

9 October 2012

Dear Shareholder

Hazelwood Resources Limited - 3 for 1 renounceable rights issue

As announced on 5 October 2012, Hazelwood Resources Limited (ACN 118 738 999) (Hazelwood) is undertaking a 3 for 1 pro rata renounceable rights issue (Entitlement Issue or Offer) of up to 790,966,068 fully paid ordinary shares (New Share) to raise up to \$15,819,321 (before costs) with a minimum subscription of \$10,000,000. The price of New Shares under the Offer is \$0.02 each (Issue Price).

The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 5 October 2012.

The funds raised pursuant to the Offer will be principally used to repay a \$1.5 million bridging loan, purchase the first fill items required to start production of the ATC Ferrotungsten Project in Vietnam (feedstock and inventory items), fund the operational costs associated with the start of production at the ATC Ferrotungsten Project, progress exploration and evaluation at the Company's Australian projects and administrative expenses. In the event the Company raises more than the Minimum Subscription of \$10,000,000, the additional funds raised will be first applied towards the procurement of feedstock and inventory for the ATC Ferrotungsten Project, followed by production costs for the ATC Ferrotungsten Project, exploration and evaluation of its Western Australian projects and finally towards working capital.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 7:00pm (AEDT) on 16 October 2012 (**Record Date**), whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Upon completion of the Offer, assuming all Entitlements are accepted and no options to acquire a Share are exercised prior to the Record Date, the number of Shares in the Company will increase from 263,655,356 currently on issue to 1,054,621,424. In addition, the Company may be required to issue up to 20,000,000 Shares to Hartleys Limited (ACN 104 195 057) (Hartleys) in accordance with the corporate advisory engagement agreement between the Company and Hartleys dated 24 September 2012.

Ineligible shareholders

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

The Company has appointed Hartleys as nominee (**Nominee**) to sell the rights to subscribe for New Shares pursuant to the Prospectus (**Entitlements**) to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

This notice is important and requires immediate attention. If you have any queries concerning the Entitlement Issue, please contact your financial adviser or Carol New or John Chegwidden, Joint Company Secretaries, on +61 8 9320 5220. For further information regarding your entitlement or how to apply, please call our registry Offer Information line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Yours sincerely

John Chegwidden

Non-executive Director and Joint Company Secretary

Hazelwood Resources Limited