HAZELWOOD RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

ABN 88 118 738 999

ANNUAL REPORT

For the year ended 30 June 2014

CONTENTS

Corporate Information

ABN 88 118 738 999

ASX Code: HAZ

Directors
Mr Mark Warren (Non-Executive Chairman)
Mr Terence Butler- Blaxell (Managing Director)
Mr Patrick Burke (Non-Executive Director)
Mr John Chegwidden (Non-Executive Director)
Mr Frank Ashe (Non-Executive Director)

Company Secretaries
Mr John Chegwidden
Ms Carol New

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Activities Report

Hazelwood Resources Ltd ("the Company") is a specialty metals producer with a majority stake in the ATC Ferrotungsten Project in Vietnam. Ferrotungsten is used in the production of high-speed steel, tool steel and temperature resistant alloys.

The Company has recorded a number of significant milestones throughout the year as it continues on its path of growth. These milestones include:

- The successful first full year of operations at the ATC Ferrotungsten Project in Vietnam where production increased during the year with respective improvements in product quality and operating efficiency.
- Increased market penetration of the ATC Ferrotungsten brand into all non-China sales territories with significant exposure to the Japanese, European and North American sales territories.
- A significant resource upgrade at the Company's 100%-owned Australian Mt Mulgine Tungsten Project in Western Australia.
- The completion of a Pre-Feasibility study for the establishment of a 330,000 tonnes per annum concentrator at the Mt Mulgine Tungsten Project.
- Environmental incident-free operations throughout the year.
- Substantial Safety improvement - continuous improvement of the safe operations in Vietnam; has been LTI-free since January 2014.

The following highlights some of the achievements and activities undertaken at the ATC Ferrotungsten Project in Vietnam and on the Australian minerals projects.

ATC Ferrotungsten Project, Vietnam

The ATC Ferrotungsten Project is the largest capacity, most advanced facility of its type outside of China, with a highly experienced operations and management team. High quality product from ATC meets the specifications of end-users around the world and the brand has achieved a global presence.

Tungsten feedstock (concentrate) is sourced from an increasing range of international suppliers, providing a greater range of buying opportunities to suit the production profile of the ferrotungsten operations. A number of new tungsten mines that are proposed for development over the coming years could be expected to provide additional procurement opportunities and further strengthen the ferrotungsten refining business.

There is good potential for future vertical integration with Hazelwood's 100% owned primary tungsten projects in Western Australia. The Big Hill Tungsten Deposit (Pilbara) and Mt Mulgine Tungsten Project (Midwest) host near surface resources and are being evaluated as potential future sources of feedstock for Hazelwood's ATC downstream refining business.

With well - established specialty metals production credentials, Hazelwood also has the ability to expand into other capital-efficient opportunities in downstream processing. A number of these opportunities are being assessed, with the objective of maintaining the Company's record of capital-efficiency and niche-focus within the specialty metals.

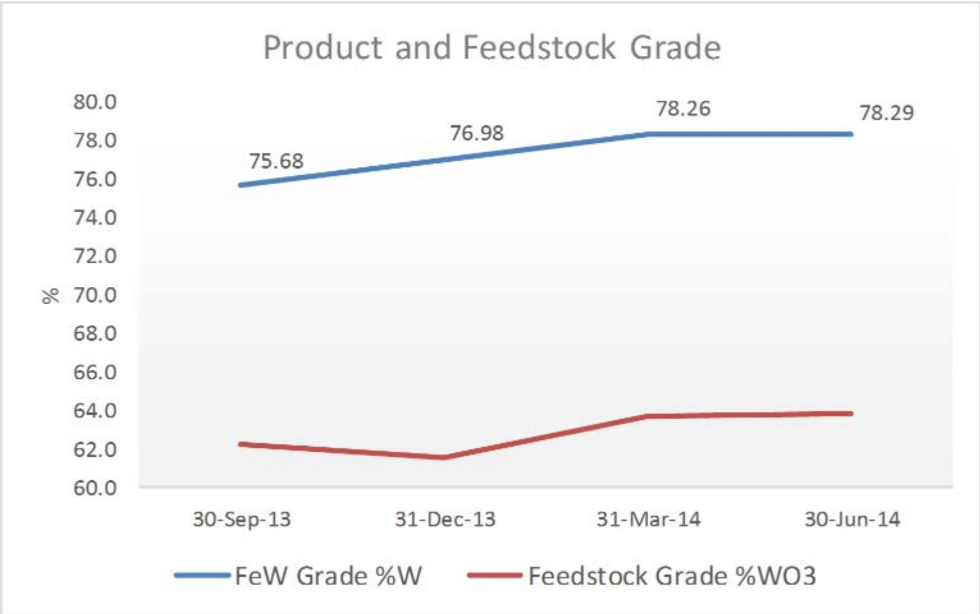
Production Statistics

This has been the first full year of operations for the ATC Ferrotungsten Project since its commissioning in April 2013. With the transition to regular refining operations, the Company has moved to quarterly production reporting.

Full production statistics for the year are given in the following table:

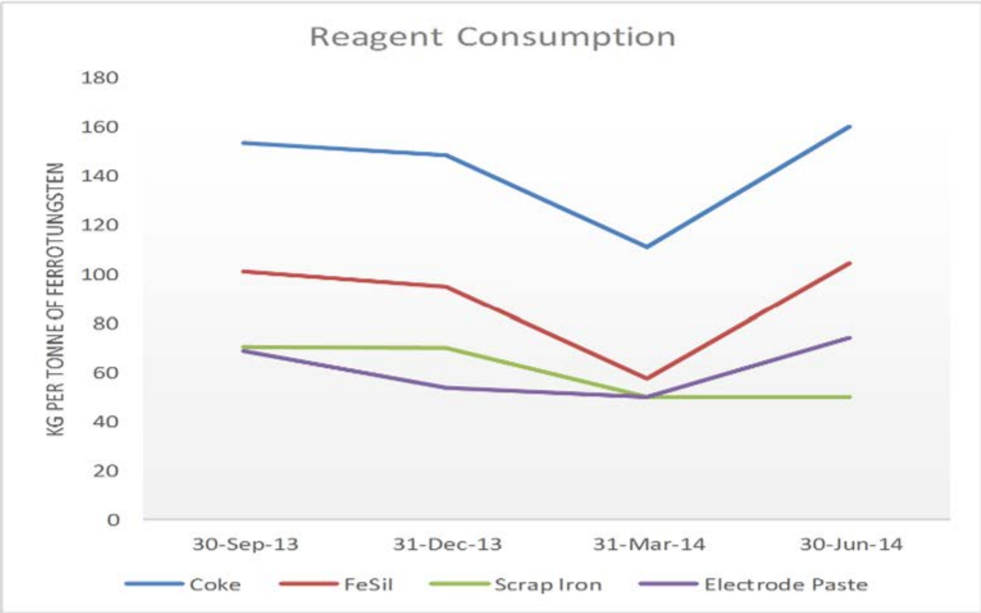
QUARTER ENDING		30 Sep 13	31 Dec 13	31 Mar 14	30 Jun 14
Ferrotungsten product lifted from furnace	tonnes FeW	132	117	243	247
Average FeW grade	% W	75.68	76.98	78.26	78.29
Concentrate utilised	tonnes	217	178	407	436
Average feedstock grade	% WO_3	62.18	61.53	63.64	63.80
Process yield	%	96.0	95.2	97.2	94.8
Accumulated tungsten in furnace liner	tonnes W metal	76.4	73.9	76.4	86.6
Accumulated tungsten in smelter fines (baghouse dust retained)	tonnes W metal	5.7	9.8	15.4	26.6

A total of 739 tonnes of Ferrotungsten metal was produced throughout the year. The average product grade in recent runs exceeded 78% tungsten content with the impurity levels compatible with all end-user requirements.



Process yield to date is at approximately 96%, with a targeted metal yield of 99%. Since commencing operations in April of 2013, the majority of the temporary metal losses have been due to smelter fines. The fines have been captured in the off-gas handling systems and the dust is stored on site. Solutions are being developed for recovery of valuable tungsten metal from the smelter fines in the near-term and better management of the fines in the feedstock.

Unit reagent consumption was in-line with expectations. Cooling system modifications have been effective, allowing the furnace to operate during even the most demanding seasons of the year when ambient temperatures and humidity are at their extremes.



Over the year, additional ferrotungsten product has been added to the liner to improve operational stability. This liner material may be later recovered as saleable product if required. Recently, batches of ferrotungsten assaying up to 81% tungsten have been lifted from the furnace.

At June 30, approximately 115 tonnes of ferrotungsten metal representing 86.6 tonnes of contained tungsten metal remained in the furnace liner. A further 26.6 tonnes of contained tungsten metal was present as accumulated smelter fines which are stored on site.

Product Sales

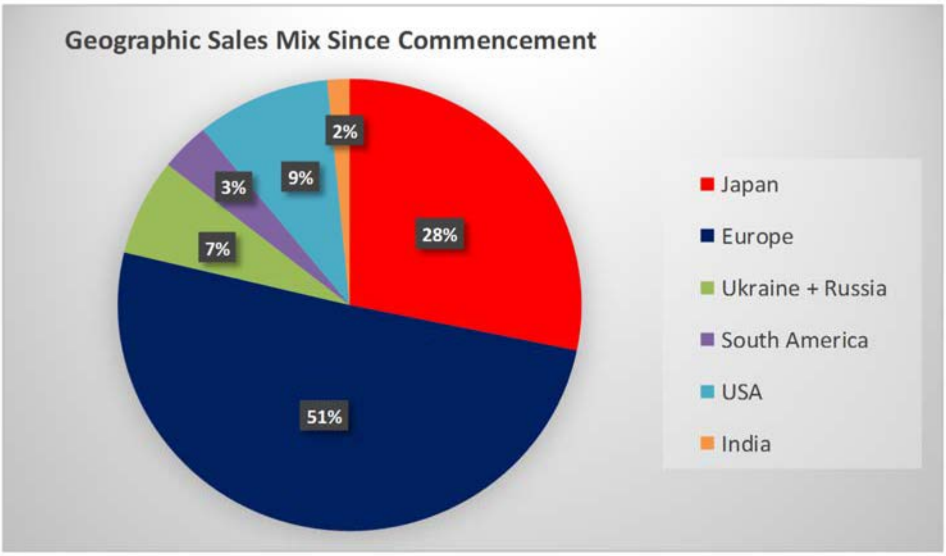
ATC continues to emerge as a reliable, compliant and truly global brand. 730 tonnes of ferrotungsten was dispatched during the year. Payment was effected under the global sales agency agreement with Wogen. The product was distributed to a range of end-users in Japan, Europe, USA and India.

QUARTER ENDING		30 Sep 13	31 Dec 13	31 Mar 14	30 Jun 14
Packaged product shipped	tonnes FeW	129	109	217	275

A further two production were completed during the September 2014 quarter. Most of the production from the 2014 FY has now been sold and the remaining stock is expected to be sold within the coming months with the only remaining stock kept to fulfil Long Term Contracts (offtakes) with certain customers in Japan and Europe. Approximately 25% of the proposed output for 2014 is under term-deals.

Ferro-tungsten Product packaged ready for sale

Cash receipts during the reporting period totalled approximately $20.2 million. Final settlements on sales continued to be received subsequent to the end of the quarter.

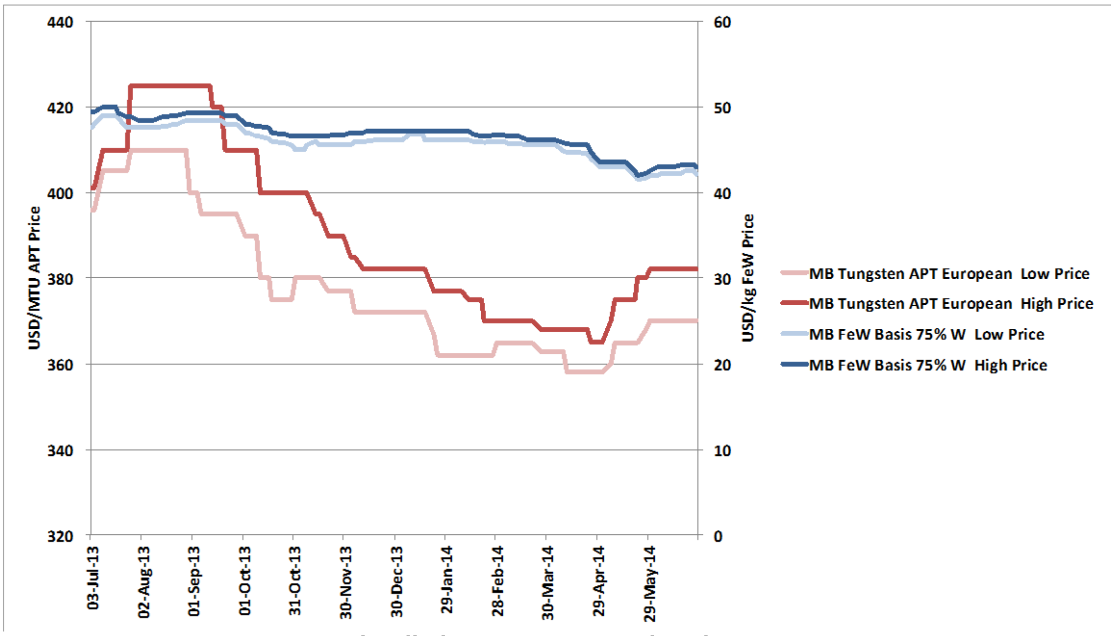


Tungsten Market & Feedstock Procurement

During the year the ferrotungsten market experienced volatility which gave rise to a 12-month price low of $US41.50/kg during May 2014. The price subsequently recovered to around $43/kg by the end of June 2014. Subsequent to the end of this reporting period, the ferrotungsten price fell to a low below $US40/kg (Aug/Sept 2014) but has since returned to prices in the range of $US40-41/kg (Late Sept 2014). The outlook for the ferrotungsten market is considered to be reasonably stable in the near-term with supply presently meeting demand.

At the time of writing this report, the international Tungsten Industry Association (ITIA) had just held its annual general meeting in Toronto. The consensus from analysts at the ITIA meeting suggests that the Tungsten market will continue to be fairly flat over the coming year, with a possible decline in tungsten concentrate (feedstock) prices. Contributing factors are an Ammonium Paratungstate (APT) supply demand imbalance where undersupply has given way to oversupply.

Other factors likely to influence the tungsten raw materials market are inflows of material from new primary mining operations such as the Nui Phao project (Vietnam), which started operations during the previous financial year, and the Hemerdon project (UK) with a projected start in late 2015. Chinese export restrictions on tungsten may be relaxed in response to a recent WTO ruling, although that could be partly off-set by other measures such as resources taxes in China. Overall, the tungsten raw materials supply outlook could be expected to place downward pressure on concentrate prices, providing increased procurement opportunities for the ATC Ferrotungsten Project and a potential improvement to refining margins.



Metal Bulletin - APT & FeW price chart 2014

Hazelwood endorses the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas* which was formally adopted as a policy by Hazelwood and the ATC subsidiaries in December 2013.

ATC has applied for audit under the **Conflict Free Smelter Program** and is now listed on the **Active Tungsten Smelters** list. This initiative is consistent with the Company's commitment to transparency and traceability of supply chains which is now required by an increasing number of end-users especially in Japan and Europe where the ATC has a growing client base.

Environmental

Hazelwood maintains a strong commitment to the protection of the environment, throughout all of its subsidiaries.

The ATC Ferrotungsten Project was designed to minimise emissions and during operation the design has been shown to be effective in achieving this outcome. Emissions monitoring by independent third party inspectors is routinely performed during operations and also between campaigns to ensure compliance with the applicable standards.

The results from the routine testing indicate the plant operates in accordance with applicable standards and that emissions during normal operation are minimal.

Social & Community

Hazelwood maintains a strong commitment to the local communities that it operates in.

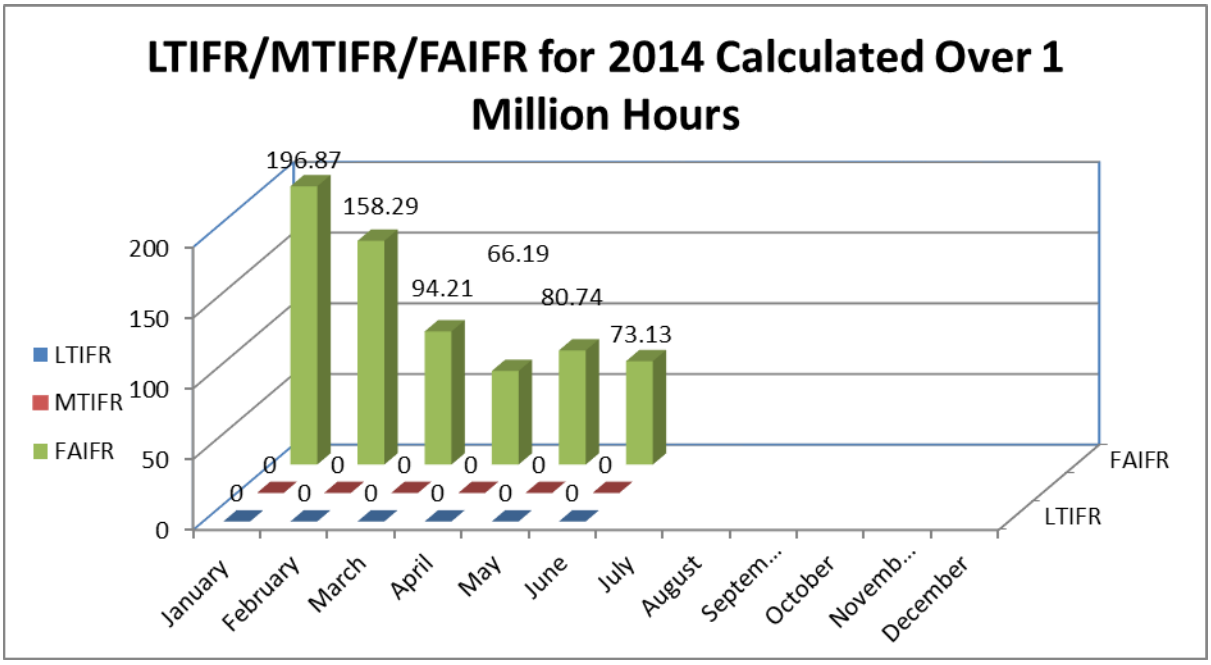
During the year the Company visited a number of local Vietnamese schools and donated items to help with the education of the local children. The Company also attended and sponsored a number of sporting programs and events. The Company is also committed to local health in the communities and continues to provide services to the communities from the ATC site medical centre and doctor.

Visiting a local Vietnamese school

Safety

Two lost time injuries were recorded in the 2013 calendar year, one each in the 2nd and 3rd production runs. Hazelwood appointed a full time OHS Manager to the ATC operations for production at the start of the 2014 calendar year.

There has been an increased emphasis on safety management and safe operations in calendar 2014 since this appointment, with the on-going development of safe work procedures, increased safety training, hazard awareness and reporting amongst other initiatives



ATC's **LTIFR** (lost time injury frequency rate) sits at **0.0** for the first six months of the 2014 calendar year; this is an excellent result by the workers and management of ATC.

ATC's **MTIFR** (medically treated injury frequency rate) is at **0.0** for the first six months of the 2014 calendar year.

The FAIFR (first aid injury frequency rate) for ATC is 73.13 for the first six months of the 2014 calendar year.

The data are based on 68,367.3 hours worked for the six months of 2014 with zero LTI's recorded, zero MTI's recorded and five FAI's recorded.

The ATC furnace in operation

Schedule of Mineral Tenements

Project Name	Interest Held %
Cookes Creek	
E45/2904	100
E45/3199	100
E46/0521	100
E46/0692	100
E46/0693	100
E46/0740	100
E46/0762	100
E46/0815	100
E46/0822	100
E46/0883	100
E46/0884	100
E46/0885	100
E46/0940	100
E46/0941	100
L46/70	100
M46/0514 (Application)	100
Cookes Creek Joint Venture (Copper Gorge)	
E46/0562	70
E46/0761	70
E45/3177	70
Mt Mulgine*	
E59/1057-I	100
E59/1324-I	100
M59/0386-I	100
M59/0387-I	100
M59/0425-I	100
P59/1785-I	100
P59/1786-I	100
P59/1788-I	100
P59/1789-I	100

*Hazelwood holds a 100 per cent interest in tungsten and molybdenum rights. The title to the tenements and the gold rights are held 100% by Minjar Gold Pty Ltd.

Australian Tungsten Projects

Hazelwood holds two significant primary tungsten projects, located in Western Australia. Both host near-surface resources and are being evaluated as potential sources of feedstock for Hazelwood's downstream tungsten processing business (the ATC Ferrotungsten Project).

Hazelwood's 100%-owned Big Hill project is located in the East Pilbara of Western Australia and hosts a high category Measured & Indicated Mineral Resource. Pilot scale testwork has shown excellent processing characteristics producing high quality tungsten concentrate.

During the reporting period, Hazelwood acquired the entire minority interest in the Mt Mulgine Tungsten Project from Gindalbie Metals Ltd, having previously held a 70% interest under a participating Joint Venture Agreement. Hazelwood now owns 100% of the tungsten and molybdenum rights to the Mt Mulgine Project which is located approximately 350km NNE of Perth, Western Australia.

The Mt Mulgine Project has been subject to significant amounts of previous evaluation and, according to historical reports, was considered one of the largest undeveloped projects in the world. A near surface Mineral Resource has been validated at the *Mulgine Hill Deposit*.

Validation programs, including re-sampling of archived core samples have been conducted for the larger scale *Trench Deposit* at Mt Mulgine. Further drilling was conducted at the Mulgine trench during the period and Hazelwood declared a maiden estimate for the Mulgine trench in April 2014.

The owner of the gold rights to the Mt Mulgine Project, Minjar Gold Pty Ltd, which operates the Minjar Gold Operations 35 kilometres to the north of Mt Mulgine, has commenced mining of a number of small open pit gold mines within the Mt Mulgine Project area. Some of the mining overlaps with known areas of tungsten mineralisation. Tungsten-bearing overburden from the gold mining activities within the Mt Mulgine area has been stockpiled separately on site. The Company is currently assessing the tonnage and grade of the mined material.

Mineral Resources

Hazelwood's 100% interest in the Mt Mulgine Tungsten Project and 100% interest in the Big Hill Tungsten Project in Western Australia together represent a tungsten resource inventory of more than 14 million MTU (metric tonne units), equivalent to approximately 114,600 tonnes of contained tungsten metal.

The company's Mineral Resources as at June 30, 2014 are outlined in the following table.

The Trench (Mt Mulgine) [$]				
	Million Tonnes	% WO_3	MTU Metric tonne units WO_3	Contained tungsten W tonnes
Inferred	**60.8**	**0.17**	**10,206,900**	**80,900**
Mulgine Hill (Mt Mulgine)*				
	Million Tonnes	% WO_3	MTU WO_3	Contained tungsten W
Indicated	**5.87**	**0.22**	**1,302,000**	**10,300**
Inferred	**2.32**	**0.17**	**403,000**	**3,200**
Big Hill (Pilbara) [#]				
	Million Tonnes	% WO_3	MTU WO_3	Contained tungsten W
Measured	**9.51**	**0.16**	**1,541,000**	**12,200**
Indicated	**4.51**	**0.16**	**705,000**	**5,600**
Inferred	**2.21**	**0.14**	**298,000**	**2,400**
Total Tungsten Mineral Resource				
	Million Tonnes	% WO_3	MTU WO_3	Contained tungsten W
Total	**85.2**	**0.17**	**14,454,800**	**114,600**

[$] Data from 10th April 2014 ASX Release "Hazelwood's Tungsten Resource Inventory Boosted by 340%" JORC 2012

*Data from 1st March 2011 ASX Release "Mt Mulgine Hill Resource Boosts Tungsten Inventory by 67%" JORC 2004

[‖] Data from 26th March 2010 ASX Release "72% hike in measured & indicated resource at Hazelwood's Big Hill Tungsten Deposit" JORC 2004

All figures at 0.1% WO3 Cut-off

Comparison to June 30, 2013

The company's Mineral Resources increased by 60.8 million tonnes at 0.17% WO_3 for an additional total of 10,206,900 Metric Tonne Units (MTU) of WO3 representing 80,900 additional tonnes of contained Tungsten. This increase was 100% from the maiden resource at the Trench (Mt Mulgine) and this new resource was all in the inferred category. There were no changes to the resources at Mulgine Hill and Big Hill.

The change in Mineral Resources from 2013 to 2014 may be seen in the following comparison table:

	2013			2014			Change + (-)		
	Million Tonnes	% WO_3	MTU Metric tonne units WO_3	Million Tonnes	% WO_3	MTU Metric tonne units WO_3	Million Tonnes	% WO_3	MTU Metric tonne units WO_3
The Trench (Mt Mulgine)$									
Inferred	0	n/a	0	60.8	0.17	10,206,900	60.8	0.17	10,206,900
Mulgine Hill (Mt Mulgine)*									
Indicated	5.87	0.22	1,302,000	5.87	0.22	1,302,000	nil	nil	nil
Inferred	2.32	0.17	403,000	2.32	0.17	403,000	nil	nil	nil
Big Hill (Pilbara)♯									
Measured	9.51	0.16	1,541,000	9.51	0.16	1,541,000	nil	nil	nil
Indicated	4.51	0.16	705,000	4.51	0.16	705,000	nil	nil	nil
Inferred	2.21	0.14	298,000	2.21	0.14	298,000	nil	nil	nil
Total Tungsten Mineral Resource									
	Million Tonnes	% WO_3	MTU WO_3	Million Tonnes	% WO_3	MTU WO_3	Million Tonnes	% WO_3	MTU WO_3
Total	24.4	0.17	4,247,900	85.2	0.17	14,454,800	60.8	0.17	10,206,900

$ Data from 10th April 2014 ASX Release "Hazelwood's Tungsten Resource Inventory Boosted by 340%" JORC 2012

*Data from 1st March 2011 ASX Release "Mt Mulgine Hill Resource Boosts Tungsten Inventory by 67%" JORC 2004

♯ Data from 26th March 2010 ASX Release "72% hike in measured & indicated resource at Hazelwood's Big Hill Tungsten Deposit" JORC 2004

All figures at 0.1% WO3 Cut-off

Mineral Resource and Ore Reserve Governance

Mineral Resources are estimated by suitably qualified Hazelwood personnel and external personnel (specifically SJS Resource Management) in accordance with the requirements of the JORC Code, industry standard techniques and internal guidelines and reporting of Ore Reserves and Mineral Resources.

All Mineral Resource estimates and supporting documentation are reviewed by a Competent Person contracted by Hazelwood Resources. If there is a material change in an estimate of a Mineral Resource or if the estimate is an inaugural Mineral Resource, the estimate and supporting documentation are further reviewed by a suitably qualified external Competent Person.

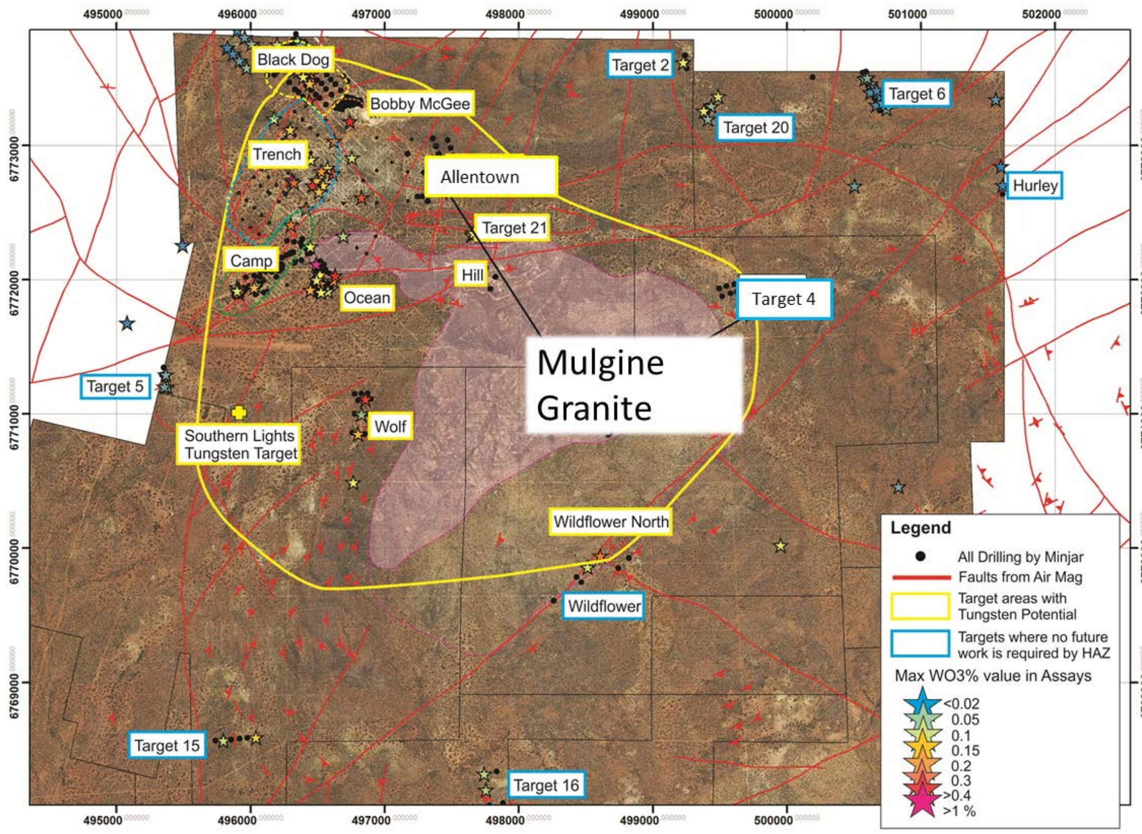
The Mineral Resources Statement included in the Annual Report is reviewed by a suitably qualified external Competent Person prior to its inclusion.

Mt Mulgine

Earlier in the year the company announced a 340% boost to its tungsten Resource Inventory with a new inferred resource at the Mt Mulgine Trench deposit. The estimate was produced using legacy diamond drilling and RC drilling by Minjar at Mulgine Trench giving an Inferred Resource of 60.8 Mt @ 0.17%WO_3 (0.1% cut-off grade, Inferred category, JORC 2012 compliance; ASX announcement 10/04/2014, “Hazelwood’s Tungsten Resource Inventory Boosted by 340%”). The Trench Resources occurs from surface and 49% is within 100metres of surface.

Hazelwood has access samples from drilling conducted by the holder of the gold rights to Mt Mulgine and routinely assays the samples for tungsten. Significant tungsten was intersected at the Black Dog and Bobby McGee prospects which are an extension of the Trench tungsten Resource (ASX announcement 07/08/2014 “Significant Extensions to Mt Mulgine”). New results from RC drilling at Black Dog and Bobby McGee are pending and the company continues to evaluate the near-surface tungsten potential at Mt Mulgine.

Drill samples from 13 regional targets drilled by the holder of the gold rights to Mt Mulgine were re-split and sampled for tungsten (Fig. 1). None of the regional targets returned significant intersections of tungsten. The targets Wolf, Allentown, Ocean and Target 21 have a geology prospective for tungsten and remain of interest to Hazelwood Resources.



In late 2013, Como Engineers Pty Ltd completed a Pre-Feasibility estimate for the establishment of a 330,000 tonnes per annum concentrator at the Mt Mulgine Tungsten Project in Western Australia.

The engineering pre-feasibility estimate is part of the evaluation of development options for the Mt Mulgine Tungsten Project, which could form an important part of the supply chain for the established downstream ATC Ferrotungsten Project in Vietnam.

The concentrator for Mt Mulgine as proposed in the pre-feasibility engineering study would, conceptually, provide around a third of the required annual feedstock based on CY2015 ferrotungsten production projections.

The battery limits for the engineering pre-feasibility estimate are from ROM pad grizzly to the tailings dam discharge point. The tailings dam, bore fields and infrastructure will be considered as part of a full evaluation study, taking into account infrastructure that is already established in the region.

The estimated capital required for the concentrator was $AUD 31.5 million, estimated to a +/-25% level of accuracy and includes a contingency of 20% of cost.

Big Hill and Cookes Creek Tungsten Exploration

The company engaged consultants SJS Resource Management to undertake exploration targeting to identify possible high-grade tungsten targets at Cookes Creek.

There were no further evaluation activities undertaken on the Big Hill Mineral Resource during the period.

Australian Nickel and Base Metals Exploration

Hazelwood has significant exposure to nickel sulphides and base metals exploration through its 100% owned Cookes Creek and Copper Gorge (HAZ 70%) areas in the East Pilbara of Western Australia.

Hazelwood's Cookes Creek Project, located in the East Pilbara of Western Australia, in addition to hosting the Big Hill Tungsten Deposit, contains areas of interest for nickel sulphides and base metal exploration.

The Company continues to explore base metal Projects at Malachite Flats and Copper Gorge (joint venture tenements E45/3177 and E46/562, Hazelwood Resources 70% and Atlas Iron 30% interest). Malachite Flats was mapped in 2013 and soil sampled for copper. The results returned 19 samples having Cu values above 100ppm (the maximum value is 322ppm ppm Cu; 30/10/13 Quarterly Activities Report for the period ending 30 September 2013). Moreover, the Project is located above a large airborne electro-magnetic anomaly 3km x 1.1km at a 100m depth slice.

The Copper Gorge Project at E46/562 is one of the Company's exploration base-metals priorities in the Pilbara, characterised by a large airborne electro-magnetic anomaly, total length of around 2.8km and width ranging between 400m and 1200m (ASX announcement 12/03/13: "Assays confirm significant new copper mineralisation at Copper Gorge").

In 2011 HAZ field mapping suggested Copper Gorge as a possible volcanogenic massive sulphide target for base metals. The Company drilled one encouraging diamond hole in early 2013 for a total of 430m with 81m of pyrite- and chalcopyrite-bearing breccia typical of a volcanogenic massive sulphide system. The assays results indicate 13m @ 0.35% Cu from 257m down-hole depth (including 5m @ 0.7% Cu from 262m, and 1 m @ 0.97% Cu from 265m; Announcement 12/03/13: Assays confirm significant new copper mineralisation at Copper Gorge).

At the time of writing (September 2014) a geophysical crew is at Copper Gorge and Malachite Flats conducting both down-hole and fixed-loop electro-magnetic surveys to detect base metal conductors for precise drill-hole targeting.

Competent Person Statements

Competent Person Statement Mt Mulgine Trench Deposit:
The information in this report that relates to Exploration targets, Exploration results, Data, QA/QC, Mineral Resources and Geology is based on information compiled by Julian Vearncombe BSc PhD FGS FSEG RPGeo who is also Fellow of the Australian Institute of Geoscientists. J. Vearncombe is a full-time employee of SJS Resource Management Pty Ltd and 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. J. Vearncombe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person Statement Mt Mulgine Hill Deposit & Big Hill Deposit:
The information in this report that relates to Exploration Targets, Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Terry Butler-Blaxell who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Butler-Blaxell is a full-time employee of Hazelwood Resources Ltd and 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Terry Butler-Blaxell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Mineral Resource estimate for the Mt Mulgine Hill Deposit was prepared and first disclosed under the JORC code 2004 (refer ASX announcement dated 1st March 2011). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported.

The Mineral Resource estimate for the Big Hill Deposit was prepared and first disclosed under the JORC code 2004 (refer ASX announcement dated 26th March 2010). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported.

Directors' Report

The directors of Hazelwood Resources Limited present their report, together with the financial statements of the Consolidated Entity for the financial year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

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

Terence Butler-Blaxell BSc, GDipApFin, MBA, MAusIMM, FFin MAICD

Executive Chairman (Acting) and Managing Director

Mr Butler-Blaxell is a founding director of Hazelwood with over 20 years' experience in the resources sector in commodities including gold, industrial minerals, vanadium, base metals, nickel, tungsten, magnetite iron ore and titanomagnetite. Operational experience has been gained on operating gold mines in production, laboratory operations and operation of plant and machinery. As an exploration geologist he was an integral part of teams that delineated multi-million ounce gold discoveries. Mr Butler-Blaxell has directed the economic evaluation of numerous projects, being involved in resource estimation and feasibility studies. He has significant experience in financial modelling and valuation of mining projects, project and company transactions, due diligence reviews, and market event studies. Mr Butler-Blaxell has a Bachelor of Science in physical-inorganic chemistry and geology from the University of Western Australia, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and a Master of Business Administration from Murdoch University. Memberships include Fellow of the Financial Services Institute of Australasia, Member of the Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Company Directors. Terry was appointed as Acting Executive Chairman on 23 August 2011.

John Chegwidden CA

Non-Executive Director & Joint Company Secretary

Mr Chegwidden has over 20 years experience as an accountant, including managing his own chartered accounting practice, providing advice in management, accounting and taxation, and consulting to manufacturing, mining, primary production and earthmoving operations. Mr Chegwidden has a strong knowledge of the mining and resources sector in Australia, with key competencies in exploration, materials processing, marketing and financial management in relation to junior mining companies. More recently he has consulted to a number of listed companies and negotiated with capital financiers for junior exploration companies. He is also a director of ASX listed 3D Resources Limited, and has sat on several ASX listed and unlisted public company boards.

Frank Ashe B Com, CA

Non-Executive Director – Appointed 31 August 2011

Mr Ashe is a Chartered Accountant, commencing his career at a first tier professional services firm in Perth. Having gained experience with resource sector clientele he moved into the mining service and civil sectors developing his skills into broader operational and general management roles including project development/financing and business establishment/development in several countries throughout Latin America and the Caribbean. He has worked directly in senior executive roles for public companies in the primary industry and resources sectors having recently performed non-executive duties for Bathurst Resources Ltd. Currently Mr Ashe provides consulting services to companies in areas of general management and business development mainly in the mining services sector.

Mark Warren BE MIEAUST CPENG
Non-Executive Chairman – Appointed 8 September 2014
Mr Warren is a mechanical engineer with over 30 years global experience in advisory, executive and technical roles in mining and metals businesses. He brings a breath of experience garnered from working across many commodities and many countries. Of importance to Hazelwood, Mark has experience in smelting and pyrometallurgical operations having commenced his career at the Kalgoorlie Nickel smelter and since been involved in research and development, design, construction and operation of various pyrometallurgical and smelting unit operations businesses including the management of a metals smelting business that was a successful turnaround story providing a profitable trade sale for its shareholders.

Mark is Managing Director at Optiro Pty Ltd, a well-regarded consulting and advisory firm where he has been providing independent corporate and strategic advice to Boards and executives of a number of successful listed mining companies. Mark is also the Deputy Chairman of Austmine Limited, the peak body dedicated to the advancement of The Australian Mining Equipment Technology and Services sector of Australia.

Patrick Burke LLB
Non-Executive Director – Appointed 8 September 2014
Mr Burke holds a Bachelor of Law degree from the University of Western Australia and has extensive legal, commercial and corporate advisory experience for ASX listed companies. He has acted as a Director for a number of ASX and AIM listed small to mid-cap resources companies over the past 10 years. His legal expertise is in corporate, commercial and securities law, with an emphasis on capital raisings and mergers and acquisitions. His corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, structuring and pricing, negotiation, funding, due diligence and management of process. He contributes general commercial and legal skills along with a strong knowledge of the ASX requirements. He is currently a Non-Executive Director of ASX listed Monto Minerals Limited, Intercept Minerals Limited and Anatolia Energy Limited.

Company Secretaries

John Chegwidden (see above)

Carol New CA
Joint Company Secretary
Carol has over 30 years experience working in national retail and WA mineral exploration companies that involved company secretarial, accounting and administration roles with companies such as Coles Myer, Barrack House Group, Central Kalgoorlie Gold Mines NL, and Crescent Gold Limited. In late December 2006, Carol was invited to consult to Hazelwood Resources Ltd in the capacity of Chief Financial Officer and was appointed as Joint Company Secretary on 16 February 2007. Carol is a Chartered Accountant and is an Affiliate Member of the Governance Institute of Australia.

Interests in shares and options of the Company

As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of Hazelwood Resources Limited were;

	Ordinary Shares	Options
Mr Terence Butler-Blaxell	15,762,517	1,000,000
Mr John Chegwidden	21,949,737	2,000,000
Mr Terence Butler-Blaxell[1]	4,000,000	-
Mr Frank Ashe	7,894,736	-

Note:

1. Terence Butler-Blaxell has a beneficial interest in 4,000,000 ordinary shares held by Siren Mining Limited

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report of this directors' report, on pages 21 to 26. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Consolidated Entity.

Directors Meetings

The number of Directors meetings held and the number of meetings attended by each director during the period were as follows:

	Directors Meetings	
	Number of meetings eligible to attend	Number of meetings attended
Mr Terence Butler-Blaxell	4	4
Mr John Chegwidden	4	4
Mr Frank Ashe	4	4

Directorships of Other Listed Companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
J Chegwidden	3D Resources Limited	2006 – current
	Dourado Resources Limited	25/1013 – 9/1/14
P Burke	Monto Minerals Limited	2009 - current
	Intercept Minerals Limited	8/9/14 - current
	Anatolia Energy Limited	22/7/14 - current

Principal Activities

The principal activities of the Consolidated Entity during the year were production of ferrotungsten, evaluation of mineral exploration assets, identification of potential mining assets for acquisition and development, and raising capital to fund those opportunities. The Consolidated Entity expanded its activities to include the ramp-up of production at the ATC Ferrotungsten Project in Vietnam.

During the year, approximately 1,200 tonnes of tungsten concentrate that had been sourced from a range of international suppliers was processed at the ATC Ferrotungsten Project. Under a sales agency agreement with Wogen Resources Ltd, 730 tonnes of finished ferrotungsten product was shipped during the reporting period. The product was distributed to steel makers and foundries globally. Ferrotungsten refining operations and product sales continued subsequent to the end of the reporting period.

Review and Results of Operations

The operating loss after tax for the year ended 30 June 2014 was $6,072,132 (2013: $6,633,114).

Financial Position

The net assets of the Consolidated Entity have increased by $2,179,032 from $28,500,503 at 30 June 2013 to $30,679,535 in 2014. This increase is largely due to the following factors:

- Increase in cash reserves of $1,151,524;
- Increase in inventory of $9,289,618
- Decrease in property, plant and equipment of $2,808,816
- Increase in exploration of $1,855,638
- Increase in receivables and other assets of $352,613
- Increase in payables of $(474,984)
- Increase in financial liabilities of $(7,138,322)
- Decrease in other liabilities of $48,239

The Consolidated Entity's working capital, being current assets less current liabilities is $3,848,158 at 30 June 2014.

Hazelwood owns a 60% interest in Asia Tungsten Products Co. Ltd (ATC). During the reporting period, the ferrotungsten plant entered production and first sales of product were achieved.

The Company has an agency and sales financing agreement with Wogen Resources Ltd for the worldwide distribution of all ferrotungsten produced by ATC. Under the agreement, Wogen distributes the product to its network of customers in the steel industry.

Exploration and evaluation work continued on the Company's Australian mineral assets. Significant nickel and copper results were returned from exploration drilling at the Cookes Creek Project located in the East Pilbara of Western Australia. Results from exploration drilling at the Mt Mulgine Tungsten Project showed significant near-surface extensions to mineralisation.

Significant Changes in the State of Affairs

During the year there were no changes in the state of affairs of the Consolidated Entity other than those referred to elsewhere in this report of the financial statements or notes thereto.

Subsequent Events

On 8 September 2014, Mr Mark Warren was appointed as Non-Executive Chairman and Mr Patrick Burke was appointed as a Non-Executive Director. Please refer to the "Directors" section of the Directors' Report for further details.

Environmental Regulation

The Consolidated Entity is subject to and compliant with all aspects of environmental regulation of its exploration activities. The Directors are not aware of any environmental law that is not being complied with. The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current nor subsequent financial year. The directors will reassess this position as and when the need arises.

The Vietnam entity is subject to and compliant with all aspects of the Vietnam environmental regulations as set out in the Commitment Agreement on Environmental Protection.

Future Developments

Information on the likely developments in the operation of the Consolidated Entity and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

The primary objective of the Company is to continue ramp-up of production at the ATC Ferrotungsten Project in Vietnam. The Company also intends to progress exploration and evaluation activities on its Australian mineral assets.

Share Options

Unissued shares

As at the date of this report the Company had on issue the following options to acquire ordinary fully paid shares:

Description	Number	Exercise Price	Expiry Date	Grant Date
Director Options	5,000,000	$0.250	06/08/2015	06/08/2010
Ottomin Options	15,000,000	$0.050	30/11/2015	29/11/2013
Siderian Fee Options	76,000,000	$0.055	27/11/2016	27/05/2014
Placement Options	21,428,572	$0.055	27/11/2016	27/05/2014
Consultant Options	35,000,000	$0.055	27/11/2016	27/05/2014
Placement Options	7,142,860	$0.055	27/11/2016	17/06/2014
Total	**159,571,432**			

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Entity nor any entitlement to vote at a meeting of shareholders. No options were exercised during the year.

Dividends

No dividend has been paid since the end of the financial period and no dividend is recommended for the current year.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Remuneration Report - Audited

This report outlines the remuneration arrangements in place for Hazelwood Resources Limited's directors and its senior management for the financial year ended 30 June 2014. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of key management personnel
- Key terms of executive service agreements or consultancy agreements

Key management personnel

The directors and other key management personnel of the Consolidated Entity during or since the end of the financial year were:

Mr M Warren (Non-Executive Chairman) – appointed 8 September 2014
Mr P Burke (Non- Executive Director) – appointed 8 September 2014
Mr T Butler-Blaxell (Managing Director)
Mr J Chegwidden (Non-Executive Director & Joint Company Secretary)
Mr F Ashe (Non-Executive Director)
Chen Guang Yu (Director Asia Tungsten Products Co. Limited, Hong Kong)
Ms C New (Joint Company Secretary)
Mr M McQuade (Chief Operations Officer)

Company performance, shareholder wealth and key management personnel remuneration

The Company's remuneration policy has been designed to align key management personnel objectives with shareholder and business objectives by providing remuneration packages comprising of a fixed remuneration component and an options component. The Board believes the remuneration policy for its key management personnel to be appropriate and effective to attract and retain people with the necessary qualifications, skills and experience to assist the company in achieving its desired results. Due to the size of the company a remuneration committee has not been formed.

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the four years to 30 June 2014:

Consolidated	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Revenue	21,445,821	875,127	95,639	221,484	314,462
Net loss before tax	(6,072,132)	(6,633,114)	(6,344,956)	(7,133,509)	(4,744,312)
Net loss after tax	(6,072,132)	(6,633,114)	(6,344,956)	(7,133,509)	(4,744,312)
Share price at start of year	$0.02	$0.08	$0.14	$0.19	$0.10
Share price at end of year	$0.04	$0.02	$0.08	$0.14	$0.19
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic earnings per share (cents)	(0.48)	(0.83)	(2.41)	(3.00)	(2.85)

Relationship between the remuneration policy and company performance

Remuneration is reviewed on an annual basis, taking into consideration a number of performance indicators. While no performance based remuneration component has been built into key management personnel remuneration packages it is envisaged that as the Consolidated Entity further progresses, consideration will be given to this component of remuneration.

Remuneration of key management personnel

The board conducted a performance review in November 2009 based on the relevant skills contributed by each director. The directors (both executive and non executive) and senior management of the entity received remuneration during the period commencing 1 July 2013 and ending 30 June 2014 based on the following agreements.

Key terms of employment contracts

Executive Services Agreement with Mr Terence Butler-Blaxell

The Company entered into an Executive Services Agreement with Terence Butler-Blaxell on 21 February 2013 in relation to his appointment as an Executive Director and Managing Director.

The terms of this agreement are:

- Term – Commencing 1 January 2013 and continuing until validly terminated
- Remuneration - $330,000pa plus superannuation
- Performance based bonuses – as deemed appropriate by the Company
- Termination – The Company may terminate this agreement by giving notice and through payment of an amount equal to 12 months salary. Mr Butler-Blaxell can terminate the Services Agreement by giving 3 months notice to the Company.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

Executive Services Agreement with Mr John Chegwidden

The Company and its 60% owned subsidiary Asia Tungsten Products Co Limited ("**ATCHK**") entered into an Executive Services Agreement with John Chegwidden on 1 May 2010 in relation to his appointment as Inspector of ATCHK and Inspector of Asia Tungsten Products Vietnam Limited.

The terms of this agreement are:

- Term – 5 years from 1 May 2010.
- Remuneration - $120,000pa
- Reimbursements – Vehicle costs to $18,000pa, parking, mobile and email costs, a laptop computer and IT costs.
- Options – 1,000,000 Hazelwood Options exercisable at 25 cents per Option, vesting immediately; and
  Options - 1,000,000 Hazelwood Options exercisable at 25 cents per Option, vesting upon Practical Completion.
- Termination – ATCHK may terminate this agreement by giving notice and through payment of an amount equal payment of the outstanding period of the contract, being from the date of notice to 30 April 2015. Mr Chegwidden can terminate the Services Agreement by giving 3 months notice to the Company.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

On 1 July 2013, John's remuneration was reduced to $60k by verbal agreement.

Mr Chegwidden holds a non-executive director position with Hazelwood Resources Ltd. Mr Chegwidden does however offer consulting services through Ausnom Pty Ltd, refer Note 29.

Directors' Report Continued

Key terms of employment contracts continued

Executive Services Agreement with Chen Guang Yu

The Company and its 60% owned subsidiary Asia Tungsten Products Co Limited ("**ATCHK**") entered into an Executive Services Agreement with Chen Guang Yu on 1 May 2010 in relation to his appointment as a President of ATCHK and President of Asia Tungsten Products Vietnam Limited.

The terms of this agreement are:

- Term – 5 years from 1 May 2010.
- Remuneration - HKD120,000 per month
- Reimbursements – expenses incurred in relation to the role of President, a laptop computer and IT costs.
- Shares – 1,000,000 Hazelwood Shares upon signing this agreement; and
  Shares - 1,000,000 Hazelwood Shares within 5 days of the receipt by Hazelwood of a certificate from a Hazelwood Resources Ltd nominated engineer that the construction of the facility for the production of ferrotungsten in Haiphong has been completed to the stage of Practical Completion; and
  Shares to the value of 5% of the cost savings measured as the difference between the total cost at Practical Completion and the sum of US$16.3 million. The issue price is to be based on VWAP in the 14 days preceding Practical Completion;
- Termination – ATCHK may terminate this agreement by giving notice and through payment of an amount equal to 12 months salary. Chen Guang Yu can terminate the Services Agreement by giving 3 months notice to the Company.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

Remuneration of non-executive directors

The total amount paid to non-executive directors is determined by the board from time to time for presentation to and resolution by shareholders at the Annual General Meeting. The current maximum aggregate remuneration paid to non-executive directors is fixed at $150,000.

The non-executive directors are paid a set amount per year. The non executive directors may receive consultant's fees through related entities for services rendered on a commercial basis.

Directors’ Report Continued

Remuneration of other key management personnel

Ms Carol New

The Company has an agreement with Ms New whereby fees are paid through a related entity for services rendered on a commercial basis.

Mr Martin McQuade

Martin’s terms of employment are the subject of renegotiation. In the meantime he continues to be remunerated under the terms of an Employment Agreement with the Company entered into on 1 November 2009.

Key management personnel compensation disclosures

Key management personnel are remunerated under the terms of executive services agreements or consultancy agreements.

2014

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Superannuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
J Chegwidden *	252,866	-	-	-	-	-	-	-	252,866	-	-
T Butler-Blaxell * +	516,917	-	-	-	25,000	-	-	-	541,917	-	34.5
F Ashe*	60,000		-	-	5,550	-	-	-	65,550	-	-
C New	194,800	-	-	-	-	-	-	-	194,800	-	-
M McQuade*	249,999	-	-	-	23,124	-	-	-	273,123	-	-
Chen Guang Yu *	360,086	-	-	-	-	-	-	-	360,086	-	-
	1,634,668	-	-	-	53,674	-	-	-	1,688,342		

* Short-term benefits are shown on an accrual basis.
+ Includes cash bonus paid during the period of $186,916.

2013

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Superannuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
J Chegwidden *	120,000	-	-	306,008**	-	-	-	-	426,008	-	-
T Butler-Blaxell *	347,917	-	-	17,702***	22,612	-	-	-	388,231	-	-
F Ashe*	125,170		-	-	5,400	-	-	-	130,570	-	-
C New	234,666	-	-	-	-	-	-	-	234,666	-	-
M McQuade*	321,026	-	-	-	22,500	-	-	-	343,526	-	-
Chen Guang Yu *	242,469	-	-	-	-	-	-	-	242,469	-	-
	1,714,958	-	-	-	50,512	-	-	-	1,765,470		

* Short-term benefits are shown on an accrual basis.
** Consulting fees paid in relations to debt and equity funding for the Company and oversight of foreign entity operations. Includes interest on director loans.
*** Interest on director loans.

Bonuses
On 6 December 2013 and under the terms of his executive services agreement, Mr T Butler-Blaxell was granted a performance based bonus of $186,916 for achieving significant milestones associated with Hazelwood becoming a successful producer and seller of ferrotungsten.

Key management equity holdings

Options
Options over ordinary shares held by key management personnel at balance date are:

30 June 2014	Balance at beginning of period	Granted as remuneration	Exercised/ Expired	Net change	Balance at end of period	Options vested at 30 June 2014
J Chegwidden	2,000,000	-	-	-	2,000,000	2,000,000
T Butler-Blaxell	1,000,000	-	-	-	1,000,000	1,000,000
M McQuade	200,000	-	(200,000)	(200,000)	-	-
C New	200,000	-	(200,000)	(200,000)	-	-

30 June 2013	Balance at beginning of period	Granted as remuneration	Exercised/ Expired	Net change	Balance at end of period	Options vested at 30 June 2013
J Chegwidden	3,000,000	-	(1,000,000)	(1,000,000)	2,000,000	2,000,000
T Butler-Blaxell	3,500,000	-	(2,500,000)	(2,500,000)	1,000,000	1,000,000
M McQuade	200,000	-	-	-	200,000	200,000
C New	200,000	-	-	-	200,000	200,000

Shareholdings
Shares held by key management personnel at balance date are:

	Balance 1 July 2013	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2014
Mr T Butler-Blaxell	15,367,781	-	-	394,736	15,762,517
Mr J Chegwidden	21,555,001	-	-	394,736	21,949,737
Mr T Butler-Blaxell[1]	4,000,000	-	-	-	4,000,000
Mr F Ashe	7,500,000	-	-	394,736	7,894,736
Mr M McQuade	8,517,556	-	-	131,579	8,649,135
Ms C New	2,160,044	-	-	131,579	2,291,623
Mr Chen Guang Yu	4,000,000	-	-	(4,000,000)	-

1. Terence Butler-Blaxell has a beneficial interest in 4,000,000 ordinary shares held by Siren Mining Limited.

	Balance 1 July 2012	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2013
Mr T Butler-Blaxell	2,837,778	-	-	12,530,003	15,367,781
Mr J Chegwidden	1,555,001	-	-	20,000,000	21,555,001
Mr T Butler-Blaxell[1]	1,000,000	-	-	3,000,000	4,000,000
Mr F Ashe	-			7,500,000	7,500,000
Mr M McQuade	70,000	-	-	8,447,556	8,517,556
Ms C New	40,011	-	-	2,120,033	2,160,044
Mr Chen Guang Yu	1,000,000	-	-	3,000,000	4,000,000

1. Terence Butler-Blaxell has a beneficial interest in 1,000,000 ordinary shares held by Siren Mining Limited.

Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Consolidated Entity and other related parties are disclosed below:

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 30 to the financial statements.

Shareholder Loan Joint Venture Partner

Mr Chen Guang Yu holds a 40% interest in the Asia Tungsten Products Group. The balance of Mr Chen's loan account at 30 June 2014 is: Principal $2,818,004, Interest $685,462 refer Note 15 and 11.

Contracts for services

Consultancy agreements on commercial terms are entered into for non-executive directors and other non-salaried key management personnel via companies in which each key management person has a controlling interest. The companies that each non-executive director or key management person has a controlling interest are:

Company	Interest held by	Amount $	Description of payment
Ausnom Pty Ltd	Mr J Chegwidden	144,000	Consulting fees
Ausnom Pty Ltd	Mr J Chegwidden	36,000	Director fees
New Consulting Services Pty Ltd	Ms C New	194,800	Consulting fees

End of Remuneration Report

Officers' Indemnities and Insurance

During the year the Company entered into an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

Neither the Company nor any of its related bodies corporate have provided any insurance for any auditor of the Company or a related body corporate.

Non-Audit Services

No non-audit services were provided by Bentleys during the period.

Auditor’s Independence Declaration

A copy of the Auditor’s Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 73.

This Director’s Report incorporating the Remuneration Report is signed in accordance with a resolution of the Directors.

Terence Butler-Blaxell
Director
Perth, 30 September 2014

Corporate Governance

Hazelwood has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("**Recommendations**") as published by ASX Corporate Governance Council.

Further information about the Company's corporate governance practices is set out on the Company's website at www.hazelwood.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the board and its sub-committees), codes of conduct and other policies and procedures relating to the board and its responsibilities.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Principle 2 Recommendation 2.4

There is no nomination committee. The Board considers those matters and issues arising that would usually fall to a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Principle 3 Recommendation 3.2, 3.3, 3.5

The Company has not established a policy concerning diversity. The Board considers that at this time no efficiencies or benefits would be gained by introducing a formal diversity policy.

No females occupy board positions however one of the joint company secretaries is female.

Principle 8 Recommendation 8.1

There is no separate remuneration committee. Due to the small size and structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter which was adopted on 17 July 2006.

In addition, all matters of remuneration will continue to be determined in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, no directors participate in any deliberations regarding their own remuneration or related issues.

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 30 June 2014

	Note	2014 $	2013 $
Revenue			
Sales	2	21,445,821	694,430
Cost of Sales		(20,629,300)	(722,556)
Gross Profit		816,521	(28,126)
Other income			
Interest	2	11,295	32,675
FX gains	2	89,200	148,021
Total revenue and other income		917,016	152,570
Administration expenses		(683,725)	(746,273)
Consulting expenses		(1,703,300)	(1,552,140)
Director fees and salaries		(960,670)	(1,122,109)
Financing costs		(1,403,992)	(723,537)
Legal and professional expenses		(219,065)	(225,022)
Depreciation		(169,319)	(511,008)
Impairment of asset		(51,536)	-
Marketing expenses		(80,213)	(62,690)
Travel and accommodation		(467,203)	(454,206)
Occupancy expenses		(162,812)	(120,240)
Employment expenses		(1,086,575)	(1,251,630)
Exploration written off		(738)	(16,829)
Loss before income tax		(6,072,132)	(6,633,114)
Income tax (expense)/benefit	4	-	-,
Loss for the year		(6,072,132)	(6,633,114)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translating foreign operations		(52,923)	542,675
Total comprehensive income for the year		(6,125,055)	(6,090,439)
Loss for the year attributable to:			
Members of the parent entity		(5,248,794)	(5,739,992)
Non-controlling interest		(823,338)	(893,122)
		(6,072,132)	(6,633,114)
Total comprehensive income attributable to:			
Members of the parent entity		(5,280,548)	(5,414,387)
Non-controlling interest		(844,507)	(676,052)
		(6,125,055)	(6,090,439)
Earnings per share (cents per share)			
Basic loss per share	19	(0.48)	(0.83)

The above statement of consolidated profit or loss and other comprehensive income should be read in conjunction with the attached notes.

Consolidated Statement of Financial Position
As At 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	5	2,886,382	1,734,858
Trade and other receivables	6	622,265	598,626
Inventories	9	11,360,989	2,071,371
Other assets	7	1,521,101	1,192,127
Total current assets		16,390,737	5,596,982
Non-current assets			
Property, plant and equipment	8	5,801,955	8,610,771
Exploration and evaluation	10	23,847,426	21,991,788
Total non-current assets		29,649,381	30,602,559
TOTAL ASSETS		**46,040,118**	36,199,541
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,824,770	1,349,786
Provisions	12	239,393	191,154
Deferred revenue	13	6,240,816	1,149,654
Financial liabilities	14	4,237,600	2,100,000
Total current liabilities		12,542,579	4,790,594
Non-current liabilities			
Financial liabilities	15	2,818,004	2,908,444
Total non-current liabilities		2,818,004	2,908,444
TOTAL LIABILITIES		**15,360,583**	7,699,038
Net assets		**30,679,535**	28,500,503
Equity			
Issued capital	16	61,635,130	54,255,066
Reserves	17	1,645,208	1,452,929
Accumulated losses		(29,846,075)	(24,968,644)
Parent interest		33,434,263	30,739,351
Non-controlling interests		(2,754,728)	(2,238,848)
TOTAL EQUITY		**30,679,535**	28,500,503

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

Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2014

	Members of parent entity			Attributable to owners of the parent	Non-controlling Interests	Total Equity
	Issued Capital	Reserves	Accumulated Losses			
	$	$	$	$	$	$
Balance at 1 July 2012	40,807,730	1,630,358	(20,117,980)	22,320,108	(1,176,502)	21,143,606
Loss for the year	-	-	(5,739,992)	(5,739,992)	(893,122)	(6,633,114)
Other comprehensive income, net of income tax						
FX translation differences	-	711,899	-	711,899	(169,224)	542,675
Total comprehensive income	-	711,899	(5,739,992)	(5,028,093)	(1,062,346)	(6,090,439)
Transaction with owner, directly recognised in equity						
Issues of shares	14,777,064			14,777,064	-	14,777,064
Cost of share issues	(1,329,728)			(1,329,728)	-	(1,329,728)
Options expired	-	(889,328)	889,328	-	-	-
Balance at 30 June 2013	**54,255,066**	**1,452,929**	**(24,968,644)**	**30,739,351**	**(2,238,848)**	**28,500,503**
Balance at 1 July 2013	54,255,066	1,452,929	(24,968,644)	30,739,351	(2,238,848)	28,500,503
Loss for the year	-	-	(5,248,794)	(5,248,794)	(823,338)	(6,072,132)
Other comprehensive income, net of income tax						
FX translation differences	-	(360,381)	-	(360,381)	307,458	(52,923)
Total comprehensive income	-	(360,381)	(5,248,794)	(5,609,175)	(515,880)	(6,125,055)
Transaction with owner, directly recognised in equity						
Issues of shares	7,907,000	-		7,907,000	-	7,907,000
Cost of share issues	(526,936)	-		(526,936)	-	(526,936)
Options expired	-	(371,363)	371,363	-	-	-
Share based payments	-	924,023	-	924,023	-	924,023
Balance at 30 June 2014	**61,635,130**	**1,645,208**	**(29,846,075)**	**33,434,263**	**(2,754,728)**	**30,679,535**

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

Consolidated Statement of Cash Flow
For The Year Ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		20,206,813	694,430
Income in advance		6,240,816	1,149,654
Cost of Sales		(19,812,041)	(722,557)
Payments to suppliers and employees		(5,085,095)	(5,852,093)
Payments for raw materials		(7,464,060)	(2,071,371)
Interest received		11,295	32,675
Payments for exploration expenses		(1,649,685)	(1,660,137)
Net cash used in operating activities	**23(c)**	**(7,551,957)**	(8,429,399)
Cash flows from investing activities			
Construction		(9,060)	-
Payments for property, plant and equipment		(288,640)	(4,286,480)
Net cash used in investing activities		**(297,700)**	(4,286,480)
Cash flows from financing activities			
Proceeds from borrowings		7,826,800	2,100,000
Repayment of borrowings		(5,600,000)	(927,856)
Interest expense		(90,211)	(289,333)
Payments for debt issue costs		(510,261)	(249,462)
Proceeds from issue of shares		7,907,000	14,777,064
Payments for share issue costs		(526,936)	(1,329,728)
Net cash provided by financing activities		**9,006,392**	14,080,685
Net increase in cash and cash equivalents		1,156,735	1,364,806
Cash and cash equivalents at beginning of period		1,734,858	359,610
Effects of exchange rate changes on the balance of cash held in foreign currencies		(5,211)	10,442
Cash and cash equivalents at end of period	**23(a)**	**2886,382**	1,734,858

The above consolidated cash flow statement should be read in conjunction with the attached notes.

1. Significant accounting policies

1.1 Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS'). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements comprise the consolidated financial statements and notes of Hazelwood Resources Limited ("the Parent Entity") and controlled entities ('Consolidated Entity' or 'Group'). Hazelwood Resources Limited is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue by the directors on 26 September 2014.

1.2 Basis of preparation

This financial report has been prepared on an accruals basis and is based on historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The Consolidated Entity incurred an operating loss of $6,072,132 for the year ended 30 June 2014 (2013: loss of $6,633,114).

The net working capital surplus of the Consolidated Entity at 30 June 2014 was $3,848,158 (2013: working capital surplus of $806,388) and the net cash outflows from operating activities during the year was $7,551,957 (2013: $8,668,419).

The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is dependent upon the Consolidated Entity settling $4 million in bridging finance; raising additional share capital; developing, joint venturing or selling one or more of its non-core assets or other assets; and the successful production and sale of Ferrotungsten. These conditions indicate a material uncertainty that may cast doubt about the ability of the Consolidated Entity to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- Ferrotungsten production continues to increase through the Vietnam plant;
- The Directors have an appropriate plan to raise additional funds as and when they are required. In light of the consolidated entity's current exploration projects and status of the Vietnam plant, the Directors believe that the additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

1. Significant accounting policies continued

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Consolidated Entity' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated Entity.

In preparing the consolidated financial statements, all inter-company balances and transactions between entities in the Consolidated Entity have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated balance sheet and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

1.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.5 Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied;

- the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Consolidated Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Consolidated Entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Consolidated Entity and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to that asset's net carrying value.

1. Significant accounting policies continued

1.6 Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

1.7 Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to the reporting date. Annual leave entitlement for geological staff are capitalised to Exploration and Evaluation.

1. Significant accounting policies continued

1.8 Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The group has applied the "stand-alone taxpayer approach" in determining the appropriate amount of current taxes to allocate to members of the tax consolidation group. The tax funding agreement provides each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

The deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112.

1. Significant accounting policies continued

1.9 Interests in Joint Ventures

Interests in jointly controlled assets and operations are reported in the financial statements by including the Consolidated Entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

1.10 Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charges directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising from operating leases are recognised as an expense in the period in which they are incurred.

1.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.12 Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

1. Significant accounting policies continued

1.12 Property, plant and equipment continued

Freehold land and buildings carried at fair value
On 11 March 2008, the Company acquired a house at Nullagine for a total cost of $27,911. The carrying value of this asset is at cost and will be tested for impairment on an annual basis as required by AASB 116.

Plant and equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually be directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Office furniture and equipment	3 - 5 years
Computer equipment	2 - 3 years
Plant and equipment	4 – 30 years
Vehicles	5 - 6 years
Buildings	50 years
Leasehold Land & Improvements	1 – 50 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1. Significant accounting policies continued

1.13 Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

1.14 Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details of how the fair value of equity-settled share-based transactions has been determined can be found in note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

1.15 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the 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
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Balance Sheet. The amount of GST payable to the taxation authority is included as part of the payables in the Balance Sheet.

Cash flows are included in the Cash Flows 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.

1. Significant accounting policies continued

1.16 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment loss. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment loss is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1.17 Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

(iii) Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (p)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

(iv) Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

(v) When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

1. Significant accounting policies continued

1.18 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

1.19 Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

1. Significant accounting policies continued

1.19 Fair Value of Assets and Liabilities continued

Valuation techniques continued

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

1. Significant accounting policies continued

1.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities represent unallocated shareholder contributions.

1.21 Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

1.22 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Judgements – Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1.17.

Key Judgements – Furnace Liner

The Company undertook an assessment of the furnace ferrotungsten liner and it was determined that only 20 tonnes of ferrotungsten material was required to line the furnace and to maintain the furnace in an operable state. The ferrotungsten material in excess of the required 20 tonnes has been treated as inventory.

Key Judgements - 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 an external valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 28.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate as the Consolidated Entity is subject to income taxes in Australia and jurisdictions where it has foreign operations.

1. Significant accounting policies continued

1.23 Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

<u>Financial Liabilities</u>

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

1. Significant accounting policies continued

1.24 Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the other comprehensive income in the period in which the operation is disposed.

1.25 Inventories

Inventories are stated at the lower of cost or net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1. Significant accounting policies continued

1.26 Application of new and revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)
The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements:

Standards affecting presentation and disclosure

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

  This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

  In the current year the individual key management personnel disclosures previously required by AASB 124 is not disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

- AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'

  This standard makes amendment to AASB 10148 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

- AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)

  This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors.

  As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in the Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

1. Significant accounting policies continued

1.26 Application of new and revised Accounting Standards continued

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods) continued

Standards and Interpretations affecting the reported results or financial position

- AASB 12'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Account Standards arising from the consolidation and Joint Arrangements standards'

  AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

  The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instruments items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

  AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

  AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see notes 22, 23 and 42 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

1. Significant accounting policies continued

1.26 Application of new and revised Accounting Standards continued

Standards and Interpretations in issue not yet adopted
At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015

The Consolidated Entity has not elected to early adopt any new Standards and Interpretations. The Consolidated Entity is in the process of determining the impact of the above on its financial statements.

1.27 Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Revenue

	2014 $	2013 $
Revenue from sale of goods	21,445,821	694,430
Interest received	11,295	32,675
Other income	89,200	148,021
Total	21,546,316	875,126

3. Expenses

	2014 $	2013 $
Depreciation and amortisation – COGS	510,253	-
Depreciation and amortisation - Expensed	169,319	511,008
Total	679,572	511,008

4. Income Tax Expense

Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

	2014	2013
Income statement		
Current income		
Current income tax charge	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense (benefit) reported in income statement	-	-

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

	2014	2013
Accounting loss before income tax	(6,072,132)	(6,633,114)
At the statutory income tax rate of 30% (2013: 30%)	(1,821,639)	(1,989,934)
Add:		
Non-deductible expenses	320,457	32
Temporary differences and tax losses not brought to account as a deferred tax asset	1,501,182	1,989,902
At effective income tax rate of 0% (2013: 0%)	-	-
Income tax expense reported in income statement	-	-

Tax consolidation

The company and its 100% owned controlled entities formed a tax Consolidated Entity with effect from 1 October 2006. The head entity within the tax Consolidated Entity is Hazelwood Resources Ltd with the only other member at 30 June 2014 being BigHill Resources Limited.

4. Income Tax Expense continued

Recognised deferred tax assets and liabilities

Deferred tax assets and liabiities are attributable to the following:

	Assets		Liabilities		Net	
	30-Jun-14	**30-Jun-13**	**30-Jun-14**	**30-Jun-13**	**30-Jun-14**	**30-Jun-13**
	$	**$**	**$**	**$**	**$**	**$**
Cash Assets	(1,622)	-	-	1,685	(1,622)	1,685
Prepayments	-	-	9,042	10,118	9,042	10,118
Accrued Liabilities	(11,910)	(21,509)	-	-	(11,910)	(21,509)
Accrued Income	-	-	453,556	268,543	453,556	268,543
Capital Raising Costs	(336,702)	(362,888)	-	-	(336,702)	(362,888)
Employee Entitlements	(71,818)	(57,346)	-	-	(71,818)	(57,346)
Property Plant and Equipment	-	-	31,417	34,227	31,417	34,227
Borrowing Costs	(74,413)	(85,574)	-	-	(74,413)	(85,574)
Exploration Expenditure	-	-	6,329,532	5,773,244	6,329,532	5,773,244
Loans	-	-	79,928	12,095	79,928	12,095
Tax Losses	(6,407,010)	(5,572,595)	-	-	(6,407,010)	(5,572,595)
Tax (assets) liabilities	(6,903,475)	(6,099,912)	6,903,475	6,099,912	-	-
Offset of tax	6,903,475	6,099,912	(6,903,475)	(6,099,912)	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

Movement in temporary differences during the year	**Balance 1 July 2012**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 2013**
Cash Assets	-	1,685	-	1,685
Prepayments	-	10,118	-	10,118
Accrued Liabilities	(43,944)	22,435	-	(21,509)
Accrued Income	193,946	74,597	-	268,543
Capital Raising Costs	(270,058)	(92,830)	-	(362,888)
Employee Entitlements	(41,983)	(15,363)	-	(57,346)
Property Plant and Equipment	44,829	(10,602)	-	34,227
Borrowing Costs	-	(85,574)	-	(85,574)
Exploration Expenditure	5,270,432	502,812	-	5,773,244
Loans	-	12,095	-	12,095
Tax Losses	(5,153,222)	(419,373)	-	(5,572,595)
	-	-	-	-

Movement in temporary differences during the year	**Balance 1 July 2013**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 2014**
Cash Assets	1,685	(3,307)	-	(1,622)
Prepayments	10,118	(1,076)	-	9,042
Accrued Liabilities	(21,509)	9,599	-	(11,910)
Accrued Income	268,543	185,013	-	453,556
Capital Raising Costs	(362,888)	26,186	-	(336,702)
Employee Entitlements	(57,346)	(14,472)	-	(71,818)
Property Plant and Equipment	34,227	(2,810)	-	31,417
Borrowing Costs	(85,574)	11,161	-	(74,413)
Exploration Expenditure	5,773,244	556,288	-	6,329,532
Loans	12,095	67,833	-	79,928
Tax Losses	(5,572,595)	(834,415)	-	(6,407,010)
	-	-	-	-

Unrecognised deferred tax assets	**2014**	**2013**
Deferred tax assets have not been recognised in respect of the following items	**$**	**$**
Capital Raising Costs	(96,000)	(96,000)
Tax Losses	(7,081,101)	(6,188,982)
	(7,177,101)	(6,284,982)

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise these benefits.

		2014 $	2013 $
5.	**Cash and cash equivalents**		
	Cash at bank and on hand	2,886,382	1,734,858

The weighted average interest rate for the year was 2.4% (2013: 2.8%); these deposits have an average maturity of 365 days.

6. Trade and other receivables

The Group does not have any material credit risk exposure to any receivable.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transactions. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

2014	**Gross Amount**	**Past Due And Impaired**	**Past due but not impaired (days overdue)**				**Within Initial trade terms**
			<30	**31 – 60**	**61 – 90**	**90 - 150**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade and term receivables	89,355	-	-	-	-	-	89,355
Other receivables	532,910	-	-	-	-	-	532,910
	622,265	-	-	-	-	-	622,265

2013	**Gross Amount**	**Past Due And Impaired**	**Past due but not impaired (days overdue)**				**Within Initial trade terms**
			<30	**31 – 60**	**61 – 90**	**90 - 150**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	598,626	-	-	-	-	-	598,626
	598,626	-	-	-	-	-	598,626

		2014 $	2013 $
7.	**Other assets**		
	Current		
	Prepayments	1,414,236	1,086,011
	Other assets	106,865	106,116
		1,521,101	1,192,127

8. Property plant and equipment

	Office Furniture & Equipment $	Computer Equipment $	Plant $	Vehicles $	Buildings $	Other Equipment	Construction Work in Progress $	Leasehold Land & Improve-ments $	TOTAL $
Cost Carrying Amount									
Balance at 30 June 2012	256,893	388,605	2,253,557	285,886	55,947	-	925,903	2,311,559	6,478,350
Additions	17,577	32,114	81,362	-	-	-	3,142,005	266,386	3,539,444
Disposals	-	(19,209)	-	-	-	(77,519)	-	-	(96,728)
Asset transfers	-	-	3,142,005	-	-	580,044	(3,722,049)	-	-
Transfer to Financial Assets	-	-	-	-	-	-	(345,859)	-	(345,859)
FX Adjustment	118	1,857	195,121	11,088	-	64,423	-	234,573	507,180
Balance at 30 June 2013	274,588	403,367	5,672,045	296,974	55,947	566,948	-	2,812,518	10,082,387
Additions	4,269	25,870	142,884	-	-	115,617	9,060	-	297,700
Disposals	-	-	(256,186)	-	-	(94,042)	-	-	(350,228)
Disposal – Liner Surplus*	-	-	(1,825,558)	-	-	-	-	-	(1,825,558)
FX Adjustment	(117)	1,278	(157,988)	(1,955)	-	(13,794)	-	(78,582)	(251,158)
Balance at 30 June 2014	**278,740**	**430,515**	**3,575,197**	**295,019**	**55,947**	**574,729**	**9,060**	**2,733,936**	**7,953,143**
Accumulated Depreciation									
Balance at 30 June 2012	191,836	262,328	296,980	136,630	-		-	72,834	960,608
Depreciation expense	15,831	16,228	224,454	39,413	5,843	45,935	-	163,304	511,008
Balance at 30 June 2013	207,667	278,556	521,434	176,043	5,843	45,935	-	236,138	1,471,616
Depreciation expense	20,439	9,259	351,566	41,042	1,398	108,730	-	147,138	679,572
Balance at 30 June 2014	**228,106**	**287,815**	**873,000**	**217,085**	**7,241**	**154,665**	**-**	**383,276**	**2,151,188**
Net Book Value									
As at 30 June 2013	66,921	124,811	5,150,611	120,931	50,104	521,013	-	2,576,379	8,610,771
As at 30 June 2014	**50,634**	**142,700**	**2,702,197**	**77,934**	**48,706**	**420,064**	**9,060**	**2,350,660**	**5,801,955**

***** This amount represents the amount of saleable ferrotungsten that was previously included in the carrying value of the Liner asset recorded in Property, Plant and Equipment and is surplus to that required in the liner to operate the furnace.

	2014 $	2013 $
9. Inventories		
Current		
Raw materials	399,872	235,994
Work in progress	440,392	-
Finished goods	8,695,167	1,835,377
Finished goods – Liner Surplus*	1,825,558	-
	11,360,989	2,071,371

*This amount represents the amount of saleable ferrotungsten that was previously included in the carrying value of the Liner asset recorded in Property, Plant and Equipment and is surplus to that required in the liner to operate the furnace.

10. Exploration and evaluation

Exploration and evaluation phase

	2014 $	2013 $
Opening balance	21,991,788	20,299,861
Additions	1,856,376	1,708,756
Disposals	-	-
Write downs	(738)	(16,829)
Expenditure capitalised	23,847,426	21,991,788

The value of the Consolidated Group's interest in exploration expenditure is dependent upon the:

- continuance of the Consolidated Group's right to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Consolidated Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, of the quantum of such claims. It should be noted that the areas around BigHill and McLeods have already been the subject of an anthropological heritage review and were cleared for the current exploration programs.

11. Trade and other payables

	2014 $	2013 $
Unsecured:		
Trade and other payables	1,824,770	1,349,786

Trade and other payables are non interest bearing usually settled on 30 day terms. Included in trade and other payables is an amount of $685,482 (2013: $509,686) which relates to interest accrued relating to the director George Chen. Detail of the loan is included in Note 14.

12. Provisions

	2014 $	2013 $
Provision for annual leave	239,393	191,154

The provision for annual leave represents annual leave entitlements as 30 June 2014.

		2014 $	2013 $
13.	**Deferred revenue**		
	Unearned revenue	6,240,816	1,149,654

Unearned revenue relates to 80% of the expected sales proceeds received from the selling agent. Ownership of the goods does not transfer until the product is sold to an external buyer and 100% of the sales value has been received by the selling agent.

14.	**Financial liabilities short-term**		
	Secured:		
	Debt facilities	4,237,600	2,100,000
	Total financial liabilities	4,237,600	2,100,000

On 29 May 2014, the Company entered into a debt financing arrangement for a total of $4,000,000 USD at an interest rate of 10.75%. The debt facility carries a senior unsubordinated fixed charge over Hazelwood's interests in Asia Tungsten Products Co Ltd and all tungsten inventories including the ferrotungsten contained in the furnace lining. These funds are due to be repaid by 29 May 2015. A condition of the funding is that the Group must maintain working capital of greater than USD 2,500,000. This condition has not been breached during the period.

15.	**Financial liabilities long-term**		
	Unsecured Loan – George Chen	2,818,004	2,908,444

Other liabilities represent the long term loan from the Joint Venture partner Chen Guang Yu. Under the terms of the original joint venture agreement simple interest at a rate of 6.8% pa is payable on these funds.

16.	**Issued capital**		
	1,215,098,800 fully paid ordinary shares (2013: 1,002,508,563)	61,635,130	54,255,066

The company has issued capital amounting to 1,215,098,800 shares with no par value.

Fully paid ordinary shares	**2014**		**2013**	
	No.	**$**	**No.**	**$**
Balance at beginning of financial year	1,002,508,563	54,255,066	263,655,356	40,807,730
Issued 19 November 2012	-	-	531,160,172	10,623,203
Issued 7 December 2012	-	-	109,461,340	2,189,227
Issued 19 December 2012	-	-	47,822,250	956,445
Issued 13 February 2013	-	-	22,309,445	446,189
Issued 25 February 2013	-	-	28,100,000	562,000
Issued 5 December 2013	131,578,950	5,000,000	-	-
Issued 24 December 2013	23,868,424	907,000	-	-
Issued 27 May 2014	42,857,143	1,500,000	-	-
Issued 17 June 2014	14,285,720	500,000	-	-
	1,215,098,800	62,162,066	1,002,508,563	55,584,794
Less cost of capital		(526,936)		(1,329,728)
Balance at end of financial year	**1,215,098,800**	**61,635,130**	1,002,508,563	54,255,066

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

16. Issued capital continued

Options on Issue

The following reconciles the outstanding share options at the beginning and end of the financial year:

Description	2014 No.	2013 No.
Balance at the beginning of the financial year	8,625,000	19,725,000
Granted during the financial year	154,571,432	-
Cancelled during the financial year	-	-
Forfeited during the financial year	-	(100,000)
Exercised during the financial year	-	-
Expired during the financial year	(3,625,000)	(11,000,000)
Balance at the end of financial year	159,571,432	8,625,000
Exercisable at the end of the financial year	159,571,432	8,625,000

Each option entitles the holder to one fully paid ordinary share in the Company.

The terms of the options on issue are:

5,000,000	exercisable at $0.25 on or before 6 August 2015
15,000,000	exercisable at $0.05 on or before 30 November 2015
139,571,432	exercisable at $0.055 on or before 27 November 2016

17. Reserves

	2014 $	2013 $
Options Reserve	1,506,448	953,788
Foreign Currency Translation Reserve	138,760	499,141
	1,645,208	1,452,929

The options reserves comprise share based payment made to directors, consultants and key management personnel refer Note 28.

The foreign currency translation reserve represents exchange differences as at balance date.

18. Capital management

The Consolidated Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Consolidated Entity's activities, being ferrotungsten production and mineral exploration, the Consolidated Entity does not have ready access to credit facilities, with the primary source of funding being debt financing and equity raisings. Therefore, the focus of the Consolidated Entity's capital risk management is the current working capital position against the requirements of the Consolidated Entity to meet production costs, exploration programmes and corporate overheads. The Consolidated Entity's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to sourcing debt financing and initiating appropriate capital raisings as required. The working capital position of the Consolidated Entity and the parent entity at 30 June 2014 and 30 June 2013 are as follows:

	2014 $	2013 $
Current assets	16,390,737	5,596,982
Current liabilities	(12,542,579)	(4,790,594)
Working capital position	3,848,158	806,388

19. Earnings per share

	2014 Cents per share	2013 Cents per share
Basic (loss) per share	(0.48)	(0.83)

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2014 $	2013 $
Loss used in the calculation of basic EPS as per income statement	(5,248,794)	(5,739,992)
	No.	**No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,094,507,341	694,958,738

20. Commitments for expenditure

Exploration and evaluation exploration	2014 $	2013 $
Less than 1 year	921,462	795,462
1 year to 5 years	861,230	1,268,322
Greater than 5 years	592,200	592,200
	2,374,892	2,655,984

21. Contingent liabilities

Under the terms of the agreement for the acquisition of BigHill Resources Limited (formerly Kiora Holdings Pty Ltd) 2,000,000 fully paid ordinary shares in Hazelwood Resources Limited are to be allotted upon the Company completing a bankable feasibility study. The value of these shares at 30 June 2014 was $72,000.

22. Leases

Operating leases

Leasing arrangements

Operating leases relate to:

- Warehouse premises with a lease term of 1 year commencing 1 June 2014, with an option to extend for a further 2 years. Rental is reviewed annually.
- Office premises with a lease term of 1 year commencing 1 September 2013, with an option to extend for a further 2.25 years. Rental is reviewed six monthly.
- Warehouse premises with a lease term of 1 year commencing 1 June 2014, with an option to extend for a further 1 year. Rental is reviewed annually.
- Land with a lease term of 2 years commencing 1 June 2013, with an option to extend for a further 2 years. Rental is reviewed annually.
- Land lease commitment in Vietnam for the first year.

The Group does not have an option to purchase the leased assets at the expiry of the lease periods.

	2014 $	2013 $
Operating lease liabilities		
Not longer than 1 year	128,516	150,919
Longer than 1 year and not Longer than 5 years	-	79,122
Longer than 5 years	-	-
	128,516	230,041

23. Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows

	2014 $	2013 $
Cash and cash equivalents	2,886,382	1,734,858

b) Non-cash financing and investing activities

No non-cash financing and investing activities transactions took place during the financial year.

c) Reconciliation of loss for the period to net cash flows from operating activities

	2014 $	2013 $
Loss for the period	(6,072,132)	(6,633,114)
Non-cash items		
Impairment of asset	51,536	-
Write down of inventory	708,365	-
Depreciation	169,319	511,008
Exploration expenditure written off	738	16,829
Share based payments	924,023	-
Interest expense	217,890	184,742
Net foreign exchange (gain)/loss	(47,712)	(148,021)
Changes in net assets and liabilities, net of effects from acquisition of business:		
(Increase)/decrease in assets:		
Trade and other receivables	(352,613)	(636,312)
Increase in inventory	(7,464,060)	(2,071,371)
Increase in exploration	(1,653,434)	(1,691,927)
Increase/(decrease) in liabilities		
Trade and other payables	826,722	459,164
Deferred revenue	5,091,162	1,149,654
Provisions	48,239	51,212
	(7,551,957)	(8,808,136)

		2014 $	2013 $
24.	**Auditor's Remuneration**		
	Amounts received or due and received for:		
	An audit or review of the financial report of the Consolidated Entity		
	Bentleys Audit and Corporate (WA) Pty Ltd	77,800	64,400
	KPMG Hong Kong	54,994	24,953
	KPMG Vietnam	18,315	10,000
		151,109	99,353

25. Subsequent Events

On 8 September 2014, Mr Mark Warren was appointed as Non-Executive Chairman and Mr Patrick Burke was appointed as a Non-Executive Director. Please refer to the "Directors" section of the Directors' Report for further details.

26. Segment Information

During the year the Consolidated Entity progressed its operations through its 60% interest in a Hong Kong entity of which the Vietnam entity is a wholly owned subsidiary. Mineral exploration and prospecting for minerals is conducted in Australia. In Vietnam a ferrotungsten plant is in production. The Hong Kong entity facilitates the marketing of products produced at the Vietnam plant.

Identification of reportable segments

The Consolidated Entity has identified its operating segments by project based on internal reports that are reviewed and used by the Boards of Directors in determining the allocation of resources. The Consolidated Entity is managed primarily on a project basis.

Accounting policies adopted

Unless otherwise stated, all amounts reported to the Boards of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. Inter-segment loans receivable and payable are at commercial terms.

26. Segment Information continued

(i) Segment performance

Year ended 30 June 2014	Cookes Creek	Mt Mulgine	Hong Kong	Vietnam	Treasury	Total
	$	$	$	$	$	$
Revenue						
Sales	-	-	21,445,821	-	-	21,445,821
Cost of sales	-	-	(18,890,085)	(2,046)	-	(18,892,131)
Interest revenue	-	-	-	-	9,248	9,248
Other	-	-	1		89,200	89,201
Total segment revenue	-	-	2,555,737	(2,046)	98,448	2,652,139
Segment net gain/(loss) before tax	-	-	1,163,427	(2,307,198)	98,448	(1,045,323)
Reconciliation of segment result to group profit/(loss) before tax						
Amounts not included in segment result but reviewed by the Board						
Administrative expenses						(580,785)
Depreciation						(52,979)
Director's fees						(540,368)
Consultancy fees						(1,048,116)
Occupancy costs						(103,541)
Employee expenses						(854,243)
Financing Costs						(1,204,632)
Marketing expenses						(78,941)
Legal costs						(218,177)
Travel and accommodation						(344,289)
Other costs						(738)
Net loss before tax from continuing operations						(6,072,132)

26. Segment Information continued

(i) Segment performance continued

Year ended 30 June 2013	Cookes Creek	Mt Mulgine	Hong Kong	Vietnam	Treasury	Total
	$	$	$	$	$	$
Revenue						
Sales	-	-	694,430	-	-	694,430
Cost of sales	-	-	(653,042)	(69,515)	-	(722,557)
Interest revenue	-	-	-	-	30,546	30,546
Other	-	-	61,348	-	86,674	148,022
Total segment revenue	-	-	102,736	(69,515)	117,220	150,441
Segment net loss before tax	-	-	(845,988)	(910,251)	117,220	(1,639,019)
Reconciliation of segment result to group profit/(loss) before tax						
Amounts not included in segment result but reviewed by the Board						
Administrative expenses						(651,249)
Depreciation						(82,026)
Director's fees						(768,988)
Consultancy fees						(1,062,938)
Occupancy costs						(115,489)
Employee expenses						(1,022,297)
Financing costs						(538,796)
Marketing expenses						(59,021)
Legal costs						(224,344)
Travel and accommodation						(452,118)
Other costs						(16,829)
Net loss before tax from continuing operations						(6,633,114)

26. Segment Information continued

(ii) Segment assets

Year ended 30 June 2014	Cookes Creek	Mt Mulgine	Hong Kong	Vietnam	Treasury	Total
	$	$	$	$	$	$
Segment assets	20,453,513	3,397,764	12,930,072	5,459,130	2,724,005	44,964,484
Segment assets increased for the period						
Capital expenditure	546,932	1,181,695	7,575,292	-	1,093,608	10,397,527
Write downs	(738)	-		(534,475)	-	(535,213)
	546,194	1,181,695	7,575,292	(534,475)	1,093,608	9,862,314
Included in segment assets are						
Equity accounted associates and joint ventures	-	-	-	-	-	-
Reconciliation of segment assets to group assets						
Inter-segment eliminations	-	-	-	-	-	-
Unallocated assets						
Receivables						833,334
Property, plant & equipment						242,300
Total group assets from continuing operations						46,040,118

26. Segment Information continued

(ii) Segment assets continued

Year ended 30 June 2013	Cookes Creek	Mt Mulgine	Hong Kong	Vietnam	Treasury	Total
	$	$	$	$	$	$
Segment assets	19,907,319	2,216,069	5,354,781	5,993,605	1,630,397	35,102,171
Segment assets increased for the period						
Capital expenditure	936,222	887,306	5,354,781	760,907	1,374,090	9,313,306
Write downs	-	-		-	-	-
	936,222	887,306	5,354,781	760,907	1,374,090	9,313,306
Included in segment assets are						
Equity accounted associates and joint ventures	-	-		-	-	-
Reconciliation of segment assets to group assets						
Inter-segment eliminations	-	-		-	-	-
Unallocated assets						
Receivables						826,857
Property, plant & equipment						270,513
Total group assets from continuing operations						36,199,541

26. Segment Information continued

(iii) Segment liabilities

Year ended 30 June 2014	Cookes Creek	Mt Mulgine	Hong Kong	Vietnam	Treasury	Total
	$	$		$	$	$
Segment liabilities	45,243	80,590	7,124,526	156,497	-	7,406,856
Reconciliation of segment liabilities to group liabilities						
Unallocated liabilities:						
Payables and accruals						4,896,330
Provisions						239,393
Loan related company						2,818,004
Other liabilities						-
Total liabilities from continuing operations						15,360,583

Year ended 30 June 2013	Cookes Creek	Mt Mulgine	Hong Kong	Vietnam	Treasury	Total
	$	$		$	$	$
Segment liabilities	16,608	17,471	1,764,346	57,380	-	1,855,805
Reconciliation of segment liabilities to group liabilities						
Unallocated liabilities:						
Payables and accruals						2,743,635
Provisions						191,154
Loan related company						2,908,444
Other liabilities						-
Total liabilities from continuing operations						7,699,038

26. Segment Information continued

(iv) Revenue by geographical region

	Year Ended 30 June 2014 $	Year Ended 30 June 2013 $
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	98,448	117,220
Hong Kong	21,445,823	755,782
Vietnam	2,045	2,124
Total revenue	21,546,316	875,126

(v) Assets by geographical location

	Year Ended 30 June 2014 $	Year Ended 30 June 2013 $
The location of segment assets is disclosed below by geographical location of the assets		
Australia	27,650,915	24,851,155
Hong Kong	12,930,073	5,354,781
Vietnam	5,459,130	5,993,605
Total Assets	46,040,118	36,199,541

27. Financial Instruments

(a) Financial Risk Management

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Consolidated Entity's operations.

Derivatives are not currently used by the Consolidated Entity for hedging purposes. The Consolidated Entity does not speculate in the trading of derivative instruments.

(i) Treasury Risk Management

The board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

27. Financial Instruments continued

(ii) Financial Risks

The main risks the Consolidated Entity's is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Consolidated Entity's cash on deposit. All borrowings are at a fixed interest rate.

Sensitivity analysis

At 30 June 2014, if interest rates had changed by -/+ 75 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Consolidated Entity would have been $21,648 lower/higher (2013: $13,011 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

Liquidity risk

Liquidity risk arises from the possibility that the Consolidated Entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities, refer Note 14. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table details the Consolidated Entity's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities. The inclusion of information on non-derivative financial liabilities is necessary in order to understand the Consolidated Entity's liquidity risk management. The Consolidated Entity expects to meet its obligations from operating cash flows resulting from product sales.

30 June 2014	**Weighted Average effective interest rate %**	**Less than 1 month $**	**1-12 months $**	**1 to 5 years $**	**Total $**
Non interest bearing		1,824,770	-	-	1,824,770
Fixed interest rate	10.75	-	4,237,600	-	4,237,600
Fixed interest rate	6.8	-	-	2,818,004	2,818,004
		1,824,770	4,237,600	2,818,004	8,880,374

27. Financial Instruments

(a) Financial Risk Management continued

(iii) Financial Risks continued

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Credit risk related to balances with banks is managed in accordance with Board approvals. The following table provides information regarding the credit risk relating to cash based on Standard & Poor's counterparty credit ratings.

	2014 $	2013 $
Cash and cash equivalents		
- AA Rated	2,752,553	1,718,873
- Indovina Bank Vietnam (not listed)	133,829	15,985
	2,886,382	1,734,858

Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Consolidated Entity holds instruments which are other than the AUD functional currency of the Consolidated Entity.

As the Consolidated Entity has entered into production instruments held by overseas operations, it is exposed to fluctuations in foreign currencies which may impact on the Group's financial results unless those exposures are appropriately hedged. The Consolidated Entity has utilising natural hedging through the use of its US dollar bank account in Australia to limit this exposure.

(b) Fair Value Estimation

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Consolidated Entity at the balance date are recorded amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

27. Financial Instruments continued

(c) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated 2014	Weighted average interest rate %	Variable interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Financial Assets					
Cash and cash equivalents	2.0	2,886,382		-	2,886,382
Trade and other receivables			-	622,265	622,265
		2,886,382	-	622,265	3,508,647
Financial Liabilities - Current					
Trade and other payables		-	-	1,824,770	1,824,770
Financial liabilities	10.75	-	4,237,600	-	4,237,600
		-	4,237,600	1,824,770	6,062,370
Financial Liabilities – Non-Current					
Financial liabilities	6.8	-	2,818,004	-	2,818,004
		-	2,818,004	-	2,818,004

Consolidated 2013	Weighted average interest rate %	Variable interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Financial Assets					
Cash and cash equivalents	2.0	1,734,858		-	1,734,858
Trade and other receivables			-	598,626	598,626
		1,734,858	-	598,626	2,333,484
Financial Liabilities - Current					
Trade and other payables		-	-	1,349,786	1,349,786
Financial liabilities	12.5	-	2,100,000	-	2,100,000
		-	2,100,000	1,349,786	3,449,786
Financial Liabilities – Non-Current					
Financial liabilities	6.8	-	2,908,444	-	2,908,444
		-	2,908,444	-	2,908,444

All financial assets, trade and other payables and other liabilities are expected to be settled within 12 months. Finance leases are expected to be settled within 24 months. The carrying amount of all financial assets and financial liabilities approximate their fair values.

28. Share-based payments

On 23 December 2013, 15,000,000 debt facility options were issued under the terms of a debt facility agreement. On 27 May 2014, 76,000,000 options were issued under the terms of a debt facility agreement and 35,000,000 options were issued to the Company's corporate advisors. Also on 27 May 2014, 21,428,572 placement options were issued and on 17 June 2014, 7,142,860 placement options were issued. The options hold no voting or dividend rights, and are not transferable. A total of 3,625,000 options expired during the year. The details of the options are:

Options series	**Number**	**Grant date**	**Expiry date**	**Exercise price$**	**Fair value at grant date $**
06/08/2015 - $0.25	5,000,000	06/08/2010	06/08/2015	0.25	0.1165
30/11/2015 - $0.05	15,000,000	29/11/2013	30/11/2015	0.05	0.0089
27/11/2016 - $0.055	139,571,432	27/05/2014	27/11/2016	0.055	0.0071

These options vested on date of issue and were priced using a Black and Scholes' option pricing model and applying the following inputs:

Inputs into the model	**06/08/2015 25 Cents**	**30/11/2015 5 Cents**	**27/11/2016 20 Cents**
Grant date share price	$0.18	$0.038	$0.034
Exercise price	$0.25	$0.05	$0.055
Expected volatility	85.00%	70.00%	66.00%
Option life years	5.07	2.00	2.00
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate	4.89%	2.705%	2.665%

Share based payments are shown in the Statement of Changes in Equity under the Reserves heading and are included in the financing costs and consulting fees lines in the Income Statement.

The following reconciles the outstanding share options at the beginning and end of the financial year:

Consolidated Description	**2014 No.**	**2013 No.**
Balance at the beginning of the financial year	8,625,000	19,725,000
Granted during the financial year	154,571,432	-
Cancelled during the financial year	-	-
Forfeited during the financial year	-	(100,000)
Exercised during the financial year	-	-
Expired during the financial year	(3,625,000)	(11,000,000)
Balance at the end of financial year	159,571,432	8,625,000
Exercisable at the end of the financial year	159,571,432	8,625,000

The weighted average remaining contractual life of options outstanding at year end was 2.28 years.
Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

29. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Consolidated Entity and other related parties are disclosed below:

Equity interests in subsidiaries
Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 31 to the financial statements.

Shareholder Loan Joint Venture Partner
Mr Chen Guang Yu holds a 40% interest in the Asia Tungsten Products Group. The balance of Mr Chen's loan account at 30 June 2014 is: Principal $2,818,004, Interest $685,462 refer Note 15 and 11.

Contracts for services
Consultancy agreements on commercial terms are entered into for non-executive directors and other non-salaried key management personnel via companies in which each key management person has a controlling interest. The companies that each non-executive director or key management person has a controlling interest are:

Company	Interest held by	Amount $	Description of payment
Ausnom Pty Ltd	Mr J Chegwidden	144,000	Consulting fees
Ausnom Pty Ltd	Mr J Chegwidden	36,000	Director fees
New Consulting Services Pty Ltd	Ms C New	194,800	Consulting fees

30. Key management personnel compensation

The aggregate compensation made to key management personnel of the Consolidated Entity is summarised below:

Compensation Type	2014 $	2013 $
Short-term benefits	1,634,668	1,714,958
Post-employment benefits	53,674	50,512
Other long-term benefits	-	-
Share based payments	-	-
Total	1,688,342	1,765,470

Refer to the Remuneration Report contained in the Directors' Report for details of remuneration paid to each member of the Consolidated Entity's key management personnel and their options held and shareholdings.

Notes to the Consolidated Financial Statements
For The Year Ended 30 June 2014

31. Controlled Entities

Hazelwood Resources Limited controls the following percentages in its subsidiaries.

Name of Subsidiary	Country of Incorporation	Percentage Owned (%) 2014	2013
BigHill Resources Limited	Australia	100%	100%
Asia Tungsten Products Co., Limited	Hong Kong	60%	60%
Asia Tungsten Products Vietnam Limited	Vietnam	60%	60%

32. Parent Entity Disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information presented below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the group.

	2014 $	2013 $
Financial Position		
Assets		
Current assets	5,067,648	3,476,390
Non-current assets	25,473,096	23,609,670
Total assets	30,504,744	27,086,060
Liabilities		
Current liabilities	5,244,976	2,956,139
Non-current liabilities	-	-
Total liabilities	5,244,976	2,956,139
Equity		
Issued capital	61,635,130	54,255,066
Option reserve	1,506,448	953,788
Accumulated losses	(37,881,810)	(31,078,933)
Total Equity	25,259,768	24,129,921
Financial Performance		
Loss for the year	(6,802,877)	(10,238,134)
Other comprehensive income	-	-
Total comprehensive income	(6,802,877)	(10,238,134)

Contingent Liabilities of the Parent Entity

Please refer to Note 21.

Directors' Declaration

In accordance with a resolution of the directors of Hazelwood Resources Ltd, the directors of the company declare that:

1) the financial statements and notes, as set out on pages 29 to 70, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Entity;

2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3) the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Terence Butler-Blaxell
Director

Perth, Western Australia
30 September 2014

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Hazelwood Resources Limited and its Controlled Entities for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

KRESTON

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Accountants
Auditors
Advisors

Independent Auditor's Report

To the Members of Hazelwood Resources Limited

Bentleys
THINKING AHEAD

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We have audited the accompanying financial report of Hazelwood Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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 the auditor's 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, the auditor considers internal control 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 control. 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.

KRESTON

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Accountants
Auditors
Advisors

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

a. The financial report of Hazelwood Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a net loss of $6,072,132 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Hazelwood Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

Additional Stock Exchange Information
As at 3 September 2014

The Company's ordinary shares are quoted by the Australian Stock Exchange Limited. The Home Exchange is Perth and the ASX code is HAZ. Options over ordinary shares in the Company are not quoted on the ASX.

Holders of classes of equity securities

Class	Number on issue	Exercise price	Expiry date	Number of holders
Shares				
Ordinary*	1,215,971,816	-	-	1,730
Options*				
HAZAI	15,000,000	$0.05	30/11/2015	1
HAZAK	139,571,432	$0.055	27/11/2016	17
HAZAW	5,000,000	$0.25	06/08/2015	3

Distribution of holders of equity securities

Ordinary shares

Range	Number of shares	Number of holders
1 - 1,000	5,492	97
1,001 – 5,000	340,569	101
5,001 – 10,000	1,459,551	160
10,001 – 100,000	33,068,002	737
100,001 and over	1,181,098,202	635
	1,215,971,816	1,730

Unmarketable parcels

The Company has 402 shareholdings which are less than a marketable parcel.

Additional Stock Exchange Information
As at 3 September 2014

Top 20 holders

No.	Shareholder	Number of shares	% of issued shares
1	Valentino Nominees Pty Ltd <Colby Family A/C>	63,775,000	5.24
2	Jemaya Pty Ltd <The Featherby Family A/C>	45,200,000	3.72
3	HSBC Custody Nominees (Australia) Limited	44,227,631	3.64
4	Perth Select Seafoods Pty Ltd	42,250,000	3.47
5	Baxchang Pty Ltd <Hutchinson Family S/F A/C>	33,973,681	2.79
6	Tarney Holdings Pty Ltd <DP & FL Waddell Family A/C>	30,000,000	2.47
7	Cabdeg Investments Pty Ltd	29,547,367	2.43
8	Mr Michael Lynch & Mrs Susn Lynch <Lynch Family A/C>	25,200,000	2.07
9	Mr James Colby & Mrs Paula Charmaine Colby <Colby S/F A/C>	21,800,000	1.79
10	Est Mr Donald Norman Coultas	21,000,000	1.73
11	Mr John Marinovich & Mrs Cheryl Susan Marinovich <Itch Family A/C>	20,000,000	1.64
12	Ausnom Pty Ltd <J & K Chegs Share A/C>	17,589,736	1.45
13	Cen Pty Ltd	17,000,000	1.40
14	Ravina QLD Pty Ltd	16,873,507	1.39
15	Gleneagle Securities Nominees Pty Limited	15,000,000	1.23
16	Mrs Sigrun Sprake	15,000,000	1.23
17	Jemaya Pty Ltd < JH Featherby Super Fund A/C>	12,654,054	1.04
18	Yorkville Holdings Pty Ltd <Yorkville Super Fund A/C>	12,250,000	1.01
19	Ottomin Investment Group Pty Limited <Ottomin Investment A/C>	12,044,736	0.99
20	Cardy & Company Pty Ltd	12,000,000	0.99
		507,385,712	41.72

Voting rights

Voting rights of members are set out in Article 2.1 of the Company's Constitution.

Only holders of ordinary shares are entitled to vote, either in person or by proxy, attorney or corporate representative:

- on a show of hands, to one vote, and
- on a poll, to one vote for each share held.

Holders of options do not have a right to vote.

Substantial shareholders

The following substantial shareholding has been notified to the Company.

Name of shareholder	No. of shares held
Valentino Nominees Pty Ltd <The Colby Family A/C>	63,775,000