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Glencore backs YTC

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SHARES in YTC Resources gained traction on this morning's news it had inked a \$A158 million financing agreement with Glencore International, paving the way to brings its two flagship projects in New South Wales into development.

YTC said the companies had executed a binding terms sheet that would see Glencore provide up to \$155 million in funding, comprised of two converting note facilities totalling \$70 million and three debt facilities for a total of \$85 million.

In addition, the Swiss commodities trader will subscribe to a placement of YTC shares to the value of \$2.95 million, growing its interest in YTC to 9.9%.

The project facilities will enable YTC to kick off development of the Hera gold and base metal project and the Nymagee copper project, as well as establish a platform to consider integrating the Nymagee copper project in the medium term.

Under the transaction, the parties have agreed to jointly form a technical steering committee to advise on technical aspects of the mining feasibility, development and operations at Hera and Nymagee project.

YTC will also provide Glencore with one seat on its board.

The transaction has already received internal Glencore approvals, but is still subject to a number of other conditions. These include executing a definitive transaction agreements within two months from now, as well as obtaining YTC shareholder approval for the issue of the converting notes.

"We believe the terms agreed are attractive to both parties and provide YTC with funding certainty at a low cost of funds with minimum dilution to YTC shareholder," managing director Rimas Kairaitis said.

"With their established mining and logistics infrastructure in the Cobar district, YTC believes Glencore shares the YTC vision for a large scale, long-life mining precinct around the Hera and Nymagee projects."

Subject to completion of the transaction, YTC will establish a life-of-mine offtake and marketing arrangement to Glencore for base metals concentrate production from the Hera and Nymagee projects.

Hartleys is acting as YTC's corporate advisor for the transaction.

The Hera-Nymagee project, acquired by YTC in 2009, is 100km southeast of Cobar. It includes the high-grade gold and base metal Hera deposit and the emerging copper discovery at the nearby Nymagee copper deposit.



Drilling at Hera

The Hera definitive feasibility completed last year determined a 7.3 year mine operation producing 391,000 ounces of gold equivalent was viable to generate gross revenue of \$510 million.

Pre-production capital costs were estimated at \$73.5 million.

YTC holds a 95% interest in the Nymagee joint venture tenements, located immediately north of its Hera gold deposit.

The company received project approval for the Hera project in August and plans to incorporate the Hera and Nymagee copper ore into a combined operation producing gold, copper, silver, lead and zinc.

At the end of the September quarter, YTC had \$12.5 million in cash on hand.

Shares in YTC were up 9.1% to 30c.

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