Hazelwood resources ltd

A.C.N. 118 738 999

20 Jan 2010

On track for a significant increase to the Big Hill Resource; six rigs active

Highlights

- Drilling results from the pre-Christmas resource drilling program show new high grade tungsten zones; well on-track for a significant increase to the Mineral Resource at Big Hill.
- Now six rigs on site; resource drilling, metallurgical drilling and water exploration program scheduled for completion during February to provide inputs for the definitive feasibility study.
- Equipment bids forming part of the Capital Cost estimation are being reviewed to enable closure of the Pre-feasibility study. An interim resource upgrade and ore reserve statement is expected during Feb-Mar 2010.
- *Big Hill is one of the few currently proposed tungsten projects that has been able to consistently demonstrate the production of clean, saleable tungsten concentrate.*
- An equipment vendor's pilot-scale grinding mill is scheduled to arrive in Perth within the next two weeks to enable validation of the flowsheet and production of additional high purity concentrate for certification purposes and to assist with downstream processing studies.
- Negotiations continue with various parties for value-additive downstream processing opportunities that would enable Hazelwood to extract the maximum value from its products.

The directors of Hazelwood are encouraged by new results from a resource extension program at the Big Hill Tungsten Deposit. This drilling program is nearing the half way mark and additional rigs have been deployed to enable completion towards the end February 2010.

Results received from the pre-Christmas drilling (Fig 1) have revealed extensions of significant tungsten mineralisation to the west and east of the currently defined resource at Big Hill. There are many higher grade zones that further enhance the potential of the project. Results include (Table 1);

1m @ 8.16% WO_3 from 17m in hole 09BHD013
4m @ 1.75% WO_3 from 53m in hole 09BHD033
1m @ 4.55% WO_3 from 81m also in 09BHD033
4m @ 2.26% WO_3 from 57m in hole 09BHD018
Includes 1m @ 7.52% WO_3 from 60m
34m @ 0.28% WO_3 from 108m in hole 09BHD025
Includes 1m @ 4.16% WO_3 from 138m
18m @ 0.24%WO_3 from 120m in hole 09BHD019
Includes 1m @ 2.77% WO_3 from 120m

Many results are pending as the drilling program continues at full pace.

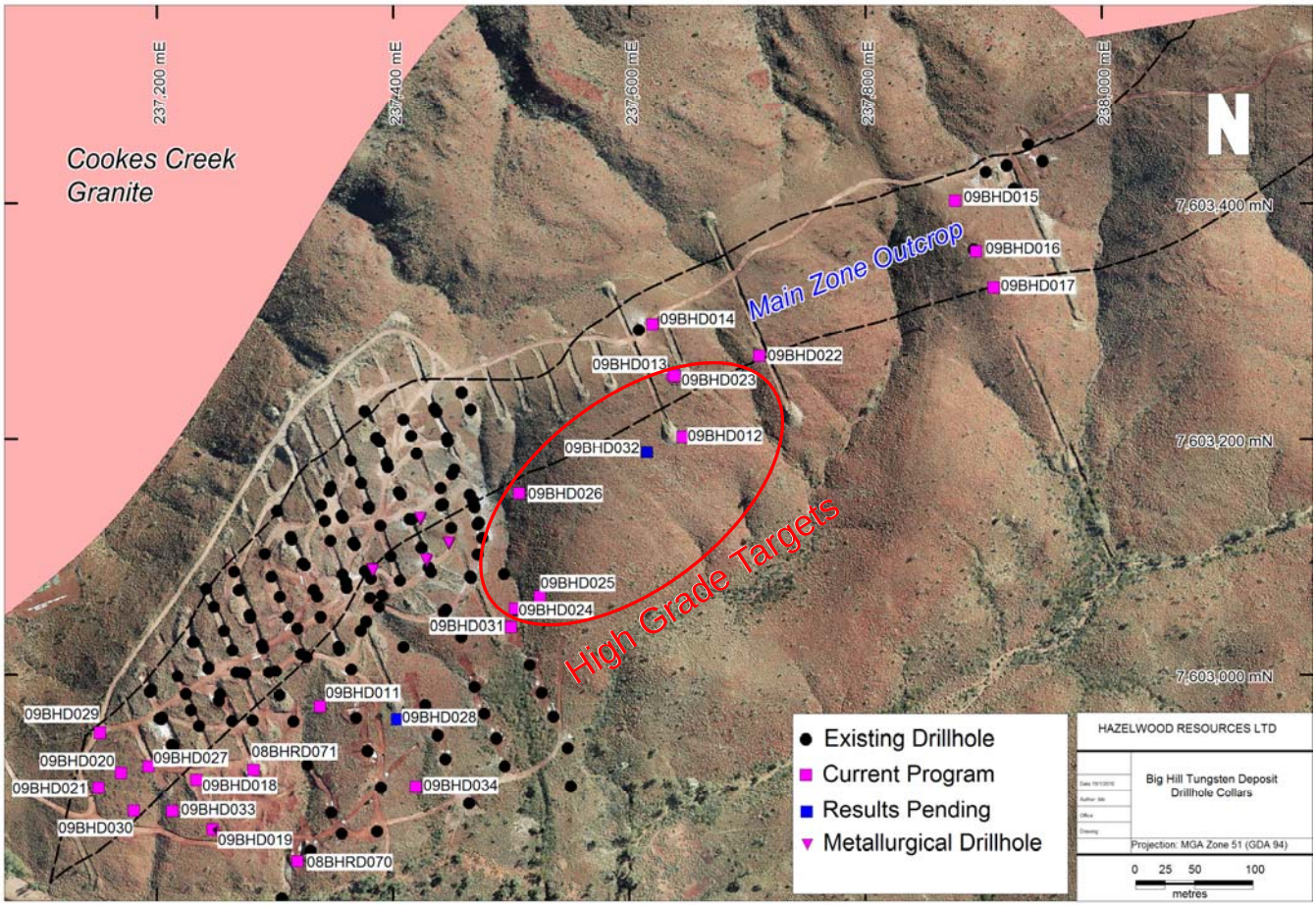

Figure 1. Drillhole collar location plan Big Hill Tungsten Deposit - holes completed to end of December 2009.

Drilling Progress

Drilling recommenced at Big Hill on 4th January after a brief interruption due to cyclonic rainfall. Six drilling rigs are now active on site. Four core rigs are presently completing eight shifts per 24 hour period of HQ diameter resource core and PQ diameter metallurgical core. A compact reverse circulation rig is drilling shallower targets to expedite the program. A second RC rig is involved in a water exploration program.

The drilling programs are approaching 50% completion, and the resource extensional drilling is expected to be finished during February 2010. There is likely to be an interim resource upgrade during Feb/Mar 2010 based on priority targets, with the Mineral Resource for the definitive feasibility study scheduled shortly after the receipt of all assay data from the program.

Drilling progress during the current program comprises 26 HQ core holes for approximately 3,400m, 12 PQ core holes for 934 metres and three water exploration holes for 186 metres.

Significant results received to date are presented in Table 1.

The results show extensions of significant tungsten mineralisation along strike to the west and east of the current resource. Many high grade zones have been intersected within 100 metres of the surface and these provide priority targets that are now being drilled.

Drilling continues at maximum pace and many results are pending.

According to Managing Director Terry Butler-Blaxell;

"Our progress on site is impressive with exceptional performance from the drilling contractors and technical personnel. This is exemplary efficiency and it's incredible that we can finish 10,000 metres of drilling within such a short period of time and under a challenging set of conditions."

Metallurgical and Engineering Progress

Equipment bids are being finalised as part of the Capital Cost (CAPEX) estimate for the pre-feasibility study. The pre-feasibility study can be closed following the finalisation of the CAPEX estimate and the operational life is likely to be extended following a scheduled interim resource upgrade.

Minimal revisions to the processing flowsheet are required for the pre-feasibility study. Variability testwork continues and results received to date suggest further improvements to process recovery can be achieved. The coarse liberation size of the scheelite at Big Hill enhances its recoverability through the use of conventional gravity processing alone.

A pilot scale rod mill is scheduled to arrive in Perth at the end of January and will be commissioned on bulk samples from Big Hill during February 2010. A number of leading experts in tungsten processing are involved in the testwork and design phase for the definitive feasibility study.

Approximately 30 tonnes of hard rock material has been excavated from site and transported to Perth. Sub-samples of this material will be used to produce additional batches of high purity tungsten concentrate.

The high purity scheelite concentrate from Big Hill contains low levels of deleterious elements and has multiple applications. Samples of concentrate will be subject to materials handling tests and certification, and will be used in downstream processing studies.

Metallurgical coring continues and is expected to be complete towards the end of February. Composite samples of large diameter core will be put through pilot scale ore-sorting, comminution and beneficiation tests to finalise the processing flowsheet for the definitive feasibility study.

Significant progress is being made on downstream processing studies and negotiations are continuing with several parties. Hazelwood is committed to achieving the highest *value-add coefficient* for its unique tungsten concentrate and this relies on more than concentrate sales alone.

Pilot grinding mill scheduled for testwork

Metallurgical drilling

Table 1. Diamond Drilling Results Big Hill Tungsten Deposit

Hole_id	Easting	Northing	Decl	Azim	From (m)	To (m)	Length (m)	WO3 %
08BHRD070	237318.56	7602842.00	-60.00	159.00	74	80	6	0.14
includes					77	78	1	0.41
					89	90	1	0.14
					91	92	1	0.11
					105	106	1	0.13
					110	117	7	0.11
includes					111	112	1	0.33
					119	120	1	0.12
					147	179	32	0.12
includes					156	157	1	0.13
and					164	165	1	0.28
and					174	175	1	0.28
and					176	177	1	0.45
08BHRD071	237281.55	7602919.50	-60.00	157.50	66	67	1	0.32
					80	81	1	0.25
					98	99	1	0.11
					118	121	3	0.48
includes					118	119	1	1.28
					135	140	5	0.14
includes					136	137	1	0.44
09BHD011	237337.89	7602972.85	-60.00	157.50	7	14	7	0.13
					8	9	1	0.54
					34	35	1	0.34
					53	55	2	0.11
09BHD012	237645.00	7603202.00	-60.00	157.50	45	46	1	0.13
					80	85	5	0.12
includes					84	85	1	0.23
					87	90	3	0.16
includes					89	90	1	0.21
					94	97	3	0.15
includes					95	96	1	0.27
					105	106	1	0.19
					121	128	7	0.42
includes					127	128	1	1.19
					132	133	1	0.38
					145	147	2	0.23
09BHD013	237636.32	7603254.53	-60.00	157.50	16	18	2	4.14
includes					17	18	1	8.16
					54	65	11	0.18
09BHD014	237619.31	7603297.08	-60.00	157.50	16	19	3	0.14
					22	23	1	0.12
					40	41	1	0.20
					57	58	1	0.11
					60	61	1	0.18
09BHD015	237875.77	7603402.18	-60.00	157.50	11	22	11	0.10
includes					15	16	1	0.22
and					20	21	1	0.31

Table 1. Diamond Drilling Results Big Hill Tungsten Deposit

Hole_id	Easting	Northing	Decl	Azim	From (m)	To (m)	Length (m)	WO3 %
09BHD016	237893.54	7603358.90	-60.00	157.50	25	26	1	0.12
					62	63	1	0.13
					97	98	1	0.15
09BHD017	237908.25	7603328.74	-60.00	157.50	50	54	4	0.12
includes					51	52	1	0.21
					59	60	1	0.16
					69	73	4	0.12
					93	101	8	0.12
					109	110	1	0.18
09BHD018	237233	7602911	-60	157.5	7	9	2	0.29
					26	27	1	0.42
					34	36	2	0.18
					57	61	4	2.26
includes					60	61	1	7.52
					65	78	13	0.11
includes					72	73	1	0.25
and					76	77	1	0.34
					86	87	1	0.13
					96	109	13	0.28
includes					96	97	1	0.34
and					101	102	1	2.19
09BHD019	237246	7602868	-60	157.5	18	19	1	1.10
					85	89	4	0.11
					101	102	1	0.63
					107	114	7	0.18
includes					110	111	1	0.27
					120	138	18	0.24
includes					120	121	1	2.77
and					123	124	1	0.40
					143	144	1	0.31
09BHD020	237169	7602916	-60	157.5	38	41	3	0.20
					44	45	1	0.15
					52	55	3	0.15
					61	62	1	0.19
					92	93	1	0.29
09BHD021	237150	7602904	-60	157.5	55	56	1	0.19
09BHD022	237710	7603270	-60	157.5	5	6	1	0.16
					40	46	6	0.10
includes					43	44	1	0.23
					55	56	1	0.21
					58	59	1	0.38
					71	72	1	0.10
					83	85	2	0.18
					88	89	1	0.13
09BHD023	237638	7603252	-60	337.5	19	20	1	0.10

Table 1 (cont'd). Diamond Drilling Results Big Hill Tungsten Deposit

Hole_id	Easting	Northing	Decl	Azim	From	To	Length (m)	%WO3
09BHD024	237503	7603056	-60	157.5	5	6	1	0.28
					15	16	1	0.34
					24	33	9	0.26
					37	44	7	0.10
includes					37	38	1	0.25
					62	63	1	0.14
09BHD025	237524	7603066	-60	157.5	29	30	1	0.16
					32	33	1	0.18
					36	37	1	0.12
					55	56	1	0.15
					84	85	1	0.20
					108	142	34	0.28
includes					112	113	1	0.42
and					122	123	1	0.29
and					124	125	1	0.70
and					138	139	1	4.16
and					141	142	1	2.49
					147	148	1	0.17
					149	150	1	0.10
					154	155	1	0.27
					165	166	1	0.41
					175	176	1	0.11
					193	194	1	2.18
09BHD026	237506	7603154	-60	157.5	8	31	23	0.21
includes					12	13	1	0.52
and					14	15	1	0.47
and					17	18	1	0.68
and					21	21	1	0.46
and					22	23	1	1.23
					36	41	5	0.13
includes					36	37	1	0.38
					48	56	8	0.28
includes					51	52	1	0.74
and					55	56	1	1.27
					70	89	19	0.20
includes					80	81	1	0.67
and					84	85	1	0.39
and					85	86	1	1.89
09BHD027	237192.68	7602922.43	-60	157	22	23	1	.11
					25	26	1	.22
					40	44	4	0.16
includes					40	41	1	0.36
and					43	44	1	0.20
					49	68	19	0.19
includes					52	53	1	0.74
and					53	54	1	1.00
and					61	62	1	0.34
					74	81	7	0.11
includes					75	76	1	0.25
and					80	81	1	0.32
09BHD033	237212.85	7602884.36	-60	157	35	36	1	0.21
					40	47	7	0.18
includes					42	43	1	0.55

Table 1 (cont'd). Diamond Drilling Results Big Hill Tungsten Deposit

Hole_id	Easting	Northing	Decl	Azim	From	To	Length (m)	%WO3
09BHD033					53	57	4	1.75
includes					54	55	1	2.37
and					55	56	1	3.78
					69	85	16	0.49
includes					79	80	1	0.82
and					81	82	1	4.55
and					83	84	1	0.52

The return to site early January 2010

Notes to accompany Tables in accordance with JORC guidelines for the reporting of Exploration Results:

1. Diamond core holes are 09BHD and 08BHRD prefixed.
2. A BHRD prefix indicates the hole was pre-collared with RC drilling using a 5.25 inch diameter face sampling hammer.
3. Diamond core size HQ; half core sampled in one metre intervals.
4. Downhole lengths reported (not true widths); length weighted composite intervals. Cut-off 0.05% WO3 with maximum internal dilution of three metres at less than 0.05% WO3.
5. Assay method fusion XRF using 12/22 flux. Detection limit 0.001% W.
6. W assays converted to WO3 by applying conversion factor of 1.261.
7. Certified reference materials inserted at a frequency of 1 in 20 samples
8. Collar positions have been established by licensed surveyor; grid system MGA94 Zone 51.
9. Azimuths are magnetic degrees, surveys were taken downhole every 30m.
10. Accurate digital topography model has been established, flown by AAM Hatch.

The information in this report that relates to exploration results, mineral resources or ore reserves has been compiled by Mr Joel Rowe MAust IMM who is the exploration manager of Hazelwood Resources. Mr Rowe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a competent person as defined in the 2004 edition of the Australasian Code for the reporting of exploration results, mineral resources and ore reserves. Mr Rowe consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Water exploration drilling

Coarse scheelite in hole 09BHD018 - oriented HQ core

Coarse scheelite in hole 09BHD033 - unoriented HQ core