

# ASX RELEASE

10 FEBRUARY 2016

## COMPANY UPDATE

- **January 2016 production at Vietnam ferrotungsten plant complete and sales profitable**
- **Margins being maintained by Hazelwood between metal and concentrate prices**
- **Company working on corporate strategy to develop further business opportunities in Vietnam and Asia**

Hazelwood Resources Limited (**Hazelwood** or the **Company**) (**ASX: HAZ**) is pleased to provide the following update on operations, sales and corporate planning.

### PRODUCTION

The January 2016 production run at the ATC ferrotungsten operation in Vietnam was completed on 31 January 2016, with customer shipments continuing in the first week of February 2016.

The customer shipments were pursuant to Long Term Contracts (**LTCs**) with blue-chip Japanese customers. As announced to the market in late December 2015, the Company had received increased sales commitments for the January 2016 production and as such the production run was increased to cover the additional quantity of product and to provide some contract manufacture for others.

As the Company has advised in previous market releases, global market conditions and tungsten markets have been volatile, however, the spread between tungsten concentrate (feedstock) and ferrotungsten prices has remained relatively consistent. As such the sales from the January 2016 production run have again been done at consistently profitable margins in line with budget.

The Vietnam operation is currently closed for the Lunar New Year celebrations and the next production run is planned for March 2016.

### SALES AND MARKETING

The LTCs with blue-chip Japanese customers are currently due for renewal. At this point in time we are pleased to advise that we have one contract rolled over for a 12 month period and one contract has been extended for a further 2 months. The final contract for renewal has been deferred for 3 to 4 months. We will provide further updates in coming months as discussions progress.

Whereas the lower commodity prices for tungsten concentrates (our feedstock) has adversely affected miners and other primary producers, our position as an intermediate tungsten products producer has seen our feedstock to product price spread remain relatively unaffected. Long-term demand for ferrotungsten has however contracted and the deferral for a few months by one of our customers is evidence of this softer market.

Ferrotungsten producers such as ATC have been producing lower annual quantities for some time now in response to this change. In the case of primary production of concentrates however supply response has been slower and as a consequence it has been reported and generally widely

understood that current concentrate prices, although attractive to ATC are below the cost of production for many miners and concentrators. As such we expect there will be a supply response with a tightening of concentrate supply at some point with a possible price rebound.

The Company continues to monitor the pricing situation closely and has maintained its “make to order” strategy as previously advised. Further to this, the Company and its exclusive Sales agent Wogen Resources Ltd are developing plans for further sales where appropriate margins can be maintained.

## CORPORATE PLANS

Recently the Company despatched a Notice of Meeting to shareholders concerning a proposed change to the capital structure via a consolidation and a change of company name to ATC Alloys Limited (refer Hazelwood ASX announcement “Notice of General Meeting”, 2 February 2016).

These requested changes reflect a culmination of the efforts to date to improve the Company’s balance sheet, reduce cost, de-risk activities and re-focus the company with a clear and consistent growth strategy. It is our view our change story has just begun.

ATC Alloys Limited will be an Asian focussed manufacturing company. Our current focus is on the continuous improvement of our Vietnam operation and further intention is for the business to have a number of business streams that include manufacturing in tungsten and other specialty alloys that have similarly broad application and advanced uses in a modern society.

Vietnam is fast becoming a preferred operations base for companies looking to set up overseas manufacturing facilities. Multi-billion dollar foreign investment has been growing at a compound annual growth rate of over 19% and the majority of this investment is in manufacturing.

We see our strategic establishment in Vietnam as a stepping-stone into the region, a region where there will be continued growth opportunities in the manufacture of specialty alloys for global consumption and one where, increasingly, international investors will embrace and reward the competitive advantages that well established profitable operations have to offer as an investment destination.

We look forward to sharing our further plans for these exciting changes in the future.

For further information, please contact:

Mark Warren  
Executive Chairman  
Hazelwood Resources Limited

Tel: +61 8 9320 5220  
Email: [info@hazelwood.com.au](mailto:info@hazelwood.com.au)