

ASX Announcement

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FINANCE NEWS NETWORK INTERVIEW WITH EXECUTIVE CHAIRMAN

Hazelwood Resources Ltd wishes to advise that the Company has today released a video conference with Finance News Network.

The transcript follows or you can watch the interview at the [interview link](#)

For further information please contact Mark McAuliffe on (08) 9320 5220 or mobile 0412210776.

Transcript

Clive Tompkins: Hello Clive Tompkins reporting for the Finance News Network. Joining me from Hazelwood Resources to discuss its recent capital raising is Executive Chairman Mark McAuliffe.

Mark McAuliffe: Good morning Clive, good morning listeners.

Clive Tompkins: Mark welcome back. You've just raised 10.35 million to expand your existing resource and the feasibility study at Cookes Creek. What has given you the confidence and that of your investors to back the raising?

Mark McAuliffe: Well that's actually a question that raises a number of issues, so if listeners will just bear with me, there's probably four points I should make there that give us this confidence. Firstly, what drives this particular project is our low cost reduction. Viewers and listeners may have the opportunity to look at the presentation we released to the ASX on the 20th of October. If they have a look at page 19 of that presentation, they will see the details of how we cost our units of production and what we find with this particular project, is we have a very low cost and that's a reflection that the deposit being primarily at the surface with a very low stripping ratio and very good metallurgy.

Secondly, there would be the – at this stage already a solid eight year life of mine and we are very early on into the drilling in this project. But we have already established an eight year life of mine and again if listeners are looking at the presentation, they will see details of that appearing at page 20 and they'll see some of the surplus cash that this project throws after its operating costs, which already have an eight year life of mine, equates to approximately one hundred and sixty million dollars in surplus cash.

Thirdly, the potential to expand – now this is why, if I can just take a few seconds to take the viewers and listeners to page 14 of the presentation, and

if I just explain how this graphic works to give them a better understanding. What they are looking at is an aerial photograph looking down on the main deposit at Big Hill. The distance across that particular photograph is slightly in excess of one kilometre, though we'll see an area hatched in black and that is a ridge line. We are dealing with a low rise ridge which then comes down onto the flat in the bottom part of the picture. That area that is hatched and coloured in a purple colour in the bottom left hand corner, is the area that has been the subject of intensive drilling to date and that is the area that currently constitutes our drill resource of ten million tons. As you can see, it is only approximately one third of the area known to be mineralised. We know its mineralised going outside of that area to the right because you can see the costeans – they're channels actually cut with a bulldozer and they've been fully sampled by our predecessors in exploration. And you can see that there are seven green dots which are drill holes that Hazelwood put into the project last year and one blue dot which was put in by our predecessor explorer. Now all of those costeans and all of those drill holes show similar mineralisation into the area that is the subject of the current drill resource. So clearly there is significant potential to expand the size of the deposit at Big Hill and the drill resource - and that all then equates to the life of the mine.

And not to be forgotten, the fourth factor is the unique metallurgy and the only two points I'll make there is that we do have a high purity scheelite. We've proven that we've produced concentrate on several occasions now and we have a unique mineralisation that is very coarse, deliberation size is very large and this permits all of the ore to go through a gravity circuit with the no need for floatation and the associated costs.

So those four factors drive the confidence in this project. All are very positive and they all suggest that the potential of this project getting bigger and the profitability of the project getting bigger is significant.

Clive Tompkins: Okay very good. When we last spoke you mentioned interest in downstream processing of tungsten ore concentrate into tungsten APT, did this play a big part in the decision to expand the scope of the feasibility study and hence the need to raise additional funds?

Mark McAuliffe: That's probably two questions. Yes it played a big decision in the decision of span and scope of the pre-feasibility study – it didn't require any additional funds because at this stage, it is only a study that we have sufficient funds on hand to cost. What we decided to do two or three weeks ago - it became very clear to us from information we received when we were recently at the international tungsten industry annual conference in Vancouver - it became clear that there were a number of options for APT production that were not previously open to us. There were some new facilities that had recently been established and it became clear that because we had this high purity scheelite, which in itself is quite unique, most scheelite deposits have all kinds of contaminants in them which make it very difficult to process APT without additional costs being incurred. We don't have those additional costs – in this particular deposit we do not have molybdenum, we do not have arsenic and arsenic is a major contaminant that you see in many deposits

around the world and prevents those deposits being economic. We don't have base metals, we don't have radioactives. So when you go to the next stage of production going from concentrate to APT which listeners may recall is ammonium Paratungstate - that is the next intermediate stage before you start to produce tungsten powder to use in manufacturing. We don't have in that conversion process from the concentrate to APT, the need to remove these nasty contaminants. They're simply not in our ore and that makes our cost of production so much cheaper and that is why we decided to look at a thorough APT study. We already have a gentleman overseas inspecting a plant as we speak. We have numbers being returned to us that will go into our study and we hope to be able to give the market some indication within the next four or five weeks when we release results of the pre-feasibility study - our viewers as to whether or not it is appropriate that we go to the downstream processing of APT.

Clive Tompkins: Okay, turning to the capital raising, how was this received?

Mark McAuliffe: Oh exceptionally well. I must admit we were very surprised how well it was received – over the last year it has been difficult for all mining companies with the flight of capital out of the capital markets. But what we've seen is a very strong stream of cash coming back in for good quality projects. Investors are quite discerning of what they're looking at, but when we went through the details of our project and listeners have the opportunity of looking at that detail in the presentation we released on the 20th of October, we were surprised how strong the support was. We have been clearly over subscribed in what we chased. We went away looking for five to ten million dollars - crossing our fingers that the markets had turned and that sentiment had turned. And we significantly exceeded the ten that we had as our upper level and we had to cut a number of investors back and the support was wide ranging. We made presentations to approximately forty parties in Hong Kong, China, Singapore, Sydney and Melbourne and our brokers made various representations on our behalf and the bulk of all of those people put in bids to be part of this placement, so we now have a number of new institutional funds investing in the company. We have a number of new brokers who've not previously been involved in the stock that brought their investors into the stock. So that certainly the book is looking very interesting – a lot of support from a lot of different sectors that were not previously there. And that's probably a reflection of the maturity of the company in its growth cycle. We've gone from the stage of being a junior explorer looking for our deposit, we've found that deposit, we've now progressed it, expanded it and we're looking to expand it again. And now our profile is at that transitional stage from junior explorer, moving into a merging producer and that's the stage where historically you do get a lot of investor support. And we've certainly seen that in Hazelwood with the strong support for this placement.

Clive Tompkins: Okay, look in terms of the capital raising; it was only open to clients of Hartleys, will other shareholders be given the opportunity to participate on the same terms?

Mark McAuliffe: Absolutely, it's very important that you look after the shareholders who do not qualify for that sophisticated investor exemption to come into placements. And so that we made a decision, before we actually went out to do this placement, that part of the placement would involve a share purchase plan for our shareholders. And we would hope that when we post out the notice of general meeting, which we need to approve the second transcript for this placement - we anticipate that going out in the next two or three working days. We will also be posting out to all our shareholders, details of the share purchase plan to enable them to participate on exactly the same price in terms, as those investors who have come into the company on this round.

Clive Tompkins: Mark McAuliffe, thank you very much for the update.

Mark McAuliffe: Thank you Clive.

End.