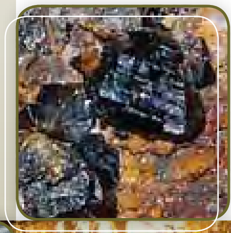
YTC Resources Limited

ABN 37 108 476 384



2008

30 June 2008

ANNUAL REPORT

YTC Resources Limited

CORPORATE DIRECTORY

Directors

Mr. Wenxiang Gao – Chairman
Mr. Anthony Wehby – Vice Chairman
Mr. Rimas Kairaitis (appointed 12 June 2008)
Mr. Stephen Woodham
Mr. Robin Chambers
Mr. Richard Hill
Dr. Guoqing Zhang (appointed 25 February 2008)
Ms. Christine Ng (appointed 12 June 2008)
Mr. Jianming Xiao (resigned 25 February 2008)

Company Secretary

Mr. Matthew Sikirich

Registered Office and Principal place of business

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Share Register

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Stock Exchange Listing

YTC Resources Limited shares are listed on the Australian Stock Exchange, the home branch being Perth
ASX Code: YTC

Auditors

Ernst and Young
11 Mounts Bay Road
Perth WA 6000

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To the Shareholders,

This Annual Report represents the results of another very active year of exploration on the Company's NSW Projects.

Exploration at the Doradilla Project continues to encourage as it reveals a complex, poly-metallic mineralizing system. During the year, YTC not only reported a maiden resource for the tin-laterite deposits at Midway & 3KEL, but also identified significant nickel sulphide mineralisation and commenced exploration of the Doradilla copper mine system. The Doradilla Project remains a priority for YTC, with the strong belief that the Project will reveal a world class mineral system.

Further broad copper-gold intersections were returned from drilling at the Kadungle Project, which for the first time included porphyry style mineralisation at +1% Cu. The Kadungle Project retains excellent potential for the definition of a large, porphyry copper-gold deposit.

A busy year of exploration at the Tallebung Project yielded numerous broad intersections of low-grade tin-tungsten and silver mineralisation. These encouraging results lead to YTC maintaining the view that the Tallebung Project represents a very large tonnage, low grade 'tin porphyry' system, with potential for bulk mining.

As this report goes to print, YTC will be commencing fieldwork for the first time on the Watsons Creek alluvial tin deposit, following the successful resolution of land access in July 2008. Previous exploration stalled in 1981 but not before results indicated excellent potential for an economic tin deposit. The Watsons Creek alluvial deposit is a project with a potentially rapid development timeline and modest capital requirement.

Despite the significant credit and equity market turmoil related to the global credit crisis, the management at YTC maintain a belief on the continuing industrialization of South Asian economies providing a platform for commodities demand growth for the medium and longer term. Supply constraints continue to effect the tin market in particular. The YTC exploration portfolio is well positioned to maximize shareholder returns as the Company looks ahead to project development.

YTC continues to enjoy the support of its major shareholder and alliance partner, the Yunnan Tin Group of China. Yunnan Tin's support for YTC and its endorsement for its ongoing exploration projects was clearly demonstrated in the share placement made to Yunnan Tin in July 2008.

In alliance with the Yunnan Group, YTC is also actively seeking quality acquisitions to complement the Company's asset portfolio.

I would like to thank YTC's shareholders, the Board of Directors and the continuing efforts of YTC's staff in what has been an energetic and successful year for the Company as we look ahead to the challenges of 2009.

Sincerely

Rimas Kairaitis
Chief Executive Officer

Highlights

Doradilla Project

- Maiden JORC Resource Estimation for the oxide 'tin-laterite' deposits at 3KEL & Midway tin deposits.
- Metallurgical test work on the 3KEL ore continuing.
- 'Avebury' style nickel skarn mineralisation identified in historic drilling records. Nickel exploration drilling programme recently completed.
- Drilling programme testing beneath the Doradilla Copper Mine.

Kadungle Project

- Deep diamond drilling confirms broad, porphyry related copper-gold mineralisation.
- High grade copper mineralisation identified at depth.

Tallebung Project

- Broad, low grade tin, tungsten & silver mineralisation identified in:
  - Rock Chip Sampling.
  - Trenching.
  - Re-sampling of historic drill core.
  - Diamond drilling.

Torrington Project

- High grade tin mineralisation intersected at the historic Harts, Dutchmans & Planet tin mines.

Giants Den Project

- Access granted to commence resource definition drilling on alluvial tin deposits at Watsons Creek.

Baldry Project

- Broad, low-grade gold mineralisation identified in diamond drilling.

Tingha Project

- New tenement granted over major historic, alluvial tin mining operations.

Doradilla Project – Tin, Nickel, Copper

EL6258 – earning a 70% interest
EL6645 – earning a 75% interest
EL6999 – 100% YTC

The Doradilla Project represents an extensively mineralized area prospective for tin nickel, copper, indium and zinc mineralisation.

YTC has achieved very encouraging results from exploration during the year and is continuing a focused exploration effort on the project.

Tin Exploration Activities

The known tin mineralisation is recorded within a skarn horizon which has an extensive strike length of 16 km (the 'DMK Line'). The DMK line hosts three separate tin deposits known as Doradilla, Midway and 3KEL. Aircore drilling completed on the oxide mineralisation at the 3KEL tin deposit in the previous year was included with the validated historic database for the estimation of an Inferred JORC Resource for the 3EL & Midway oxide tin deposits.

In February 2008, YTC published the following Inferred Oxide Resource estimates for both the 3KEL and Midway deposits:

Table 1: Summary of Inferred JORC Resources at 3KEL & Midway

	Midway		3KEL	
Sn cut-off	**Mt**	**% Sn**	**Mt**	**% Sn**
0.1%	4.63	0.25	3.18	0.34
0.2%	1.97	0.40	1.85	0.48
0.3%	**0.38**	**0.92**	**0.56**	**0.89**

Bulk samples of the oxide tin mineralisation from the 3KEL deposit were dispatched for metallurgical test work to both Ammtec Laboratory in Perth, and to the Yunnan Group metallurgical laboratories in Kunming, China. Preliminary results from the test work have been received from both Ammtec and Yunnan Tin.

Ammtec Test Work

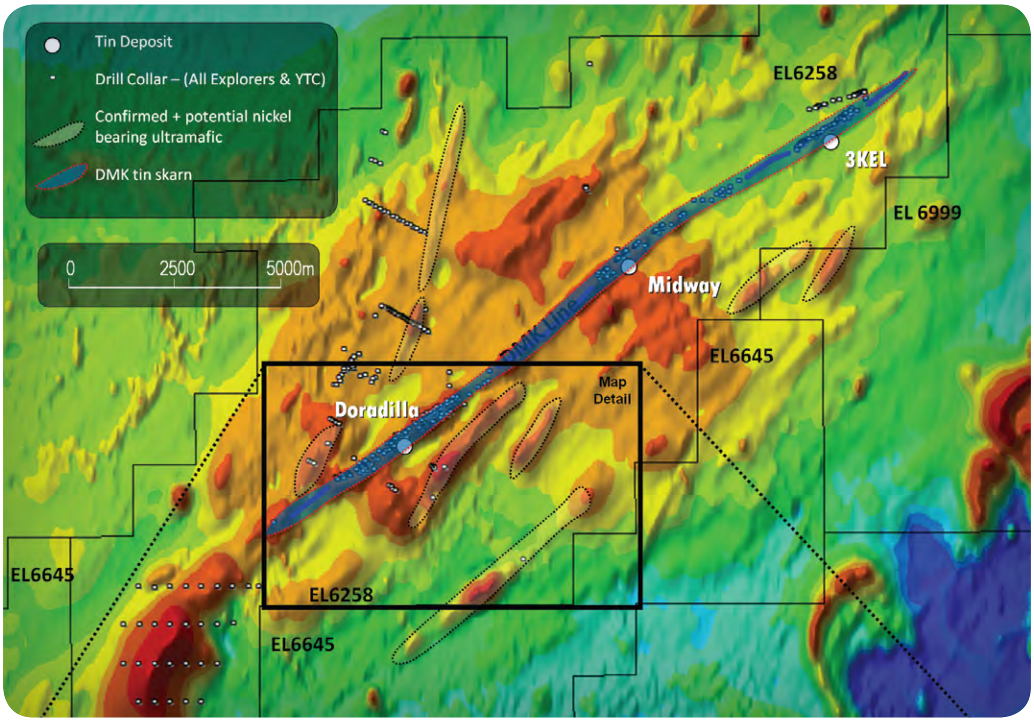
Ammtec completed a detailed mineralogy study on the 3KEL ore and confirmed that Sn is contained dominantly in the mineral varlamoffite together with minor fine cassiterite. An initial round of reduction roasts was been completed at differing temperatures. Key findings from this are that the more aggressive roast conditions liberate more tin from silicates; however more tin is volatilised at higher temperature roasts. Ideal roast conditions will be a balance between these two factors. A number of rounds of acid leach test work were completed on both the raw ore and the reduction roast products:

Key findings of the metallurgy are:

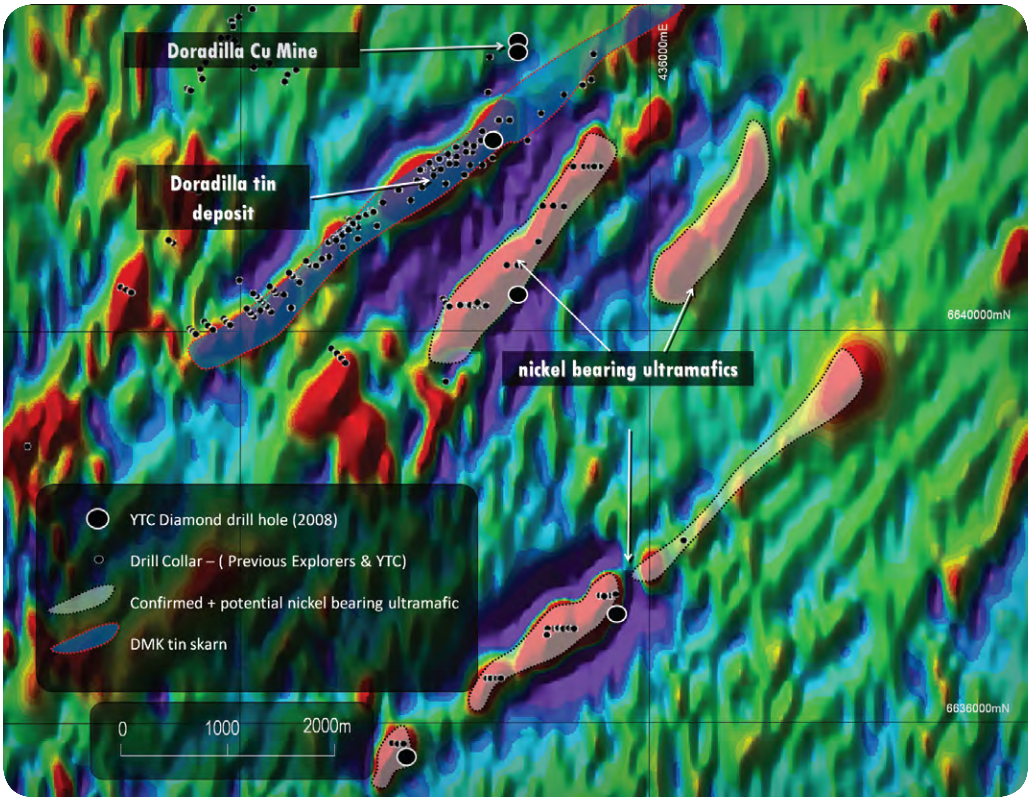
- Chloride volatilisation test work showed 45% of the tin is volatilised under 900°C.
- Reduction roasting followed by atmospheric acid leach provided 54.5% tin recovery.
- Reduction roasting followed by froth flotation showed low tin recoveries.
- Reduction roasting followed by magnetic separation showed low tin recoveries.
- Poor tin recoveries were achieved from atmospheric acid leach.
- Poor tin recoveries were achieved from pressure acid leach (PAL).

These results suggest that tin fuming is the only potential treatment process for the oxide tin mineralization at 3KEL. YTC is receiving indicative costings for fuming trials to commence in the second half of 2008.

Doradilla Project Exploration Summary Plan



Doradilla Project Area over RTP Aeromagnetics



Detail over 1VD Aeromagnetics

Yunnan Tin Test Work

Yunnan Tin report that reduction roast of 1% Sn ore from the 3KEL deposit has successfully produced a Sn-Fe alloy grading 8% Sn at 80% recovery rates.

A "Raw Ore" beneficiation method is also being trialled, with current work indicating an upgrade of 1% Sn ore feed to 40% Sn. However recovery rates are at only 50%.

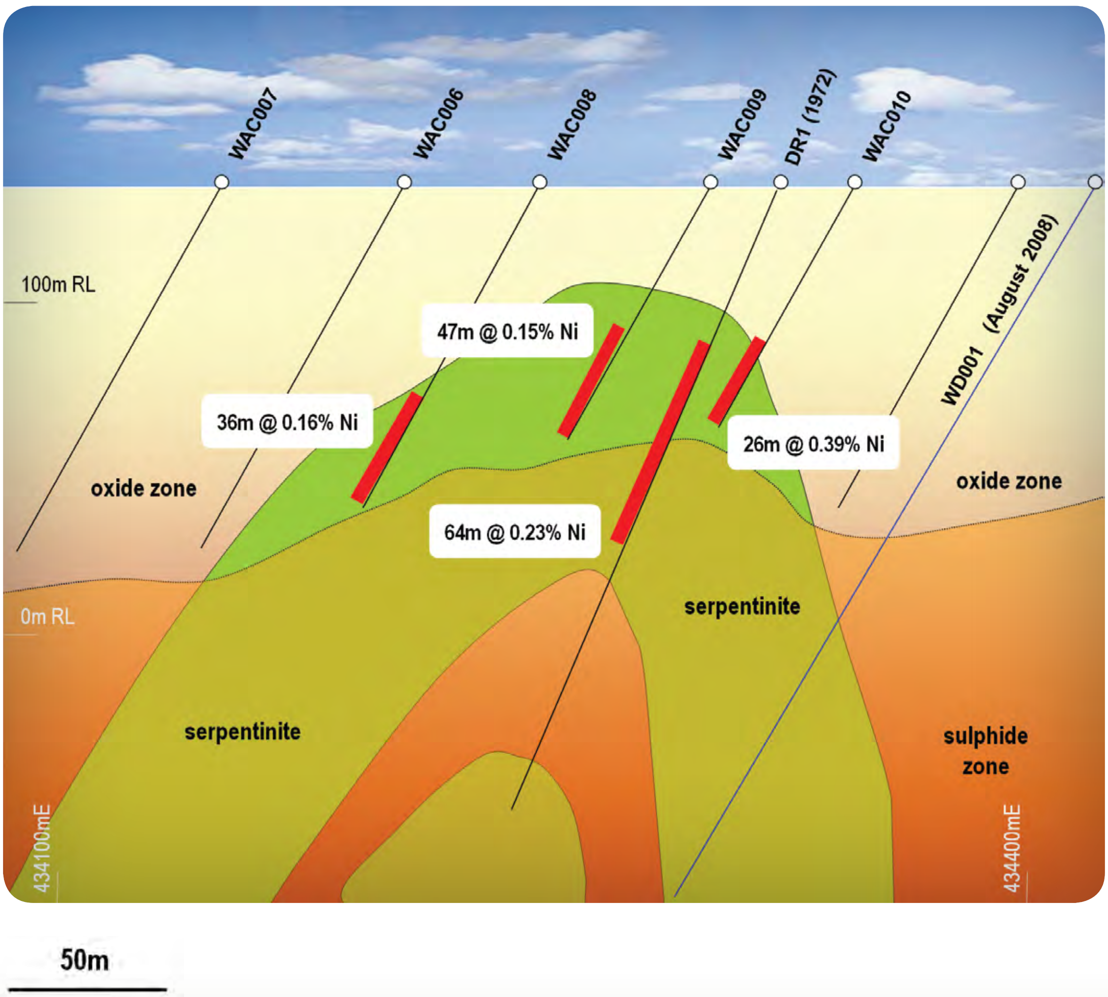
Nickel Exploration Activities

During the year, YTC recognized the significant potential for "Avebury" style nickel sulphide mineralisation. This style of mineralisation is recognized to be closely associated with tin granites and ultramafic rocks. Based on the nickel potential, YTC acquired new tenements to the south (EL6645) and east (EL6999) of the central Doradilla tenement (EL6258).

YTC completed a total of 42 drill holes for 3934m to test the nickel geochemistry in the oxide profile above the ultramafics. The holes were designed to obtain sectional nickel geochemical tenor along a significant strike length. Stronger zones of oxide nickel anomalism are to be tested at a later date to see whether they overlie nickel sulphide mineralisation with a subsequent programme of deeper diamond drilling.

Doradilla Project

Section 6640250mN - Waratah Nickel Trend



Results of the aircore drilling were strongly encouraging, with a number of broad, low grade nickel intersections recorded.

Significant nickel oxide intersections from the 42 hole YTC aircore drilling programme include:

- *MAC018 : 27m @ 0.55% Ni*
- *MAC001 : 29m @ 0.42% Ni*
- *MAC003 : 57m @ 0.40% Ni*

Of interest is that a number of intersections also include highly anomalous results for tin, including:

- *WAC017: 39m @ 0.15% Ni & 460ppm Sn*
- *BTAC006:24m @ 0.18%Ni & 671ppm Sn*

Review of the nickel aircore results gave the following conclusions:

- The concept of nickel bearing serpentinites was proven.
- All aircore holes finished in the oxide zone.
- Garnierite (a nickel secondary mineral) was present in the serpentinite.
- The presence of anomalous tin points to a nickel skarn 'Avebury' type.
- Diamond drilling below the strong nickel oxide results to test for nickel sulphide mineralisation has commenced.

Copper Exploration Activities

The historic Doradilla Copper Mine was operated in the early 1900's producing copper from +10% copper ore. The high grade copper lode remains open at depth and has been scheduled for drill testing in August 2008.

Doradilla nickel aircore drilling

Torrington Project – Tin

EL6389 – earning an 80% interest
EL6392 – 100% YTC
EL6442 – 100% YTC
EL6690- 100% YTC

The extensive Torrington Project tenements cover much of the historically important Torrington & Stannum Tin Fields, which have a recorded historic production in excess of 100,000 tons of tin concentrate. The project area comprises some of the highest production-grade, hard rock, tin mines in NSW and hosts major deep-lead alluvial tin potential at Stannum.

The tenements are located 45km north of Glen Innes in northern NSW and cover much of the highly mineralised Mole Granite, considered the intrusive source to all tin mineralisation in the district. The project area includes more than 250 recorded hard rock and alluvial tin mines.

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

The exploration target at Torrington is both large tonnage, low-grade tin deposits such as the Taronga Deposit (46.8Mt @ 0.145% Sn) and for high-grade, hard-rock, tin mineralisation around the historic Harts, Dutchmans, Curnows and Planet mines as well as large-scale, deep-lead, alluvial tin deposits at Stannum.

Exploration Activities:

Following on from encouraging IP geophysics and rock chip sample results, YTC Resources has completed 6 diamond core holes at the Planet Mine prospect (EL 6392) and 2 diamond core holes at the Harts-Dutchmans prospect (EL 6389) for a total of 1862m. The drill holes completed are presented in Table 2:

Table 2: Summary of Diamond Drill Holes completed at the Torrington Project

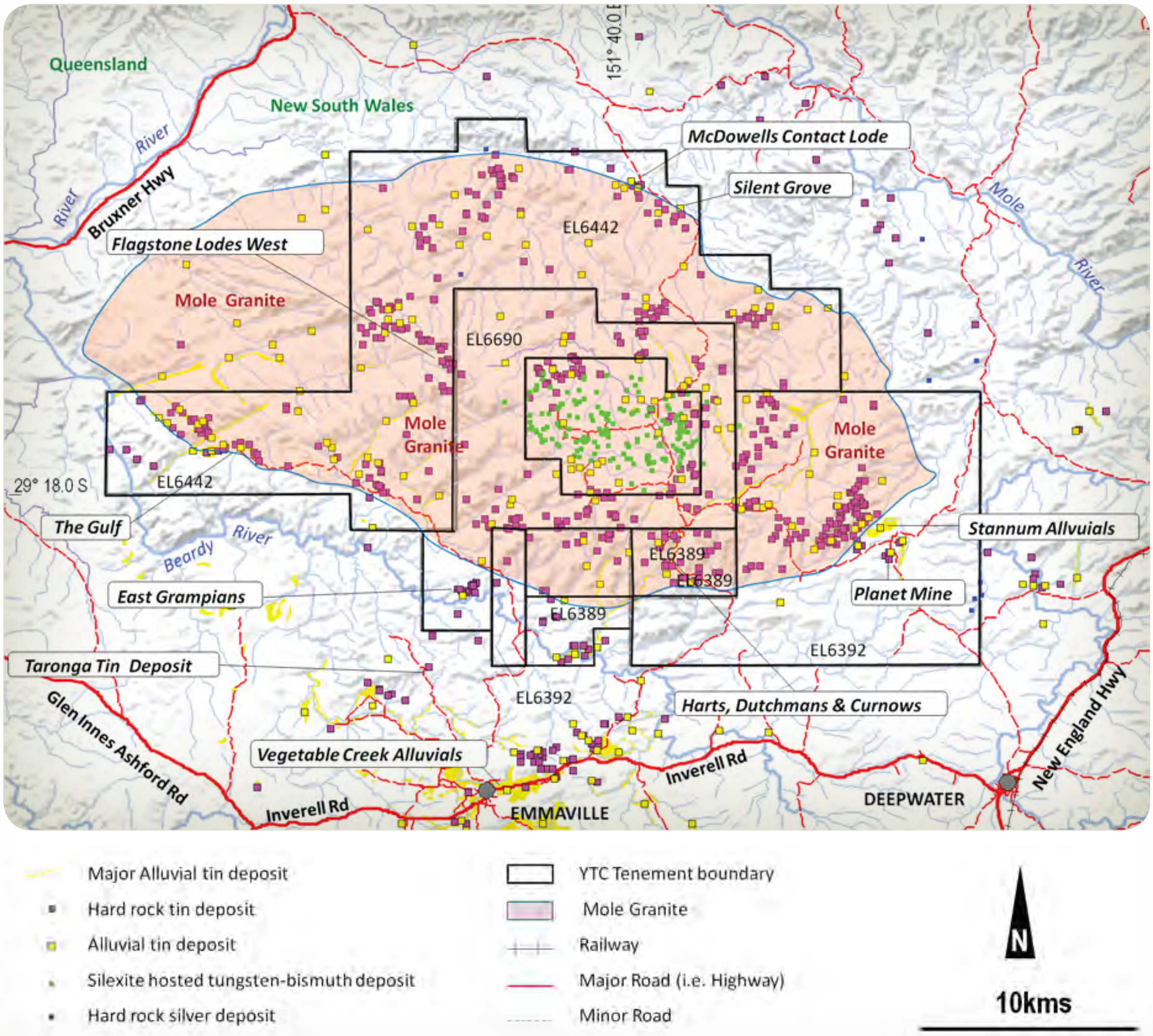
Hole ID	Lease	Prospect	AMG_E	AMG_N	Azi (AMG)	Dip	RL	Depth (m)
SD001	6392	Planet	382184	6754733	215	-50	1056	248.5
SD002	6392	Planet	382268	6754701	215	-50	1038	149.5
SD003	6392	Planet	382218	6754774	218	-50	1052	254.5
SD004	6392	Planet	382283	6754749	209	-55	1040	299.5
SD005	6392	Planet	382383	6754721	208	-55	1029	281.5
SD006	6392	Planet	381890	6754551	180	-50	1068	215.5
HD04	6389	Harts	371973	6755124	354	-60	1132	212.5
DD02	6389	Dutchmans	371836	6754544	106	-50	1090	200.5

At the Planet Mine prospect, holes were targeted across very strong chargeability and resistivity anomalies generated by IP gradient array geophysics. A number of holes, including SD002, SD004 and SD006 intersected significant thicknesses of disseminated to semi-massive sulphide mineralisation associated with high temperature biotite alteration. Sulphide mineralisation is dominated by pyrrhotite with lesser pyrite, chalcopyrite, chalcocite, sphalerite and arsenopyrite. Numerous intervals of quartz hosted cassiterite mineralisation have also been logged. Significant results from the drilling are presented in Table 3:

Table 3: Summary of significant intersections from drilling at the Planet Mine prospect

Hole	From (m)	To (m)	Interval (m)	Sn %	Cu %	Zn %	Bi %	In ppm	Comments
SD004	213	238	25	0.21	0.12				
and	199	200	1	1.75					
SD003	2	11	9	0.07	0.11	0.3		112	

Torrington Project Summary Plan



The nature and extent of the mineralisation observed is interpreted to represent a sulphide rich tin-copper mineral system immediately above a granite carapace. This interpretation is supported by altered granite dykes observed within a number of holes. Significant tin mineralisation is directly correlated to the presence of granite-elated quartz veining. Future exploration will focus on delineating favourable structural settings for high density quartz veining and associated high grade tin mineralisation.

At the Harts & Dutchmans prospect area, two diamond drill holes were completed targeting extensions of the high grade, Harts, western and Dutchmans tin lodes.

The results holes confirmed the presence of narrow, high grade tin lodes. Hole HD04 passed through the high grade Western Lode, and DD02 passed through a previously un-recognised tin lode; see Table 4:

Table 4: Summary of significant intersections from drilling at the Harts & Dutchmans prospects

Hole	From (m)	To (m)	Interval (m)	Sn %	Comments
HD04	40.7	41.5	0.8	3.64	Harts Mine - Western Lode
DD02	60	61	1	1.23	New lode discovery

A third hole was programmed to test along strike of the historic Curnows tin lode. This hole was not completed due to an inability to gain timely access to the Torrington State Conservation Area.

Rock chip sampling from the historic McDowells contact lode, inside EL 6442 returned strong assay results for silver, tin and bismuth.

- 3 of 6 samples returned > 100g/t silver with a maximum of 203g/t silver
- 2 of 6 samples returned >0.1% bismuth with maximum of 0.108% bismuth
- 1 of 6 samples returned >0.1% tin with maximum of 0.97% tin

Torrington Project - Diamond Drilling at the Planet Mine

Kadungle Project – Copper & Gold

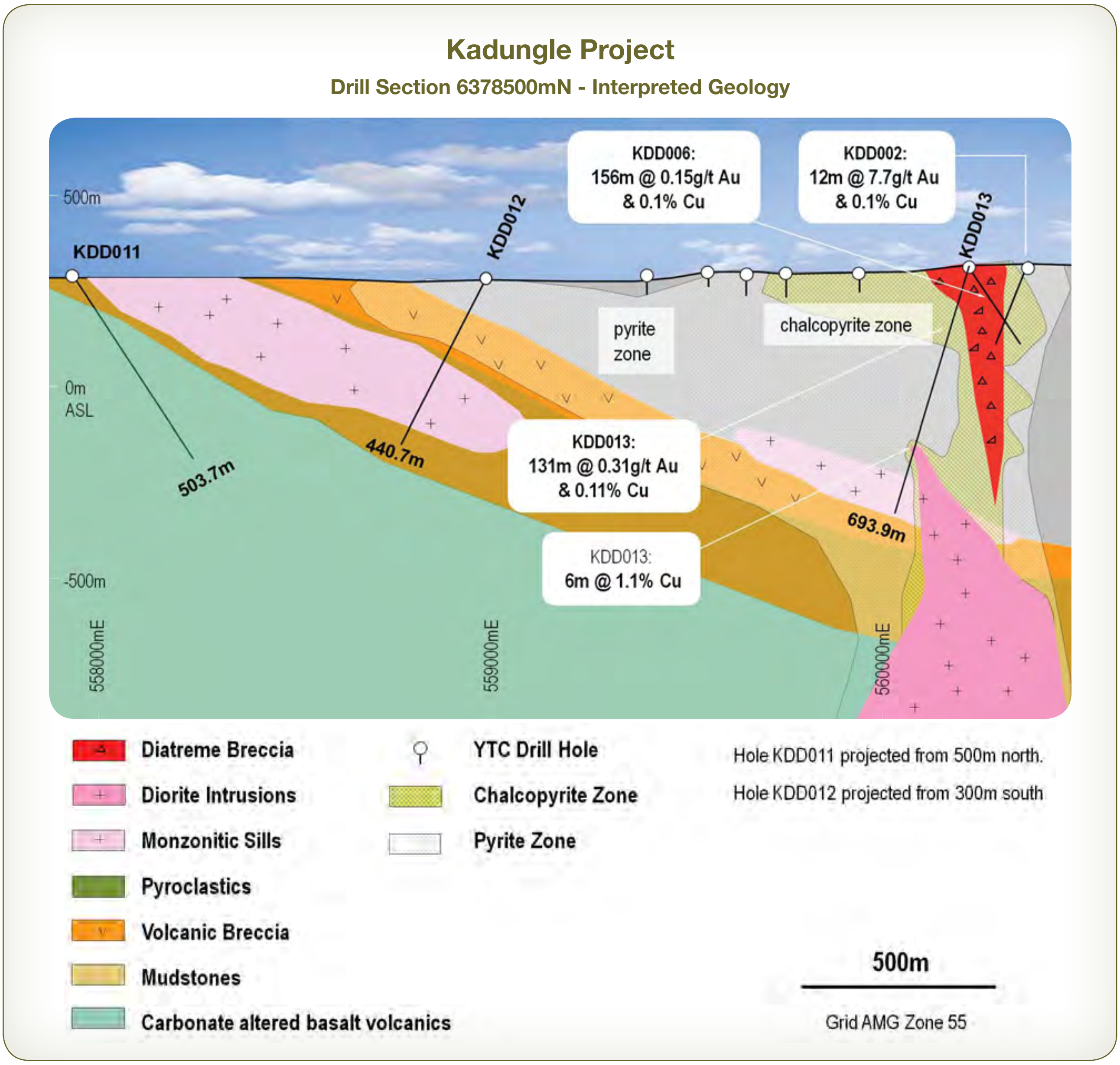
EL6226 – 100% YTC
EL6697- 100% YTC

The Kadungle Project tenements are situated 50 km north-west of Parkes in central NSW covering 273 square kilometres within broad-acre freehold pastoral properties and are well serviced by regional road and rail infrastructure.

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. 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 a major epithermal gold system within an extensive porphyry-related envelope of copper ± molybdenum mineralisation.

The exploration target at Kadungle is gold ± copper porphyry-style mineralisation.



Exploration Activities

YTC completed the scheduled drilling programme of three holes (KDD011-13) at the Kadungle Project. The drill holes were designed to test porphyry copper-gold targets generated from magnetics, EH4 geophysics and previous shallow drilling.

Table 5: Summary of Diamond Drill Holes completed at the Kadungle Project

Hole ID	Lease	Prospect	AMG_E	AMG_N	Azi (AMG)	Dip	RL	Depth (m)
KDD011	EL6226	Fermoy	557854	6378997	090	-55	291	503.7
KDD012	EL6226	Mt Leadley West	559002	6378203	270	-60	285	440.7
KDD013	EL6226	Mt Leadley	560231	6378528	270	-70	312	693.9

Diamond hole KDD013 intersected strongly mineralised volcanics and intrusive rocks from 35m to end of hole (EOH) at 693.9m. Mineralisation is typified by strong to very strong disseminated pyrite mineralisation from 3-20%. The pyrite mineralisation is variably overprinted by quartz-carbonate-chalcopyrite mineralisation. A diorite intrusive was intersected from 561 – 613m, with strong copper mineralisation on its upper contact. The hole terminated in strongly haematite altered and quartz-pyrite altered porphyritic intrusives. The hole returned best results of:

- *131m @ 0.31g/t Au and 0.11% Cu from 13m, and*
- *6m @ 1.1% Cu from 560m*

No significant results were returned from holes KDD011 and KDD012.

These results confirm the presence of a large, low-grade, porphyry copper-gold mineralised system at the Mt Leadley prospect and continue to provide encouragement for the potential of an economic grade porphyry copper-gold deposit.

Hole KDD013 intersected what is interpreted to be the northern edge of the mineralised system, which extends a further 700m south of KDD013.

Four RC drill holes were also completed at Kadungle. Hole KRC018 was designed to test for the southern limits of gold mineralisation at the Mt Leadley Prospect. Holes (KRC016-17) were designed to test the eastern lead (Pb) zone and hole KRCD014 was drilled as a pre-collar to a proposed diamond drill hole. These hole details are shown in Table 6:

Table 6: Summary of RC Drill Holes completed at the Kadungle Project

Hole ID	Lease	Prospect	AMG_E	AMG_N	Azi (AMG)	Dip	RL	Depth (m)
KRC016	EL6226	Mt Leadley Pb zone	560297	6377899	267	-60	278	148
KRC017	EL6226	Mt Leadley Pb zone	560500	6378050	267	-60	276	132
KRC018	EL6226	Mt Leadley South	559651	6377811	270	-60	294	114
KRCD014	EL6226	Mt Leadley	559992	6378077	266	-60	297	120

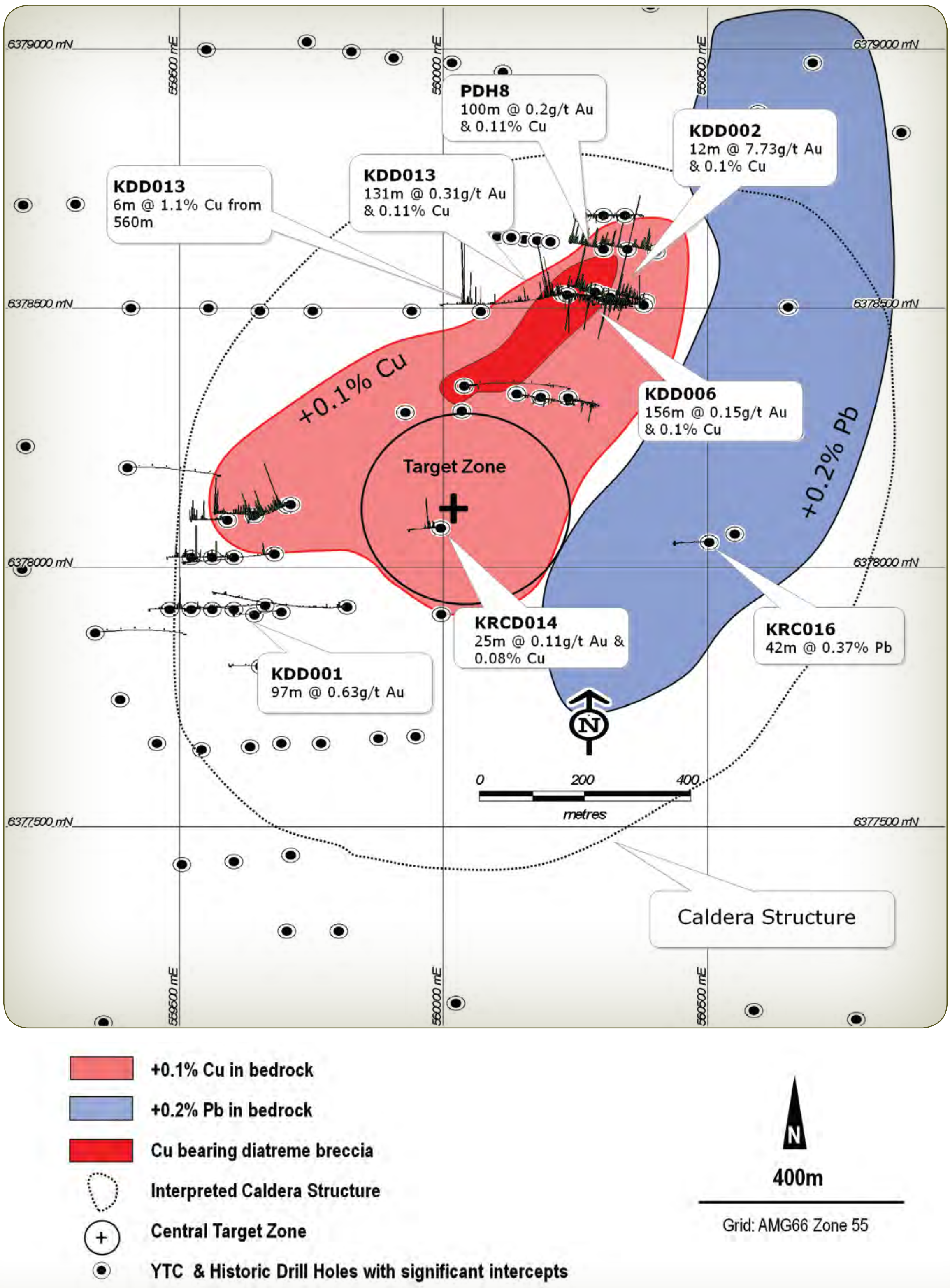
Significant Results include:

- *KRCD014: 25m @ 0.11g/t Au and 0.08% Cu from 24m.*
- *KRC016 : 42m @ 0.37% Pb from 7m.*

YTC remains strongly encouraged by results at Kadungle and by the presence of a large, low-grade, porphyry copper-gold mineralised system. In particular, the identification of a mineralising monzodiorite intrusion in KDD013, points to an economic grade porphyry copper-gold deposit at depth. Recent magnetic modelling has identified a caldera structure over Mt Leadley with a centralised deep target zone. Drilling over the central target zone has been planned for the second half of 2008.

Kadungle Project

Drill Plan Summary of the Mt Leadley Prospect



Baldry Gold Project

EL6673 – 100% YTC

Located 37km north-east of Parkes, the Baldry tenement covers 141 square kilometres within freehold pastoral lands 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 mine which was mined by BHP Gold between 1990-1991. Low sulphidation gold deposits typically form bonanza-grade vein deposits, with Australian examples including the Vera-Nancy, (6.2Mt @ 13.0 g/t Au) and Cracow (1.75Mt @ 9.7g/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. Numerous high-grade gold intersections remain at the base of the pit, indicating depth potential to the vein system. 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)

Exploration Activities

In the 2007 Annual report, YTC reported the completion of 3 diamond core holes beneath the Mt Aubrey Gold mine for a total of 916.6m. Details of the completed holes are shown in Table 7:

Table 7: Summary of Diamond Drill Holes completed at the Baldry Project

Hole	GDA_East	GDA_North	RL	Azim	Dip	Depth (m)
MAD002	634214	6353831	502.144	32	-60	350.6
MAD003	634049.6	6354076	497.53	31	-62	287.6
MAD004	634747.7	6353663	504.421	30	-61	278.7

The holes were designed to test the down dip extension of high grade epithermal quartz veining mined in the Mt Aubrey open pits. Each hole intersected broad zones of quartz-carbonate vein stockwork associated with epidote, sericite and bleaching alteration and minor sulphides. Significant results from the drilling are presented as Table 8:

Table 8: Summary of significant intersections from drilling at the Baldry Project

Hole	From (m)	To (m)	Interval (m)	Au (ppm)	Comments
MAD004	2	90	88	0.22	Broad gold anomalous stockwork zone with up to 6m internal dilution. Mixed oxide and primary
includes	47	55	8	0.67	Zone located just above base of weathering
MAD004	89	90	1	1.24	primary sulphide bearing veins
MAD004	189	192	3	0.46	primary sulphide bearing veins

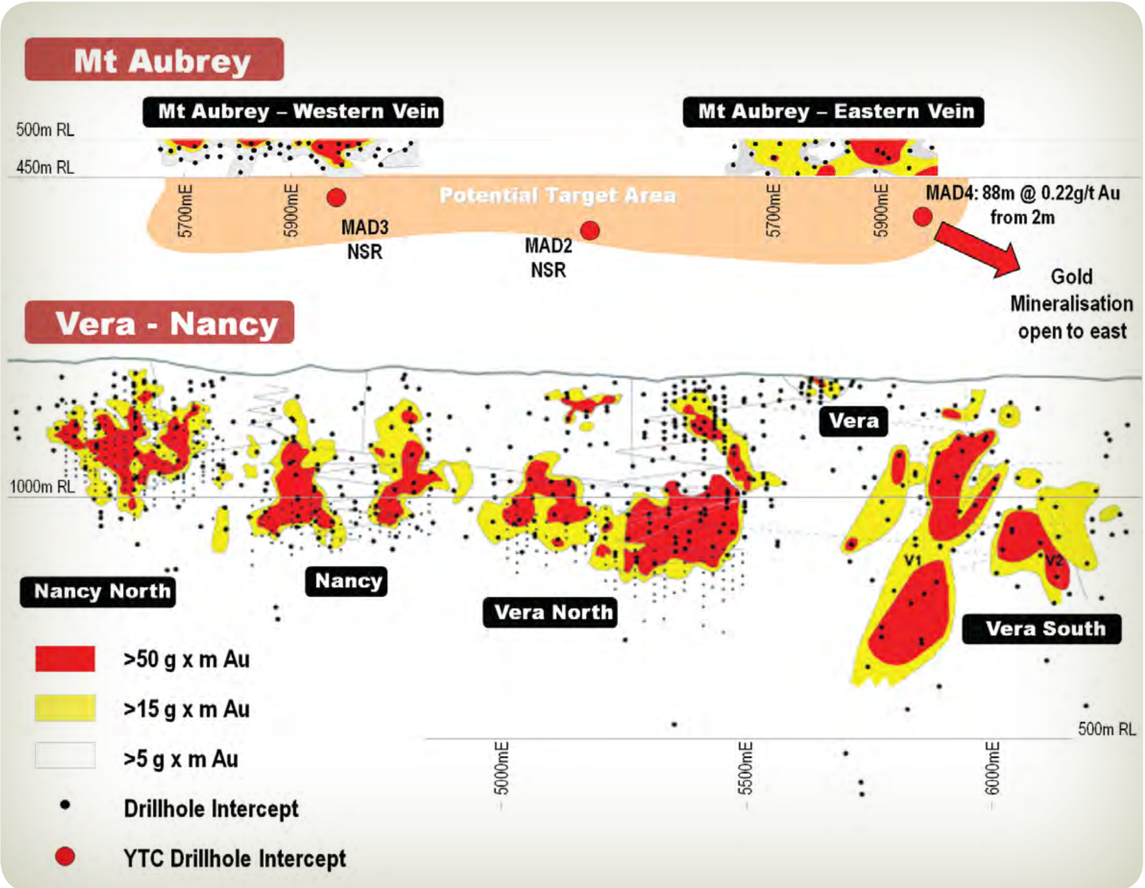
Whilst the intersection of a broad, low grade gold intersection was unexpected, it is nonetheless considered strongly encouraging. The intersection in hole MAD004 is open both ad epth and for 350m strike to the east.

Further planned exploration at the Baldry Project includes:

- Aircore drilling to define the anomalous gold zone in MAD004 to the east and to identify any zones of bonanza grade gold & quartz veining within the broader, low grade envelope.
- Follow-up exploration on untested gold-in-soil anomaly, which lies within a favourable WNW aeromagnetic trend in the northern part of the tenement.
- Follow up of BHP Gold rock chip sampling with gold values to 6.6g/t Au.

Baldry Project - Mt Aubrey Prospect

Long section scale comparison with Vera-Nancy



Tallebung Tin-Tungsten Project

EL6699- 100% YTC

The Tallebung tin field, located 70km west of Condoblin, NSW includes a series of historic alluvial and deep-lead tin deposits as well as high-grade tin-tungsten lode deposits 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 shallow drill holes completed in the 1960's with encouraging results not followed up.

The relative position of the lodes, in the zone immediately above a granite carapace, 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 (eg: Ardlethan Mine historical production >31,000tonnes Sn).

Exploration Activities

YTC completed the following exploration programmes during the year:

- Rock chip sampling and reconnaissance geological mapping.
- 1000m of trenching to test the lode tin mineralisation for bulk tonnage widths and grade.
- Systematic re-sampling of archival drill core to test un-sampled, mineralised intervals.
- Completion of 6 diamond drill holes for 2272m to further scope the potential for a bulk tonnage tin-tungsten-silver deposit at Tallebung.
- Shallow aircore drilling to assess the potential for tin in the remnant tailings.

Rock Chip Sampling

Rock chip sampling and reconnaissance geological mapping has been completed over the quartz vein hosted tin-tungsten lodes at Tallebung. This work has not only confirmed the potential for a large scale, bulk mineable tin-tungsten resource (or 'tin porphyry'), but has also identified high grade silver mineralisation for the first time. This Tallebung mineralisation is a potential analogue to the huge silver-tin ± tungsten ± zinc systems of the Bolivian tin belt in South America.

Significant rock chip samples include:

- 6 of 23 samples returned > 20g/t silver with a maximum of 537g/t silver.
- 7 of 23 samples returned >0.1% tin with maximum of 4.8% tin.
- 5 of 23 samples returned >0.1% tungsten with a maximum of 0.5% tungsten.

Tallebung trenching

Trenching

YTC Resources completed three trenches for a total of 1000m of trenching in December 2007. The trenches were planned at broad intervals across the quartz-lode tin mineralisation to provide additional evidence of a bulk mineable tin-tungsten deposit. The results were strongly encouraging in this regard, and also confirmed a number of high grade silver intervals. Significant trenching results are shown in Table 9:

Table 9: Summary of significant results from trenching at the Tallebung Project

Trench	Interval (m)	Tin %	Tungsten %	silver g/t	Comments
T3	284	0.07	0.017	4	(entire trench) includes
	22	0.13	0.045	5	and
	16	0.11			and
	26	0.18	0.046	14	and
	12	0.22		5	and
	18	0.16	0.013		
T2	506	0.04	0.013	3	(entire trench) includes
	8	0.11			and
	2	0.33	0.013	123	and
	18	0.13	0.093	3	and
	10	0.11	0.02	67	and
	12	0.10	0.015	5	and
	28	0.11	0.014		

No significant assays were received from Trench T1, which failed to penetrate below a shallow layer of colluvium and did not adequately test bedrock.

Re-Assay of Historic Core Holes

YTC completed Stage 1 of a 2 stage re-assay programme of the historic shallow drill holes at the Tallebung Project. The 23 shallow core holes were drilled between 1970-1971 and the core is held at the NSW DPI core library at Londonderry. The original sampling of the core was selective and for tin and tungsten only.

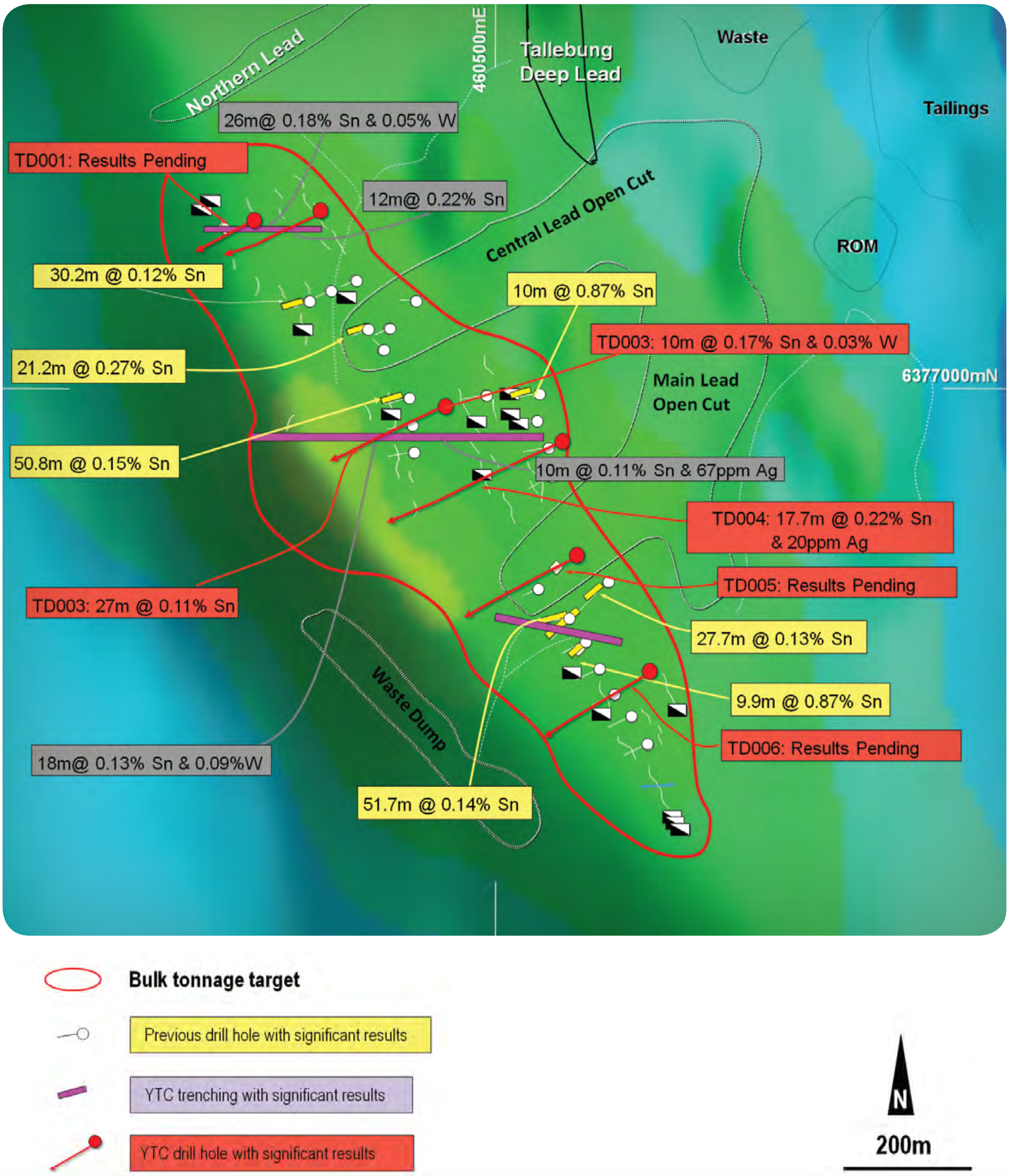
Stage 1 involved the sampling and selective re-sampling of 12 of the 23 holes available for re-assay. An updated table of significant intervals is presented as Table 10:

Table 10: Summary of significant results from re-assay of historic core at the Tallebung Project

Hole	From (m)	To (m)	Interval (m)	Sn %	W %	Ag ppm	Comments
DDH2	53.9	65.2	11.3	0.24			YTC assays
DDH7	9.0	30.2	21.2	0.27			To EOH. YTC and historic assays
DDH11	13.7	33.1	19.4	0.1	0.03		YTC and historic assays
DDH11	76.3	104.0	27.7	0.13	0.02	12	YTC assays
DDH11	162.4	191.1	28.6	0.1		6	YTC assays
DDH12	4.5	18.0	13.5	0.11	0.02	13	YTC assays
DDH16	12.5	64.2	51.7	0.14			To EOH. YTC and historic assays
DDH17	13.2	64.0	50.8	0.15			To EOH. YTC and historic assays
DDH5	33.0	44.9	11.9	0.21	0.05		To EOH. Historic assays.
DDH10	30.2	40.1	9.9	0.87			To EOH. Historic assays.
DDH22	14.7	23.3	8.5	0.25			Historic assays
DDH24	15.4	45.6	30.2	0.12			To EOH. YTC and historic assays

Tallebung Mine Area over Aeromagnetics

Summary Plan with significant exploration results



The re-sampling has:

- Confirmed, and in some cases upgraded broad, low grade tin ± tungsten results (see table above).
- Confirmed that many historic holes remain in tin mineralisation at end of hole (EOH).
- Confirmed peak tin values to 2.46% Sn.
- Confirmed the presence of significant silver mineralisation, with peak values to 162g/t Ag.
- Re-enforced the target of a bulk tonnage tin-tungsten silver deposit

Diamond Drilling

YTC has completed an initial programme of 6 diamond drill holes at Tallebung for a total of 2272m. The drill holes were designed to scope the full potential of the porphyry-style tin mineralisation and to follow-up the encouraging results obtained from trenching and re-assay of historic holes. Five of the six holes record broad intervals of strongly mineralised quartz veining. To date, assay results are available for two of the holes, TD003 & TD004. A summary of mineralised intervals is given in Table 11.

Table 11: Summary of significant results from re-assay of historic core at the Tallebung Project

Hole	GDA East	GDA North	Dip	Azi	From (m)	To (m)	Interval (m)	tin %	silver ppm	zinc %	tungsten %
TD003	460403	6376987	-60	247	45.0	50.0	5.0	NSR	**50**	NSR	NSR
					62.0	72.0	**10.0**	**0.17**	NSR	0.21	0.03
					103	106.3	3.3	**0.25**	**40**	0.05	NSR
					157	158	1.0	**0.16**	**128**	**3.0**	0.05
					228.6	229.3	0.7	**0.17**	**63**	**1.8**	**0.22**
					309	310	1.0	**0.11**	**456**	**1.1**	0.02
TD004	460623	6376931	-55	247	27.0	54.0	**27.0**	**0.11**	8	NSR	0.02
including					27.0	28.0	1.0	**1.06**	10	0.01	0.02
and					32.0	33.0	1.0	**0.49**	**109**	0.03	0.03
					162.0	163.0	1.0	**0.22**	**59**	0.32	**0.16**
					186.3	204.0	**17.7**	**0.22**	**20**	0.32	NSR
including					186.3	187.2	0.90	**1.11**	**239**	**4.43**	0.07
and					192.0	193.0	1.0	**1.76**	NSR	NSR	NSR
and					194.0	195.0	1.0	0.18	**106**	0.67	0.04
					307.0	308.0	1.0	**0.51**	5	0.05	**0.43**

YTC is very encouraged by the consistency of mineralisation and in particular the numerous high grade silver zones.

Ongoing evaluation of the drill and trenching results, geological mapping and the interpretation of magnetic data sets has produced a stronger geological model.

Tallebung Tailings Drilling

YTC has also completed a broad spaced aircore drilling programme of 24 aircore holes for a total of 405m, to assess the remnant tailings and crush oversize dumps at the Tallebung mines site.

Records indicate the tailings have been re-treated at least once since the main mining activity at Tallebung ceased in 1971.

Assay results show that although significant tonnages could be demonstrated, no significant levels of tin remain in the tailings. Coarse grain size tailings (+0.5mm) average around 220ppm tin, with a maximum of 775ppm tin. Finer grained tailings (slimes) have < 100ppm tin. No further work on assessing the tailings is planned.

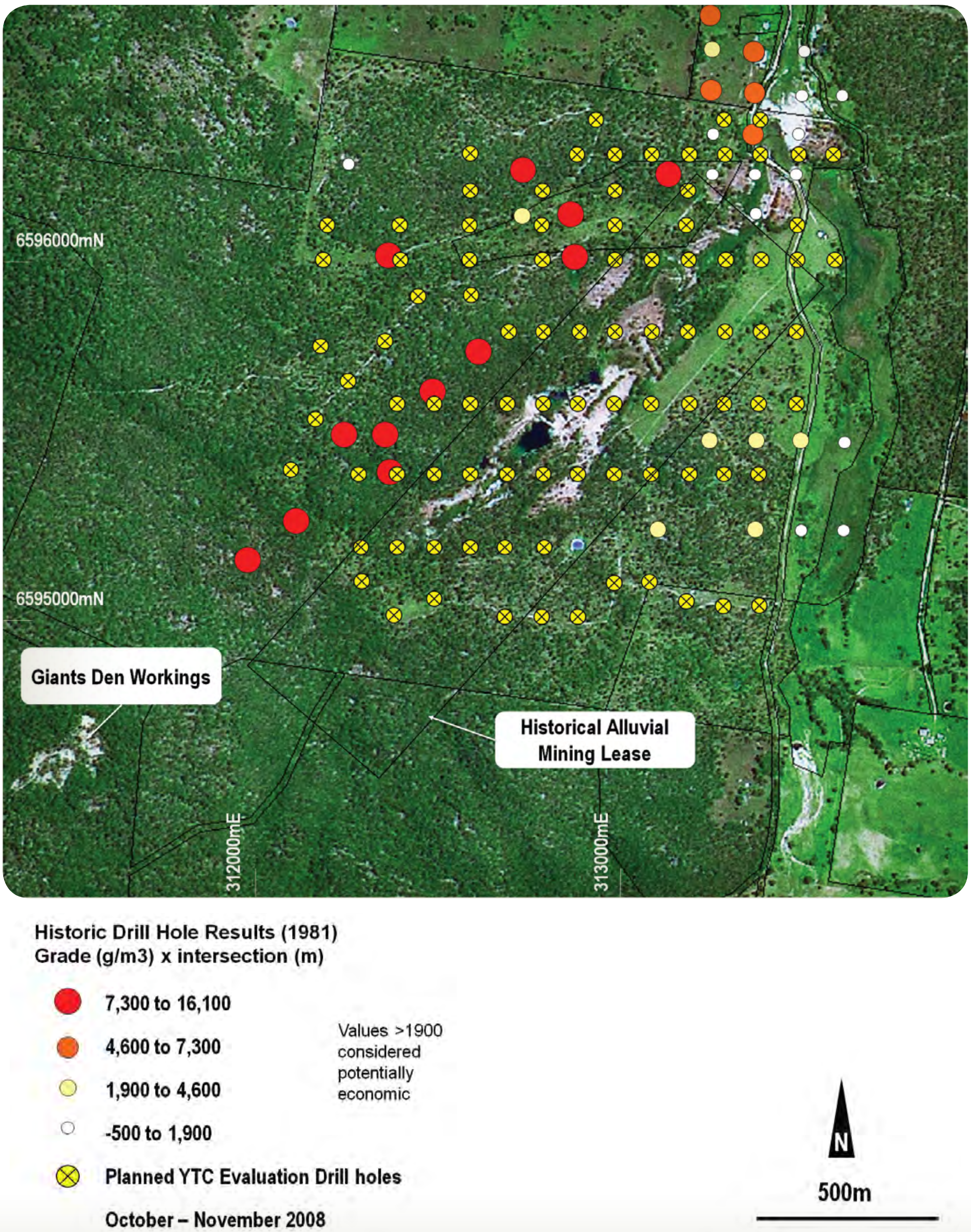
Giants Den Project - Tin

EL6449- 100% YTC

The Giants Den Project comprises a 38 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.

Giants Den Project

Watsons Creek Alluvial Tin Summary Plan



The Giants Den mineralisation occurs as cassiterite and chalcopyrite in sheeted quartz-greisen veins, over an area of 400 metres x 600 metres. A number of veins have been exploited historically to depths of up to 30 metres. The polymetallic potential of this extensive mineralisation is indicated by significant recorded values of copper, silver, gold tungsten and indium.

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 1600 tons of tin concentrate cassiterite concentrate recorded between 1884 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.

Exploration Activities

Exploration at the Giants Den Project has been delayed due to the negotiation of access. In July 2008, access to the Watsons Creek alluvials was obtained and a significant work programme is planned in the coming year.

YTC remains in a 'Right to Negotiate' process on the Giants Den prospect area to apply for land access under the provisions of the Native Title Act .

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

- Completion of up to 3 (+200m) diamond core holes through the mineralisation to investigate the Giants Den poly-metallic 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 with the goal of defining a mineable resource.

Watsons Creek alluvial tailings

Giants Den Project - Historic Shaft

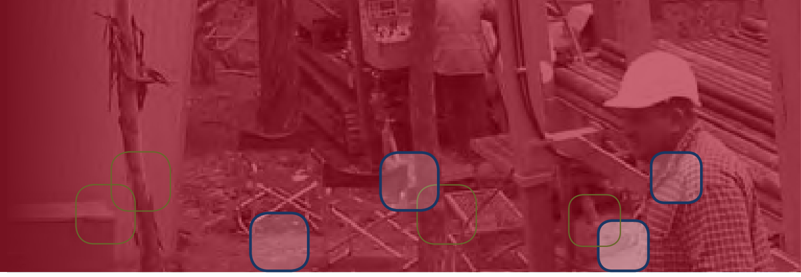
Tingha Project - Tin

EL7106- 100% YTC

YTC Resources has been granted a new Exploration Licence No. 7106 covering 104 square kilometres over the large historic alluvial tin deposits immediately to the south of Tingha, in the New England district of NSW.

The tenement area is considered to hold significant prospectivity for both hard rock and alluvial tin deposits.

Within the tenement area, the historic residual tailings in the Copes Central area closer to Tingha have been estimated to contain significant residual cassiterite within 5.9 million cubic metres of material.



Directors' Report

The following report is submitted in respect of the results of YTC Resources Limited ("YTC" or the "Company") and its subsidiaries, together the consolidated group ("Group"), for the financial year ended 30 June 2008, together with the state of affairs of the Group as at that date.

DIRECTORS AND OFFICERS

The names, qualifications and experience of the Company's directors in office during the financial year and until the date of this report are as follows. Directors and officers were in office for this entire period unless otherwise stated.

Mr. Wenxiang Gao - Chairman

Mr. 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 earned his Doctor Degree in the School of Resources & Safety Engineering of South Central University, China in June 2008.

Mr. Gao commenced work with Yunnan Tin Group in 1984 and has held a number of senior roles before becoming Deputy Executive General Manager.

Listed company directorships held by Mr. Gao in the past three years:

Yunnan Tin Co., Ltd (Shenzhen Stock Exchange)	Vice Chairman 21 October 2006 – Present
China Yunnan Tin Minerals Group Company Ltd (Hong Kong Stock Exchange)	Appointed 16 May 2008 — Present

Mr. Rimas Kairaitis – Director and Chief Executive Officer

Appointed 12 June 2008 (former director 24 March 2004 – 27 March 2007)

Mr. 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. Kairaits was a founding director of the mineral exploration company LFB Resources NL (now a subsidiary of Alkane Exploration Ltd). Since 1999 he has worked as a geological consultant until becoming a founding director of YTC Resources Limited and its Chief Executive Officer.

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 2007.

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.

In the last three years Mr. Kairaitis has held no other listed company directorships.

Mr. Anthony Wehby

Mr. 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. Mr. Wehby is a Fellow of the Institute of Chartered Accountants in Australia.

Mr. Wehby has held no other listed company directorships in the past three years.

Dr. Guoqing Zhang

Appointed 25 February 2008

Dr. Zhang was previously Deputy General Manager of the Sino-Platinum Metal Company Ltd, which is a Shanghai listed subsidiary company of the Yunnan Tin Group. Dr. Zhang is based in Australia and is a director of Australian companies controlled by the Yunnan Tin Group.

Dr. Zhang has extensive experience in research and development of metal alloys and has received a number of Chinese national awards. Dr. Zhang has a B.Sc (Hon) degree and Ph.D. in Material Science.

Dr. Zhang has held no other listed company directorships in the past three years.

Mr. Stephen Woodham

Mr. Woodham has over 16 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.

Listed company directorships held by Mr. Woodham in the past three years:

Centaurus Resources Ltd (Australian Stock Exchange)	Appointed 11 October 2007 - Present

Mr. Robin Chambers

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 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.

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.

Mr. Chambers has held no other listed company directorships in the past three years.

Mr. Richard Hill

Mr. Richard Hill has over 16 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 11 years, Mr. Hill has worked as a geologist for several major Australian mining companies and more recently has founded two ASX-listed mining companies. Mr. Hill has a diversity of practical geological experience as a mine based and exploration geologist. In his commercial and legal roles, he has been involved in project generation and evaluation, acquisition and joint venture negotiation, 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. Mr. Hill's qualifications are B.Juris, LLB., B.Sc. (Geology) (First Class Honours), ASIA.

Listed company directorships held by Mr. Hill in the past three years:

Centaurus Resources Ltd (Australian Stock Exchange)	Appointed 11 October 2007 - Present

Ms. Christine Ng

Appointed 12 June 2008

Ms. Christine Ng is an Executive Director of China Yunnan Tin Minerals Group Co. Ltd, which is a major shareholder of YTC Resources Limited. Ms. Ng's role with China Yunnan Tin Minerals Group includes liaisons and analysis of proposals and business plans, formulation and implementation of business strategies, feasibility studies, presentations and meetings with investors.

Ms. Ng has a Bachelor of Economics from the University of Sydney and is fluent in English and Chinese.

Listed company directorships held by Ms. Ng in the past three years:

China Yunnan Tin Minerals Group (Hong Kong Stock Exchange)	Appointed 31 August 2007 - Present

Mr. Jianming Xiao

Appointed 27 March 2007 - Resigned 25 February 2008

Mr. Xiao is a senior economist with extensive experience in the exploration, mining, processing and marketing of non-ferrous metals in China and Southeast Asia. Mr. Xiao was appointed as General Manager of Yunnan Tin Group Limited before being promoted to Chairman in 2001. Mr. Xiao has also completed Senior Management training studies at the Beijing Graduate School of Management and the Australian Institute of Business Administration. Mr. Xiao left the YTC Resources Limited and Yunnan Tin Group boards following his appointment to a senior position in the Yunnan Provincial Government.

Listed company directorships held by Mr. Xiao in the past three years:

Yunnan Tin Co., Ltd (Shenzhen Stock Exchange)	Chairman:18 November 1998 – 15 January 2008
Sino-Platinum Metals Co., Ltd (Shanghi Stock Exchange)	Director: 30 June 2003 - 6 September 2005
Yunnan Chihong Zinc & Germanium Co., Ltd (Shanghi Stock Exchange)	Director: 13 October 2007 - Present

Mr. Matthew Sikirich - Company Secretary

Mr. Sikirich is a Chartered Accountant with extensive experience in corporate finance consulting, company secretarial roles and accounting for publicly listed companies. Mr. Sikirich holds a Bachelor of Commerce from the University of Western Australia.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

At the date of this report the interests of the Directors in the shares and other equity securities of the Company were:

Directors	Ordinary Shares	Options over Ordinary Shares
Wenxiang Gao*^	10,000	500,000
Rimas Kairaitis	3,311,544	1,000,000
Anthony Wehby	195,000	500,000
Guoqing Zhang	-	-
Stephen Woodham	3,445,412	500,000
Robin Chambers	310,003	500,000
Richard Hill	1,057,984	500,000
Christine Ng^	-	-
Jianming Xiao*	20,000	500,000

* Mr. Gao is deputy executive general manager of Yunnan Tin Company Group Ltd which controls 11,276,585 shares. Mr. Xiao is the former chairman of the Company and Yunnan Tin Company Group Ltd.

^ Ms. Ng and Mr. Gao are directors of China Yunnan Tin Minerals Group Co. Ltd which controls 5,000,000 shares.

DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2008.

CORPORATE STRUCTURE

YTC Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

YTC Resources has two 100% owned subsidiaries, Stannum Pty Ltd (incorporated 15 September 2007) and Defiance Resources Pty Ltd (incorporated 15 May 2007).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the Group's principal activity was mineral exploration. At the date of this report the Group holds tin and copper-gold projects in New South Wales.

REVIEW AND RESULTS OF OPERATIONS

Operational Performance

Doradilla Project

- Maiden JORC Resource Estimation for the oxide 'tin-laterite' deposits at 3KEL & Midway tin deposits.
- Metallurgical test work on the 3KEL ore continuing.
- 'Avebury' style nickel skarn mineralisation identified in historic drilling records. Nickel exploration drilling programme recently completed.
- Drilling programme testing beneath the Doradilla Copper Mine.

Kadungle Project

- Deep diamond drilling confirms broad, porphyry related copper-gold mineralisation.
- High grade copper mineralisation identified at depth.

Tallebung Project

- Broad, low grade tin, tungsten & silver mineralisation identified in:
  - Rock Chip Sampling.
  - Trenching.
  - Re-sampling of historic drill core.
  - Diamond drilling.

Torrington Project

- High grade tin mineralisation intersected at the historic Harts, Dutchmans & Planet tin mines.

Giants Den Project

- Access granted to commence resource definition drilling on alluvial tin deposits at Watsons Creek.

Baldry Project

- Broad, low-grade gold mineralisation identified in diamond drilling.

Tingha Project

- New tenement granted over major historic, alluvial tin mining operations.

REVIEW AND RESULTS OF OPERATIONS (cont)

Financial Performance

The net loss of the Group for the year ended 30 June 2008 after income tax was $1,127,437 (2007: $917,352). The net loss included the cost of issuing options to employees $211,384.

During the financial year the Company issued 300,000 options to employees. These options are required to be valued and expensed. For details of option issues and their valuation refer to note 23 to the financial statements.

Cash Flow

The Group has expended cash of $3,613,558 during the financial year with the majority of expenditure on exploration and operations. The cash balance at the end of the financial year was $1,672,049. Subsequent to the end of the financial year the Company raised $2,760,610 through the issue of shares to its major shareholder Yunnan Tin TDK Resources Australia (TDK), a wholly owned subsidiary of Yunnan Tin Company Group Limited of China.

Objectives, Strategy and Risks

YTC continues to explore its tin and copper-gold projects in New South Wales with the aim of identifying economic deposits. Supported by its partners at Yunnan Tin Company Group Ltd, YTC is actively reviewing new opportunities across a variety of minerals and locations.

YTC is an exploration company with no current income producing assets and as such is considered a speculative investment.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total Group equity decreased by $936,321. The movement was mainly due to the loss for the financial year of $1,127,437 offset by the movement in the option reserve of $211,384. Deferred exploration and evaluation expenditure increased by $2,546,177.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 18 July 2008 the Company raised $2,760,610 through the issue of 2,760,610 shares to its major shareholder Yunnan Tin TDK Resources Australia (TDK), a wholly owned subsidiary of Yunnan Tin Company Group Limited of China.

On 22 September 2008 the Board agreed to issue 300,000 options to employees. Half of the options have an exercise price of $1.00 per share and half at $1.50 per share. The options expire 3 years from the issue date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group carries out operations in New South Wales that are subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities. The Group has formal procedures in place to ensure regulations are adhered to. During the financial year there has been no significant breach of these regulations.

SHARE OPTIONS

(i) Unissued shares under option

As at the date of this report, there were 4,800,000 un-issued ordinary shares under options. The options are unlisted and have various terms as set out below.

Number of Options	Expiry	Exercise Price (per share)	Additional Terms and Restrictions
4,000,000	4 May 2012	$0.25	Escrowed by ASX for 24 months from 8 May 2007
500,000	4 May 2012	$0.25	-
150,000	31 December 2010	$1.50	-
150,000	31 December 2010	$1.00	-

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

(ii) Shares issued as a result of the exercise of options

There have been no shares issued as a result of the exercise of options during the financial year.

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the five executives in the Company and the Group receiving the highest remuneration where they are also key management personnel.

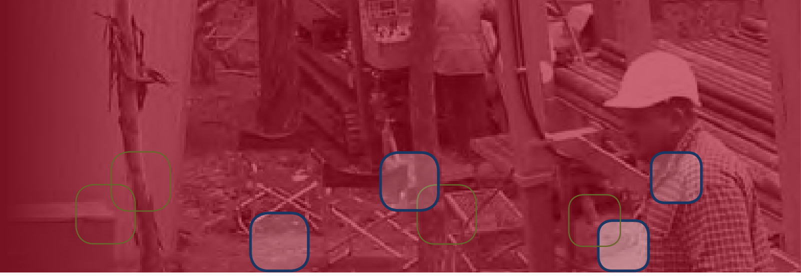
Remuneration policy and committee

The Board is responsible for determining and reviewing compensation arrangements for the Directors and executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. At the Board's discretion the nature and amount of executive and director's emoluments may be linked to the Company's financial and operational performance.

Due to the nature of the Company's operations which consists of minerals exploration and evaluation, the remuneration of directors and executives, at present, does not include performance-based incentives except to the extent that options may be considered performance based.

The Company does not have a policy in place relating to the executives limiting their exposure to risk in relation to the Company's equity instruments issued to them as part of remuneration.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter. The Board recently indicated its intention to form a separate Remuneration Committee.



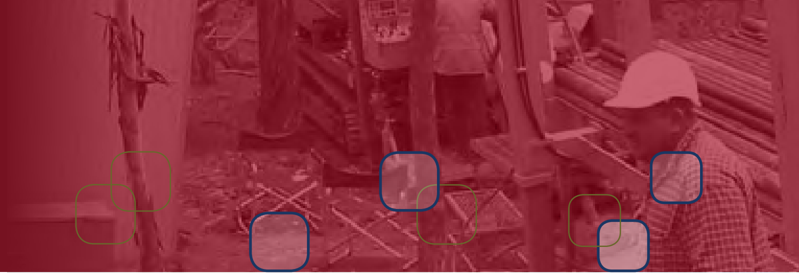
Details of key management personnel

	Position	Appointed	Resigned
Directors			
Mr. Wenxiang Gao	Chairman	25-Feb-08	-
	Director	27-Mar-07	-
Mr. Rimas Kairaitis	Director	12-Jun-08*	-
Mr. Anthony Wehby	Vice-Chairman	14-Sep-06	-
Dr. Guoqing Zhang	Director	25-Feb-08	-
Mr. Stephen Woodham	Director	24-Mar-04	-
Mr. Robin Chambers	Director	27-Mar-07	-
Mr. Richard Hill	Director	28-Apr-06	-
Ms. Christine Ng	Director	12-Jun-08	-
Mr. Jianming Xiao	Chairman (former)	27-Mar-07	25-Feb-08
Executives			
Mr. Rimas Kairaitis	Chief Executive Officer	1-Apr-07	-
Mr. Matthew Sikirich	Company Secretary	13-Sep-06	-

* Mr. Kairaitis was a director from 24 March 2004 - 27 March 2007.

Remuneration of key management personnel

	Short term			Post -employment	Share based payment		
	Non-Executive Directors Fees	Salary and Fees	Non-Monetary	Super-annuation	Options	Total	Remuneration consisting of options
	$	$	$	$	$	$	%
Directors							
Mr. Wenxiang Gao							
2008	32,699	-	-	-	-	32,699	-
2007	4,473	-	-	-	69,862	74,335	94
Mr. Rimas Kairaitis							
2008	-	128,656	-	11,579	-	140,235	-
2007	-	70,850	-	2,813	139,724	213,387	65
Mr. Anthony Wehby							
2008	30,000	-	-	2,700	-	32,700	-
2007	4,473	15,000	-	403	69,862	89,738	78
Dr. Guoqing Zhang							
2008	10,467	-	-	942	-	11,409	-
2007	-	-	-	-	-	-	-
Mr. Stephen Woodham							
2008	30,000	68,700	-	2,700	-	101,400	-
2007	4,473	40,840	-	403	69,862	115,578	60
Mr. Robin Chambers							
2008	30,000	-	-	2,700	-	32,700	-
2007	4,473	-	-	403	69,862	74,738	93
Mr. Richard Hill							
2008	30,000	29,900	-	2,700	-	62,600	-
2007	4,473	86,060	-	403	69,862	160,798	43
Ms. Christine Ng							
2008	1,635	-	-	-	-	1,635	-
2007	-	-	-	-	-	-	-
Mr. Jianming Xiao							
2008	21,380	-	-	-	-	21,380	-
2007	4,473	-	-	-	69,862	74,335	94
Executives							
Mr. Matthew Sikirich							
2008	-	65,044	-	-	-	65,044	-
2007	-	90,729	-	-	69,862	160,591	44
Total 2008	**186,181**	**292,300**	**-**	**23,321**	**-**	**501,802**	
Total 2007	**26,838**	**303,479**	**-**	**4,425**	**628,758**	**963,500**	



Compensation options: granted and vested during the year (consolidated)

No options were granted or vested in relation to key management personnel during the financial year ended 30 June 2008. During the financial year 300,000 options were granted to employees. For details of these options refer to note 23 to the financial statements.

30 June 2007	Granted	Terms & Conditions for each Grant						Vested	
	No	Grant Date	Fair Value per Option at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
Directors									
Mr. Jianming Xiao	500,000	4-May-07	$0.14	$0.25	4-May-12	10-May-09	4-May-12	500,000	100%
Mr. Anthony Wehby	500,000	4-May-07	$0.14	$0.25	4-May-12	10-May-09	4-May-12	500,000	100%
Mr. Stephen Woodham	500,000	4-May-07	$0.14	$0.25	4-May-12	10-May-09	4-May-12	500,000	100%
Mr. Robin Chambers	500,000	4-May-07	$0.14	$0.25	4-May-12	10-May-09	4-May-12	500,000	100%
Mr. Wenxiang Gao	500,000	4-May-07	$0.14	$0.25	4-May-12	10-May-09	4-May-12	500,000	100%
Mr. Richard Hill	500,000	4-May-07	$0.14	$0.25	4-May-12	10-May-09	4-May-12	500,000	100%
Executives									
Mr. Rimas Kairaitis	1,000,000	4-May-07	$0.14	$0.25	4-May-12	10-May-09	4-May-12	1,000,000	100%
Mr. Matthew Sikirich	500,000	4-May-07	$0.14	$0.25	4-May-12	4-May-08	4-May-12	500,000	100%
	4,500,000							4,500,000	

Shareholdings of key management personnel (consolidated)

2008	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year[(a)]	Other changes during the year[(b)]	Balance at the end of the year
Directors						
Mr. Wenxiang Gao	-	-	-	10,000	-	10,000
Mr. Anthony Wehby	170,000	-	-	-	25,000	195,000
Mr. Rimas Kairaitis	3,221,044	-	-	-	87,000	3,308,044
Dr. Guoqing Zhang	-	-	-	-	-	-
Mr. Stephen Woodham	3,820,804	-	-	-	2,000	3,822,804
Mr. Robin Chambers	310,003	-	-	-	-	310,003
Mr. Richard Hill	1,057,984	-	-	-	-	1,057,984
Ms. Christine Ng	-	-	-	-	-	-
Mr. Jianming Xiao	-	-	-	20,000	-	20,000
Executives						
Mr. Matthew Sikirich	279,997	-	-	-	5,000	284,997
	8,859,832	-	-	30,000	119,000	9,008,832

(a) Shares transferred from joint ownership to individuals (refer 2007 note below for further details).

(b) Acquired by on-market purchases.

2007	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year [b]	Other changes during the year [c]	Balance at the end of the year
Directors						
Mr. Jianming Xiao [a]	-	-	-	-	-	-
Mr. Anthony Wehby	-	-	-	170,000	-	170,000
Mr. Stephen Woodham	3,801,654	-	-	-	19,150	3,820,804
Mr. Robin Chambers	-	-	-	310,003	-	310,003
Mr. Wenxiang Gao [a]	-	-	-	-	-	-
Mr. Richard Hill	897,984	-	-	120,000	40,000	1,057,984
Executives						
Mr. Rimas Kairaitis	3,167,244	-	-	40,000	13,800	3,221,044
Mr. Matthew Sikirich	-	-	-	279,997	-	279,997
	7,866,882	-	-	920,000	72,950	8,859,832

(a) Mr. Xiao and Mr. Gao held 100,000 shares in joint ownership at 30 June 2007 of which part were subsequently transferred to employees of Yunnan Tin Company Group Ltd resulting in them holding 20,000 and 10,000 shares respectively. Mr Xiao was a director and Mr Gao is an executive of Yunnan Tin Company Group Ltd which controls the largest shareholding in the Company.

(b) Acquired through a share placement by the Company for cash.

(c) Acquired by on-market purchases.

Option holdings of key management personnel (consolidated)

2008	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr. Wenxiang Gao	500,000	-	-	-	500,000
Mr. Anthony Wehby	500,000	-	-	-	500,000
Mr. Rimas Kairaitis	1,000,000	-	-	-	1,000,000
Dr. Guoqing Zhang	-	-	-	-	-
Mr. Stephen Woodham	500,000	-	-	-	500,000
Mr. Robin Chambers	500,000	-	-	-	500,000
Mr. Richard Hill	500,000	-	-	-	500,000
Ms. Christine Ng	-	-	-	-	-
Mr. Jianming Xiao	500,000	-	-	-	500,000
Executives					
Mr. Matthew Sikirich	500,000	-	-	-	500,000
	4,500,000	-	-	-	4,500,000

2007	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr. Jianming Xiao	-	500,000	-	-	500,000
Mr. Anthony Wehby	-	500,000	-	-	500,000
Mr. Stephen Woodham	-	500,000	-	-	500,000
Mr. Robin Chambers	-	500,000	-	-	500,000
Mr. Wenxiang Gao	-	500,000	-	-	500,000
Mr. Richard Hill	-	500,000	-	-	500,000
Executives					
Mr. Rimas Kairaitis	-	1,000,000	-	-	1,000,000
Mr. Matthew Sikirich	-	500,000	-	-	500,000
	-	4,500,000	-	-	4,500,000

Options granted as part of remuneration

No options were granted or vested in relation to key management personnel during the financial year ended 30 June 2008. During the year 300,000 options were granted to employees. For details of these options refer to note 23 to the financial statements.

2007	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Total value of options granted, exercised and lapsed during the year	Remuneration consisting of options for the year
	$	$	$	$	$
Directors					
Mr. Jianming Xiao	69,862	-	-	-	69,862
Mr. Anthony Wehby	69,862	-	-	-	69,862
Mr. Stephen Woodham	69,862	-	-	-	69,862
Mr. Robin Chambers	69,862	-	-	-	69,862
Mr. Wenxiang Gao	69,862	-	-	-	69,862
Mr. Richard Hill	69,862	-	-	-	69,862
Executives					
Mr. Rimas Kairaitis	139,724	-	-	-	139,724
Mr. Matthew Sikirich	69,862	-	-	-	69,862
	628,758	-	-	-	628,758

Options issued in the prior year totalled 4,500,000 each with an exercise price of $0.25 and an expiry 5 years from their issue on 4 May 2007. The options were valued using the Black-Scholes option pricing model under the following assumptions.

Share price	25 cents
Volatility	70%
Risk free interest rate	6.15%
Expected life of Options	3.75 years

Executive Directors and Executives

A summary of the key terms of remuneration agreements with Directors and executives are outlined below:

The Chief Executive Officer, Mr. Rimas Kairaitis, is employed under an executive employment agreement. The agreement may be terminated by Mr. Kairaitis at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by the board giving three months written notice or by paying an amount equivalent to three months remunerationor without notice in case of serious misconduct, at which time Mr. Kairaitis would be entitled to that portion of remuneration arising up to the date of termination. On 12 June 2008 Mr Kairaitis' remuneration was increased to $200,000 per annum plus superannuation.

Two directors have arrangements to provide additional consulting services on the following terms.

Mr. Woodham has a consulting agreement for work done in addition to his non-executive Director services. The agreement commenced on 8 May 2007 and is on an ongoing basis. It can be terminated on 4 weeks notice by either party, with remuneration calculated on a daily basis. There are no other termination benefits payable.

Mr. Hill has a consulting agreement for work done in addition to his non-executive Director services. The agreement commenced on 8 May 2007 and is on an ongoing basis. It can be terminated on 4 weeks notice by either party, with remuneration calculated on a daily basis. There are no other termination benefits payable.

The Company Secretary, Mr. Matthew Sikirich is employed and remunerated on an hourly basis. Mr. Sikirich's services may be terminated by either party at any time. There are no other termination benefits payable.

No performance conditions are currently stipulated in any of the executive agreements.

Non-Executive Directors

The constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was an aggregate remuneration of $300,000 per year. Each Director is paid a director's fee of $30,000 p.a plus superannuation on a quarterly basis.

Other transactions with key management personnel

1. Mr. Stephen Woodham is the owner of the premises leased by the Company at 2 Corporation Place, Orange NSW. The lease is for 3 years with an option to extend by a further 3 years. The gross rent per annum is $57,750 (incl GST).

2. During the year purchases totalling $9,549 were made from Locksley Holdings Pty Ltd to provide car hire at normal market prices. Mr. Woodham is a director and shareholder of Locksley Holdings Pty Ltd.

3. During the year purchases totalling $299,268 were made from Techdrill Services Pty Ltd to provide drilling services at normal market prices. Mr. Woodham is a significant shareholder in Techdrill Services Pty Ltd.

MEETINGS OF DIRECTORS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director in their capacity as an invited director were as follows:

Name	Number of Meetings Eligible to Attend	Number of Meetings Attended
Wenxiang Gao	5	4
Rimas Kairaitis	-	-
Anthony Wehby	5	5
Guoqing Zhang	2	2
Stephen Woodham	5	5
Robin Chambers	5	5
Richard Hill	5	4
Christine Ng	-	-
Jianming Xiao	3	3

Due to the size and nature of the Company, the Board performs the functions that may otherwise be performed by an audit or remuneration committee. Refer to the Corporate Governance Statement for further information.

EMPLOYEES

The Company had 8 employees at 30 June 2008 (2007: three employees).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group and related joint venture companies. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

Auditor's Independence AND NON-AUDIT SERVICES

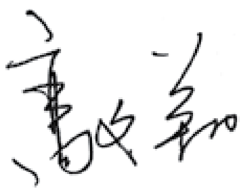
The Company has obtained an independence declaration from its auditors, Ernst and Young, which forms part of this report. A copy of that declaration is included at page 50 of this report.

NON-AUDIT SERVICES

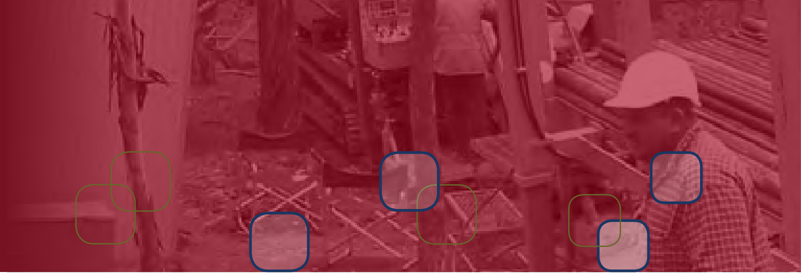
During the year the following fees were paid or are payable for non-audit services provided by the auditor of the Group.

	2008 $	2007 $
Independent Accountant's Report – IPO Prospectus	-	15,450

Signed on behalf of the board in accordance with a resolution of the Directors.



Mr. Wenxiang Gao
Non-Executive Chairman
26 September 2008



Corporate Governance Statement

The Board of Directors of YTC Resources Limited is responsible for corporate governance of the Group. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

Upon listing the Company established a set of corporate governance policies and procedures. These were based on the Australian Stock Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. For further information on corporate governance policies adopted by the Company, refer to our website: www.ytcresources.com

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of the annual report are included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director as set out in the ASX's Principle of Good Governance:

"An Independent Director is a director who is not a member of management, is a non-executive director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company."

In accordance with the definition of independence above, Mr. Anthony Wehby is considered the only Independent Director. Accordingly, a majority of the Board is not considered independent.

There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr. Wenxiang Gao	1 year 6 months
Mr. Rimas Kairaitis	3 months
Mr. Anthony Wehby	2 years
Dr. Guoqing Zhang	7 months
Mr. Stephen Woodham	4 years 6 months
Mr. Robin Chambers	1 year 6 months
Mr. Richard Hill	2 years 5 months
Ms. Christine Ng	3 months

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function is undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Group is of sufficient size, a separate Nomination Committee will be formed.

Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee is undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non financial-information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control.

Performance

The Board of YTC Resources conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the Board links the nature and amount of executive and directors' emoluments may be linked to the Company's financial and operational performance.

At the Board's discretion the nature and amount of executive and director's emoluments may be linked to the Company's financial and operational performance.

Due to the nature of the Company's operations which consists of minerals exploration and evaluation, the remuneration of directors and executives, at present, does not include performance-based incentives except to the extent that options may be considered performance based.

The Company does not have a policy in place relating to the executives limiting their exposure to risk in relation to the Company's equity instruments issued to them as part of remuneration.

For details of remuneration of Directors and executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for themselves and the Managing Director (if applicable). The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function is undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. The Board recently indicated its intention to form a separate Remuneration Committee.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Corporate Governance Compliance

During the financial year YTC Resources has complied with each of the 10 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent directors.	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group given the desire to grow.
2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board due to the small size and nature of the Group.
4.2/4.3	The Company does not have an Audit and Risk Management Committee	The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board, due to the small size and nature of the Group.
8.1	A Board performance review was not conducted during the year	The Board conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.
9.2	The Company does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board, due to the small size and nature of the Group. The Board recently indicated its intention to form a separate Remuneration Committee in anticipation of Group requirements.

Income Statement
for the year ended 30 June 2008

	Notes	**Consolidated 2008 $**	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Revenues from continuing operations					
Interest revenue		232,920	63,935	232,920	63,935
Revenue and other income		232,920	63,935	232,920	63,935
Compliance costs		34,364	6,074	34,364	6,074
Consulting expense		198,805	66,346	198,805	66,346
Audit fees		41,050	15,000	41,050	15,000
Employee benefits expense		383,462	671,474	383,462	671,474
Directors Fees		186,181	26,836	186,181	26,836
Office rental and outgoings		72,539	9,341	72,539	9,341
Promotion		23,952	18,898	23,952	18,898
Administration expense	3(b)	226,008	89,882	226,008	89,882
Travel expenses		149,872	74,034	149,872	74,034
Depreciation		31,670	3,129	31,670	3,129
Amortisation		12,454	273	12,454	273
Expenses		1,360,357	981,287	1,360,357	981,287
(Loss) before income tax from continuing operations		(1,127,437)	(917,352)	(1,127,437)	(917,352)
Income tax expense	4	-	-	-	-
(Loss) after income tax from continuing operations	14	(1,127,437)	(917,352)	(1,127,437)	(917,352)
(Loss) attributable to members of the parent		(1,127,437)	(917,352)	(1,127,437)	(917,352)
Basic (loss) per share (cents per share)	18	(2.75)	(4.77)	(2.75)	(4.77)
Diluted (loss) per share (cents per share)	18	(2.75)	(4.77)	(2.75)	(4.77)

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet
as at 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
ASSETS					
Current assets					
Cash and cash equivalents	15(b)	1,672,049	5,285,607	1,672,049	5,285,607
Trade and other receivables	5	98,174	38,218	98,174	38,218
Prepayments		26,424	-	26,424	-
Total current assets		1,796,647	5,323,825	1,796,647	5,323,825
Non current assets					
Other financial assets	6	-	-	2	2
Other receivables	7	-	-	2,844,971	844,208
Plant and equipment	8	260,355	211,120	260,355	211,120
Deferred exploration and evaluation expenditure	9	3,390,387	844,210	545,414	-
Total non current assets		3,650,742	1,055,330	3,650,742	1,055,330
Total assets		5,447,389	6,379,155	5,447,389	6,379,155
LIABILITIES					
Current liabilities					
Trade and other payables	10	323,538	331,858	323,538	331,858
Provisions	11	18,041	5,166	18,041	5,166
Total current liabilities		341,579	337,024	341,579	337,024
Total liabilities		341,579	337,024	341,579	337,024
Net assets		5,105,810	6,042,131	5,105,810	6,042,131
Equity					
Contributed equity	12	6,370,209	6,390,477	6,370,209	6,390,477
Reserves	13	840,142	628,758	840,142	628,758
Accumulated losses	14	(2,104,541)	(977,104)	(2,104,541)	(977,104)
Total equity		5,105,810	6,042,131	5,105,810	6,042,131

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2008

Consolidated and Company	Issued Share Capital $	Share Option Reserve $	Accumulated Losses $	Total $
Balance as at 1 July 2006	411,777	-	(59,752)	352,025
Loss for the period	-	-	(917,352)	(917,352)
Total income / (expense) for the period	-	-	(917,352)	(917,352)
Equity Transactions:				
Shares issued for the period	6,323,160	-	-	6,323,160
Share Issue Costs	(344,460)	-	-	(344,460)
Options issued for the period	-	628,758	-	628,758
Balance as at 30 June 2007	6,390,477	628,758	(977,104)	6,042,131
Balance as at 1 July 2007	6,390,477	628,758	(977,104)	6,042,131
Transaction costs on share issue from prior year	(20,268)	-	-	(20,268)
Loss for the period	-	-	(1,127,437)	(1,127,437)
Total income / (expense) for the period	(20,268)	-	(1,127,437)	(1,147,705)
Equity Transactions:				
Options issued for the period	-	211,384	-	211,384
Balance as at 30 June 2008	6,370,209	840,142	(2,104,541)	5,105,810

Company	Issued Share Capital $	Share Option Reserve $	Accumulated Losses $	Total $
Balance as at 1 July 2006	411,777	-	(59,752)	352,025
Loss for the period	-	-	(917,352)	(917,352)
Total income / (expense) for the period	-	-	(917,352)	(917,352)
Equity Transactions:				
Shares issued for the period	6,323,160	-	-	6,323,160
Share Issue Costs	(344,460)	-	-	(344,460)
Options issued for the period	-	628,758	-	628,758
Balance as at 30 June 2007	6,390,477	628,758	(977,104)	6,042,131
Balance as at 1 July 2007	6,390,209	628,758	(977,104)	321,743
Total income / (expense) recognised directly in equity	(20,268)	-	-	(20,268)
Loss for the period	-	-	(1,127,437)	(1,127,437)
Total income / (expense) for the period	(20,268)	-	(1,127,437)	(1,147,705)
Equity Transactions:				
Options issued for the period	-	211,384	-	211,384
Balance as at 30 June 2008	6,370,209	840,142	(1,127,437)	5,105,810

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement
for the year ended 30 June 2008

	Notes	**Consolidated 2008 $**	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Cash flows from operating activities					
Payments to suppliers and employees		(1,160,914)	(236,781)	(1,160,914)	(236,781)
Interest received		142,045	63,935	142,045	63,935
Net cash flows used in operating activities	15(a)	(1,018,869)	(172,846)	(1,018,869)	(172,846)
Cash flows from investing activities					
Purchase of property, plant and equipment		(163,681)	(141,461)	(163,681)	(141,461)
Proceeds on sale of equipment		3,976	-	3,976	-
Exploration expenditure		(2,434,984)	(335,938)	(545,414)	-
Loan to subsidiaries for exploration		-	-	(1,889,570)	(335,938)
Net cash flows used in investing activities		(2,594,689)	(477,399)	(2,594,689)	(477,399)
Cash flows from financing activities					
Transaction costs of issue of shares		-	(339,352)	-	(339,352)
Borrowing repayment		-	(69,013)	-	(69,013)
Proceeds from issue of shares		-	6,323,160	-	6,323,160
Net cash flows from financing activities		-	5,914,795	-	5,914,795
Net increase in cash and cash equivalents		(3,613,558)	5,264,550	(3,613,558)	5,264,550
Cash and cash equivalents at beginning of the year		5,285,607	21,057	5,285,607	21,057
Cash and cash equivalents at end of the year	15(b)	1,672,049	5,285,607	1,672,049	5,285,607

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The financial report of YTC Resources Limited and its subsidiaries for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors on 22 September 2008. The resolution allowed for minor changes prior to the public release of the financial report.

YTC Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

YTC Resources has two 100% owned subsidiaries, Stannum Pty Ltd (incorporated 15 September 2007) and Defiance Resources Pty Ltd (incorporated 15 May 2007) which hold the tin and copper-gold assets respectively.

The nature of the operations and principal activities of the Group are described in the Directors report.

2A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

Where appropriate prior year numbers have been re-classified for consistency with current year disclosures.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting standards Board and International Reporting Standards as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

The following table sets out new Australian Accounting Standards and Interpretations that have been issued but are not yet effective and which have not been early adopted by the Company for the annual reporting period ending 30 June 2008.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009
Amendments to International Financial Reporting Standard	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	1 July 2009
Amendments to International Financial Reporting Standard (cont)		AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.			
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

2A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Adoption of new accounting standard

The Group has adopted AASB 7 Financial Instruments: Disclosures and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosures in these financial statements. There has been no affect on profit and loss or the financial position of the entity. The Group has also adopted the amendments arising from AASB 2008-4 in relation to KMP disclosures.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of YTC Resources Limited and its subsidiaries (as outlined in note 1).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered whether a group controls an entity.

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

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and ceases to be consolidated from the date of control is transferred out of the Group.

Investments in subsidiaries held by YTC Resources Limited are accounted for at cost in the separate financial statements of the Company.

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on 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.

(f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(g) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation, amortisation and any impairment in value. Depreciation is calculated on a straight-line basis over their estimated useful lives as follows:

Plant and equipment over 1 to 8 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 indication of impairment 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

De-recognition

An item of plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(h) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company 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.

(i) 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.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised 'Mine properties in development'. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the 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.

2A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(j) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company 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.

(k) Provisions and employee benefits

Provisions are recognised when the Company 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 Company 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.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(l) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company 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. This 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.

(m) Share-based payment transactions

The Company provides benefits to employees (including directors) 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. The fair value is determined by an internal valuation using the Black Scholes model, further details of which are given in note 23.

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 ('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 Company, 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.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(n) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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.

2A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) 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.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown directly in equity as a deduction, net of tax, from proceeds.

(q) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(r) Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted loss per share

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

2B. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(s) Significant accounting judgements

Exploration and evaluation expenditure

Exploration and evaluation expenditure is capitalised when either, costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively by its sale: or exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made and in the event that these assumptions no longer hold valid then this expenditure may, in part or full, be expensed through the income statement in future periods – see note 9 for disclosure of carrying values.

(t) Significant accounting estimates and assumptions

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

3. REVENUE AND EXPENSES

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Revenue from continuing operations				
(a) Other income				
Interest	232,920	63,935	232,920	63,935
	232,920	63,935	232,920	63,935
Expenses from continuing operations Loss before income tax includes the following specific expenses:				
(b) Administration expense				
Accounting fees	94,078	24,892	94,078	24,892
Legal Fees	17,600	1,291	17,600	1,291
Bank fees	956	559	956	559
Computer expenses	14,173	15,631	14,173	15,631
Courier	9,463	109	9,463	109
Insurance	25,806	25,746	25,806	25,746
Printing and stationery	22,826	4,651	22,826	4,651
Postage	1,287	509	1,287	509
Subscriptions	5,605	1,805	5,605	1,805
Telephone	20,854	11,262	20,854	11,262
Loss on disposal of assets	115	-	115	-
Other	13,245	3,427	13,245	3,427
Total administration expense	226,008	89,882	226,008	89,882
Employee benefits expense and directors fees include superannuation expense of	56,071	4,386	56,071	4,386
(c) Lease Payments				
Leased Premises	56,875	9,341	56,875	9,341
Office Equipment	3,660	-	3,660	-
Total Lease Payments	60,535	9,341	60,535	9,341

4. INCOME TAX

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
The major components of income tax expense				
Income Statement				
Current income Tax				
Current income tax charge	(1,051,874)	(188,855)	(456,095)	40,408-
Adjustments in respect to current income tax of previous years	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	799,330	(1,061)	205,101	(84,220)
Unrecognised tax losses	252,544	189,916	250,994	43,812
Income tax expense reported in the income statement	-	-	-	-

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Accounting loss before income tax	(1,127,437)	(917,352)	(1,127,437)	(917,352)
At the Company's statutory income tax rate	(338,231)	(275,206)	(338,231)	(275,206)
Share based payments	63,415	188,627	63,415	188,627
Income tax benefit not brought to account	274,816	86,579	274,816	86,579
Income tax reported in the income statement	-	-	-	-

4. INCOME TAX

Consolidated	Balance Sheet		Income Statement	
	2008	2007	**2008**	2007
	$	$	**$**	$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Deferred Exploration and evaluation expenditure	(987,116)	(229,263)	(757,853)	(83,159)
Receivables	(28,352)	-	(28,352)	-
Deferred Tax Assets				
Provisions	5,412	1,550	3,862	1,550
Cost of capital raising	65,683	82,670	(16,987)	82,670
Carried forward losses recognised/(unable to be recognised)	944,373	145,043	799,330	(1,061)
	-	-		
Deferred tax income/(expense)			-	-

At 30 June 2008 the Group had carried forward tax losses totaling $4,682,529 (2007: $1,176,282) and unbooked tax losses $1,534,619.

Company	Balance Sheet		Income Statement	
	2008	2007	**2008**	2007
	$	$	**$**	$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities				
Deferred Exploration and evaluation expenditure	(163,624)	-	(163,624)	-
Receivables	(28,352)	-	(28,352)	-
Deferred Tax Assets				
Provisions	5,412	1,550	3,862	1,550
Cost of capital raising	65,683	82,670	(16,987)	82,670
Carried forward losses recognised/(unable to be recognised)	120,881	(84,220)	205,101	(84,220)
	-	-		
Deferred tax income/(expense)			-	-

At 30 June 2008 the Company had carried forward tax losses totaling $1,932,390 (2007: $412,072) and unbooked tax losses $1,529,453.

The Group has not formed a tax consolidated group at 30 June 2008.

5. TRADE AND OTHER RECEIVABLES - CURRENT

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Trade receivables	3,667	1,368	3,667	1,368
GST receivable	-	36,850	-	36,850
Accrued Interest	94,507	-	94,507	-
	98,174	38,218	98,174	38,218

All of the above are non-interest bearing and generally receivable on 30 day terms. These receivables and prepayments are non interest bearing and generally on 30 day terms.

6. OTHER FINANCIAL ASSETS – NON CURRENT

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Investment in controlled entities	-	-	2	2

The consolidated financial statements incorporate the assets, liabilities and results of Stannum Pty Ltd (incorporated 15 September 2007) and Defiance Resources Pty Ltd (incorporated 15 May 2007) in accordance with the accounting policy described in note 2A(d). Both company's are incorporated and are residents of Australia and are 100% owned by the Company.

7. RECEIVABLES – NON CURRENT

	Company 2008 $	Company 2007 $
Amount owing by controlled entities:		
Stannum Pty Ltd	1,394,935	260,915
Defiance Resources Pty Ltd	1,450,036	583,293
	2,844,971	844,208

Refer to note 20 for further details of inter-company loan movements.

Wholly owned controlled entity receivables are repayable on demand and are non-interest bearing, however the Company for the foreseeable future, continues to provide financial support and has no intention of demanding repayment until the subsidiaries have the capacity to do so.

8. PLANT AND EQUIPMENT

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Plant and equipment at cost	304,620	214,890	304,620	214,890
Accumulated depreciation amortisation and impairment	(44,265)	(3,770)	(44,265)	(3,770)
Total plant and equipment	260,355	211,120	260,355	211,120
Motor Vehicles				
At 1 July, net of accumulated depreciation and impairment	95,689	-	95,689	-
Additions	45,195	97,432	45,195	97,432
Disposals	(16,541)	-	(16,541)	-
Depreciation expense	(15,581)	(1,743)	(15,581)	(1,743)
At 30 June, net of accumulated depreciation and impairment	108,762	95,689	108,762	95,689
Plant & Equipment				
At 1 July, net of accumulated depreciation and impairment	51,629	876	51,629	876
Additions	57,392	52,138	57,392	52,138
Disposals	(7,329)	-	(7,329)	-
Depreciation expense	(16,089)	(1,385)	(16,089)	(1,385)
At 30 June, net of accumulated depreciation and impairment	85,603	51,629	85,603	51,629
Leasehold improvements				
At 1 July, net of accumulated amortisation and impairment	63,802	-	63,802	-
Additions	14,643	64,075	14,643	64,075
Amortisation expense	(12,454)	(273)	(12,454)	(273)
At 30 June, net of accumulated amortisation and impairment	65,991	63,802	65,991	63,802

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Exploration and evaluation				
At cost	3,390,387	844,210	545,414	-
Accumulated impairment	-	-	-	-
Total exploration and evaluation	3,390,387	844,210	545,414	-
Year ended 30 June 2008				
At 1 July	844,210	527,013	-	527,013
Exploration expenditure during the year	2,546,177	317,197	545,414	18,682
Transferred to subsidiaries	-	-	-	(545,695)
At 30 June	3,390,387	844,210	545,414	-

The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependant on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

10. TRADE AND OTHER PAYABLES

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Trade payables	240,463	331,858	240,463	331,858
Accrued Expenses	59,112	-	59,112	-
GST Payable	23,963	-	23,963	-
	323,538	331,858	323,538	331,858

Due to the short term nature of these payables their carrying value is assumed to approximate their fair value. Trade payables are non-interest bearing and generally payable on 7 to 30 day terms.

11. PROVISIONS

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Annual Leave	18,041	5,166	18,041	5,166

12. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	6,370,209	6,390,477	6,370,209	6,390,477

(b) Movements in ordinary shares on issue

	Number of shares	$
Balance at 1 July 2006	12,615,975	411,777
Issue of shares at $1.50 per share on 20/10/06	100,000	150,000
Additional Shares issued as a result of a 9 for 1 share split	12,014,200	-
Issue of shares at 19.78 cents per share to Yunnan Tin Company Group Limited for working capital requirements - 27/3/07	13,515,975	2,673,160
Issue of shares at 25 cents per share pursuant to the Prospectus - 8/5/07	14,000,000	3,500,000
Transaction costs on share issue	-	(344,460)
Balance as at 30 June 2007	41,031,950	6,390,477
Balance at 1 July 2007	41,031,950	6,390,477
Issue of shares during the year to 30 June 2008	-	-
Transaction costs on share issue from prior year	-	(20,268)
Balance as at 30 June 2008	41,031,950	6,370,209

(c) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Parent, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital Risk Management

When managing capital, managements objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest costs of capital available to the entity.

In order to maintain or adjust capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in the year ending 30 June 2008 and no dividends are expected to be paid in the year ending 30 June 2009.

There is no intention to incur debt funding on behalf of the Company as ongoing exploration expenditure will be funded via equity or with joint ventures with other companies. The Group is not subject to any externally imposed capital requirements.

13. RESERVES

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Option reserve	840,142	628,758	840,142	628,758
	840,142	628,758	840,142	628,758
(a) Movements				
Carrying amount at beginning of financial year	628,758	-	628,758	-
Options issued during the year	211,384	628,758	211,384	628,758
Carrying amount at the end of the financial year	840,142	628,758	840,142	628,758

(b) Details of options issued during the year

Date	**Details**	**Number of options**	**$**
1 July 2007	Opening Balance	4,500,00	628,758
21 November 2007	Employees options exercisable at $1.00 per share*	150,000	113,156
21 November 2007	Employees options exercisable at $1.50 per share*	150,000	98,228
30 June 2008	Closing Balance	4,800,000	840,142

*All options have vested by 30 June 2008. Refer to part (c) below for option terms. The options were issued on 21 November 2007 and accepted by employees on various grant dates.

(c) Valuation of Options Reserve

This reserve is used to record the options issued to Directors, executives and employees. Valuation of the options is based on Black-Scholes methodology using the following assumptions:

Grant Date	22 Nov 2007	10 Dec 2007	20 Dec 2007
No. of options	100,000	100,000	100,000
Share price at date of grant	$1.18	$1.10	$1.25
Exercise price for 50% of options	$1.00	$1.00	$1.00
Exercise price for 50% of options	$1.50	$1.50	$1.50
Expected price volatility	106%	106%	106%
Risk free rate	7.15%	7.29%	7.29%
Expected life of options	2.25 years	2.25 years	2.25 years
Expected Dividend yield	0.0%	0.0%	0.0%
Black-Scholes fair value:			
Per $1.00 option	$0.7564	$0.6903	$0.8164
Per $1.50 option	$0.6566	$0.5961	$0.7118
Employment Condition expiry	31/12/07	31/12/07	31/12/07

14. ACCUMULATED LOSSES

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Movements in accumulated losses were as follows:				
Balance at beginning of year	(977,104)	(59,752)	(977,104)	(59,752)
Net loss attributable to members of YTC Resources Limited	(1,127,437)	(917,352)	(1,127,437)	(917,352)
Balance at end of year	(2,104,541)	(977,104)	(2,104,541)	(977,104)

15. CASH FLOW STATEMENT

(a) Reconciliation of the net (loss) after tax to the net cash flows used in operating activities

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Net loss after tax	(1,127,437)	(917,352)	(1,127,437)	(917,352)
Adjustments for:				
Issue of options	211,384	628,758	211,384	628,758
Depreciation	31,670	3,129	31,670	3,129
Amortisation	12,454	273	12,454	273
Net (profit)/loss on disposal of plant and equipment	115	-	115	-
Changes in assets and liabilities:				
(Increase)/Decrease in receivables	(96,806)	(21,644)	(96,806)	(21,644)
(Increase)/Decrease in prepayments	(26,424)	-	(26,424)	-
Increase/(Decrease) in trade and other payables	(35,654)	-	(35,654)	-
Increase/(Decrease) in provisions	11,829	133,990	11,829	133,990
Net cash flow used in operating activities	(1,018,869)	(172,846)	(1,018,869)	(172,846)

(b) Reconciliation of cash

Cash balance comprises:				
Cash at bank	1,672,047	5,285,605	1,672,047	5,285,605
Petty cash	2	2	2	2
	1,672,049	5,285,607	1,672,049	5,285,607

(c) Non-cash financing and investing activities

Assets traded in	19,700	-	19,700	-

16. EXPENDITURE COMMITMENTS

(a) Expenditure commitments

Under the terms and conditions of being granted exploration licenses, the Group has a minimum annual commitment for the term of the license. The terms of the licenses are 2 years. Commitments have been calculated to the next renewal date.

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Commitments contracted for at reporting date but not recognised as liabilities are as follows:				
Within one year	597,666	738,000	-	-
After one year but not longer than 5 years	-	447,000	-	-
	597,666	746,000	-	-

(b) Remuneration commitments

The Company is committed to paying at least three months of the CEO's remuneration in the event that either party decides to terminate the agreement.

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Commitments contracted for at reporting date but not recognised as liabilities are as follows:				
Within one year	54,501	31,251	54,501	31,251

(c) Lease commitments

The Company has a 3 year lease on its premises.

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Commitments contracted for at reporting date but not recognised as liabilities are as follows:				
Within one year	57,750	57,750	57,750	57,750
After one year but not longer than 5 years	57,750	115,500	57,750	115,500
	115,500	173,250	115,500	173,250

17. SUBSEQUENT EVENTS

On 18 July 2008 the Company raised $2,760,610 through the issue of 2,760,610 shares to its major shareholder Yunnan Tin TDK Resources Australia (TDK), a wholly owned subsidiary of Yunnan Tin Company Group Limited of China.

On 22 September 2008 the Board agreed to offer a total of 300,000 options to employees under the Employee Share Option Plan. Half of the options have an exercise price of $1.00 per share and half at $1.50 per share. The options expire 3 years from the issue date, they will vest on 1 November 2008 provided the employee remains with the Company and must be exercised within 3 months of leaving the Company.

18. LOSS PER SHARE

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Loss used in calculating basic and dilutive EPS	(1,127,437)	(917,352)	(1,127,437)	(917,352)
Weighted number of ordinary shares outstanding during the period used in the calculation of basic EPS	41,031,950	19,212,462	41,031,950	19,212,462
Weighted number of ordinary shares outstanding during the period used in the calculation of diluted EPS	41,031,950	19,212,462	41,031,950	19,212,462
Basic loss per share (cents per share)	(2.75)	(4.77)	(2.75)	(4.77)
Diluted loss per share (cents per share)	(2.75)	(4.77)	(2.75)	(4.77)

As at 30 June 2008 and 2007, share options are not considered dilutive as the conversion of the options to ordinary shares will result in a decrease in the net loss per share. There are 4,800,000 un-issued ordinary shares under options as at 30 June 2008.

Since the reporting date and the date of completion of these financial statements the only transaction involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary or potential ordinary shares outstanding are referred to above in note 17.

19. AUDITOR'S REMUNERATION

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
The auditor of YTC Resources Limited is Ernst & Young				
Amounts received or due and receivable by Ernst & Young for:				
Audit or review of the financial report of the Company and any other entity in the Group	41,050	20,000	41,050	20,000
Preparation of Independent Accountants Report in relation to the IPO prospectus issued by the Company	-	15,450	-	15,450
	41,050	35,450	41,050	35,450

There were no other services provided by Ernst & Young other than as disclosed above.

20. RELATED PARTY AND INTER-COMPANY DISCLOSURES

Mr. Woodham has a consulting agreement for work done in addition to his non-executive Director services. The agreement commenced on 8 May 2007 and is on an ongoing basis. It can be terminated on 4 weeks notice by either party, with remuneration calculated on a daily basis.

Mr. Hill has a consulting agreement for work done in addition to his non-executive Director services. The agreement commenced on 8 May 2007 and is on an ongoing basis. It can be terminated on 4 weeks notice by either party, with remuneration calculated on a daily basis.

For all payments to directors and executives please refer to the "Remuneration Report" contained in the "Directors Report".

20. RELATED PARTY AND INTER-COMPANY DISCLOSURES (cont)

The Company has two subsidiaries Defiance Resources Pty Ltd and Stannum Pty Ltd which are related parties. The Company funds exploration expenditure on behalf of its subsidiaries through inter-company loans. The loans are interest free and have no fixed re-payment date. For further details on the loans refer to note 7 "Receivables – Non Current". A breakdown of the movement in the intercompany loan accounts is as follows.

	Company 2008 $	Company 2007 $
Loans to subsidiaries:		
Opening balance	844,208	(1)
Tenement transfer	-	477,792
Additional funding for exploration and evaluation	2,000,763	366,418
Purchase of share in subsidiary on incorporation	-	(1)
	2,844,971	844,208

21. SEGMENT INFORMATION

The Group operates in one geographic segment and within one industry classification being exploration for minerals in Australia.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and a short term deposit, receivables and payables including intercompany receivables in the holding company.

The main purpose of these instruments is to finance the Groups operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations. It is, and has been throughout the entire period under review, the Group policy that no trading in financial instruments shall be taken.

The main risks arising from the Group's financial instruments are only cash flow interest rate risk. Other minor risks are summarised below.

There are no formal risk management policies in place against cash flow interest rate risk or any other financial risk as we are not exposed adversely to such risks.

(a) Interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non interest bearing.

The Group's has not entered in any hedging activities to cover interest rate risk. In regard to its interest rate risk the Group continually analyses its exposure. Within this analysis consideration is given to potential renewal of existing positions, alternative investments and the mix of fixed and variable interest rates.

The following table set out the carrying amount by maturity of the parent and Group's exposure to interest rate risk for each class of these financial instruments. Trade and other receivables and payables are not interest bearing. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% or higher or lower with all other variables held constant as a sensitivity analysis.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont)

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

			Interest Rate Sensitivity			
			-10%		+10%	
		Carrying Amount	Profit	Equity	Profit	Equity
		$	$	$	$	$
Consolidated 2008						
Financial Assets:	Note					
Cash and cash equivalents assets	(i)	1,672,049	(12,122)	(12,122)	12,122	12,122
Company 2008						
Financial Assets:						
Cash and cash equivalents assets		1,672,049	(12,122)	(12,122)	12,122	12,122
Consolidated 2007						
Financial Assets:						
Cash and cash equivalents assets		5,285,607	(38,320)	(38,320)	38,320	38,320
Company 2007						
Financial Assets:						
Cash and cash equivalents assets		5,285,607	(38,320)	(38,320)	38,320	38,320

Note

(i) Cash and cash equivalents include only short-term deposits with floating interest rates in AUD.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates.

A negative 10% sensitivity would move short term interest rates as 30 June 2008 from around 7.25 % to 6.525 % representing a 72.5 basis point shift. This would represent two or three decreases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australian are more likely to move down than up in the coming period.

(b) Commodity risk

The Group is exposed to commodity price risk. The risk arises from its activities directed at exploration and development mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Group does not hedge its exposures.

(c) Net Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable note.

(d) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

The Group's receivables at balance date are detailed in Note 7 and comprise primarily of accrued interest receivable and trade debtors.

The Group trades only with recognised, credit worthy third parties.

(e) Liquidity risk

The Group's exposure to liquidity risk is disclosed in note 10.

23. SHARE BASED PAYMENT ARRANGEMENTS

(a) Recognised share based payments expenses

The expense recognised for executive and employee services received during the year is shown in the table below:

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Expenses arising from the equity settled share based payment transactions - eligible employees and directors	211,384	628,758	211,384	628,758

(b) Type of share based payment plan

Employee Share Option Plan

The Company has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of YTC. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to directors and eligible employees of YTC.

(c) Options granted during the year ended 30 June 2008

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
4-May-07	4-May-12	0.25	4,500,000	-	-	4,500,000	500,000
22-Nov-07	31-Dec-10	$1.00	-	50,000	-	50,000	50,000
22-Nov-07	31-Dec-10	$1.50	-	50,000	-	50,000	50,000
10-Dec-07	31-Dec-10	$1.00	-	50,000	-	50,000	50,000
10-Dec-07	31-Dec-10	$1.50	-	50,000	-	50,000	50,000
20-Dec-07	31-Dec-10	$1.00	-	50,000	-	50,000	50,000
20-Dec-07	31-Dec-10	$1.50	-	50,000	-	50,000	50,000
			4,500,000	300,000	-	4,800,000	800,000
Weighted average exercise price			0.25	1.25		0.31	0.62

(d) Options granted during the year ended 30 June 2007

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
4-May-07	4-May-12	0.25	-	4,500,000	-	4,500,000	-
			-	4,500,000	-	4,500,000	-
Weighted average exercise price				0.25		0.25	

There were 4,500,000 options on issue at 30 June 2007. The options each had an exercise price of $0.25 and an expiry 5 years from there issue on 4 May 2007. Half of the options vested if the Company's value weighted average share price exceeded $0.50 for 5 consecutive days. The vesting conditions were met by 30 June 2007.

(e) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2008 is 3.7 years

23. SHARE BASED PAYMENT ARRANGEMENTS (cont)

(a) Fair Value of options granted

The fair value of the equity share options at grant date is determined using a Black-Scholes option pricing model that takes into account the terms and conditions upon which the options were granted.

The model inputs for options granted and assessed fair value at grant date of options granted during the year ended 30 June 2008 is provided in the table below.

Grant Date	22 Nov 2007	10 Dec 2007	20 Dec 2007
No. of options	100,000	100,000	100,000
Share price at date of grant	$1.18	$1.10	$1.25
Exercise price for 50% of options	$1.00	$1.00	$1.00
Exercise price for 50% of options	$1.50	$1.50	$1.50
Expected price volatility	106%	106%	106%
Risk free rate	7.15%	7.29%	7.29%
Expected life of options	2.25 years	2.25 years	2.25 years
Expected Dividend yield	0.0%	0.0%	0.0%
Black-Scholes fair value:			
Per $1.00 option	$0.7564	$0.6903	$0.8164
Per $1.50 option	$0.6566	$0.5961	$0.7118
Employment Condition expiry	31/12/07	31/12/07	31/12/07

24. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

25. DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2008. The balance of our franking account is Nil (2007: Nil).

26. KEY MANAGEMENT PERSONNEL

	Consolidated 2008 $	Consolidated 2007 $	**Company 2008 $**	Company 2007 $
Short-term employee benefits	478,481	330,317	478,481	330,317
Post-employment benefits	23,321	4,425	23,321	4,425
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	628,758	-	628,758
Total	501,802	963,500	501,802	963,500

Shareholdings and option holdings of Directors, executives and key management personnel

(i) Share holdings

The number of shares in the Company held during the financial year held by each director, executive and key management personnel of YTC Resources Limited, including their related parties, is set out below.

2008	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year[a]	Other changes during the year[b]	Balance at the end of the year
Directors						
Mr. Wenxiang Gao	-	-	-	10,000	-	10,000
Mr. Anthony Wehby	170,000	-	-	-	15,000	195,000
Mr. Rimas Kairaitis	3,221,044	-	-	-	87,000	3,308,044
Dr. Guoqing Zhang	-	-	-	-	-	-
Mr. Stephen Woodham	3,820,804	-	-	-	2,000	3,822,804
Mr. Robin Chambers	310,003	-	-	-	-	310,003
Mr. Richard Hill	1,057,984	-	-	-	-	1,057,984
Ms. Christine Ng	-	-	-	-	-	-
Mr. Jianming Xiao	-	-	-	20,000	-	20,000
Executives						
Mr. Matthew Sikirich	279,997	-	-	-	5,000	284,997
	8,859,832	-	-	30,000	109,000	9,008,832

(a) Shares transferred from joint ownership to individuals (refer 2007 note below for further details).
(b) Acquired by on-market purchases.

2007	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year [b]	Other changes during the year [c]	Balance at the end of the year
Directors						
Mr. Jianming Xiao [a]	-	-	-	-	-	-
Mr. Anthony Wehby	-	-	-	170,000	-	170,000
Mr. Stephen Woodham	3,801,654	-	-	-	19,150	3,820,804
Mr. Robin Chambers	-	-	-	310,003	-	310,003
Mr. Wenxiang Gao [a]	-	-	-	-	-	-
Mr. Richard Hill	897,984	-	-	120,000	40,000	1,057,984
Executives						
Mr. Rimas Kairaitis	3,167,244	-	-	40,000	13,800	3,221,044
Mr. Matthew Sikirich	-	-	-	279,997	-	279,997
	7,866,882	-	-	920,000	72,950	8,859,832

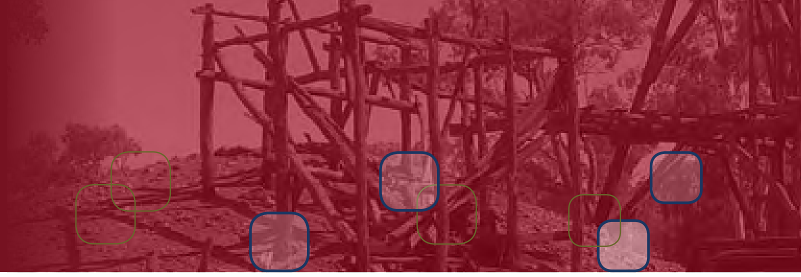
(a) Mr. Xiao and Mr. Gao held 100,000 shares in joint ownership at 30 June 2007 of which part were subsequently transferred to employees of Yunnan Tin Company Group Ltd resulting in them holding 20,000 and 10,000 shares respectively. Mr Xiao was a director and Mr Gao is an executive of Yunnan Tin Company Group Ltd which controls the largest shareholding in the Company.
(b) Acquired through a share placement by the Company for cash.
(c) Acquired by on-market purchases.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director, executive and key management personnel of YTC Resources Limited and specified executive of the Group, including their personally related parties, are set out below.

2008	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr. Wenxiang Gao	500,000	-	-	-	500,000
Mr. Anthony Wehby	500,000	-	-	-	500,000
Mr. Rimas Kairaitis	1,000,000	-	-	-	1,000,000
Dr. Guoqing Zhang	-	-	-	-	-
Mr. Stephen Woodham	500,000	-	-	-	500,000
Mr. Robin Chambers	500,000	-	-	-	500,000
Mr. Richard Hill	500,000	-	-	-	500,000
Ms. Christine Ng	-	-	-	-	-
Mr. Jianming Xiao	500,000	-	-	-	500,000
Executives					
Mr. Matthew Sikirich	500,000	-	-	-	500,000
	4,500,000	-	-	-	4,500,000

2007	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
Directors					
Mr. Jianming Xiao	-	500,000	-	-	500,000
Mr. Anthony Wehby	-	500,000	-	-	500,000
Mr. Stephen Woodham	-	500,000	-	-	500,000
Mr. Robin Chambers	-	500,000	-	-	500,000
Mr. Wenxiang Gao	-	500,000	-	-	500,000
Mr. Richard Hill		500,000	-	-	500,000
Executives					
Mr. Rimas Kairaitis	-	1,000,000	-	-	1,000,000
Mr. Matthew Sikirich	-	500,000	-	-	500,000
	-	4,500,000	-	-	4,500,000



Directors' Declaration

In accordance with a resolution of the Directors of YTC Resources Limited, we state that:

1. In the opinion of the Directors

   (a) the financial statements and notes of the Company and of the Group are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and of the Group's financial position as at 30 June 2008 and of their performance, for the year ended on that date; and

   (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ending 30 June 2008.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

Wenxiang Gao
Chairman
26 September 2008

Auditor's Independence Declaration

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Auditor's Independence Declaration to the Directors of YTC Resources Limited

In relation to our audit of the financial report of YTC Resources Limited and the entities it controlled for the year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

V W Tidy

V W Tidy
Partner
Perth
26 September 2008

VT:JP:HG:YTC:004

Audit Report

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Independent audit report to members of YTC Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of YTC Resources Limited ("the Company"), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2A(b), the directors also state, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

JP;VT;HG;YTC;003

ERNST & YOUNG

Qualification

The financial report of YTC Resources Limited was not required to be audited for the year ended 30 June 2006. Management have not asked for this period to be audited, therefore we have not carried out any audit procedures relating to the balance sheet, income statement, statement of changes in equity, cashflow statement and other selected explanatory notes for the year ended 30 June 2006. However, the financial report for the preceding financial year ended 30 June 2007 has been audited and therefore our audit opinion is not qualified in respect of the comparative information for the year ended 30 June 2007 included in the balance sheet.

Auditor's Opinion

Because of the existence of the limitation on the scope of our work as described in the qualification paragraph, and the effect on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation not existed we are unable to, and do not, express any assurance on the income statement, statement of changes in equity and cash flow statement for the year ended 30 June 2007, which are shown for the purposes of comparison.

In our opinion:

1. the financial report of YTC Resources Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the financial position of YTC Resources Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 33 of the Directors' Report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of YTC Resources Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

V. Tidy

V W Tidy
Partner
Perth
26 September 2008

JP;VT;HG;YTC;003

Additional ASX Information

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. This additional information was applicable as at 24 September 2008.

USE OF FUNDS

The Group has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

DISTRIBUTION OF SECURITY HOLDERS

Analysis of numbers of listed equity security holders by size of holding:

Category	Number of Shareholders	Number of Shares
1 - 1,000	50	38,875
1,001 - 5,000	176	572,967
5,001 - 10,000	159	1,477,977
10,001 - 100,000	228	7,647,948
100,001 and over	49	34,054,793
	662	43,792,560

There are 54 shareholders holding less than a marketable parcel of ordinary shares.

STATEMENT OF TOP 20 SHAREHOLDERS

Name of Holder	Number of Shares Held	Percentage of Capital
Yunnan Tin Australia TDK Resources Pty Ltd	11,276,585	25.75
Yunnan Tin YTC holdings Pty Ltd	5,000,000	11.42
Locksley Holdings Pty Ltd	3,268,565	7.46
Smiff Pty Ltd	3,167,244	7.23
Charlomont Group Pty Ltd	1,049,637	2.40
Mr Ian Bruce Cooper	1,040,000	2.37
Silverpeak Nominees Pty Ltd	1,017,984	2.32
Mrs Annette Mary Papendieck	841,653	1.92
Mr Zhian Zhang	557,739	1.27
Dgali Investments Pty Ltd	555,515	1.27
Mr Brian Mccubbing	350,000	0.80
Broad Street Management Pty Ltd	310,003	0.71
Mr Matthew Glenn Sikirich	284,997	0.65
Batavia Capital Pty Ltd	220,000	0.51
Mr Robin Scrimgeour	210,000	0.48
RBC Dexia Investor Services Australia Nominees Pty Limited	193,000	0.44
Mr Terry Charles Schell	190,727	0.44
Mr Richard Wisely Shepheard	190,000	0.43
Tethyan Holdings Pty Ltd	188,000	0.43
Mr Jason Entwistle	185,150	0.43
Total Top 20	30,096,799	68.73
Other Shareholders	13,695,761	31.27
Total Ordinary Shares on issue	43,792,560	100.00

STATEMENT OF RESTRICTED SECURITIES

Restriction	Number
Listed Shares – 24 months from 8 May 2008	9,959,099
Unlisted Options – 24 months from 8 May 2008	4,000,000

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company are as follows:

Name	Number of equity securities
Yunnan Tin Aust TDK Resources Pty Ltd*	11,276,585
Yunnan Tin YTC Holdings Pty Ltd**	5.000.000
Mr. Stephen Woodham	3,445,412
Mr. Rimas Kairaitis	3,311,544

* The holder is a wholly owned subsidiary of Yunnan Tin Company Group Limited.
** The holder is a wholly owned subsidiary of the Hong Kong listed China Yunnan Tin Minerals Group Company Limited.

The number of securities disclosed above is as per substantial notices given to the Company. Substantial shareholder interests in securities may change without requiring the holder to provide notice of the change, therefore resulting in a difference between this disclosure and other disclosures in this report.

UNQUOTED SECURITIES

The Company has the following unlisted options on issue:

	Options over Ordinary Shares
Directors	
Jianming Xiao	500,000
Anthony Wehby	500,000
Stephen Woodham	500,000
Robin Chambers	500,000
Wenxiang Gao	500,000
Richard Hill	500,000
Executives	
Rimas Kairaitis	1,000,000
Matthew Sikirich	500,000
Total	4,500,000

The options are exercisable on or before 4 May 2012 at $0.25 cents per share.

Employee options	
Exercise Price $1.00	150,000
Exercise Price $1.50	150,000
Total	300,000

The options are exercisable on or before 31 December 2010.

On 22 September 2008 the Board agreed to issue an additional 300,000 options to employees. Half of the options have an exercise price of $1.00 per share and half at $1.50 per share. The options expire 3 years from the issue date.

VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

These securities have no voting rights.

SCHEDULE OF TENEMENT INTERESTS

Tenement	Project name	Location	Holder	Interest
EL6389	Torrington JV	NSW	Australian Oriental Minerals NL	70% interest Earning to 80%
EL6392	Stannum	NSW	Stannum Pty Ltd	100% owned
EL6449	Giants Den	NSW	Stannum Pty Ltd	100% owned
EL6442	Silent Grove	NSW	Stannum Pty Ltd	100% owned
EL6699	Tallebung	NSW	Stannum Pty Ltd	100% owned
EL 6690	Torrington 2	NSW	Stannum Pty Ltd	100% owned
EL6673	Baldry	NSW	Defiance Resources Ltd	100% owned
EL6697	Kadungle North	NSW	Defiance Resources Ltd	100% owned
EL6226	Kadungle	NSW	Defiance Resources Ltd	100% owned
EL6258	Doradilla	NSW	Templar Resources, a wholly owned subsidiary of Goldminco Corporation Ltd	Earning 70% interest
EL6645	Knightvale	NSW	Tritton Resources, a wholly owned subsidiary of Straits Resources Ltd	Earning 75% interest
EL6999	Bobs Tank	NSW	Stannum Pty Ltd	100% owned
EL7106	Tingha	NSW	Stannum Pty Ltd	100% owned

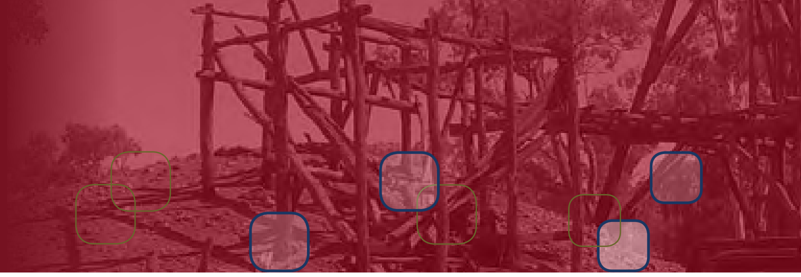
Competent Persons Statement

The information in this presentation 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.

NOTES



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