

23 OCTOBER 2015

QUARTERLY ACTIVITIES REPORT 30 SEPTEMBER 2015

Hazelwood Resources Limited (ASX: HAZ) today released its Quarterly Activities Report for the quarter ending 30 September 2015 (“Quarter”).

OPERATIONAL

ATC Ferrotungsten Plant, Vietnam

On 7 September 2015, HAZ announced that its 60% owned ATC ferrotungsten operation had signed sales contracts with three Japanese customers. The contracted volumes represent approximately 45% of the planned production at ATC over the next 6 months, with options to take over 65%.

The sales contracts are on pricing and payment terms that are superior to previous sales HAZ has achieved in the European spot market.

The award of these contracts is a significant milestone for ATC and HAZ. Having the support of such highly-prized customers re-affirms the premium-grade ferrotungsten produced at ATC and provides a strategic opportunity to expand future production into the Japanese market.

Production runs from August and September were utilised for exports from Haiphong in September and October. Shipments to date total approximately 100 tonnes of product. A further production run is planned in coming weeks to meet further monthly requirements under the contracts.

Tungsten Projects, Western Australia

During this quarter, Hazelwood’s joint venture partners Minjar Gold Pty Ltd (gold, base metal and iron ore rights over Mulgine tenements) drilled further exploration holes for gold at Mt Mulgine. The majority of these holes were outside the Hazelwood Mulgine Trench Tungsten Resource outline. For the minority that were inside the Tungsten Resource, there is an opportunity to assay pulps for tungsten and molybdenum, possibly enlarging the Resource or improving the Resource confidence. No decision on whether to proceed with this has been made.

CORPORATE AND FINANCIAL

During the Quarter HAZ completed a convertible note issue to raise A\$2.0 million for operations, working capital and repayment of creditors. An extraordinary general meeting of shareholders was held on 31 July 2015 to approve the issue of the convertible notes and other resolutions relating to the issue of shares.

An entitlement issue, seeking to raise a minimum of \$6.5 million at an issue price of \$0.01 per share, was dispatched to shareholders in July. The minimum subscription was not met and funds will be returned to applicants as soon as possible.

HAZ is currently undertaking a recapitalisation in order to meet its debt obligations to Siderian Resource Capital Limited (**Siderian**) and provide balance sheet support for operations.

The recapitalisation will involve further debt forbearance from Siderian and revised repayment terms, an issue of convertible notes, and an entitlement issue to be partly underwritten by GMP Securities Australia Pty Limited (**GMP**).

Further details of the recapitalisation will be provided to shareholders shortly. Shareholders will be offered the opportunity to participate in the recapitalisation.

The estimated cash outflows in the attached Appendix 5B have been prepared on the basis of projected sales revenue from ferrotungsten sales at ATC and funds from the issue of convertible notes and underwritten portion of the entitlement issue.

HAZ acknowledges the support provided by Siderian during this period and is confident of achieving a funding solution that will position the Company to realise the strategic value of the ATC ferrotungsten plant.

For further information, please contact:

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Executive Chairman
Hazelwood Resources Limited

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About Hazelwood

Hazelwood Resources Limited (ASX: HAZ) is a specialty metals producer with a majority ownership interest in the ATC Ferrotungsten Project in Vietnam, the largest and most advanced facility of its type in the world.

Ferrotungsten is used in the production of high speed steels, tool steel and temperature resistant alloys. High quality product from ATC meets the specifications of the Japanese and European markets and can be produced from a range of different feedstock sources. ATC is an accredited smelter listed on table one of the e EICC - GeSI Conflict Free Smelter (CFS) program.

Hazelwood also owns two significant primary tungsten projects in Western Australia.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

HAZELWOOD RESOURCES LTD

ABN

88 118 738 999

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.3 months) \$A'000
1.1 Receipts from product sales and related debtors	360	360
1.2 Payments for (a) exploration & evaluation	(58)	(58)
(b) development	Nil	Nil
(c) production	(475)	(475)
(d) administration+ marketing	(459)	(459)
1.3 Dividends received	Nil	Nil
1.4 Interest and other items of a similar nature received	Nil	Nil
1.5 Interest and other costs of finance paid	Nil	Nil
1.6 Income taxes paid	Nil	Nil
1.7 Other – Costs associated with Vietnam production	(87)	(87)
Net Operating Cash Flows	(719)	(719)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	Nil	Nil
(b) equity investments	Nil	Nil
(c) other fixed assets	(4)	(4)
1.9 Proceeds from sale of: (a) prospects	Nil	Nil
(b) equity investments	Nil	Nil
(c) other fixed assets	Nil	Nil
1.10 Loans to other entities	Nil	Nil
1.11 Loans repaid by other entities	Nil	Nil
1.12 Other (provide details if material)	Nil	Nil
Net investing cash flows	(4)	(4)
1.13 Total operating and investing cash flows (carried forward)	(723)	(723)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(723)	(723)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	Nil	Nil
1.15	Proceeds from sale of forfeited shares	Nil	Nil
1.16	Proceeds from borrowings	100	100
1.17	Repayment of borrowings	Nil	Nil
1.18	Dividends paid	Nil	Nil
1.19	Other (provide details if material)	Nil	Nil
	Net financing cash flows	100	100
	Net increase (decrease) in cash held	(623)	(623)
1.20	Cash at beginning of quarter/year to date	687	687
1.21	Exchange rate adjustments to item 1.20	8	8
1.22	Cash at end of quarter	72	72

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	85
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

4 x FV \$50,000 convertible notes were issued in settlement of creditor invoices
2 x FV \$25,000 convertible notes were issued in settlement of creditor invoices

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,732	5,732
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	-
4.3 Production	4,500
4.4 Administration	750
Total	5,600

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	72	687
5.2 Deposits at call	Nil	Nil
5.3 Bank overdraft	Nil	Nil
5.4 Other (provide details)	Nil	Nil
Total: cash at end of quarter (item 1.22)	72	687

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E46/0815	Exploration Licence	100%	Nil
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference	N/A	N/A	
	+securities			
	<i>(description)</i>			
7.2	Changes during quarter	N/A	N/A	
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,341,924,900	1,341,924,900	
7.4	Changes during quarter			
	(a) Increases through issues	4,310,800	4,310,800	\$0.015
		40,795,617	40,765,617	\$0.005
	(b) Decreases through returns of capital, buy-backs	Nil	Nil	

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.5	*Convertible debt securities <i>(description)</i>	35 x FV \$50,000 2 x FV \$25,000	Nil Nil	\$50,000.00 \$25,000.00	\$50,000.00 \$25,000.00
7.6	Changes during quarter				
	(a) Increases through issues	40 x FV \$50,000 2 x FV \$25,000	Nil Nil	\$50,000.00 \$25,000.00	\$50,000.00 \$25,000.00
	(b) Decreases through securities matured, converted	(5) x FV \$50,000	Nil	\$50,000.00	\$50,000.00
7.7	Options <i>(description and conversion factor)</i>	15,000,000 139,571,432 483,157,667 15,000,000 75,000,000	Nil Nil Nil Nil Nil	<i>Exercise price</i> 5 Cents 5.5 Cents 1.5 Cents 1.16 Cents 1.5 Cents	<i>Expiry date</i> 30 November 2015 27 November 2016 9 March 2017 31 July 2018 31 July 2019
7.8	Issued during quarter	404,310,800 15,000,000 75,000,000	Nil Nil Nil	1.5 Cents 1.16 Cents 1.5 Cents	9 March 2017 31 July 2018 31 July 2019
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	(5,000,000)	Nil	25 Cents	6 August 2015
7.11	Debentures <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 23 October 2015
(Director/Company secretary)

Print name: John Chegwiddden

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 The quarterly report has being prepared on a consolidated basis and includes all the subsidiaries (including the 60% owned Asia Tungsten Products Co Ltd (ATC) that operates in Hong Kong & Vietnam).

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