

ASX RELEASE

15 DECEMBER 2015

COMPANY UPDATE

- **Entitlement issue and placement of shortfall**
- **Sale of WA tungsten exploration assets completed**
- **Partial repayment of Siderian debt facility**
- **Production continues to plan**

Hazelwood Resources Limited (ASX: HAZ) is pleased to provide an update on the Company's recapitalisation and growth plans.

Entitlements Issue

On 10 December 2015, Hazelwood completed the issue of shares for the underwritten amount of the Company's entitlements issue, raising \$3.0 million.

Hazelwood has issued a further 400,000,000 shortfall shares, raising \$0.4 million, resulting in total proceeds of \$3.4 million from the entitlements issue and shortfall to date.

Hazelwood has also amended the underwriting agreement with GMP Securities to increase the underwritten amount to \$3.5 million to provide certainty in relation to the further loan repayment due to Siderian in February 2016 as referred to below.

Sale of Tungsten Exploration Assets

Yesterday, Hazelwood completed the sale of its Western Australian tungsten exploration assets to Tungsten Mining NL (**Tungsten Mining**) for \$1.0 million in cash and 5,000,000 fully paid ordinary shares in Tungsten Mining. The Tungsten Mining shares are subject to a 12-month escrow period.

The cash proceeds will be used for the Company's ATC ferrotungsten operations, including purchases of tungsten concentrate, and working capital.

Repayment of Siderian Facility

As previously announced (refer ASX announcement dated 26 October 2015), Hazelwood and Siderian agreed to revised terms for the US\$4.0m debt facility.

Hazelwood has today made the first principal repayment of US\$2.0m (plus accrued interest and costs), with a further principal repayment of A\$0.5m payable in February 2016 and the balance to be repaid by 30 June 2016.

Operations and Sales

As recently reported (refer ASX announcement dated 30 November 2015) the last production run at the ATC ferrotungsten operation was completed profitably and we have since continued to sell that production pursuant to long term contracts (LTCs) with blue-chip Japanese customers.

Procurement and scheduling for the commencement of the next production run to commence within the month is underway. Larger production will be undertaken to meet a 30% increase in January LTC sales.

Hazelwood Executive Chairman, Mark Warren, said:

“Through successful completion of the entitlement issue, partial repayment of the Siderian facility and sale of the WA exploration assets, we have restored the Company’s financial position and streamlined the business to focus exclusively on delivering value from our ATC ferrotungsten operations.

In conjunction with the recapitalisation which will be completed following implementing of the resolutions to be considered at Wednesday’s AGM, we have maintained strong operational performance at ATC and achieved impressive sales results including ATC’s first Long Term Contract sales in the Japanese market.

I wish to thank shareholders for their support of the entitlements issue and look forward to sharing further updates from ATC in due course.”

For further information, please contact:

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