

ASX RELEASE

8 JULY 2015

ENTITLEMENT ISSUE

- **Prospectus to raise up to \$11.6 million via Entitlement Issue lodged with ASIC and ASX**
- **Attractively priced at 1 cent per share, representing a discount of more than 47% to Hazelwood's last traded price of 1.9 cents**
- **For every share subscribed, investors will receive 1 attaching listed option exercisable at 1.5 cents per share and expiring on 9 March 2017**
- **Debt facility with Siderian Resource Capital to be fully repaid upon successful completion of the Entitlement Issue, and Hazelwood's balance sheet recapitalised to position the Company for expansion of its ferrotungsten smelting operations which have now recommenced in Vietnam**
- **Eligible shareholders invited to subscribe for up to their pro-rata entitlement, and may apply for additional shares and attaching options via the Shortfall Offer pursuant to the Prospectus**
- **Investors who are not shareholders of Hazelwood on the record date may apply for new shares and options in Hazelwood pursuant to the Shortfall Offer¹**

Hazelwood Resources Limited (ASX: HAZ) is pleased to announce that it has today lodged with the ASIC and ASX a Prospectus in relation to the non-renounceable entitlements issue of 9 fully paid ordinary Shares in the Company and 9 attaching Options for every 10 Shares held by eligible shareholders at an issue price of 1 cent per Share to raise up to approximately \$11.6 million with a minimum subscription of \$6.5 million ("Entitlement Issue").

Following the successful first phase of Hazelwood's recapitalisation through the receipt of debt funding to raise \$1.65 million (announced to ASX on 16 June 2015), Hazelwood is now pleased to offer all shareholders this opportunity to participate in the recapitalisation of your company through this attractively priced Entitlement Issue, the terms of which are detailed in the Prospectus that was lodged today.

Commenting on the Entitlement Issue, Hazelwood Executive Chairman, Mark Warren said:

"Hazelwood is undertaking a recapitalisation to repay the Company's secured debt and provide working capital to continue production from the ATC ferrotungsten plant."

Following completion of the Entitlement Issue, the Company will be in a position to fully repay its debt facility with Siderian Resource Capital and all outstanding trade creditors, and will have placed the Company into its strongest financial position since commissioning production at the ATC ferrotungsten plant in Vietnam.

¹ There is no guarantee of any shortfall being available. The directors have complete discretion on how they handle applications received in the shortfall offer.

A raising of more than the minimum subscription of \$6.5 million under this Prospectus is expected to provide the Company with the flexibility to opportunistically purchase tungsten concentrate at more optimal points in the pricing cycle and ultimately is expected to improve the profit margins for shareholders.

I encourage shareholders to read the Prospectus in detail and appreciate your ongoing support for Hazelwood”.

The Hazelwood Board is confident that with improved balance sheet capacity the Company will be positioned to realise value from its strategic interest in the ATC ferrotungsten plant in Vietnam, the largest, most advanced operating ferrotungsten plant in the world, and its significant tungsten resource base in Western Australia.

Entitlement Issue

The Entitlement Issue is being undertaken at 1 cent per share. Based on the last closing price of Hazelwood prior to trading suspension of 1.9c cents per share, this offer price represents a discount of 47.3%, not including the value of the attaching option (“Option”).

For every share subscribed in the Entitlement Issue, investors will receive one (1) attaching Option exercisable at 1.5 cents each on or before 9 March 2017. The Company will apply for the listing of the Options on the ASX.

The Entitlement Issue provides eligible Hazelwood shareholders with the opportunity to participate in the Company’s recapitalisation and potential future growth. Subject to achieving the minimum subscription, Hazelwood will repay the Company’s secured debt facility and have an enhanced balance sheet capacity to pursue our objectives as outlined in the Prospectus.

An offer of shortfall Shares and attaching Options has also been made available under the Prospectus (“Shortfall Offer”). This Shortfall Offer will allow eligible shareholders to apply for additional Shares and attaching Options over and above their pro-rata entitlement, and may also be applied for by investors that are not shareholders of Hazelwood².

Indicative Timetable

The indicative timetable for the Entitlement Issue is set out in the table below.

Event	Date
Lodgement of Prospectus with ASIC and ASX	8 July 2015
Announcement of Offer and Application for Quotation	8 July 2015
Notice sent to Option Holders	9 July 2015
Notice sent to Shareholders	10 July 2015
Ex Date to determine rights	13 July 2015
Record Date to determine rights	15 July 2015

² There is no guarantee of any shortfall being available. The directors have complete discretion on how they handle applications received in the Shortfall offer.

Prospectus and Entitlement and Acceptance Form despatched to eligible shareholders	20 July 2015
Last day to extend closing date	31 July 2015
Closing date of Offer	5 August 2015
Deferred settlement trading of New Shares starts	6 August 2015
Company to notify ASX of under-subscriptions	10 August 2015
Issue of New Shares and Attaching Options	12 August 2015
Deferred settlement trading of New Shares ceases	12 August 2015
Dispatch of Holding Statements	13 August 2015

The timetable above is indicative only, and subject to change. Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Entitlement Issue at their discretion. Should this occur, the extension will have a consequential effect on the subsequent dates in the timetable.

Following a period of suspension whilst the recapitalisation structure was finalised, the Company is pleased to report that its Shares will be reinstated to trading on the ASX from the commencement of trading on 9 July 2015.

Further details in respect of the Entitlement Issue are contained within the Prospectus which will be mailed to all eligible shareholders, and a copy may be viewed on the Hazelwood website at www.hazelwood.com.au. Investors should consider the Prospectus in full when deciding whether to participate in the Entitlement Offer or Shortfall Offer.

An Appendix 3B in relation to the Entitlement Issue is *attached*.

For further information, please contact:

Mark Warren
Executive Chairman
Hazelwood Resources Limited

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GMP Securities
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Ref: Hazelwood Resources

Hartleys
Email: info@hartleys.com.au
Ref: Hazelwood Resources

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Hazelwood Resources Limited

ABN

88 118 738 999

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares and attaching options. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Approximately 1,167,136,635 fully paid ordinary shares and 1,167,136,635 attaching options. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares.

Options exercisable at 1.5 cents on or before 9 March 2017. |

Appendix 3B

New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes – share rank equally with existing quoted fully paid ordinary shares.</p> <p>Shares issued on exercise of options will rank equally with existing quoted fully paid ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>1 cent per fully paid ordinary share. No additional consideration for attaching options.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Non-renounceable entitlements issue determined on the basis of 9 new shares and 9 attaching options for every 10 shares held at the record date.</p> <p>The funds raised under the entitlements issue will be used to strengthen the Company's financial position, repay the debt owed to Siderian Resource Capital Limited and provide working capital for operations at the Company's subsidiary's ferrotungsten plant.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>26 November 2014.</p>

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	Nil.
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil.
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil.
6f	Number of +securities issued under an exception in rule 7.2	Up to approximately 1,167,136,635 fully paid ordinary shares and 1,167,136,635 attaching options (exception 1 and 3).
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable.
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable.
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	ASX Listing Rule 7.1 – 163,347,772. ASX Listing Rule 7.1A – 128,231,848.
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	12 August 2015

Appendix 3B
New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		Up to approximately 2,463,955,118	Ordinary shares
		Up to approximately 1,167,136,635	Options exercisable at 1.5 cents on or before 9 March 2017

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		5,000,000	Options exercisable at 25 cents on or before 6 August 2015
		15,000,000	Options exercisable at 5 cents on or before 30 November 2015
		139,571,432	Options exercisable at 5.5 cents on or before 27 November 2016
		78,846,667	Options exercisable at 1.5 cents on or before 9 March 2017*

*application will be made for quotation subject to completion of entitlement issue

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy established.
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Part 2 - Pro rata issue

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable.
13	Ratio in which the ⁺ securities will be offered	9 shares and 9 attaching options for every 10 shares held at the record date.

+ See chapter 19 for defined terms.

14	⁺ Class of ⁺ securities to which the offer relates	Fully paid ordinary shares and attaching options.
15	⁺ Record date to determine entitlements	15 July 2015.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes.
17	Policy for deciding entitlements in relation to fractions	All fractions will be rounded up to the nearest whole number.
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Canada, United Kingdom, Indonesia, Netherlands, Papua New Guinea, Singapore, Thailand, Taiwan, United States of America, British Virgin Islands, South Africa.
19	Closing date for receipt of acceptances or renunciations	5 August 2015.
20	Names of any underwriters	Not applicable.
21	Amount of any underwriting fee or commission	Not applicable.
22	Names of any brokers to the issue	GMP Securities Australia Pty Limited and Hartleys Limited.
23	Fee or commission payable to the broker to the issue	6%.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable.

Appendix 3B

New issue announcement

26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	20 July 2015.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	9 July 2105.
28	Date rights trading will begin (if applicable)	Not applicable.
29	Date rights trading will end (if applicable)	Not applicable.
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable.
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable.
33	⁺ Issue date	12 August 2015.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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Appendix 3B

New issue announcement

- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

- 42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the ⁺securities in clause 38)

Number	⁺ Class

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 8 July 2015

Print name: Carol New
Company Secretary

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1, 215,098,800
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	67,219,683
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	1,282,318,483

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	192,347,772
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • This applies to equity securities, unless specifically excluded – not just ordinary securities • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items 	<p>7,500,000 Shares on 13/02/2015</p> <p>7,000,000 Shares and 14,500,000 Options on 10/03/2015</p>
“C”	29,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	192,347,772
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	29,000,000
Total [“A” x 0.15] – “C”	<p>163,347,772</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,282,318,483
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	128,231,848
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	128,231,848
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	128,231,848 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.