

EXPLORATION LICENCE 50/2008

Mt. Selina Project, Tasmania

ANNUAL PROGRESS REPORT

for the period between 17 March 2009 and 16 March 2010



Yunnan Tin Australia Investment Holding Company Pty Ltd

YTC Resources Ltd

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*Co-ordinate system used in maps and diagrams within this report is MGA55 (GDA94),
unless otherwise specified.*

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Abstract

Exploration completed during the reporting period consisted of:

- Review of previous exploration work
- Data acquisition and compilation
- Filed reconnaissance and excursion
- Work planning for Year Two

EH4 ground geophysical survey has been planned for next year over Mt Selina alteration zones, to detect deeply seated sulphide mineralisation. Upon evaluation of EH4 results, drilling targets will be selected and drill tested.

All exploration activities are being conducted in an environmentally sensitive manner.

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1. Introduction

1.1 Tenement Location and Access

EL50/2008, Mt. Selina, is located between Rosebery and Queenstown, on the western coast of Tasmania (Figure 1).

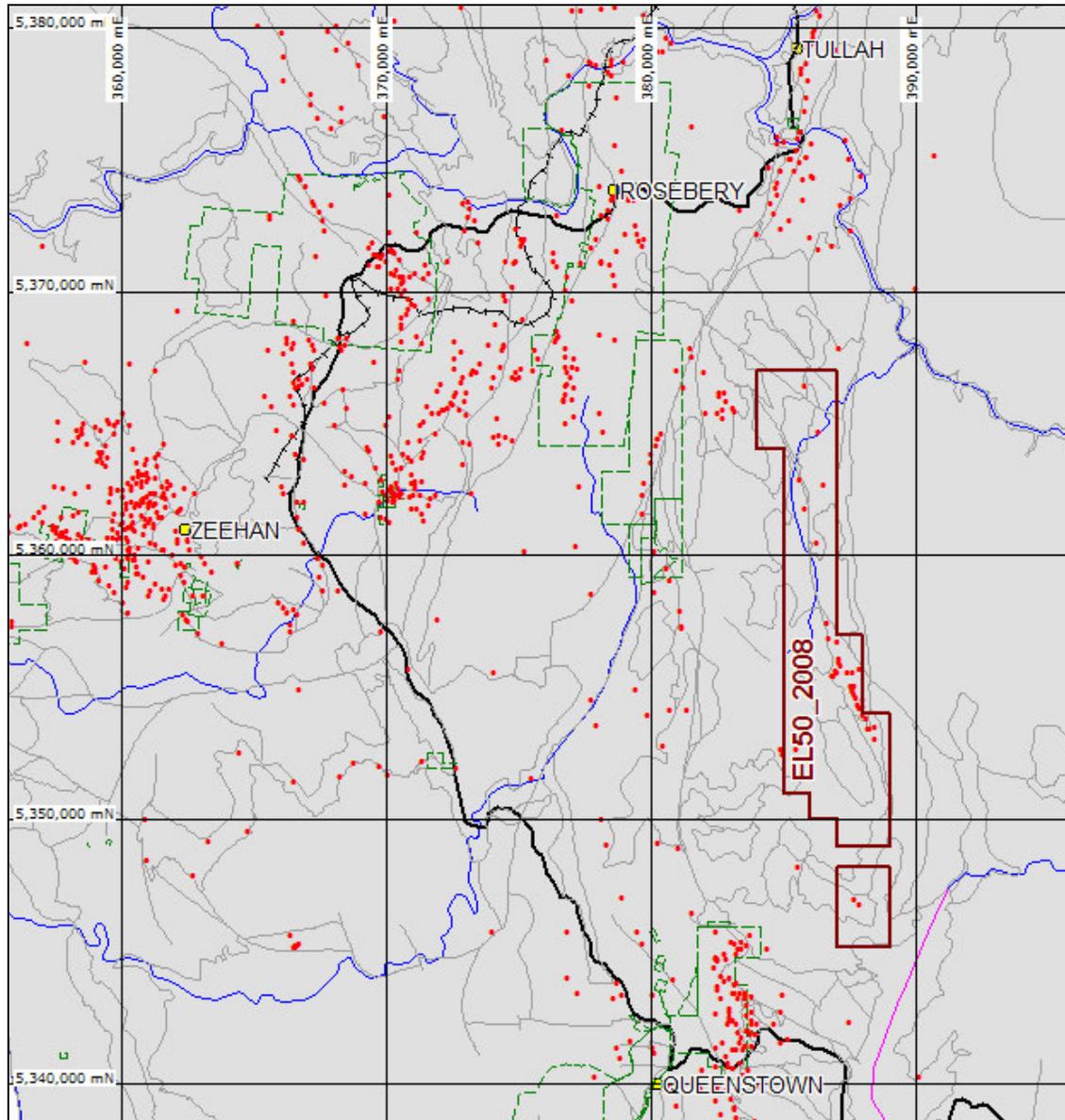


Figure 1: EL50/2008 Mt. Selina locality plan

This tenement is found on Selina, Tyndall and Gormanston 1:25,000 map sheets, with combined area of 55 sq. kms from two portions of the tenement.

Access to the area is via 4WD track off Anthony Rd, opposite Henty Gold Mine turn-off. The track provides access to area close to Mt. Selina in northern part of tenement and to historical Dora Lake workings in the south. Any other areas will require walking on foot or helicopter support.

Most of the tenement area is covered by the Tyndall Range Regional Reserve and the Lake Beatrice Conservations areas. The topography in the area is characterised by rugged steep wooded slopes, deep valleys and grassed flat plateaus and broad plains. Pleistocene glacial deposit fills low valley areas. A number of lakes and closed catchment basins are located throughout the tenement area.

1.2 Tenement Holdings

The current title holder is YTC Resources Ltd (ASX:YTC), who has applied for, and consequently been granted, this tenement on behalf of its largest shareholder, Yunnan Tin Group (Holding) Company Ltd (“Yunnan Tin Group”), China. It has been proposed to transfer the ownership of this tenement to YTG’s Australia registered company, Yunnan Tin Australia Investment Holding Company Pty Ltd (“Yunnan Tin Australia”) in near future.

With assistance from YTC Resources, YTG has conducted most work within the tenement during the reporting year, as detailed below.

2. Geology and Mineralization

The basement rock in the region is Proterozoic Tyennan Metamorphics, which outcrops extensively to the east of the tenement area. The Mt. Read Volcanics (“MRV”) unconformably lie on top of Tyennan Metamorphics. MRV hosts a number of significant polymetallic Volcanogenic Hosted Massive Sulphide (“VHMS”) deposits in the region. Owen Group sediments overlay these volcanoclastic units in the central and western portion of the license areas. Cambrian Murchison Granite lies to the north of the tenement area and has been also identified within the tenement area as smaller intrusive bodies.

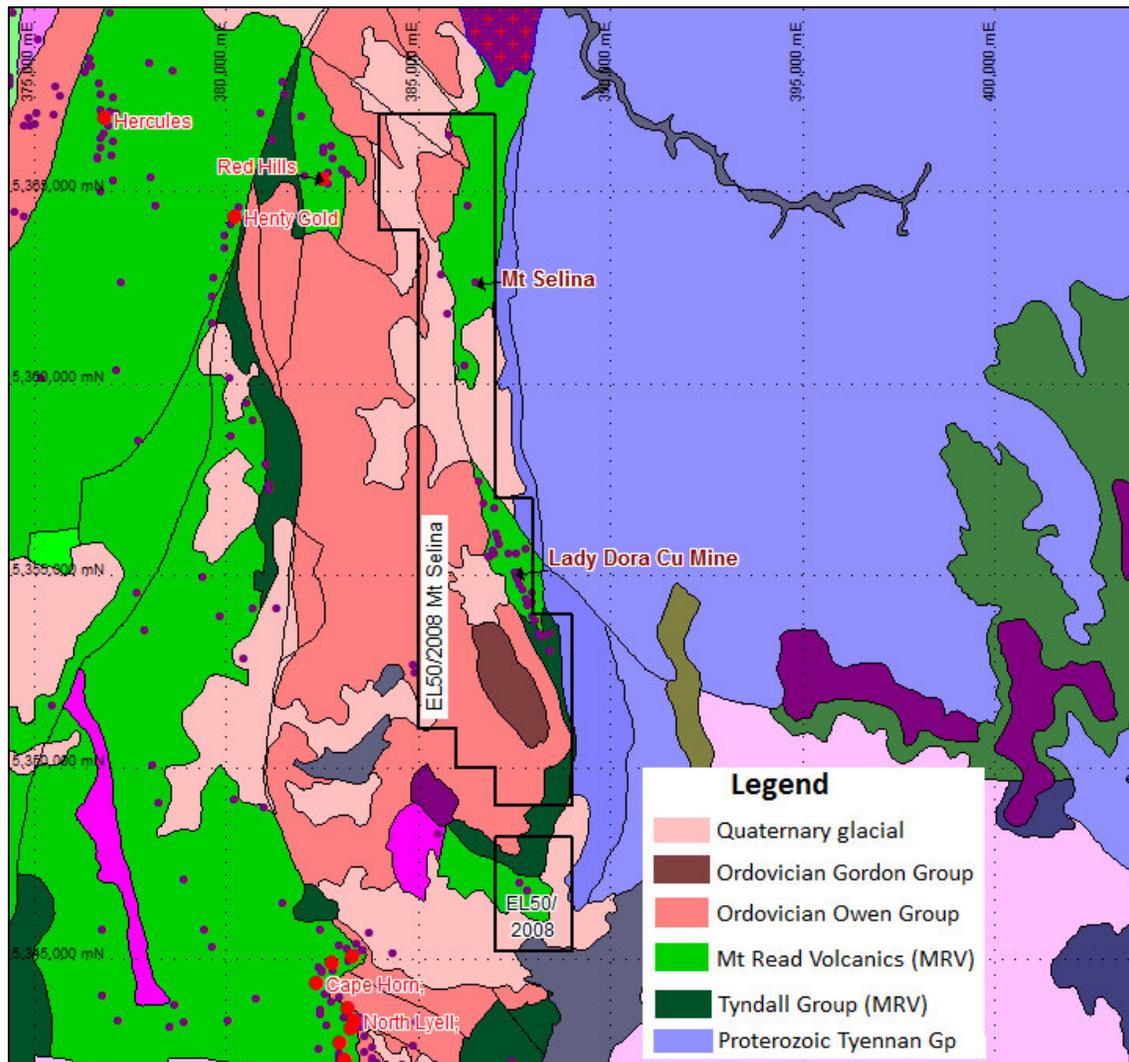


Fig. 2: Tenement Geology

Mount Read Volcanics (MRV)

The deposition of Mount Read Volcanics, from early Middle Cambrian to early Late Cambrian, coincided with the most important metallogenic event in Tasmania (Seymour, et al. 2007). MRV hosts Tasmania's world class VHMS deposits, including Rosebery, Mt Lyell, Hellyer and Que River.

The main mineralised belt of the MRV between Mt Darwin and Hellyer is the Central Volcanic Complex (CVC), which is dominated by proximal volcanic rocks and andesite and rare basalt deposited in a marine environment.

This belt is flanked to the west by the coeval Western Volcano-Sedimentary sequence (WVS) of lithicwacke turbidite, mudstone, siltstone, shale and subordinate intrusive rock and lavas. A small area in the northern most licence area is mapped as belonging to WVS (Bates, 2008).

These units are overlain by the Tyndall Group, a unit of quartz-bearing volcanoclastic sandstone and conglomerate of mixed felsic and andesitic province. Considerable erosion took place locally before deposition of the Tyndall Group.

Mineralisation was concentrated in a short time interval in the late Middle Cambrian at the top of the CVC and in places in the immediately overlying Tyndall Group rocks (Seymour, et al. 2007).

Owen Group

The Owen Group is Cambrian to Ordovician in age and sits unconformably on the MRV. This unit typically includes large volumes of coarse siliciclastic conglomerates composed dominantly of meta-quartzite clasts derived from the Tyennan Proterozoic sequence.

The exploration target within the tenement has been MRV stratigraphy with the potential of discovering Cambrian VHMS mineralisation of all styles.

Located immediately to the west of the tenement area is the Henty gold mine (2.83Mt @ 12.5 g/t Au), which has been interpreted as related to Cambrian VHMS mineralisation and possible Cambrian granite-related mineralisation.

3. Exploration Completed

During the initial year of the tenure, work carried out has included MRT on-line exploration report database search, data acquisition and compilation, two field reconnaissance trips to the tenement areas and planning of exploration work in Year Two.

3.1 Review of Previous Exploration

An excellent chronological summary of previous exploration work as well as mining history within the tenement area has been given by Bates (2008). Exploration work and mineralisation around Mt. Selina prospect was comprehensively reviewed by Godsall (1999).

Historical mining within the tenement area is limited to the southern half, around Lake Dora area. The Lake Dora mineral field was discovered in 1891 and historical mining started soon after. The mining activities consisted of small to moderate scale prospecting and limited mining attempts. This area was worked only with limited success through a series of trenches and prospecting shafts and tunnels. Cobalt was noted in the region and copper and silver were the main elements of economic interest. In 1908 the Lake Dora field was abandoned due to poor copper grades (Bates, 2008).

Between 1908 and beginning of modern exploration in late 1950's, there is limited recorded activity in the region.

Since 1950's, exploration efforts have been generally focused on Rosebery / Hellyer style VHMS deposits and Mt Lyell style copper-gold deposit as conceptual targets.

Exploration conducted by previous companies had highlighted the following targets:

- Mt Selina area
 - The Eastern Pyrite Zone
 - The Western Pyrite Zone
 - Mt Selina Anomaly Zone
- Lake Dora Geophysical Target
- Beatrice Dome Geophysical Target

In 2007, Bass Metals commissioned a Geoinformatics study to assess the potential within the area and a broader region (Turnbull, 2007). A total of 12 Mt Lyell style and 22 Rosebery style VHMS targets (Fig. 3) were generated.

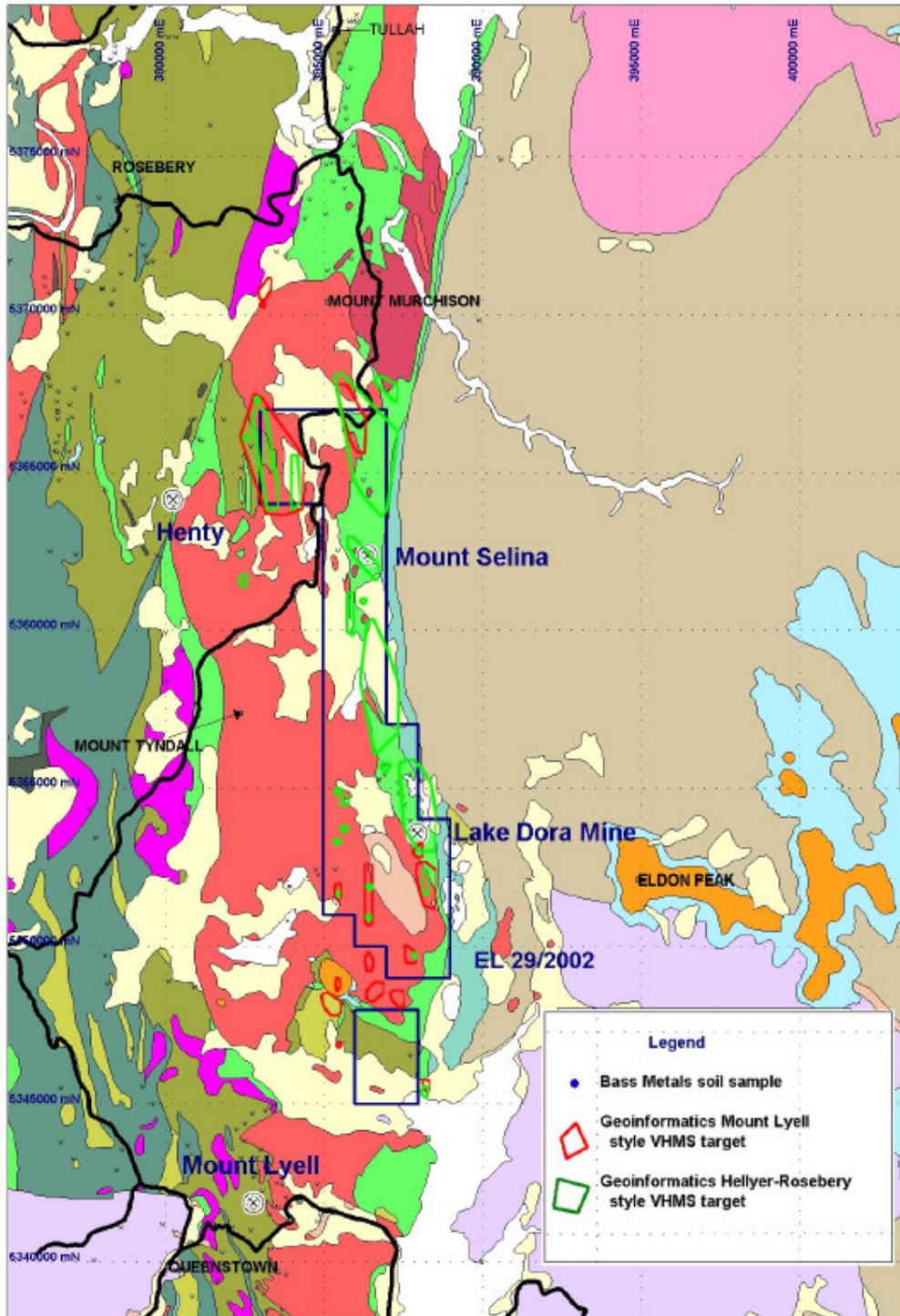


Fig.3: Bass Metals' Geoinformatics VHMS targets and MRT regional geology (Turnbull 2007)

Brief summaries for Mt. Selina and Lake Dora area are provided below:

Mt. Selina Area

Previous exploration has identified favourable alteration areas with potential to host massive sulphides. Geophysics has been used as a favoured exploration tool and has had success in identifying zones of mineralisation. Surface geochemistry has tended to be constrained by poor access and glacial cover, although there has been a success in delineating an anomalous zone (Mt Selina Anomalous Zone – MSAZ). A total of 14 diamond drill holes have been completed over this area, with intersected mineralisation being of a weak tenor with low value assay results returned (Godsall, 1999).

The area is dominated by a hydrothermally altered volcanic belt. Two extensive linear belts of strongly altered volcanics have been identified, namely Eastern Pyrite Zone (EPZ) and Western Pyrite Zone (WPZ), as illustrated in the Fig. 4 below. The third anomaly, Mt Selina Anomalous Zone (MSAZ), has not yet been fully explained. The Selina Fault has been identified as a possible growth structure trending north-south through the middle of the area. Other east-west trending faults may represent regional overprinting.

Godsall (1999) suggested that potential of economic mineralisation lies in to be identified Tyndall Group lithologies which carry regional mineralisation in the Mt Read Volcanics as well as favourable structures that may represent growth faults.

The author believes Selina area has potential for hosting VHMS massive sulphide deposits and Henty type hybrid gold and base metal deposits. Further work has been planned (see below).

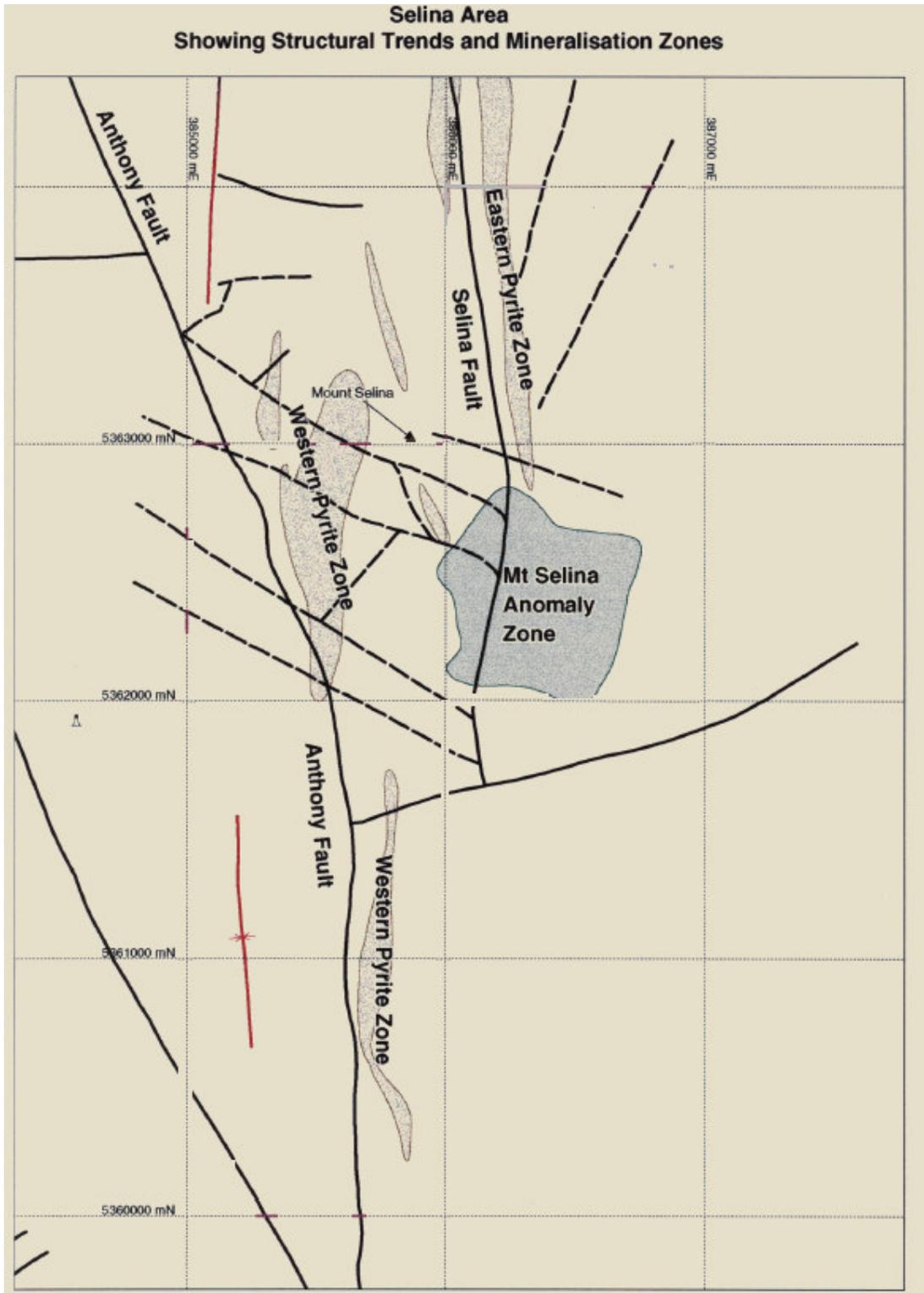


Fig. 4: Selina area structure trend and minerlisation Zones (after Godsall, 1999)

Lake Dora Area

The most recent exploration work within this area was carried out by Joint Venture between Bass Metals Ltd and Adamus Resources from April 2005 to Jan. 2008.

During the final year of their JV, two diamond drill holes were completed to test soil anomaly over Dora Prospect. The best results from these two holes are 22m @ 0.3% Zn from 68.0m associated with disseminated trace pyrite, and 8m @ 0.4% Zn from 229.0m associated with Qtz-Co-CI-Sp veining and fine to medium-grained, disseminated sphalerite and pyrite (Bates, 2008).

3.2 Data Acquisition and Compilation

Exploration reports by previous explorers have been downloaded from MRT online system; some datasets are being converted into digital forms.

Government mapping datasets such as regional geology, 25K geology and granite depth model have been purchased and interrogated in MapInfo GIS system.

3.3 Field Reconnaissance

Two reconnaissance trips to the Mt Selina area were made during the first year. The field team was consisted of three senior technical staff members from Yunnan Tin Group of China and one principal geologist from YTC Resources Ltd. Two field assistants were also hired to provide access, transport and logistic support for the technical team.

The purpose of these trips was to get Yunnan Tin Group's geologists familiarised with local geology as well as topographic features, to enable them to effectively set up plan for next stage of exploration.

Track condition was evaluated by field assistants, prior to the technical team's trips. Access to Lake Dora area was generally good with some sections of tracks needing further repair.

Access to Mt Selina area was difficult due to thick vegetation. Southern portion of Western Pyrite Zone was relocated on the ground. However, during these trips, no attempt was made to access remainder of the alteration system further up north.

At Mt. Selina, a number of known mineral occurrences were located on the ground and examined. Part of Western Pyrite Zone (WPZ) of alteration was examined. Locations of two early drillhole collars were recorded with GPS.

At Lake Dora area, a number of previous mining sites were visited and some rock samples were collected, but no assaying was carried out.

3.4 Work Planning for Year 2

As suggested by early explorers, geophysical methods tend to be the most effective way of detecting mineralisation in Mt Selina area. The work plan for Year Two has included initially the EH4 survey over the three alteration zones, namely EPZ, WPZ and MSAZ.

EH4 method is ideal for detecting deep seated massive sulphide mineralisation with effective depth much greater than conventional geophysical methods.

Yunnan Tin Group's EH4 team have carried out surveys in NSW with a number of drilling targets defined as a result.

Ground work will start in early spring with ground access clearing before the EH4 team's arrival. It has been contemplated to set up a base at the fishman's hut within the tenement area on the western bank of Anthony River, linking Lake Rolleston and Lake Plimsoll. Access to the facility is being organised. The option to access this area from northern side via dam wall is also being considered.

The proposed expenditures for Year Two are:

Item	Details	Expenditure (\$)
Completion of Database Development	Detailed data compilation in northern half of tenement area, including Mt Selina	20,000
Access	Track clearing at Mt Selina Prospect	50,000
EH4	EH4 team conducting EH4 survey at Mt Selina	150,000
Total		220,000

Table 1: Planned Expenditure for Year Two

4. Environment

Both YTC Resources Ltd and Yunnan Tin Group have environmental policies in place to always ensure minimisation of the impact that exploration activities have on the environment.

With limited exploration in the First Year, impact to the environment has been minimal.

All vehicular travel within the tenement has been on the existing tracks. Off-track activities have been restricted to walking by the team.

5. Expenditure Statement

Expenditure for the period 17/03/2009 to 16/03/2010:

Expenditure	\$
Geology	27,082.00
Geochemistry	
Geophysics	
Remote Sensing	
Gridding	
Drilling	
Land Access Costs	
Rehabilitation Costs	
Feasibility Study Cost	
Other Cost	7,251.00
Administration Cost	3,433.30
TOTAL	\$37,766.30

Table 2: EL50/2008 Expenditure

References

Bates, S., 2008. Final Report, EL29/2002, Mount Selina Project, Tasmania, 31st, January 2008. Bass Metals Ltd.

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Seymour, D.B., Green, G.R. Calver, C. R., 2007. The Geology and Mineral Deposits of Tasmania. Bulletin 72 Tasmanian Mines Department.

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