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**ABN 88 118 738 999**

**and its controlled entities**

**HALF YEAR REPORT  
31 DECEMBER 2014**

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# HAZELWOOD RESOURCES LTD

ABN 88 118 738 999

and its controlled entities

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# HAZELWOOD RESOURCES LTD

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## COMPANY INFORMATION

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### Directors

**Mr Mark Warren**

(Executive Chairman)

**Mr Patrick Burke**

(Non Executive Director)

**Mr John Chegwidden**

(Non Executive Director)

### Company Secretaries

Mr John Chegwidden

Ms Carol New

### Registered Office

Level 1, 33 Ord Street

West Perth WA 6005

Telephone: (08) 9320 5220

Facsimile: (08) 9420 9399

Email: [info@hazelwood.com.au](mailto:info@hazelwood.com.au)

### Auditors

Bentleys

Level 1, 12 Kings Park Road

West Perth WA 6005

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](http://www.hazelwood.com.au)

### Australian Securities Exchange Code:

HAZ

# HAZELWOOD RESOURCES LTD

ABN 88 118 738 999

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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 2014. 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 – appointed 8 September 2014  
Mr P Burke – appointed 8 September 2014  
Mr J Chegvidden  
Mr T Butler-Blaxell – resigned 29 October 2014  
Mr F Ashe – resigned 26 November 2014

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

### Review of Operations

Ferrotungsten production and concentrate purchasing was suspended during the 2<sup>nd</sup> quarter in order to destock current inventories, preserve cash and avoid purchasing concentrates at elevated prices to predicted future market price. This strategy, consistent with Hazelwood's new approach of maximizing ATC profitability appears to have been successful with the opportunity to purchase and negotiate on lower concentrate prices emerging in the 2015 calendar year.

During the half year a total of 274 tonnes of Ferrotungsten metal was produced from 458 tonnes of tungsten concentrate. The average product grade was 78.0%.

	<i>30 Sep 14</i>	<i>31 Dec 14</i>	<i>Total</i>
<b>Packaged product</b>	274	-	274
<b>Concentrate Utilised</b>	458	-	458

A Gross Loss of \$781,678 (31 December 2013 \$846,975 Profit) is reported in the consolidated statement of profit or loss and other comprehensive income for the six month period ended 31 December 2014 on sales Revenue of \$11,340,389 (31 December 2013 \$7,187,507) for the same period.

The consolidated loss for the six month period ended 31 December 2014 is \$7,790,681 (31 December 2013 loss \$2,306,686). As at 31 December 2014 Hazelwood Resources Ltd ("Hazelwood" or "the Company") had 1,215,971,816 shares on issue all of which are quoted.

Exploration and Evaluation activities were undertaken on the Company's Western Australian projects which included:

- Fixed loop electro-magnetic surveys and down-hole electromagnetic surveys at Copper Gorge and Malachite Flats in September 2014; and
- The release on 5 November 2014 of a further resource update representing a 9% increase on the previously announced Resource for the Mulgine Trench.

# HAZELWOOD RESOURCES LTD

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## **DIRECTORS' REPORT**

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### **Events Post 31 December 2014**

On 22 January 2015, the Company announced that it had received firm commitments for a Placement to raise up to \$1.1 million. 57,346,667 shares to the value of \$860,200 were allotted under Tranche 1 of the Placement.

On 13 February 2015, 7,500,000 shares to the value of \$112,500 were allotted under Tranche 2 of the Placement and a further 2,000,000 shares were allotted in accordance with Resolution 11 as approved by shareholders at the Annual General Meeting.

On 10 March 2015, 7,000,000 shares to the value of \$105,000 were allotted under Tranche 3 of the Placement, 71,846,667 free options attached to the Placement Shares were issued, and 7,000,000 shares and 7,000,000 free options were issued to a director or his nominee in accordance with Resolution 4 as approved by shareholders at the General Meeting held on 24 February 2015.

On 5 June 2015, the Company provided a financing update which included details of recapitalisation of the Company and the grant by Siderian of a forbearance for repayment of the Siderian Debt Facility to 25 September 2015.

On 16 June 2015, the Company announced a further \$1,650,000 was received by way of sophisticated investor and shareholder loans which are to be converted into convertible notes with attaching options, once shareholder approval is gained.

On 1 July 2015, a Notice of Extraordinary General Meeting to be held on 31 July 2015, and Proxy Form was lodged with the ASX.

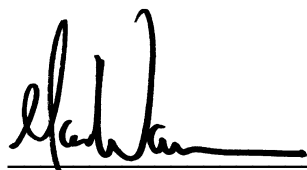
### **Results of the Annual General Meeting**

The Company held its Annual General Meeting on 26 November 2014, all resolutions were carried on a show of hands.

### **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*.



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**Mark Warren**  
**Executive Chairman**  
**6 July 2015**

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

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West Perth WA 6005  
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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 2014, 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 6<sup>th</sup> day of July 2015



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- Accountants
- Auditors
- Advisors

# HAZELWOOD RESOURCES LTD

ABN 88 118 738 999

and its controlled entities

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014 \$	31 December 2013 \$
<b>Revenue</b>		
Sales	11,340,389	7,187,507
Cost of Sales	(12,122,067)	(6,340,532)
<b>Gross Profit</b>	<b>(781,678)</b>	<b>846,975</b>
<b>Other Income</b>		
Interest	3,657	6,382
Profit on disposal of asset	35,866	-
<b>Total revenue and other income</b>	<b>(742,155)</b>	<b>853,357</b>
Administrative expenses	(297,927)	(290,557)
Auditor's remuneration	(93,791)	(93,128)
Consultancy fees	(698,376)	(746,120)
Depreciation	(87,481)	(87,706)
Directors' fees	(1,074,297)	(383,708)
Employee benefits expenses	(568,229)	(653,011)
Exploration written off	-	(739)
Finance costs	(581,389)	(494,787)
FX gains/(losses)	(665,600)	23,474
Impairment of property, plant and equipment	(181,251)	-
Impairment of inventory	(1,425,948)	-
Insurance	(39,583)	(35,473)
Legal fees	(104,124)	(77,312)
Occupancy costs	(93,855)	(52,930)
Impairment of other assets	(808,808)	-
Travel and marketing expense	(327,867)	(268,046)
<b>Loss before income tax expense</b>	<b>(7,790,681)</b>	<b>(2,306,686)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(7,790,681)</b>	<b>(2,306,686)</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit and loss:		
Foreign currency translation difference	1,078,111	225,619
<b>Total comprehensive income for the period</b>	<b>(6,712,570)</b>	<b>(2,081,067)</b>
Loss attributable to:		
Members of the parent entity	(5,962,419)	(2,093,513)
Non-controlling interest	(1,828,262)	(213,173)
	<b>(7,790,681)</b>	<b>(2,306,686)</b>
Total comprehensive income attributable to:		
Members of the parent entity	(5,227,150)	(2,203,122)
Non-controlling interest	(1,485,420)	122,055
	<b>(6,712,570)</b>	<b>(2,081,067)</b>
<b>Loss per share</b>		
Basic and diluted (cents per share)	(0.49)	(0.20)

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

# HAZELWOOD RESOURCES LTD

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
<b>Current assets</b>			
Cash and cash equivalents		79,462	2,886,382
Trade and other receivables		782,417	622,265
Inventories		8,584,456	11,360,989
Other assets	4	387,956	1,521,101
<b>Total current assets</b>		<b>9,834,291</b>	<b>16,390,737</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	6,173,225	5,801,955
Exploration, evaluation and development		24,619,064	23,847,426
<b>Total non-current assets</b>		<b>30,792,289</b>	<b>29,649,381</b>
<b>Total assets</b>		<b>40,626,580</b>	<b>46,040,118</b>
<b>Current liabilities</b>			
Trade and other payables		3,641,650	1,824,770
Provisions		87,349	239,393
Deferred revenue		4,689,442	6,240,816
Financial liabilities - secured	6	4,903,200	4,237,600
Financial liabilities - unsecured	6	3,260,628	-
<b>Total current liabilities</b>		<b>16,582,269</b>	<b>12,542,579</b>
<b>Non-current liabilities</b>			
Financial liabilities - unsecured	6	-	2,818,004
<b>Total non-current liabilities</b>		<b>-</b>	<b>2,818,004</b>
<b>Total liabilities</b>		<b>16,582,269</b>	<b>15,360,583</b>
<b>Net assets</b>		<b>24,044,311</b>	<b>30,679,535</b>
<b>Equity</b>			
Issued capital		61,666,476	61,635,130
Reserves		2,426,477	1,645,208
Accumulated losses		(35,808,494)	(29,846,075)
Parent interest		28,284,459	33,434,263
Non-controlling interest		(4,240,148)	(2,754,728)
<b>Total equity</b>		<b>24,044,311</b>	<b>30,679,535</b>

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



# HAZELWOOD RESOURCES LTD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Members of parent entity			Attributable to owners of the parent	Non- controlling interest	Total Equity
	Issued Capital	Reserves	Accumulated Losses			
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	54,255,066	1,452,929	(24,968,644)	30,739,351	(2,238,848)	28,500,503
Loss for the period	-	-	(2,093,513)	(2,093,513)	(213,173)	(2,306,686)
Other comprehensive income	-	(109,609)	-	(109,609)	335,228	225,619
<b>Total comprehensive income</b>	-	(109,609)	(2,093,513)	(2,203,122)	122,055	(2,081,067)
<i>Transactions with owner, directly recognised in equity</i>						
Issues of shares	5,907,000	-	-	5,907,000	-	5,907,000
Cost of share issues	(338,517)	-	-	(338,517)	-	(338,517)
Share based payments	-	(237,637)	371,363	133,726	-	133,726
Other transactions	-	-	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>59,823,549</b>	<b>1,105,683</b>	<b>(26,690,794)</b>	<b>34,238,438</b>	<b>(2,116,793)</b>	<b>32,121,645</b>
<b>Balance at 1 July 2014</b>	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
<b>Total comprehensive income</b>	-	735,269	(5,962,419)	(5,227,150)	(1,485,420)	(6,712,570)
<i>Transactions with owner, directly recognised in equity</i>						
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	-	-	-	-	-	-
<b>Balance at 31 December 2014</b>	<b>61,666,476</b>	<b>2,426,477</b>	<b>(35,808,494)</b>	<b>28,284,459</b>	<b>(4,240,148)</b>	<b>24,044,311</b>

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 2014

	31 December 2014 \$	31 December 2013 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	8,566,890	9,052,232
Payments to suppliers and employees	(10,453,392)	(11,246,723)
Payments for deferred exploration expenditure	(591,193)	(1,057,960)
Interest and other income received	3,657	6,382
<b>Net cash used in operating activities</b>	<b>(2,474,038)</b>	<b>(3,246,069)</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(102,237)	(406,564)
Proceeds from sale of asset	40,812	-
<b>Net cash used in investing activities</b>	<b>(61,425)</b>	<b>(406,564)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	-	5,892,000
Payment for share issue costs	(1,654)	-
Proceeds from borrowings	-	3,500,000
Repayment of borrowings	-	(5,600,000)
Financing costs	(114,989)	-
Interest expense	(158,076)	(279,450)
<b>Net cash (used in)/provided by financing activities</b>	<b>(274,719)</b>	<b>3,512,550</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,810,182)</b>	<b>(140,083)</b>
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>2,886,382</b>	<b>1,734,858</b>
Effects of exchange rates changes on the balance of cash held in foreign currencies	3,262	3,191
<b>Cash and cash equivalents at the end of the half-year</b>	<b>79,462</b>	<b>1,597,966</b>

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

# HAZELWOOD RESOURCES LTD

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

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### 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 2014 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 2014 annual financial report for the financial year ended 30 June 2014, 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 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
  - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'

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

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### 1. SUMMARY OF ACCOUNTING POLICIES

#### Significant Accounting Policies

##### **b) Basis of Preparation continued**

- Part C: 'Materiality'
- Interpretation 21 'Levies'

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.

##### **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 \$7,790,681 (2013: \$2,306,686) and net cash outflows from operating activities of \$2,474,038 (2013: \$3,246,069)

No capital raisings were undertaken during the period. Subsequent to the half year end, the Company raised \$1,077,700 by way of a placement of shares to sophisticated investors and a further \$1,650,000 by way of sophisticated investor and shareholder loans which are to be converted into convertible notes once shareholder approval is gained which is expected to take place at the EGM to be held on 31 July 2015. This raising completes stage 1 of the recapitalisation of the Company as announced on the ASX on 16 June 2015.

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 USD 4 million in bridging finance; raising additional share capital; developing, joint venturing or selling one or more of its non-core assets or other assets; and the successful production and profitable sale of Ferrotungsten. These conditions indicate a material uncertainty that may cast significant 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:

- Bridging finance has been extended to 25 September 2015;
- Ferrotungsten production is forecast to continue and be profitable through the Vietnam plant;

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

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### 1. SUMMARY OF ACCOUNTING POLICIES

#### Significant Accounting Policies

#### d) *Going concern continued*

- The Directors have an appropriate plan to raise additional funds through an Entitlements Offer to raise up to \$11.6 million, subject to a minimum subscription of \$6.5 million as announced on 16 June 2015. In light of the consolidated entity's current exploration projects and status of the Vietnam plant, the Directors believe that the additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

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.

#### 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.

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

### 2. SEGMENT INFORMATION

#### (i) Segment performance

Six months ended 31 December 2014	Cookes Creek	Mt Mulgine	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 from continuing operations						(7,790,681)

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

### (i) Segment performance

Six months ended 31 December 2013	Cookes Creek \$	Mt Mulgine \$	Hong Kong \$	Vietnam \$	Treasury \$	Total \$
Revenue						
Product sales	-	-	7,187,507	-	-	7,187,507
Interest revenue	-	-	2	1,162	5,219	6,383
FX Gains	-	-	23,474	-	-	23,474
Total segment revenue	-	-	7,210,983	1,162	5,219	7,217,364
Segment net loss before tax	-	-	1,147,887	(1,205,416)	5,219	(52,310)
<i>Reconciliation of segment result to group loss before tax</i>						
Amounts not included in segment result but reviewed by the Board						
Administrative expenses						(188,600)
Depreciation						(27,638)
Director's fees						(251,263)
Consultancy fees						(416,293)
Occupancy costs						(50,258)
Employee expenses						(465,661)
Legal fees						(68,356)
Travel & marketing costs						(265,463)
Interest expense						(411,703)
Other costs						(109,141)
Net loss before tax from continuing operations						(2,306,686)

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

### (ii) Segment assets

Year ended 31 December 2014	Cookes Creek \$	Mt Mulgine \$	Hong Kong \$	Vietnam \$	Treasury \$	Total \$
Segment assets	20,844,323	3,775,291	9,862,662	5,437,009	55,432	39,974,717
<i>Segment assets movements for the period</i>						
Capital expenditure	390,810	377,527	-	-	-	768,337
Write downs	-	-	(1,607,198)	(300,566)	-	(1,907,764)
Other	-	-	(1,460,212)	278,445	(2,668,573)	(3,850,340)
<b>Movement in segment assets</b>	<b>390,810</b>	<b>377,527</b>	<b>(3,067,410)</b>	<b>(22,121)</b>	<b>(2,668,573)</b>	<b>(4,989,767)</b>
<i>Included in segment assets are Equity accounted associates and joint ventures</i>	-	-	-	-	-	-
<i>Reconciliation of segment assets to group assets</i>						
Inter-segment eliminations	-	-	-	-	-	-
Unallocated assets						
Receivables						422,464
Property, plant & equipment						229,399
<b>Total group assets from continuing operations</b>						<b>40,626,580</b>



# HAZELWOOD RESOURCES LTD

ABN 88 118 738 999

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

### (iii) Segment assets

Year ended 30 June 2014	Cookes Creek \$	Mt Mulgine \$	Hong Kong \$	Vietnam \$	Treasury \$	Total \$
Segment assets	20,453,513	3,397,764	12,930,072	5,459,130	2,724,005	44,964,484
<i>Segment assets increased for the period</i>						
Capital expenditure	546,932	1,181,695	7,575,292	-	1,093,608	10,397,527
Write downs	(738)	-		(534,475)	-	(535,213)
Movement in segment assets	546,194	1,181,695	7,575,292	(534,475)	1,093,608	9,862,314
<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						833,334
Property, plant & equipment						242,300
Total group assets from continuing operations						46,040,118

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

(i) Segment liabilities						
<b>31 December 2014</b>	<b>Cookes Creek</b>	<b>Mt Mulgine</b>	<b>Hong Kong</b>	<b>Vietnam</b>	<b>Treasury</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Segment liabilities	166,950	136,029	5,915,708	282,008	-	6,500,695
<i>Reconciliation of segment liabilities to group liabilities</i>						
Unallocated liabilities:						
Payables and accruals						1,815,397
Provisions						87,349
Loan related company						3,260,628
Other liabilities						4,918,200
Total liabilities from continuing operations						16,582,269
<b>30 June 2014</b>	<b>Cookes Creek</b>	<b>Mt Mulgine</b>	<b>Hong Kong</b>	<b>Vietnam</b>	<b>Treasury</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Segment liabilities	45,243	80,590	7,124,526	156,497	-	7,406,856
<i>Reconciliation of segment liabilities to group liabilities</i>						
Unallocated liabilities:						
Payables and accruals						4,896,330
Provisions						239,393
Loan related company						2,818,004
Other liabilities						-
Total liabilities from continuing operations						15,360,583

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# HAZELWOOD RESOURCES LTD

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

### 3. SUBSEQUENT EVENTS

On 22 January 2015, the Company announced that it had received firm commitments for a Placement to raise up to \$1.1 million. 57,346,667 shares to the value of \$860,200 were allotted under Tranche 1 of the Placement.

On 13 February 2015, 7,500,000 shares to the value of \$112,500 were allotted under Tranche 2 of the Placement and a further 2,000,000 shares were allotted in accordance with Resolution 11 as approved by shareholders at the Annual General Meeting.

On 10 March 2015, 7,000,000 shares to the value of \$105,000 were allotted under Tranche 3 of the Placement, 71,846,667 free options attached to the Placement Shares were issued, and 7,000,000 shares and 7,000,000 free options were issued to a director or his nominee in accordance with Resolution 4 as approved by shareholders at the General Meeting held on 24 February 2015.

On 5 June 2015, the Company provided a financing update which included details of recapitalisation of the Company and the grant by Siderian of a forbearance for repayment of the Siderian Debt Facility to 25 September 2015.

On 16 June 2015, the Company announced that stage 1 of the recapitalisation of the Company had been achieved raising \$1,650,000 through sophisticated investor and shareholder loans which are to be converted into convertible notes once shareholder approval is gained.

On 1 July 2015, a Notice of Extraordinary General Meeting to be held on 31 July 2015, and Proxy Form was lodged with the ASX.

### 4. OTHER ASSETS

The movement in Other Assets results from a reduction in deposits paid against feedstock and the provision for non-recovery against Sale & Option agreements.

	31 December 2014	30 June 2014
<b>Other Assets</b>		
Prepayments	87,822	44,712
Deposits Paid	-	673,666
Tools and Supplies	65,134	106,864
Sale & Option Agreements	235,000	695,859
	<u>387,956</u>	<u>1,521,101</u>

# HAZELWOOD RESOURCES LTD

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

### 5. EQUITY SECURITIES

#### Shares

The following shares were issued during the half-year reporting period ended 31 December 2014:

Date of Issue	No of Shares	Share Price	Total
6/08/2014	873,016	\$0.0378	\$33,000

#### Options

No options were issued during the half-year reporting period ended 31 December 2014.

### 6. FINANCIAL LIABILITIES

	31 December 2014	30 June 2014
<b>Financial liabilities short-term</b>		
<u>Secured:</u>		
Debt facilities (i)	4,903,200	4,237,600
	<u>4,903,200</u>	<u>4,237,600</u>
<u>Unsecured</u>		
Loan – George Chen (ii)	3,260,628	-
	<u>3,260,628</u>	<u>-</u>
<b>Financial liabilities long-term</b>		
<u>Unsecured:</u>		
Loan – George Chen (ii)	-	2,818,004
	<u>-</u>	<u>2,818,004</u>

- (i) This debt facility was provided by Siderian Resources Capital Limited and is due to be repaid including all outstanding interest and charges on 25 September 2015 as per the agreed terms in the latest Forbearance letter dated 2 June 2015.
- (ii) This loan is a shareholder loan provided by George Chen to the Hong Kong subsidiary and is due to be repaid at 31 December 2015.

### 7. RELATED PARTY TRANSACTIONS

During the half year, Terry Butler-Blaxell resigned from his role as Managing Director with effect from 29 October 2014. Under the terms of his Deed of Release and Deed of Variation, the Company is to pay Terry the aggregate sum of \$443,559.84 less any tax required to be paid on such amount plus interest on overdue payments, in several tranches:

Subject to receipt of shareholder approval by Hazelwood shareholders in general meeting, Terry is also to be issued 15,000,000 options exercisable over fully paid ordinary shares at a price being 145% of the closing price of Hazelwood shares on the date of issue, on or before the third anniversary of the date of issue.

# HAZELWOOD RESOURCES LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### 8. PROPERTY, PLANT AND EQUIPMENT

	Office Furniture & Equipment \$	Computer Equipment \$	Plant \$	Vehicles \$	Buildings \$	Other Equipment	Construction Work in Progress \$	Leasehold Land & Improve- ments \$	TOTAL \$
<b>Cost Carrying Amount</b>									
Balance at 30 June 2014	278,740	430,515	3,575,197	295,019	55,947	574,729	9,060	2,733,936	7,953,143
Additions	3,342	11,437	7,662	-	-	29,777	50,019	-	102,237
Disposals	(152,514)	(122,107)	(1,908)	(64,408)	-	-	(10,634)	-	(351,571)
FX Adjustment	1,691	749	478,882	26,486	-	90,272	1,423	429,419	1,028,922
<b>Balance at 31 December 2014</b>	<b>131,259</b>	<b>320,594</b>	<b>4,059,833</b>	<b>257,097</b>	<b>55,947</b>	<b>694,778</b>	<b>49,868</b>	<b>3,163,355</b>	<b>8,732,731</b>
<b>Accumulated Depreciation</b>									
Balance at 30 June 2014	228,106	287,815	873,000	217,085	7,241	154,665	-	383,276	2,151,188
Disposals	(150,833)	(119,654)	(1,908)	(64,407)	-	-	-	-	(336,802)
Depreciation expense	11,402	4,551	417,325	35,551	700	131,423	-	144,168	745,120
<b>Balance at 31 December 2014</b>	<b>88,675</b>	<b>172,712</b>	<b>1,288,417</b>	<b>188,229</b>	<b>7,941</b>	<b>286,088</b>	<b>-</b>	<b>527,444</b>	<b>2,559,506</b>
<b>Net Book Value</b>									
As at 30 June 2014	50,634	142,700	2,702,197	77,934	48,706	420,064	9,060	2,350,660	5,801,955
<b>As at 31 December 2014</b>	<b>42,584</b>	<b>147,882</b>	<b>2,771,416</b>	<b>68,868</b>	<b>48,006</b>	<b>408,690</b>	<b>49,868</b>	<b>2,635,911</b>	<b>6,173,225</b>

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# HAZELWOOD RESOURCES LTD

ABN 88 118 738 999

and its controlled entities

## **DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

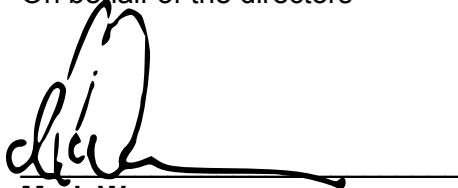
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The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 23 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 2014 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**  
**6 July 2015**

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## 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 2014, 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.

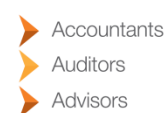
#### Auditor's Responsibility

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 2014 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.



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# Independent Auditor's 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 2014 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 \$7,790,681 during the half-year ended 31 December 2014. 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 6<sup>th</sup> day of July 2015

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