

04 November 2009

Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

On 20 October 2009 Hazelwood Resources Limited (**Hazelwood** or **Company**) announced a placement of up to 57.5 million fully paid ordinary shares in the capital of the Company (**Shares**) at 18 cents per Share to professional and sophisticated investors to raise approximately \$10.35 million before costs of the issue (**Placement**).

The Board of Directors of Hazelwood are now pleased to offer eligible shareholders the opportunity to participate in a Shareholder Share Purchase Plan (**Plan**) to acquire additional Shares at the same issue price of 18 cents per Share as that paid by investors under the Placement.

Shareholders Eligible to Participate in the Plan

The right to participate in the offer under the Plan is optional and is available exclusively to shareholders who are registered as holders of Shares at 5pm (WST) on the Record Date of 20 October 2009 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Share Purchase Plan

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$5,000 worth of Shares at a price of 18 cents per Share (**Offer**).

The issue price of the Offer represents a **19.68% discount** to the volume weighted average trading price of the Company's Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of the offer (being 20 October 2009).

The amount an Eligible Shareholder can subscribe for will be restricted to a cumulative total of \$5,000 Shares.

Details of the Offer are set out in this letter and the enclosed Terms and Conditions. An Entitlement and Acceptance Form will be mailed to eligible shareholders this week.

Current Projects

Details of the Company's current activities are set out in the announcements made by Hazelwood to the ASX and are available from the ASX or Hazelwood's website at www.hazelwood.com.au.

The funds raised under the Plan will be used by the Company in conjunction with funds raised from the recent placement (at the same price as the SPP) to fund the Company's Definitive Feasibility Study and further resource and exploration drilling at its 100% owned Cookes Creek Tungsten Project and for working capital.

How much can you invest?

Under the Plan, Eligible Shareholders may only acquire a maximum of \$5,000 worth of Shares under a share purchase plan in any 12 month period.

Subscription and Application Procedure

If you would like to participate in the Offer, please return your completed Entitlement and Acceptance Form (enclosed), together with your cheque for the subscription monies for the Shares you wish to acquire to Computershare Investor Services Pty Ltd, Level 2, Reserve Bank Building, 45 St Georges Terrace, Perth, WA 6000, on or before the **Closing Date of 5pm (WST) on Monday 23 November 2009**. No late applications will be accepted.

Please note the maximum investment per Eligible Shareholder is \$5,000 and the minimum investment is \$2,000. In the event that the dollar amount applied for by Eligible Shareholders does not equal a whole number of Shares, the number of Shares allotted will be rounded down to the nearest whole number.

The maximum investment any shareholder may apply for will remain \$5,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

Additional Information and Important Dates

The Offer cannot be transferred and the Directors of the Company reserve the right to reject, or scale back, any application over \$5,000. Shares allotted under the Plan will be issued no later than 5 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount proposed to be raised under the Offer is \$2,000,000. In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 24.5 cents. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Shortfall Placement

In the event that less than the maximum number of Shares that are available for subscription pursuant to this Offer are applied for, the shortfall may be placed at the discretion of the directors.

Indicative Timetable

Announcement Date of Plan	20 October 2009
Record Date (5.00pm WST)	20 October 2009
Opening Date of Offer	2 November 2009
Closing Date of Offer	23 November 2009
Dispatch date for holding statements	27 November 2009
Quotation of Shares on ASX	30 November 2009

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Mr John Chegwidden, on (08) 9320 5220.

Yours faithfully

Mr John Chegwidden
Company Secretary
HAZELWOOD RESOURCES LIMITED

HAZELWOOD RESOURCES LIMITED
ACN 118 738 999
Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Hazelwood Resources Limited (**Hazelwood** or **Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Hazelwood Shares**) up to a maximum of \$5,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan) at 18 cents, being a 19.68% discount to the volume weighted average trading price of Hazelwood Shares during the period 5 trading days prior to the announcement of the Offer on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for Hazelwood to issue a Prospectus, upon such terms and conditions as the board of directors of Hazelwood, in its absolute discretion, sees fit.

Shareholders eligible to participate

Eligible shareholders of Hazelwood Shares that are registered with an Australian or New Zealand address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any Hazelwood Shares offered under the Plan).

An offer may, at the discretion of the directors of Hazelwood, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is \$5,000. The directors of Hazelwood may also determine in their discretion the minimum amount for participation, the multiple of Hazelwood Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Hazelwood Shares

The price of Hazelwood Shares to be issued under the Plan will be 18 cents per Share. This price has been determined by calculating the volume weighted average market price of Hazelwood Shares quoted on ASX during the period 5 trading days prior to the announcement of the Offer, and discounting this calculation by 19.68%.

Applications and Notices

At the discretion of the directors of the Company, Hazelwood will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Hazelwood Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by Hazelwood to participants may be given in any manner prescribed by its Constitution.

Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors.

Issue of Hazelwood Shares

Hazelwood Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Hazelwood in the relevant offer.

Hazelwood Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Hazelwood from the date of issue.

Shareholding statements or CHES notification will be issued in respect of all Hazelwood Shares issued under the Plan. The Company will, promptly after the issue of Hazelwood Shares under the Plan, make application for those Hazelwood Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Hazelwood may modify or terminate the Plan at any time. Hazelwood will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Hazelwood may issue to any person fewer Hazelwood Shares than the person applied for under the Plan if the issue of the Hazelwood Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Hazelwood may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Hazelwood Shares. The decision of Hazelwood in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Hazelwood reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Hazelwood under these conditions may be exercised by the directors of Hazelwood or any delegate of the directors of Hazelwood.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Mr John Chegwidden, Company Secretary on (08) 9320 5200.