

## **FINANCING UPDATE**

Hazelwood Resources Limited (ASX: HAZ) (**Hazelwood** or the **Company**) wishes to provide an update on the Company's current voluntary suspension from trading (**Suspension**) and proposed financing.

As announced on 16 December 2014, Hazelwood requested the Suspension to allow time to prepare and finalise documentation in relation to a proposed funding arrangement. Hazelwood wishes to advise shareholders that negotiations with financiers and advisors has progressed as follows:

- As previously announced on 25 February 2014 the Company and Siderian Resources Capital Limited (**Siderian**) entered into a debt financing arrangement (**Debt Facility**) under which Siderian provided the Company a total amount of \$4,000,000 USD.
- Whereas the Company has met all payment obligations due under the Debt Facility some of the non-repayment obligations of the Company (including the obligation to maintain a minimum amount of working capital) under the Debt Facility have not been maintained.
- As a result, the Company and Siderian have mutually agreed to allow early repayment of the Debt Facility by the Company, which must occur no later than 28 February 2015 (**Repayment Date**).
- During the period of time from 24 December 2014 up to the repayment of the Debt Facility by the Repayment Date, Siderian has agreed to forbear from exercising certain rights under the Debt Facility (subject to certain terms and conditions) and has agreed that some key terms and conditions of the Debt Facility will be varied. The key terms of the forbearance and the key variations to the Debt Facility are outlined below at the conclusion of this announcement. The agreed forbearance by Siderian will cease should the Company fail to comply with the agreed terms and conditions of the forbearance.
- The Company is currently advancing plans to repay the existing Siderian Debt Facility by the Repayment Date and to raise additional working capital.
- The Company plans to use a combination of new equity and debt from other financiers to facilitate these plans. In this regard, the Company is seeking financing proposals from interested parties and is optimistic that the Company will be able to negotiate and receive financing that will be in the best interests of all shareholders.
- The Company is also advancing plans for new equity issue.

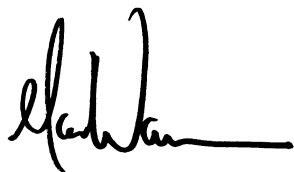
The Company anticipates being in a position to announce further details of the proposed financing and equity raising plans by mid January 2015 and will make an announcement of details immediately once the plans are resolved.

This recapitalisation of the business will underpin Hazelwood's ability to execute its Change Management Plan introduced by Hazelwood's new Executive Chairman, Mark Warren, aimed at driving the Company to profitability and provide a pipeline of further growth opportunities. The details of the Change Management Plan were announced to the ASX on 30 October 2014.

Until Hazelwood finalises its proposed financing and equity plans, trading in the Company's securities will remain suspended. The Company is unaware of any reason why its securities should not be suspended. The Company is not aware of any other information necessary to inform the market about the suspension.

In the event of any queries, please contact Mark Warren on (08) 9320 5220 or email [info@hazelwood.com.au](mailto:info@hazelwood.com.au).

Your faithfully,

A handwritten signature in black ink, appearing to read 'Mark Warren', with a long horizontal stroke extending to the right.

Mark Warren  
Executive Chairman

### KEY TERMS OF FORBEARANCE AND VARIATIONS TO SIDERIAN DEBT FACILITY

- Repayment of all amounts outstanding under the Debt Facility by no later than 3pm on 28 February 2015 (**Repayment Date**).
- Interest rate of 12.75% per annum (payable as of 1 December 2014), with the interest rate on overdue monies increasing from 12.75% to 15%.
- Variation to the terms of the Hazelwood Liner Loan Agreement with Asia Tungsten Corporation (**ATC**) (and associated agreements) which requires execution of a side deed of amendment between the Company, other parties to these agreements and Siderian by 5 January 2015 (**Side Deed**).
- Obligation to meet certain milestones with respect to the proposed new financing arrangements and new equity issue referred to above (**Milestones**). Under the Milestones, the Company is required to raise a minimum of \$6,000,000 pursuant to a rights issue to be announced in January 2015. A further Milestone requires Siderian being satisfied that the proceeds of a short term working capital facility have been received in cleared funds by 9 January 2015 in order to ensure that Hazelwood can meet all of its debts as they fall due or within any applicable grace period (including any amounts payable to Siderian) up to the Repayment Date.
- Payment of a \$100,000 forbearance fee to Siderian, half of which will be paid from proceeds of ferrotungsten sales and half of which will be paid on the Repayment Date (to be paid from additional funds raised from the new financing arrangements and the proposed issue of new equity in the Company outlined above).
- The forbearance by Siderian will cease if the Company (among other things) fails to meet a Milestone when due, fails to repay the amount outstanding by the Repayment Date or fails to deliver or breaches the terms of the Side Deed.

ENDS