



Finance

## **Glencore buys up YTC in consolidation move**

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**RESOURCES:** Commodities trader Glencore has taken time out from its \$US90 billion (\$84bn) merger with Xstrata in London to assemble a 6.49 per cent stake in ASX-listed copper and gold developer **YTC Resources**.

The purchases, at between 41c and 50c a share, in the \$120 million YTC were disclosed in an initial substantial shareholder's notice from Switzerland-based Glencore yesterday.

The first of the share purchases dates back to November but they have stepped up in the past month, helping to explain YTC's rise from 42c to 47c a share in the same period.

Glencore's move will trigger takeover talk. YTC is a highly rated gold and base metals explorer that is on its way to becoming a producer from its projects near Cobar in central west NSW.

YTC is developing the \$74m Hera project 100km southeast of Cobar. Average annual production of 50,000 ounces of gold equivalent at an operating cost of less than \$400 an ounce has been forecast. It is seen as a precursor to the bigger Nymagee copper project, 4.5km from Hera.

Glencore owns Cobar's mainstay copper operation, the CSA mine. Its move on YTC is a classic consolidation attempt and follows recent board turmoil at YTC.

Last year shareholders at the annual meeting did not re-elect a director who was a nominee for YTC's biggest shareholder, China's Yunnan Tin.

Yunnan Tin owns 23 per cent of YTC (directly and indirectly) but held four of the eight board seats, including the chairmanship with its casting vote power.

But the shareholder revolt cut Yunnan Tin's numbers to three nominees on a seven-man board.

The revolt was a response to the fear that Yunnan Tin would be more interested in securing metal supply from YTC's future mine developments than it might be towards takeover bids, the potential for which has arrived with the entry of Glencore.

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