
HAZELWOOD RESOURCES LIMITED

ABN 88 118 738 999

and its controlled entities

**HALF YEAR REPORT
31 DECEMBER 2015**

HAZELWOOD RESOURCES LTD

ABN 88 118 738 999

and its controlled entities

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COMPANY INFORMATION

Directors

Mr Mark Warren

(Executive Chairman)

Mr Patrick Burke

(Non Executive Director)

Mr John Arbuckle

(Executive Director)

Company Secretary

Mr John Arbuckle

Registered Office

Level 1, 33 Ord Street

West Perth WA 6005

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Facsimile: (08) 9420 9399

Email: info@hazelwood.com.au

Auditors

Bentleys

London House

Level 3, 216 St Georges Terrace

Perth WA 6000

Telephone: (08) 9226 4500

Bankers

Westpac Banking Corporation

109 St George's Terrace

Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited

Level 11,

172 St George's Terrace,

Perth WA 6000

Telephone: (08) 9323 2000

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd (ASX)

Home Exchange: Perth, Western Australia

Website

www.hazelwood.com.au

Australian Securities Exchange Code:

HAZ

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DIRECTORS' REPORT

The directors of Hazelwood Resources Ltd submit herewith the financial report of Hazelwood Resources Ltd and its subsidiaries ('the Consolidated Entity') for the half-year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001* the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half year are:

Mr M Warren

Mr P Burke

Mr J Arbuckle – appointed 16 December 2015

Mr J Chegwidan – resigned 16 December 2015

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

Review of Operations

Three production runs were conducted at the Vinh Bao operation in Vietnam during the reporting period. Approximately 300 tonnes of ferrotungsten product was produced with 240 tonnes shipped to customers during the period. The remaining 60 tonnes were shipped subsequent to the end of December 2015.

All production was "made to order" pursuant to sales contracts with Japanese customers, and contract processing.

A Gross Profit of \$275,375 (31 December 2014 loss of \$(781,678)) is reported in the condensed consolidated statement of profit or loss and other comprehensive income for the six month period ended 31 December 2015 on Product Sales Revenue of \$4,365,554 (31 December 2014 \$11,340,389) for the same period and Tolling Revenue of \$558,319 (31 December 2014 \$Nil).

The consolidated loss for the six month period ended 31 December 2015 is \$4,419,066 (31 December 2014 loss \$7,790,681). As at 31 December 2015 Hazelwood Resources Ltd ("Hazelwood" or "the Company") had 4,903,232,410 shares on issue all of which are quoted.

The Company's main exploration tenements were sold to Tungsten Mining NL for a consideration of \$1,190,000 comprising \$1,000,000 cash and \$190,000 shares. The shares as at 31 December 2015 had a value of \$295,000.

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DIRECTORS' REPORT

Events Post 31 December 2015

On 4 January 2016, the Company issued 28,500,000 Shortfall shares at an issue price of \$0.001 each, for a total of \$28,500.

On 15 January 2016, the Company issued 161,677,605 ordinary shares in settlement of interest payable as at 31 December 2015 on convertible notes for a total of \$145,510.

On 9 February 2016, the Company issued 95,000,000 Shortfall shares at an issue price of \$0.001 each, for a total of \$95,000.

On 1 March 2016, the Company issued 125,000,000 Shortfall shares at an issue price of \$0.001 each, for a total of \$125,000.

On 1 March 2016, the Company repaid A\$375,000 of the A\$500,000 that was due and payable to Siderian Resource Capital Ltd under the Forbearance Letter dated 15 December 2015. The remaining A\$125,000 was paid to Siderian on 14 March 2016 from \$250,000 of funds borrowed from GMP Securities Australia Pty Ltd.

On 10 March 2016, a General Meeting was held where shareholders' approval was gained to change the Company's name to ATC Alloys Limited and to restructure the Company's share capital on the basis of 1 share for every 50 shares held. The restructure also applies to options and convertible notes on issue.

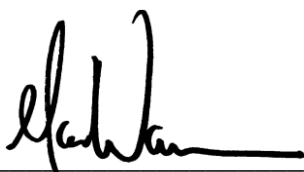
Results of the Annual General Meeting

The Company held its Annual General Meeting on 16 December 2015. All resolutions except for Resolution 2 were carried on a show of hands. Resolution 2 was withdrawn due to Mr Chegvidden's resignation prior to the meeting.

Auditor's Declaration

The auditor's independence declaration under s.307C of the Corporations Act 2001 is included on page 4 of the half-year financial report.

This report is signed in accordance with a resolution of the board of directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Mark Warren
Executive Chairman
15 March 2016

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Hazelwood Resources Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 15th day of March 2016

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Continuing Operations		
Revenue		
Product Sales	4,365,554	11,340,389
Tolling Sales	558,319	-
Cost of Sales	(4,648,498)	(12,122,067)
Gross Profit	275,375	(781,678)
Other Income		
Interest	792	3,657
Profit/(loss) on disposal of asset	-	35,866
Total revenue and other income	276,167	(742,155)
Administrative expenses	(204,101)	(297,927)
Auditor's remuneration	(58,209)	(93,791)
Consultancy fees	(708,304)	(698,376)
Depreciation	(42,363)	(87,481)
Directors' fees	(631,703)	(1,074,297)
Employee benefits expenses	(326,074)	(568,229)
Finance costs	(1,009,446)	(581,389)
FX gains/(losses)	(273,504)	(665,600)
Impairment of property, plant and equipment	(102,468)	(181,251)
Impairment of inventory	(913,578)	(1,425,948)
Insurance	(40,389)	(39,583)
Legal fees	(58,188)	(104,124)
Occupancy costs	(98,316)	(93,855)
Impairment of other assets	-	(808,808)
Travel and marketing expense	(57,429)	(327,867)
Loss before income tax expense	(4,247,906)	(7,790,681)
Income tax expense	-	-
Loss for the period from continuing operations	(4,247,906)	(7,790,681)
Loss from discontinued operations	(171,160)	-
Loss for the period	(4,419,066)	(7,790,681)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Foreign currency translation difference	238,986	1,078,111
Total comprehensive income for the period	(4,180,080)	(6,712,570)
Loss attributable to:		
Members of the parent entity	(3,216,403)	(5,962,419)
Non-controlling interest	(1,202,663)	(1,828,262)
	(4,419,066)	(7,790,681)
Total comprehensive income attributable to:		
Members of the parent entity	(2,663,630)	(5,227,150)
Non-controlling interest	(1,516,450)	(1,485,420)
	(4,180,080)	(6,712,570)
Loss per share		
Basic and diluted (cents per share) from continuing and discontinued operations	(0.18)	(0.49)
Basic and diluted (cents per share) from discontinued operations	(0.01)	-

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31 December 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents		885,314	648,430
Financial assets		40,000	40,000
Trade and other receivables		666,716	185,026
Inventories		3,349,528	4,043,276
Other assets	4	358,071	360,158
Total current assets		5,299,629	5,276,890
Non-current assets			
Property, plant and equipment	11	5,825,543	5,906,821
Exploration, evaluation and development	10	-	1,200,000
Investments	8	295,000	-
Total non-current assets		6,120,543	7,106,821
Total assets		11,420,172	12,383,711
Current liabilities			
Trade and other payables		4,337,190	3,960,534
Provisions		55,498	99,210
Deferred revenue		172,102	30,753
Financial liabilities	6	9,268,339	10,347,294
Liabilities directly associated with and classified as held for sale		42,306	-
Total current liabilities		13,875,435	14,437,791
Total liabilities		13,875,435	14,437,791
Net assets		(2,455,263)	(2,054,080)
Equity			
Issued capital	5	66,170,179	62,728,007
Reserves		4,510,441	4,337,093
Accumulated losses		(64,975,623)	(62,475,370)
Parent interest		5,704,997	4,589,730
Non-controlling interest		(8,160,260)	(6,643,810)
Total equity		(2,455,263)	(2,054,080)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Members of parent entity			Attributable to owners of the parent	Non- controlling interest	Total Equity
	Issued Capital	Reserves	Accumulated Losses			
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	61,635,130	1,645,208	(29,846,075)	33,434,263	(2,754,728)	30,679,535
Loss for the period	-	-	(5,962,419)	(5,962,419)	(1,828,262)	(7,790,681)
Other comprehensive income	-	735,269	-	735,269	342,842	1,078,111
Total comprehensive income	-	735,269	(5,962,419)	(5,227,150)	(1,485,420)	(6,712,570)
Transactions with owner, directly recognised in equity						
Issues of shares	33,000	-	-	33,000	-	33,000
Cost of share issues	(1,654)	-	-	(1,654)	-	(1,654)
Share based payments	-	46,000	-	46,000	-	46,000
Other transactions	-	-	-	-	-	-
Balance at 31 December 2014	61,666,476	2,426,477	(35,808,494)	28,284,459	(4,240,148)	24,044,311
Balance at 1 July 2015	62,728,007	4,337,093	(62,475,370)	4,589,730	(6,643,810)	(2,054,080)
Loss for the period	-	-	(3,216,403)	(3,216,403)	(1,202,663)	(4,419,066)
Other comprehensive income	-	552,773	-	552,773	(313,787)	238,986
Total comprehensive income	-	552,773	(3,216,403)	(2,663,630)	(1,516,450)	(4,180,080)
Transactions with owner, directly recognised in equity						
Issues of shares	3,829,948	-	-	3,829,948	-	3,829,948
Cost of share issues	(387,776)	-	-	(387,776)	-	(387,776)
Issue of options	-	231,725	-	231,725	-	231,725
Expiry of options	-	(716,150)	716,150	-	-	-
Financial asset revaluation	-	105,000	-	105,000	-	105,000
Other transactions	-	-	-	-	-	-
Balance at 31 December 2015	66,170,179	4,510,441	(64,975,623)	5,704,997	(8,160,260)	(2,455,263)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
Receipts from customers	4,454,934	8,566,890
Payments to suppliers and employees	(5,878,029)	(10,453,392)
Payments for deferred exploration expenditure	(206,226)	(591,193)
Interest and other income received	792	3,657
Net cash used in operating activities	(1,628,529)	(2,474,038)
Cash flows from investing activities		
Payment for property, plant and equipment	(38,774)	(102,237)
Proceeds from sale of asset	975,000	40,812
Net cash used in investing activities	936,226	(61,425)
Cash flows from financing activities		
Proceeds from issues of equity securities	3,392,908	-
Payment for share issue costs	(292,536)	(1,654)
Proceeds from borrowings	1,240,000	-
Repayment of borrowings	(2,775,400)	-
Financing costs	(259,534)	(114,989)
Interest expense	(395,599)	(158,076)
Net cash (used in)/provided by financing activities	909,839	(274,719)
Net decrease in cash and cash equivalents	217,536	(2,810,182)
Cash and cash equivalents at the beginning of the half-year	648,430	2,886,382
Effects of exchange rates changes on the balance of cash held in foreign currencies	19,348	3,262
Cash and cash equivalents at the end of the half-year	885,314	79,462

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF ACCOUNTING POLICIES

Significant Accounting Policies

a) **Statement of Compliance**

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards including AASB 134 *Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2015 annual financial report.

b) **Basis of Preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The adoption of the above standards have not had a material impact on this half year financial report.

c) **Comparatives**

Where necessary comparatives have been amended in order to be consistent with the presentation in the current period. These amendments are to presentation only.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF ACCOUNTING POLICIES

Significant Accounting Policies

d) Going concern

The half year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred a loss for the half year of \$4,419,066 (2014: \$7,790,681) and net cash outflows from operating activities of \$1,628,529 (2014: \$2,474,038). Working capital at 31 December 2015 was \$(8,575,806) (June 2015: \$(9,160,901)).

The Company raised \$3,392,908 by way of an entitlement and shortfall shares offer and a further \$1,240,000 through the issue of convertible notes.

The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is principally dependent upon the Consolidated Entity settling the USD 2 million Siderian Resource Capital Limited (**Siderian**) loan, raising additional share capital, and the successful production and profitable sale of Ferrotungsten. These conditions indicate a material uncertainty that may cast doubt about the ability of the Consolidated Entity to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- Ferrotungsten production through the Vietnam plant will be undertaken to meet demand for the product and delivery into long-term contracts and is forecast to generate positive gross margins;
- Siderian previously extended the forbearance period to 30 June 2016 under a revised repayment schedule whereby \$500,000 AUD was to be repaid by 29 February 2016 with the remaining balance (approximately USD1,645,000) due by 30 June 2016. Settlement of the \$500,000 part payment in February 2016 was concluded on the 14th of March 2016. This constituted a technical breach of the agreement, however the Consolidated Entity has been in discussion with the lenders representatives and obtained confirmation that Siderian will not seek to bring the existing forbearance arrangements to an end as a result of the late payment of the \$500,000 due on 29 February 2016.
- If the repayment conditions for the remaining balance of approximately USD 1,645,000 are not met then Siderian have the rights to demand full payment of the loan if the condition is not remedied within 7 days of the default or longer by agreement with Siderian;

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF ACCOUNTING POLICIES

Significant Accounting Policies

d) Going concern continued

- As at 31 December 2015 the consolidated entity had outstanding creditors of \$3,250,227. Subsequent to the half year end approximately \$533,000 has been settled by the head entity. The company is in constant discussion with the remaining creditors and will make payment arrangements as agreed over the next 6 months.
- The Directors have a plan to raise additional funds through a Placement or Entitlements Offer to raise up to \$2 million and to refinance the remaining debt owed to Siderian at 30 June 2016. The Directors have received a notice of support on a best endeavors basis subject to various conditions from GMP Securities Australia Pty Ltd to raise these additional funds and assist with the refinancing. In light of the consolidated entity's project in Vietnam, the Directors believe that the additional capital required can be raised in the market;
- Included in current liabilities are convertible notes with a face value of \$3,090,000 with a maturity date of 1 July 2018 however under the terms of the Agreement the convertible notes cannot be redeemed in cash rather only convertible into shares at any time to the date of maturity. As a result the convertible note liability does not impact the cash resources of the consolidated entity.
- At 31 December 2015 amounts owing to George Chen amounted to \$3,643,934 and an additional \$1,259,064 in accrued interest. In accordance with the incorporated joint venture and shareholder agreement between George Chen, Hazelwood Resources Limited and Asia Tungsten Products Co., Limited the repayment of the Hazelwood loans and interest from Asia Tungsten Products Co., Limited takes precedence over the repayment of the shareholder loan provided by Joint Venture partner George Chen. As such it is the Directors expectation that repayment of this loan will not occur within the next 12 months from the date of this report.

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

e) Financial Instruments

The Company's financial instruments consist of those which are measured at amortised cost including trade and other receivables trade and other payables, and other liabilities. The carrying amount of these financial assets and liabilities approximate their fair value.

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1. SUMMARY OF ACCOUNTING POLICIES

Significant Accounting Policies

f) *Revenue Recognition*

Product is sold under a sales agency agreement with Wogen Resources Ltd and part-payment is received under provisional invoices. Revenue is recognised only when settlement has occurred with the final-end user.

g) *Financial Liabilities*

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2. SEGMENT INFORMATION

(i) Segment performance

Six months ended 31 December 2015	Cookes Creek (Discontinued) \$	Mt Mulgine (Discontinued) \$	Hong Kong \$	Vietnam \$	Treasury \$	Total \$
Revenue						
Product sales	-	-	3,845,967	519,587	-	4,365,554
Tolling revenue	-	-	558,319	-	-	558,319
Interest revenue	-	-	-	-	792	792
Profit/(loss) on sale of asset	-	-	-	-	(7,269)	(7,269)
Total segment revenue	-	-	4,404,286	519,587	(6,477)	4,917,396
Segment net loss before tax	(81,945)	(81,946)	(1,141,806)	(967,857)	(6,477)	(2,280,031)
<i>Reconciliation of segment result to group loss before tax</i>						
Amounts not included in segment result but reviewed by the Board						
Administrative expenses						(231,521)
Depreciation						(3,316)
Director's fees						(325,236)
Consultancy fees						(153,533)
Occupancy costs						(22,973)
Employee expenses						(179,044)
Financing costs						(657,426)
FX Losses						(287,118)
Legal fees						(57,258)
Travel & marketing costs						(55,711)
Interest expense						(136,668)
Other costs						(29,231)
Net loss before tax						(4,419,066)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

(i) Segment performance						
Six months ended 31 December 2014	Cookes Creek (Discontinued)	Mt Mulgine (Discontinued)	Hong Kong	Vietnam	Treasury	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Product sales	-	-	11,340,389	-	-	11,340,389
Interest revenue	-	-	-	621	3,036	3,657
Profit on sale of asset	-	-	-	-	35,866	35,866
Total segment revenue	-	-	11,340,389	621	38,902	11,379,912
Segment net loss before tax	-	-	(2,466,321)	(1,431,586)	38,902	(3,859,005)
<i>Reconciliation of segment result to group loss before tax</i>						
Amounts not included in segment result but reviewed by the Board						
Administrative expenses						(376,319)
Depreciation						(20,202)
Director's fees						(776,021)
Consultancy fees						(344,227)
Occupancy costs						(56,117)
Employee expenses						(422,393)
Financing costs						(164,989)
FX Losses						(665,040)
Legal fees						(103,014)
Non-recovery provision expense						(508,242)
Travel & marketing costs						(216,428)
Interest expense						(247,936)
Other costs						(30,748)
Net loss before tax						(7,790,681)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

(ii) Segment assets

Year ended 31 December 2015	Cookes Creek (Discontinued) \$	Mt Mulgine (Discontinued) \$	Hong Kong \$	Vietnam \$	Treasury \$	Total \$
Segment assets	-	-	4,636,453	5,587,698	806,176	11,030,327
<i>Segment assets movements for the period</i>						
Capital expenditure	-	-	-	-	-	-
Write downs	-	-	(1,016,046)	-	-	(1,016,046)
Other	(600,000)	(600,000)	901,355	71,227	286,544	59,126
Movement in segment assets	(600,000)	(600,000)	(114,691)	71,227	286,544	956,920
<i>Included in segment assets are</i>						
Equity accounted associates and joint ventures	-	-	-	-	-	-
<i>Reconciliation of segment assets to group assets</i>						
Inter-segment eliminations	-	-	-	-	-	-
Unallocated assets						
Receivables						335,162
Property, plant & equipment						54,683
Total group assets						11,420,172

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

(ii) Segment assets

Year ended 30 June 2015	Cookes Creek (Discontinued) \$	Mt Mulgine (Discontinued) \$	Hong Kong \$	Vietnam \$	Treasury \$	Total \$
Segment assets	600,000	600,000	4,751,144	5,516,471	519,632	11,987,247
<i>Segment assets increased for the period</i>						
Capital expenditure	499,774	393,025	-	973,465	-	1,866,264
Write downs	(20,353,287)	(3,190,789)	(8,178,928)	(913,360)	(2,204,373)	(34,840,737)
Movement in segment assets	(19,853,513)	(2,797,764)	(8,178,928)	60,105	(2,204,373)	(32,974,473)
<i>Included in segment assets are</i>						
Equity accounted associates and joint ventures	-	-	-	-	-	-
<i>Reconciliation of segment assets to group assets</i>						
Inter-segment eliminations	-	-	-	-	-	-
Unallocated assets						
Receivables						338,465
Property, plant & equipment						57,999
Total group assets						12,383,711

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

(iii) Segment liabilities

31 December 2015	Cookes Creek (Discontinued)	Mt Mulgine (Discontinued)	Hong Kong	Vietnam	Treasury	Total
	\$	\$	\$	\$	\$	\$
Segment liabilities	-	-	2,663,847	612,613	5,624,405	8,900,865

Reconciliation of segment liabilities to group liabilities

Unallocated liabilities:

Payables and accruals						1,275,138
Provisions						55,498
Loan related company						3,643,934
Total liabilities						<u>13,875,435</u>

30 June 2015	Cookes Creek (Discontinued)	Mt Mulgine (Discontinued)	Hong Kong	Vietnam	Treasury	Total
	\$	\$	\$	\$	\$	\$
Segment liabilities	59,574	42,805	1,669,318	355,693	6,873,600	9,000,990

Reconciliation of segment liabilities to group liabilities

Unallocated liabilities:

Payables and accruals						1,864,897
Provisions						99,210
Loan related company						3,473,694
Other liabilities						-
Total liabilities						<u>14,437,791</u>

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3. SUBSEQUENT EVENTS

On 4 January 2016, the Company issued 28,500,000 Shortfall shares at an issue price of \$0.001 each, for a total of \$28,500.

On 15 January 2016, the Company issued 161,677,605 ordinary shares in settlement of interest payable as at 31 December 2015 on convertible notes for a total of \$145,510.

On 9 February 2016, the Company issued 95,000,000 Shortfall shares at an issue price of \$0.001 each, for a total of \$95,000.

On 1 March 2016, the Company issued 125,000,000 Shortfall shares at an issue price of \$0.001 each, for a total of \$125,000.

On 1 March 2016, the Company repaid A\$375,000 of the A\$500,000 that was due and payable to Siderian Resource Capital Ltd under the Forbearance Letter dated 15 December 2015. The remaining A\$125,000 was paid to Siderian on 14 March 2016 from \$250,000 of funds borrowed from GMP Securities Australia Pty Ltd.

On 10 March 2016, a General Meeting was held where shareholders' approval was gained to change the Company's name to ATC Alloys Limited and to restructure the Company's share capital on the basis of 1 share for every 50 shares held. The restructure also applies to options and convertible notes on issue.

4. OTHER ASSETS

	31 December 2015	30 June 2015
Other Assets		
Prepayments	297,333	290,095
Tools and Supplies	60,738	70,063
	<hr/>	<hr/>
	358,071	360,158
	<hr/>	<hr/>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

5. EQUITY SECURITIES

Shares

The following shares were issued during the half-year reporting period ended 31 December 2015:

Date of Issue	No of Shares	Share Price	Total
31 July 2015	4,310,800	\$0.015	\$64,662
20 August 2015	30,703,562	\$0.005	\$153,518
27 August 2015	10,092,055	\$0.005	\$50,461
9 December 2015	933,234,170	\$0.001	\$933,234
10 December 2015	2,069,673,340	\$0.001	\$2,069,673
14 December 2015	400,000,000	\$0.001	\$400,000
17 December 2015	128,400,000	\$0.001	\$128,400
22 December 2015	30,000,000	\$0.001	\$30,000
Total	3,606,413,927		\$3,829,948

Options

The following options were issued during the half-year reporting period ended 31 December 2015:

Date of Issue	No of Options	Fair Value	Exercise Price	Expiry
31 July 2015	384,310,800	\$0.0004	\$0.015	9 March 2017
31 July 2015	15,000,000	\$0.0020	\$0.0116	31 July 2018
31 July 2015	75,000,000	\$0.0024	\$0.015	31 July 2019
2 September 2015	10,000,000	\$0.0004	\$0.015	9 March 2017
3 September 2015	10,000,000	\$0.0004	\$0.015	9 March 2017

6. FINANCIAL LIABILITIES

	31 December 2015	30 June 2015
Financial liabilities short-term		
Secured Debt facilities (i)	2,739,800	5,223,600
Unsecured Loan – George Chen (ii)	3,643,934	3,473,694
Unsecured Debt facilities (iii)	-	1,650,000
Convertible Notes (iv)	3,090,000	-
Convertible Note Costs to be Amortised	(205,395)	-
	9,268,339	10,347,294

- (i) This debt facility was provided by Siderian Resources Capital Limited and is due to be repaid including all outstanding interest and charges on 30 June 2016 as per the agreed terms in the latest Forbearance letter dated 15 December 2015.
- (ii) This loan is a shareholder loan provided by Joint Venture partner George Chen to the Hong Kong subsidiary.
- (iii) Unsecured Debt facilities related to Convertible Notes now on issue with an expiry date of 1 July 2018 and an interest rate of 12%.
- (iv) There is \$1,800,000 of convertible notes that are convertible at \$0.005 per share on or before 1 July 2018 and \$1,290,000 of convertible notes that are convertible at \$0.001 per share on or before 1 July 2018. The interest rate on these convertible notes is 12% per annum and is payable quarterly in arrears in fully paid ordinary shares of the Company.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

7. RELATED PARTY TRANSACTIONS

On 31 July 2015, shareholders approved the issue of convertible notes totalling \$125,000 to directors or their nominee in settlement of unpaid fees. Shareholders also approved the issue of 75,000,000 options to Mr Mark Warren or his nominee as an incentive

On 16 December 2015, shareholders approved the issue of shares to directors in settlement of interest due on the convertible notes held by directors or their nominees.

8. INVESTMENTS

On 15 December 2015, the Company received 5,000,000 shares in Tungsten Mining NL as part consideration of its sale of its tungsten tenements. The shares are escrowed until 15 December 2016. At 31 December 2015 the shares had a value of \$295,000.

9. DISCONTINUED OPERATIONS

As a consequence of the Group changing its focus and solely focusing on production in Vietnam opportunities to divest its remaining tenements are currently being pursued.

The operation has been recognised in the accounts as a discontinued operation.

	31 December 2015 \$	31 December 2014 \$
Financial performance of discontinued operation		
Revenues		
Interest	-	-
	-	-
Expenses		
Loss on disposal of tenements	(7,269)	-
Exploration written off	(163,891)	-
Amortisation & Depreciation	-	-
Other expenses	-	-
Exchange differences arising on translation of foreign operations	-	-
	(171,160)	-
Attributable income tax expense	-	-
Loss for year from discontinued operations	(171,160)	-
Earnings per share from discontinued operations		
Basic loss for the half year from discontinued operations (cents per share)	(0.01)	-

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

9. DISCONTINUED OPERATIONS (continued)

	31 December 2015 \$	30 June 2015 \$
Assets and liabilities and cash flow information of the discontinued operation		
Assets	-	-
Liabilities		
Trade creditors	(42,306)	-
Net (Liabilities)	<u>(42,306)</u>	<u>-</u>
	31 December 2015	31 December 2014
Cash flows from discontinued operations		
Net cash outflows from operating activities	(206,226)	(591,193)
Net cash inflows from investing activities	975,000	-
Net cash inflows from financing activities	-	-
Net cash flows	<u>(768,774)</u>	<u>(591,193)</u>

10. EXPLORATION, EVALUATION AND DEVELOPMENT

The Company's main exploration tenements were sold to Tungsten Mining NL for a consideration of \$1,190,000 comprising \$1,000,000 cash and \$190,000 shares.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture & Equipment \$	Computer Equipment \$	Plant \$	Vehicles \$	Buildings \$	Other Equipment	Construction Work in Progress \$	Vietnam Leasehold Land & Improve- ments \$	TOTAL \$
Cost Carrying Amount									
Balance at 30 June 2015	54,907	320,955	4,397,573	269,847	55,947	738,944	-	3,370,065	9,208,238
Additions	-	-	8,221	-	-	30,553	-	-	38,774
FX Adjustment	825	288	209,433	10,187	-	36,215	-	165,161	422,109
Balance at 31 December 2015	55,732	321,243	4,615,227	280,034	55,947	805,712	-	3,535,226	9,669,121
Accumulated Depreciation									
Balance at 30 June 2015	47,799	308,257	1,715,404	213,800	8,639	357,601	-	649,917	3,301,417
FX Adjustment	457	183	75,296	7,259	-	17,241	-	30,934	131,370
Depreciation expense	2,040	3,194	161,851	18,351	699	28,950	-	93,238	308,323
Impairment expense	-	-	102,468	-	-	-	-	-	102,468
Balance at 31 December 2015	50,296	311,634	2,055,019	239,410	9,338	403,792	-	774,089	3,843,578
Net Book Value									
As at 30 June 2015	7,108	12,698	2,682,169	56,047	47,308	381,343	-	2,720,148	5,906,821
As at 31 December 2015	5,436	9,609	2,560,208	40,624	46,609	401,920	-	2,761,137	5,825,543

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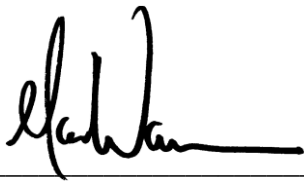
DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 22 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



Mark Warren
Executive Chairman
15 March 2016

Independent Auditor's Review Report

To the Members of Hazelwood Resources Limited

We have reviewed the accompanying half-year financial report of Hazelwood Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Hazelwood Resources Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hazelwood Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 1(d) of the half-year financial report which indicates that the Consolidated Entity incurred a net loss of \$4,419,066 during the half-year ended 31 December 2015. This condition, along with other matters as set forth in note 1(d), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 15th day of March 2016