

HAZELWOOD RESOURCES LIMITED

ABN 88 118 738 999

PROSPECTUS

For the issue of up to 25,000,000 Shares at an issue price of 12 cents each to raise up to approximately \$3,000,000 (**Share Offer**)

and

For the issue of 2,000,000 Shares to Creekwood (or parties nominated by Creekwood) (**Creekwood Share Placement**)

and

For the issue of 375,000 Shares to the Vendor Parties (or parties nominated by the Vendor Parties) (**Arthur River Share Placement**)

Important Notice

The issue of 20,000,000 of the Shares offered pursuant to the Share Offer and all of the Shares offered pursuant to the Creekwood Share Placement and the Arthur River Share Placement are conditional on Shareholder approval and are therefore conditional offers.

Refer to Section 2.4 of this Prospectus for further details.

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY	4
2.	DETAILS OF THE OFFER.....	5
3.	PURPOSE AND EFFECT OF THE OFFERS.....	10
4.	PRO FORMA CONSOLIDATED BALANCE SHEET	12
5.	RIGHTS ATTACHING TO SHARES	14
6.	RISK FACTORS	16
7.	ADDITIONAL INFORMATION.....	19
8.	DIRECTORS' CONSENT.....	25
9.	DEFINITIONS	26
	SHARE OFFER APPLICATION FORM.....	28
	CREEKWOOD APPLICATION FORM.....	30
	ARTHUR RIVER APPLICATION FORM.....	31

IMPORTANT NOTICE

This Prospectus is dated 15 May 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC takes no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is 13 months after the date it was lodged with the ASIC. No securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

A copy of this Prospectus can be downloaded from the website of the Company at www.hazelwood.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form for Shares unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus.

Timetable and Important Dates

Lodgement of Prospectus with the ASIC and ASX	15 May 2009
Opening Date	15 May 2009
Expected date of Official Quotation of the Tranche 1 Shares	29 May 2009
General Meeting of Shareholders	24 June 2009
Closing Date	8 July 2009
Expected date of Official Quotation of the Tranche 2 Shares and Shares the subject of the Creekwood Share Placement and the Arthur River Share Placement	10 July 2009

*The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

1. CORPORATE DIRECTORY

Directors

Mr Mark McAuliffe
Mr Terence Butler-Blaxell
Mr Ian Richer
Mr John Chegwiddden

Share Registry *

Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Company Secretary

Ms Carol New

Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Registered Office

Level 6, 189 St Georges Terrace
PERTH WA 6000

Postal Address:
PO Box 7323
Cloisters Square
PERTH WA 6850

Telephone: (08) 9320 5220
Facsimile: (08) 9481 6343

Auditor *

Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

ASX Code

HAZ

* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

2. DETAILS OF THE OFFER

2.1 Shares made available for Subscription

The Company is making three separate offers pursuant to this Prospectus. The purpose of the Offers and the use of the funds raised pursuant to the Offers are set out in Section 3 of this Prospectus.

The issue of up to 20,000,000 of the Shares offered pursuant to the Share Offer and the issue of 2,375,000 Shares pursuant to the Creekwood Share Placement and the Arthur River Share Placement are conditional on Shareholders approving the relevant resolutions at the General Meeting of Shareholders to be held on or about 24 June 2009 (**General Meeting**). Refer to Section 2.4 for further details.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

The Offers are not underwritten.

The Share Offer

Pursuant to the Share Offer, the Company offers parties nominated by the Directors (in consultation with Hartleys Limited) the opportunity to subscribe for up to 25,000,000 Shares at an issue price of 12 cents per Share to raise up to \$3,000,000.

The Creekwood Share Placement

As disclosed in the Company's IPO Prospectus, pursuant to an option agreement between Creekwood and the Company (as varied by a deed of variation) (**Creekwood Option Agreement**), the Company had the option to acquire, and subsequently acquired, all of the issued share capital in Kiora Holdings Pty Ltd (**Kiora**), the holder of the following mining tenements E46/521, E46/560, M46/477, M46/480, M46/479 and M46/798 (together, the **Creekwood Tenements**).

As part consideration for the acquisition of Kiora, the Company agreed to issue Creekwood 2,000,000 Shares on confirmation that the Creekwood Tenements contained a mineral resource in accordance with the JORC Code. On 21 April 2009 the Company announced a resource at its Big Hill Deposit (being a resource located on the Creekwood Tenements).

Accordingly, pursuant to the terms of the Creekwood Option Agreement, the Company must issue Creekwood 2,000,000 Shares.

The Creekwood Share Placement is only open to Creekwood and parties nominated by Creekwood. Accordingly, if you are nominated by Creekwood please complete a Creekwood Application Form.

The Arthur River Share Placement

As disclosed in the Company's IPO Prospectus, pursuant to an option agreement between the Company, Australis Capital Limited, Ausnom and TBB dated 18 July 2006 (and subsequently varied) (**Arthur River Option Agreement**), the Company was granted an option to acquire a 100% interest in the following tenements E09/1067 and E09/1066 (together, the **Arthur River Tenements**) (**Option**).

The Company has subsequently exercised the Option and acquired the Arthur River Tenements.

As part consideration for the acquisition of the Arthur River Tenements, the Company agreed to issue:

(a) Ausnom 225,000 Shares; and

(b) TBB 150,000 Shares,

being a total of 375,000 Shares.

Accordingly, pursuant to the terms of the Arthur River Option Agreement, the Company must issue Ausnom 225,000 Shares and TBB 150,000 Shares.

The Arthur River Share Placement is only open to the Vendor Parties and parties nominated by the Vendor Parties. Accordingly, if you are nominated by the Vendor Parties please complete an Arthur River Application Form.

The Vendor Parties are both related parties of the Company and therefore the issue of the Shares pursuant to the Arthur River Share Placement is subject to Shareholder approval. Refer to Section 2.4 for further details.

2.2 Opening and Closing Dates of the Offers

The Opening Date of the Offers will be at 9:00am WST on 15 May 2009 and the Closing Date will be at 5:00pm WST on 8 July 2009. The Directors reserve the right to close the Offers early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

2.3 Application for Shares

Applications for Shares under the:

(a) Share Offer must be made using the Share Offer Application Form;

(b) Creekwood Share Placement must be made using the Creekwood Application Form; and

(c) Arthur River Share Placement must be made using the Arthur River Application Form.

Payment for the Shares under the Share Offer must be made in full at the issue price of 12 cents per Share. Cheques should be made payable to "Hazelwood Resources Limited – Offer Account" and crossed "Not Negotiable". Applications for Shares under the Share Offer must be for a minimum of 100,000 Shares and thereafter in multiples of 1,000 Shares.

The Shares the subject of the Creekwood Share Placement or the Arthur River Share Placement are to be issued for nil consideration.

Completed Application Forms and accompanying payment (if applicable) must reach the Company's share registry no later than 5pm WST on the Closing Date.

2.4 Conditions of the Offers

The:

(a) offer of up to 20,000,000 Shares pursuant to the Share Offer (being the Tranche 2 Shares) is conditional upon the satisfaction of the relevant resolution (being the resolution to approve the issue of the Tranche 2 Shares pursuant to this Prospectus) being passed at the General Meeting (**Share Offer Condition**);

(b) issue of 2,000,000 Shares pursuant to the Creekwood Share Placement (**Creekwood Shares**) is conditional upon the satisfaction of the relevant

resolution (being the resolution to approve the issue of the Creekwood Shares pursuant to this Prospectus) being passed at the General Meeting (**Creekwood Placement Condition**); and

- (c) issue of 375,000 Shares pursuant to the Arthur River Share Placement (**Arthur River Shares**) is conditional upon the satisfaction of the relevant resolutions (being the resolutions to approve the issue of the Arthur River Shares pursuant to this Prospectus) being passed at the General Meeting (**Arthur River Placement Condition**),

(together, the **Conditions**).

Only up to 5,000,000 Shares offered pursuant the Share Offer (being the Tranche 1 Shares) will be issued pursuant to this Prospectus prior to the satisfaction of the Share Offer Condition.

2.5 Allotment of Shares

Tranche 1 Shares

Allotment of the Tranche 1 Shares pursuant to the Share Offer will take place as soon as practicable after the Opening Date. Application moneys will be held in a separate subscription account until allotment. This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each applicant waives the right to claim any interest.

Tranche 2 Shares, Creekwood Shares and Arthur River Shares

The allotment of the Tranche 2 Shares, Creekwood Shares and Arthur River Shares will take place as soon as practicable after the satisfaction of the Share Offer Condition, Creekwood Placement Condition and the Arthur River Placement Condition (as applicable).

For the avoidance of doubt, the process proposed is as follows:

- (a) Shares are offered pursuant to this Prospectus;
- (b) Offers open under the Prospectus;
- (c) up to 5,000,000 Shares offered pursuant to the Share Offer are issued;
- (d) General Meeting held and the relevant resolution passed (as outlined in Section 2.4);
- (e) 2,000,000 Shares offered pursuant to the Creekwood Share Placement, 375,000 Shares offered pursuant to the Arthur River Share Placement and up to 20,000,000 Shares offered pursuant to the Share Offer are issued; and
- (f) Offers close under the Prospectus.

Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors in consultation with Hartleys will determine the allottees of all the Shares the subject of the Share Offer. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares under the Share Offer than

the number applied for. Potential investors should not apply for Shares offered pursuant to the:

- (a) Share Offer unless instructed to do so by Hartleys or the Company; or
- (b) Creekwood Share Placement or Arthur River Share Placement unless directed to do so by the Company.

Where the number of Shares allotted is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

2.6 Minimum Subscription

There is no minimum subscription for the Offers.

2.7 ASX Listing

The Company's Shares are currently traded on ASX. Application will be made within 7 days after the date of issue of this Prospectus to ASX for permission for the Shares issued pursuant to this Prospectus to be listed for official quotation by ASX.

In the event that ASX does not grant permission for the official quotation of the Shares within 3 months after the date of issue of this Prospectus (or such period as is varied by the ASIC), none of the Shares offered by this Prospectus will be allotted or issued and the Company will repay all application monies for the Shares within the time period set out under the Corporations Act, without interest.

2.8 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia.

2.9 Clearing House Electronic Sub-Register System ("CHESS") and Issuer Sponsorship

The Company will not be issuing share certificates. The Company participates in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

2.10 Dividend Policy

The Company's ability to pay dividends depends on factors such as the earnings, taxation and financial position of the Company. It is the current intention of the Directors to pay dividends if the profitability of the Company's operations permits. The level of franking of any dividends will be determined by the level of Australian tax paid by the Company.

Until the Company generates sufficient profits, it will not be in a position to declare any dividend and, accordingly, the Directors will not formulate a dividend policy until a profit is generated.

2.11 Taxation

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to applicants. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offers.

2.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the SCH Business Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

2.13 Enquiries

Any questions concerning the Offers should be directed to Mr Mark McAuliffe at the Company's registered office at (08) 9320 5216.

3. PURPOSE AND EFFECT OF THE OFFERS

3.1 Purpose of the Offers

The purpose of the Offers is to:

- (a) remove any restrictions on the sale of the Shares to be issued by the Company under the Offers; and
- (b) raise up to approximately \$3,000,000 before costs.

The proceeds of the Offers are planned to be used in accordance with the table set out below:

Proceeds of the Offers	Amount Raised
	\$3,000,000
To progress and finalise pre-feasibility study at the Company's Big Hill Tungsten Project	\$1,500,000
General working capital	\$1,300,000
Expenses of the Offers	\$200,000
Total	\$3,000,000

Notes:

- 1. Refer to Section 7.6 of this Prospectus for further details relating to the estimated expenses of the Offers.
- 2. In the event the Company does not raise \$3,000,000 pursuant to the Offers the proceeds will be firstly scaled back from the working capital allocation and then from the pre-feasibility study.

3.2 Effect of the Offers and Pro Forma Consolidated Balance Sheet

Assuming the Conditions are satisfied and all Shares offered under this Prospectus are issued, the principal effect of the Offers will be to:

- (a) increase cash reserves by approximately \$2,800,000 immediately after completion of the Offers and estimated expenses of the Offers; and
- (b) increase the number of Shares on issue from 101,558,438 Shares as at the date of this Prospectus, to 128,933,438 Shares. There is no change to the number of Options on issue being 20,750,000.

Set out below is:

- (a) an unaudited consolidated balance sheet of the Company as at 31 December 2008 and 30 April 2009;
- (b) an unaudited pro-forma consolidated balance sheet of the Company as at 30 April 2009 incorporating the effect of the Offers (assuming the Conditions are satisfied and the Offers are fully subscribed); and

- (c) the capital structure of the Company upon completion of the Offers (assuming the Conditions are satisfied and the Offers are fully subscribed).

4. PRO FORMA CONSOLIDATED BALANCE SHEET

Description	Unaudited 31 December 2008 \$	Unaudited 30 April 2009 \$	Share Offer Adjustment \$	Proforma Consolidated \$
Current Assets				
Cash and Cash Equivalents*	1,067,371	411,797	2,800,000	3,211,797
Trade and Other Receivables	<u>284,844</u>	<u>213,398</u>	<u>0</u>	<u>213,398</u>
Total Current Assets	<u>1,352,215</u>	<u>625,195</u>	<u>2,800,000</u>	<u>3,425,195</u>
Non-Current Assets				
Property, Plant and Equipment	299,014	271,125	0	271,125
Exploration, Evaluation and Development	9,187,638	10,472,117	0	10,472,117
Other Non-Current Assets	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Total Non-Current Assets	<u>9,501,652</u>	<u>10,758,242</u>	<u>0</u>	<u>10,758,242</u>
Total Assets	<u>10,853,867</u>	<u>11,383,437</u>	<u>2,800,000</u>	<u>14,183,437</u>
Current Liabilities				
Trade and Other Payables	(93,924)	(83,925)	0	(83,925)
Other Financial Liabilities	(27,137)	(27,137)	0	(27,137)
Provisions	<u>(48,623)</u>	<u>(48,623)</u>	<u>0</u>	<u>(48,623)</u>
Total Current Liabilities	<u>(169,684)</u>	<u>(159,685)</u>	<u>0</u>	<u>(159,685)</u>
Non-Current Liabilities				
Other Financial Liabilities	<u>(39,529)</u>	<u>(30,483)</u>	<u>0</u>	<u>(30,483)</u>
	<u>(39,529)</u>	<u>(30,483)</u>	<u>0</u>	<u>(30,483)</u>
Total Liabilities	<u>(209,213)</u>	<u>(190,168)</u>	<u>0</u>	<u>(190,168)</u>
Net Assets/(Liabilities)	<u>10,644,654</u>	<u>11,193,269</u>	<u>2,800,000</u>	<u>13,993,269</u>
Equity				
Issued Capital	13,948,514	13,979,655	3,000,000	16,979,655
Option Reserve	863,464	559,599	0	559,599
Accumulated Losses	<u>(4,167,324)</u>	<u>(3,345,985)</u>	<u>(200,000)</u>	<u>(3,545,985)</u>
Total Equity	<u>10,644,654</u>	<u>11,193,269</u>	<u>2,800,000</u>	<u>13,993,269</u>

The capital structure of the Company upon completion of the Offers (assuming the Conditions are satisfied and the Offer is fully subscribed) is summarised below:

Shares

	Number
Shares currently on issue	101,558,438
Shares offered pursuant to the Share Offer	25,000,000
Shares offered pursuant to the Creekwood Share Placement	2,000,000
Shares offered pursuant to the Arthur River Share Placement	375,000
Total Shares on issue after completion of the Offers	128,933,438

Options

	Number
Unlisted exercisable at \$0.20 on or before 31 August 2009	4,500,000
Unlisted exercisable at \$0.25 on or before 31 August 2009	1,000,000
Unlisted exercisable at \$0.30 on or before 31 August 2009	2,250,000
Unlisted exercisable at \$0.15 on or before 30 June 2011	1,000,000
Unlisted exercisable at \$0.20 on or before 30 June 2011	2,000,000
Unlisted exercisable at \$0.25 on or before 30 June 2011	1,000,000
Unlisted exercisable at \$0.25 on or before 30 June 2012	1,000,000
Unlisted exercisable at \$0.30 on or before 30 June 2012	1,000,000
Unlisted exercisable at \$0.10 on or before 30 April 2012	5,000,000
Unlisted exercisable at \$0.20 on or before 30 April 2012	2,000,000
Options offered pursuant to the Offers	Nil
Total	20,750,000

5. RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to Clause 22 of the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:

- (i) increase its share capital by the issue of new shares of such amount as is specified in a resolution;
- (ii) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (iii) sub-divide all or any of its shares into shares of smaller amount than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and
- (iv) cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

(g) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

The Shares are quoted on ASX.

6. RISK FACTORS

6.1 General

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

Whilst the Directors recommend the Offers, there are numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

Factors which may affect the Company's financial position, prospects and the price of its listed securities include the following:

6.2 Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (h) inability to obtain necessary consents or approvals.

6.3 Native Title and Title Risks

Both the *Native Title Act 1993* (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered Native Title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

6.4 Environmental Risks and Regulations

The Company's projects are subject to Commonwealth and State laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Tenements.

6.5 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

6.6 Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.7 Security Investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

6.8 Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the Mining Act may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

6.9 Future Capital Requirements

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offers will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offers there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be

dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. In particular, dependent upon the amount the Company raises under the Offers, the Company may not be in a position to progress drilling and evaluation of the Big Hill Tungsten Project to enable the establishment of a JORC-compliant resource.

6.10 Reliance on Key Personnel and Employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

6.11 Shareholder Approval in respect of the Creekwood Share Placement

The Company has a contractual obligation pursuant to the Creekwood Option Agreement to issue the Shares the subject of the Creekwood Share Placement. Therefore, if the necessary Shareholder approval is not obtained at the General Meeting and the Company:

- (a) does not issue the Shares to Creekwood it would be a breach of the Creekwood Option Agreement and Creekwood would have a right to make a claim against the Company; or
- (b) does issue the Shares to Creekwood without obtaining the necessary Shareholder approval it would be in breach of the Listing Rules and ASX may impose penalties on the Company.

7. ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities. The Shares that will be issued pursuant to this Prospectus will be in the same class of Shares that have been quoted on the official list of ASX during the 12 months prior to the issue of this Prospectus.

In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half year financial report lodged with the ASIC by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any documents used to notify ASX of information relating to the Company during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

For details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report refer to the table set out below.

Date	Description of Announcement
15/05/2009	Response to ASX Query - Appendix 5B
15/05/2009	\$3 Million Raising to Complete Tungsten Prefeasibility Study
13/05/2009	Request for Trading Halt
13/05/2009	Trading Halt
11/05/2009	Investor Presentation
08/05/2009	New Assays show More Tungsten in the Hangingwall at Big Hill
30/04/2009	Quarterly Report 31 March 2009
28/04/2009	X-ray Sorting Effective on Big Hill Tungsten Low Grade Feed
21/04/2009	Media Release Maiden JORC Mineral Resource at Big Hill
21/04/2009	Maiden JORC Mineral Resource at Big Hill Exceeds Expectation
17/04/2009	Request for trading halt
17/04/2009	Trading halt
09/04/2009	Closure of Short Form Prospectus
09/04/2009	Appendix 3B Short Form Prospectus
08/04/2009	Short Form Prospectus
20/03/2009	Change in substantial holding
20/03/2009	Continuing Success Pre-concentration Testwork Big Hill
16/03/2009	Half Yearly Report and Accounts
25/02/2009	Final Assays Show More Extensive Deposit at Big Hill
06/02/2009	Closure of Short Form Prospectus
30/01/2009	Quarterly Report 31 December 2008
22/01/2009	Initial X-Ray Sorting Testwork Success
19/01/2009	Big Hill Tungsten Deposit Evaluation Drilling Results Update
18/12/2008	Becoming a substantial holder

18/12/2008	Share Issue under Shortform Prospectus
28/11/2008	Results of Annual General Meeting
28/11/2008	Share Issue
28/11/2008	AGM Presentation
27/11/2008	Further Drilling Results Big Hill Evaluation Program
24/11/2008	Share Issue
20/11/2008	Second Bulk Processing Trial to Produce Tungsten Concentrate
05/11/2008	Short Form Prospectus and Appendix 3B
05/11/2008	Capital Raising
31/10/2008	Appendix 3B - Unlisted Options
31/10/2008	Quarterly Activities and Cash Flow Report
30/10/2008	Notice of Annual General Meeting/Proxy Form
30/10/2008	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal hours.

7.2 Agreement with Hartleys Limited

On 4 June 2008 the Company engaged Hartleys to act as corporate advisor and capital raising agent to the Company.

As consideration for corporate services provided to the Company, the Company has agreed to pay Hartleys a fee of 6% of the funds raised pursuant to the Share Offer.

Therefore, assuming the Share Offer is fully subscribed, Hartleys will be paid a fee of \$180,000 by the Company.

7.3 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as solicitors to the Company and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

None of the entities referred to in this Section 7.2 have authorised or caused the issue of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

7.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any organisation in which such a Director is a partner or director, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director or to any organisation in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Each Directors' interests in Shares and Options at the date of this Prospectus are:

Name of Director	Shares	Options
Mark McAuliffe	1,060,001	2,500,000
Terence Butler-Blaxell	3,510,001 ¹	2,500,000
Ian Richer	2,500,001	1,000,000
John Chegwiddden	1,105,001 ¹	1,000,000

Notes:

- ¹ Does not include the Shares the subject of the Arthur River Share Placement.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The Company paid to the Directors a total of \$894,582 for the year ended 30 June 2008. For the period from 1 July 2008 to the date of this Prospectus \$166,529 has been paid or is payable by the Company by way of approved remuneration for services provided by all Directors or former Directors (executive, non-executive and alternate), companies associated with those Directors or their associates in their capacity as Directors, employees, consultants or advisers (and including superannuation payments).

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last financial year prior to the

date of this Prospectus and their current remuneration at the date of this Prospectus, inclusive of directors fees and consultancy fees.

Director	Year Ended 30 June 2008	Current Financial Remuneration
Mark McAuliffe	\$307,232	\$196,200 ¹
Terence Butler-Blaxell	\$317,600	\$179,850
Ian Richer	\$190,550	\$39,600 ²
John Chegwiddden	\$79,200	\$39,600 ³

Notes:

1. Mark McAuliffe will also receive fees for services provided by McAuliffe Legal and office equipment leased to the Company (in his capacity as a director of McAuliffe Legal, Solicitors to the Company).
2. Ian Richer will also receive consulting fees for services provided pursuant to an agreement between Anycall Pty Ltd and the Company.
3. John Chegwiddden will also receive consulting fees for services provided pursuant to a consultancy agreement between Ausnom Pty Ltd and the Company.

7.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert nor any organisation in which such expert has an interest, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares pursuant to this Prospectus; or
- (c) the offer of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any expert or to any firm in which any such expert is a partner, either to induce him to become, or to qualify him as, a expert or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services provided in relation to this Prospectus. In the last 2 years Steinepreis Paganin have been paid approximately \$128,600 for their services.

7.6 Estimated Expenses of Offers

The estimated expenses of the Offers (assuming all Conditions are satisfied) are as follows:

Item	\$
ASX Fees	8,490
ASIC Fees	2,010
Print and Mailing Expenses	300
Share Offer Fee	180,000
Legal	9,200
Total	<u>200,000</u>

7.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	22 cents	30 June 2008
Lowest	4.3 cents	19 November 2008
Last	16.5 cents	14 May 2009

7.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8. DIRECTORS' CONSENT

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.

Mark McAuliffe
Director
For and on behalf of
HAZELWOOD RESOURCES LIMITED

9. DEFINITIONS

Applicant means an investor that applies for Shares using an Application Form pursuant to this Prospectus.

Application Form means the Share Offer Application Form, the Creekwood Application Form and the Arthur River Application Form (all of which accompany this Prospectus) and **Application Form** means one of them.

Arthur River Share Placement means the placement of 375,000 Shares as set out in Section 2.1.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

Ausnom means Ausnom Pty Ltd (ACN 087 755 926) as trustee for the J & K Chegs Share Trust.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date for receipt of Application Forms under this Prospectus as set out in Section 2.2.

Company or **Hazelwood** means Hazelwood Resources Limited (ABN 88 118 738 999).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Creekwood means Creekwood Nominees Pty Ltd (ACN 073 878 645).

Creekwood Share Placement means the placement of 2,000,000 Shares as set out in Section 2.1.

Directors means directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

General Meeting means a general meeting of Shareholders to be held on or about 24 June 2009.

Hartleys means Hartleys Limited.

IPO Prospectus means the Company's initial public offering prospectus dated 28 July 2006 (a copy of which is available on www.asx.com.au).

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

Offers means the Share Offer, the Creekwood Share Placement and the Arthur River Share Placement.

Opening Date means the opening date for receipt of Application Forms under this Prospectus as set out in Section 2.2.

Option means an option to acquire a Share.

Prospectus means this Prospectus.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Share Offer means the offer of up to 25,000,000 Shares at 12 cents per Share as set out in Section 2.1.

TBB means Terrence Butler-Blaxell as trustee for The Butler-Blaxell Family Trust.

Tranche 1 means the offer of up to 5,000,000 Shares pursuant to the Share Offer as detailed in section 2.4.

Tranche 2 means the conditional offer of up to 20,000,000 Shares pursuant to the Share Offer as detailed in section 2.4.

Vendor Parties means Ausnom and TBB.

WST means Western Standard Time as observed in Perth, Western Australia.

GUIDE TO THE SHARE OFFER APPLICATION FORM

If an applicant has any questions on how to complete this Share Offer Application Form, please telephone the Share Registry on +61 8 9323 2000.

A. Application for Shares

The Share Offer Application Form must only be completed in accordance with instructions included in Prospectus.

B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Share Offer Application Form.

F. CHES HIN or existing SRN Details

The Company participates in CHES. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHES HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. Payment Details

Make cheques payable to "Hazelwood Resources Limited – Offer Account" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Share Offer Application Form.

H. Declaration

This Share Offer Application Form does not need to be signed. By lodging this Share Offer Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Shares specified in the Share Offer Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the constitution of the Company;
- (3) authorises the directors of the Company to complete or amend this Share Offer Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the Prospectus attached to this Share Offer Application Form or a copy of the Share Offer Application Form before applying for the Shares; and
- (5) acknowledges that he/she will not provide another person with this Share Offer Application Form unless it is attached to or accompanied by the Prospectus.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Share Offer Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

