

## 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 had 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 had not been maintained.
- As a result, as previously announced on 2 January 2015, the Company and Siderian mutually agreed to allow early repayment of the Debt Facility by the Company, which must occur no later than 3pm on 28 February 2015. The Company and Siderian have now mutually agreed to further extend the early repayment date of the Debt Facility to no later than 3pm on 31 March 2015 (**Repayment Date**).
- During the period of time 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 in active discussions with a number of interested parties in relation to financing proposals 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 anticipates being in a position to announce further details of the proposed financing and equity raising plans by mid to late March 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.

On the basis that re-instatement of trading in the Company's securities is likely to be materially prejudicial to its ability to successfully complete the financing which is critical to the Company's continued financial viability, trading in the Company's securities will remain suspended until the Company finalises its funding plans, likely to be by late March. 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).

**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 31 March 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).
- Obligation to meet certain Milestones including:
  - Immediate payment of US\$220,921.90 by way of interest, forbearance and other fees to Siderian, from proceeds of moneys owed to the Company from ferrotungsten sales. If there are insufficient funds available, or at Siderian's election, some or all of this amount may remain outstanding as overdue amounts under the Debt Facility.
  - Receipt by Siderian, by 6 March 2015, of a signed acknowledgment by Asia Tungsten Products Co (ATC) and George Chen of the variations to the Siderian Debt Facility.
  - Receipt by Siderian, by 12 March 2015, of duly executed further security documents in favour of Siderian from ATC and George Chen.
- The forbearance by Siderian will cease if the Company (among other things) fails to meet a Milestone when due or fails to repay the amount outstanding by the Repayment Date.

ENDS