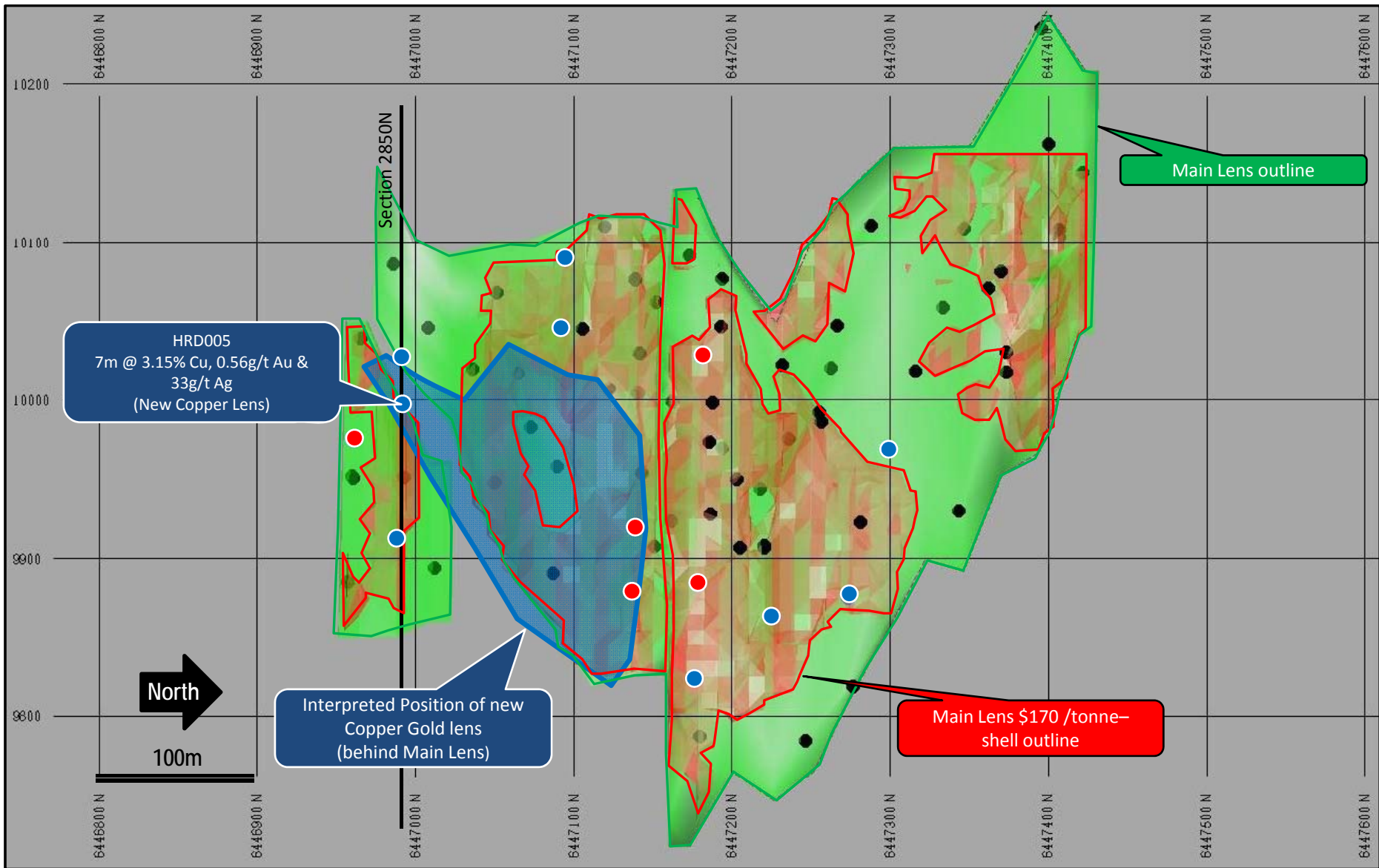
- Existing drill hole within Main Lens
- Infill Drill hole: completed
- Infill Drill hole: planned

**Hera Gold Project**  
**Main Lens – Long Section looking west**

Grid: GDA – Zone 55 - Scale as Shown



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- Existing drill hole within Main Lens
- Infill Drill hole: completed
- Infill Drill hole: planned

### Hera Gold Project Interpreted position of new Copper-Gold Lens - Long Section looking west

Grid: GDA - Zone 55 - Scale as Shown





## Hera Gold Project – Exploration Programme

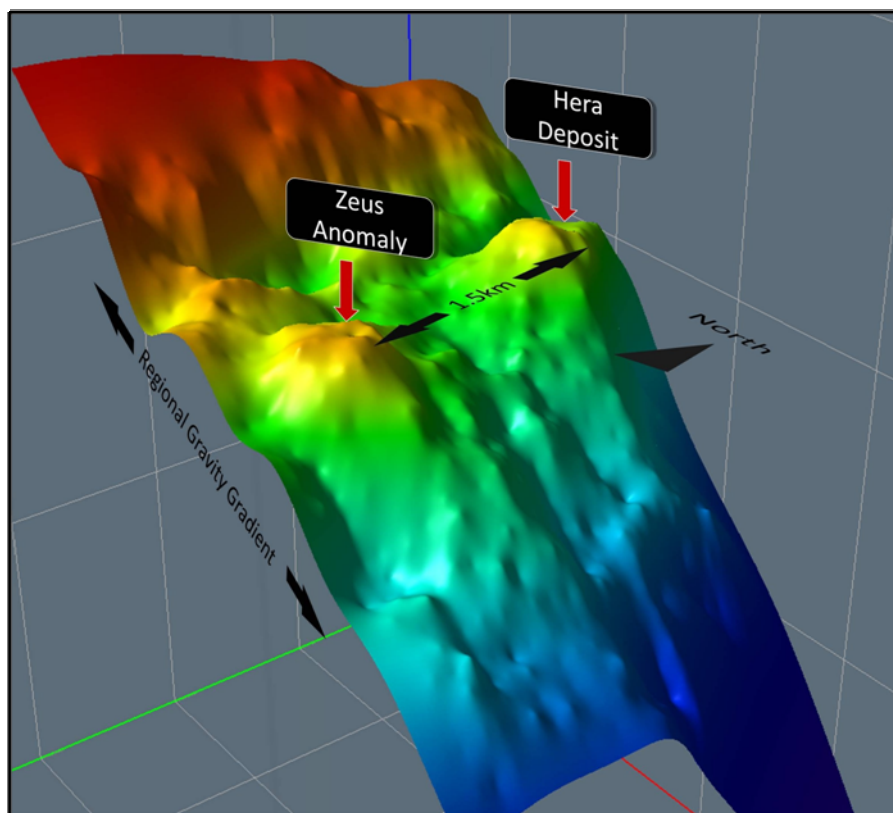
### Gravity Survey

The Hera to Nymagee ground gravity survey is now complete and results have been submitted to Mira Geoscience for final processing and interpretation. The survey was commissioned on the basis that the gravity technique has historically proved highly effective in the Cobar Basin for directly identifying the location of 'Cobar style' sulphide ore deposits.

Results from the first survey block, which covered the Hera Gold Deposit, are available. The key observations from the first gravity block are:

- The Hera Deposit has a discrete gravity anomaly response. This is consistent with the successful application of the gravity technique to other Cobar style ore systems, most notably the CSA Deposit.
- A new gravity target ('Zeus') was identified. The Zeus target is of similar size, shape and strength to the Hera deposit response

The new Zeus gravity target is 1.5km directly south along prospective strike of the Hera deposit. The Zeus area is devoid of historical geophysics and drilling.



3D representation of Block 1 of the Hera to Nymagee gravity survey.

## Exploration Drilling

Exploration drilling completed to date has focussed on the Far West lens and drill testing of the Zeus gravity anomaly, located 1.5km south of the Hera Deposit.

### Zeus Gravity Anomaly

Initial drill testing of the Zeus gravity anomaly has been completed. Two holes have been completed testing a modelled gravity source to the Zeus anomaly. The eastern hole, ZDD002, intersected strong alteration with Cu, Pb & Zn sulphide mineralisation over 1.5m. Strong quartz veining was intersected at the base of the hole and is accompanied by weak Zn & Pb sulphides.

**ZDD002\*: 2m @ 1.2% Zn, 0.1% Cu and 0.57% Pb from 385m**

The gravity source is yet to be explained, however the base metal mineralisation and strong alteration observed in ZDD002 is typical of marginal intersections at the Hera deposit and considered highly encouraging. Follow up drilling at Zeus has been planned to be completed as part of the current exploration drilling programme.

### Far West Lens

Three drill holes have now been completed into the Far West Lens in a program designed to target extensions to the high grade gold and base metal mineralisation. Holes HRD001 and HRD001W1 both drifted approximately 25m north of target and intersected the Far West Lens at its northern margin.

Results have been received for HRD001, & HRD001W1:

**HRD001\*: 1.63 @ 1.11g/t Au, 1.0% Cu, 1.8% Pb, 0.95% Zn and 30ppm Ag from 679m**

**HRD001W1\* 1.0m @ 1.2g/t Au, 0.21% Cu, 2.39% Pb, 0.51% Zn and 28ppm Ag from 704m**

Hole HRD010W1, intersected the Far West Lens approximately 100m below the high grade interval in TNY074AW. Assay results for this hole are pending, however only minor zinc mineralisation was observed.

Six exploration drill holes have now been completed with one hole in progress. Exploration drilling is expected to run at least until the end of February, with the current programme expected to be extended.

A summary of all exploration holes completed and in progress to date is presented in Table 3 on the following page.

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## Quarterly Activities Report

**Table 3: Exploration Drilling – Collar Information**

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
HRD001	435805	6447355	-64	66	721.7	Far West Lens
HRD001W1	435805	6447355	-64	66	791.8	Far West Lens
HRD002	435832	6447300	-69	79.5	432	Far West Lens – Hole Abandoned
HRD010W1	435832	6447296	-68	68.25	843	Far West Lens
HRD010W2	435832	6447296	-68	68.25		Far West Lens - In Progress
ZDD001	436752	6445375	-60	75.25	399.7	Zeus Gravity Anomaly
ZDD002	436849	6445382	-60	75.25	477.4	Zeus Gravity Anomaly

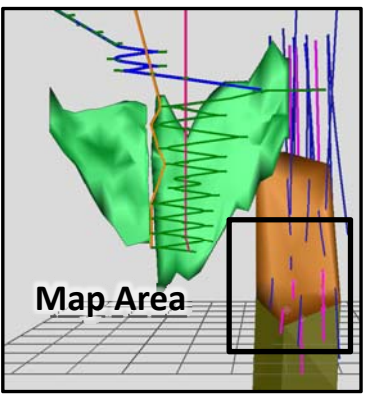
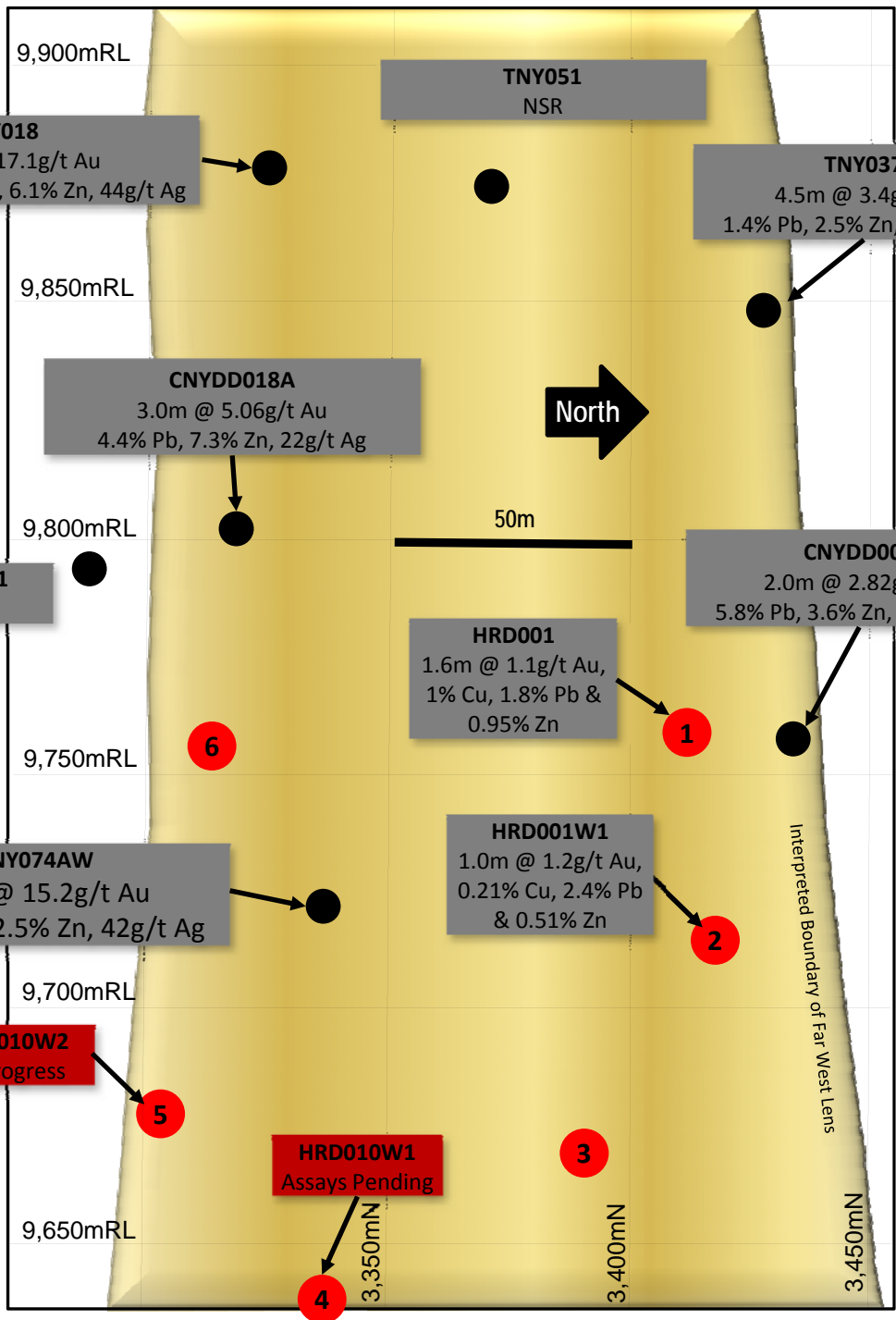
### Hera VTEM Survey

A helicopter borne, time domain electromagnetic (VTEM) geophysical survey has been flown over the Hera deposit as part of a cost-share survey with neighbouring tenement holders.

Results from the survey are awaited.

*The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimas Kairaitis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

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- 1 Target Drill Hole pierce point
- Existing Drill Hole with intersection

### Hera Gold Project

#### Long Section Far West Lens – Planned Drill Targets

Showing Outline of Far West Lens Mineralised Envelope