ASX Release
18 July 2017

JUNE 2017 QUARTERLY ACTIVITIES REPORT

Overview

- Updated environmental documentation for the Muga Project submitted to MAPAMA ahead of extension date.
- Strong engagement with MAPAMA and MINETAD on the Company's environmental permitting submission as well as on the next steps in the process.
- Exploration drill hole completed at Sierra del Perdón with positive high grade results.
- Decline geotechnical drill hole completed at Muga intersecting broad zones of potash mineralisation.
- Appointment of highly experienced Spanish business people to advisory board.
- Contract mining tender process and updated cost estimates progressing.

Financial Status:

- Cash at bank as at 30 June 2017: A$69.6m.

Plans for September Quarter 2017:

Muga Potash Mine:

- Public exposition on the Company's environmental submission for the Muga Potash Mine to commence on 1 September 2017.
- Ongoing preparation for construction and operational readiness.
- Issuing of first construction tender packages.
- Planning and permitting further geotechnical holes on declines.

Other Projects:

- Exploration drill hole underway at Vipasca Project.
- Geophysics (TDEM) planned for Vipasca Project.
- Exploration drill hole planned for Sierra del Perdón.

Highfield Resources Ltd.
ACN 153 918 257
ASX: HFR

Issued Capital
329.2 million shares
41.15 million options
50.0 Performance B Shares

Registered Office
C/– HLB Mann Judd
169 Fullarton Road
Dulwich, SA 5065
Australia
T. +61 8 8133 5098
F. +61 8 8431 3502

Head Office
Avenida Carlos III, 13 - 1°B, 31002
Pamplona,
Spain
T. +34 948 050 577
F. +34 948 050 578

Directors
Derek Carter
Peter Albert
Pauline Carr
Richard Crookes
Jim Dietz
Owen Hegarty

Company Secretary
Donald Stephens

www.highfieldresources.com.au

Muga Potash Project

Overview

Highfield Resources (ASX: HFR) ("Highfield" or "the Company") is a Spanish potash developer. The Company's flagship Muga Potash Project ("Muga" or "the Project") is targeting the relatively shallow sylvinite beds in the Muga Project area that cover about 80km^2 in the Provinces of Navarra and Aragon. Mineralisation commences at depths from surface of less than 200 metres and is ideal for a relatively low-cost conventional mine accessed via a dual decline, as demonstrated in the Company's Muga Project Optimisation Study completed in November 2015 (refer to ASX announcement dated 17 November 2015).

Permitting Update

On 1 May 2017, the Company announced (refer ASX release "Formal Responses to Government on Muga Potash Project Submitted") that it had submitted its revised environmental document to the Ministry of Agriculture, Fishing, Food and Environment ("MAPAMA"). The submission document, which included answers to all technical queries raised by the referral authorities and MAPAMA, as well as additional technical work completed by the Company, was compiled with the assistance of Highfield's Spanish consultants, TYPSA. TYPSA has successfully managed over 200 Environmental Impact Assessments and Declaración de Impacto Ambiental ("DIA") processes.

MAPAMA requested clarification and reconsideration on several components of the Project. The Company liaised extensively with the referral authorities on each item to ensure that all comments were addressed and, where possible, incorporated into the Project. The engagement with the referral authorities was positive and indicates there is a strong resolve for the Project to move forward amongst these local and regional bodies.

Following the end of the quarter, the Company announced that it would pursue a public exposition period for its recently submitted environmental documentation, commencing on 1 September 2017. Whilst there is no legislative requirement for this process, Highfield believes it is important to allow stakeholders of the Project the opportunity to make final comments before the award of the DIA.

Muga Mine Development Progress

Detailed engineering work slowed during the June quarter as the Company reached logical points to hold work ahead of the receipt of permits for Muga. Nonetheless, Bovis Project Management S.A, one of the leading local specialist project and construction management companies, has been appointed to assist in a project cost and schedule review and progress the construction contract packaging strategy in anticipation of the receipt of permits.

Work continues with consultants in a number of areas to optimise and fine tune the Project. Specifically, SRK is now providing ongoing mining support as well as preparing a mining tender package document. In addition, a process consultant with extensive potash experience has been appointed to advise and support the Geoalcali team and a tender process for the appointment of a sustainability consultant to undertake a gap analysis is also underway.

During the quarter, Highfield completed a drill hole to provide geotechnical information at the foot of the western decline which was drilled through to the footwall salt horizon. The drill hole was located in an area which was expected to be characterised by a thinning of mineralisation due to an anticline structure. In fact, the drill hole intersected over 6 metres of potash mineralisation from 502 metres below surface, with an average grade of 7.32% K_2O. Within the PB seam, which is the primary mining horizon at Muga, drilling encountered 2.7 metres with an average grade of 10.46% K_2O including 1.5 metres with an average grade of 14.82%. This result was better than expected, from both a grade and thickness

perspective. Mineralisation was predominantly brecciated in texture. A detailed summary of drill hole R-03 can be found in Table 2.

Highfield continues to progress the revised Feasibility Study to include new information, further optimisations and to provide updated capital cost estimates for the Project.

Project Financing

During the quarter, the Company continued its dialogue with its Project Finance syndicate with respect to the €185 million facility for Muga. It also engaged with other potential providers of capital.

Highfield remains confident of putting in place its debt financing following receipt of all approvals, to support a final investment decision and the commencement of construction.

Pintanos Potash Project

Highfield´s 100%-owned Pintanos Project (see Figure 1) abuts the Muga Project and covers an area of 60km^2. Depths from surface to mineralisation commence at around 500 metres. The Company is building on substantial historical potash exploration information which includes seven drill holes and ten seismic profiles completed in the late 1980s.

During the quarter, limited additional work was carried out.

Sierra del Perdón

Highfield´s 100%-owned Sierra del Perdón ("SdP") Project (see Figure 1) is located south east of Pamplona and covers approximately 145km^2. SdP is a brownfields project with two potash mines operating from the 1960s through until the late 1990s producing nearly 500,000 tonnes of K60 MOP per annum. The Company completed a Scoping Study on SdP (refer ASX announcement 20 April 2015) which confirmed the technical and economic viability of the project.

During the period, the Company completed drill hole SDP-008 at SdP. Despite challenging conditions, which slowed the progress of the drilling, it intercepted the various lithologies, including the carnallite and sylvinite seams, at the expected levels. In particular, the results from the sylvinite seam were positive with broad zones of potash mineralisation encountered from approximately 776 metres to approximately 785 metres below surface. The sylvinite horizon intersected 3.6 metres of potash at an average grade of 15.68% K_2O including 1.8 metres at an average grade of 22.42% K_2O. This drilling is within close proximity to the former operating mine owned by Potasas de Subiza, which produced for nearly 30 years, closing in 1996.

A summary of the assay results can be seen in Table 3.

The Company plans to commence an additional exploration drill hole at Sierra del Perdón in the coming months.

Vipasca

Highfield´s 100%-owned Vipasca Project ("Vipasca") is located adjacent to the Muga Project and covers approximately 120km^2. The tenement is highly prospective for economic potash mineralisation, with primary focus on the deeper, higher grade, P1 and P2 potash horizons.

The Company is currently undertaking an exploration drill hole at Vipasca. Results are expected in the coming months. In addition, Highfield has planned an extensive geophysical (TDEM) program to complement the drill program.

Other Projects

The Company has an additional 100%-owned project in the basin (see Figure 1) known as Izaga. Limited work was carried out on this project during the quarter.

Corporate

A recent initiative has been the appointment of Spanish advisors to both Highfield and its local subsidiary, Geoalcali. These individuals are respected Spanish nationals who are able to provide insight to the Company as it seeks to cement Muga as a worthy and sustainable enterprise in the Navarra and Aragon Provinces of Spain. Mr Sixto Jimenez is a well-known business person in Navarra with international experience who remains very active in the business and community circles of Pamplona and continues to be a significant social commentator. Mr Isaac Querub is an internationally experienced and recognised business person who has held executive roles in the minerals industry including a senior position in Glencore. Both these individuals are anticipated to contribute significantly to the Company's long term sustainable success in Spain.

Cash Position

As at 30 June 2017, the Company had A$69.6 million in cash on its balance sheet.

For more information:

Highfield Resources

Peter Albert
Managing Director
Ph: +34 617 872 100

Hayden Locke
Investors Relations
Ph: +44 7729 197 707

About Highfield Resources

Highfield Resources is an ASX listed potash company with five 100%-owned projects located in Spain.

Highfield's Muga, Vipasca, Pintanos, Izaga and Sierra del Perdón potash projects are located in the Ebro potash producing basin in Northern Spain, covering a project area of more than 550km^2. The Sierra del Perdón project includes two former operating potash mines.

The Company completed a Definitive Feasibility Study for its flagship Muga Project in March 2015, which was optimised in November 2015 to enhance operational efficiencies, sales and marketing activities and the life of mine. Highfield is awaiting a positive environmental declaration which will enable it to commence construction of the Mine.

In addition to the existing Muga Project, Highfield also has significant Exploration Targets for an extension to Muga, as well as for the Vipasca and Pintanos Potash Projects.

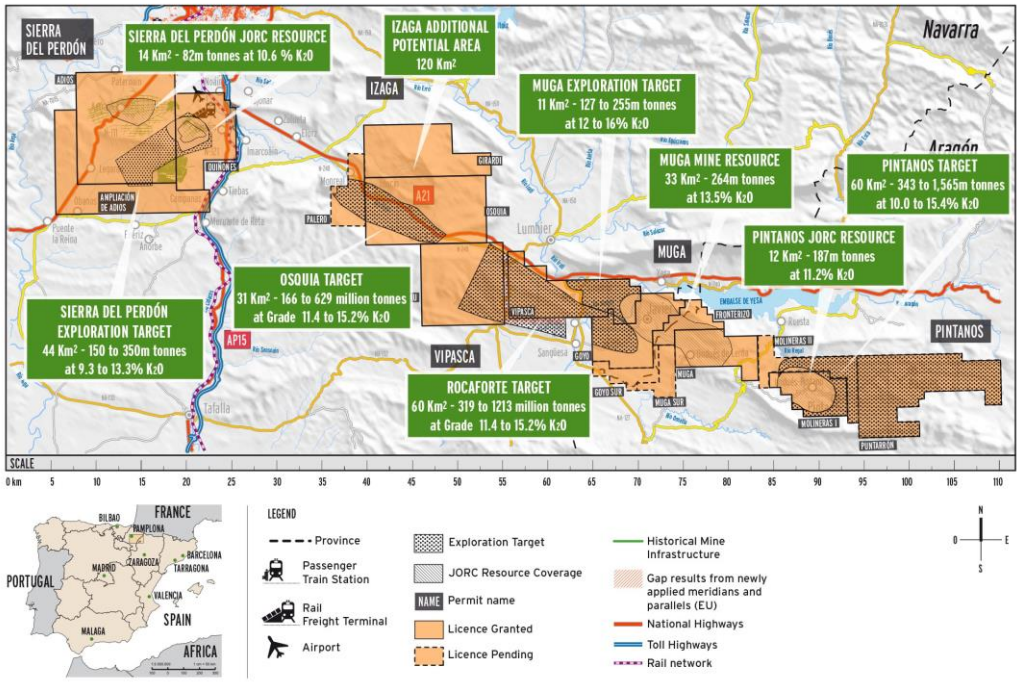

Figure 1: Location of Highfield´s Muga, Vipasca, Pintanos, Izaga and Sierra del Perdón Projects in Northern Spain*

The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource

Competent Persons Statement

This ASX release was prepared by Mr. Peter Albert, Managing Director of Highfield Resources. The information in this release that relates to Ore Reserves, Mineral Resources, Exploration Results and Exploration Targets is based on information prepared by Mr José Antonio Zuazo Osinaga, Technical Director of CRN, S.A.; Mr Jesús Fernández Carrasco, Managing Director of CRN, S.A; and Mr Manuel Jesús Gonzalez Roldan, Geologist of CRN, S.A. Mr José Antonio Zuazo Osinaga and Mr Jesús Fernández Carrasco are licensed professional geologists in Spain, and are registered members of the European Federation of Geologists, an accredited organisation to which Competent Persons (CP) under JORC 2012 Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, Ore Reserves or Exploration Targets through the ASX. Mr José Antonio Zuazo Osinaga has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as CP as defined in the 2012 edition of the JORC Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Table 1: Summary of Highfield's Mineral Interests as at 31 March 2017

Project	Region	Permit Name	Permit Type	Applied	Granted	Ref #	Area Km^2	Holder	Structure
Sierra del Perdón	Navarra	Quiñones	Investigation	19/07/2011	07/08/2012	35760	32.48	Geoalcali SL	100%
Sierra del Perdón	Navarra	Adiós	Investigation	19/07/2011	07/08/2012	35770	75.60	Geoalcali SL	100%
Sierra del Perdón	Navarra	Amplicación de Adiós	Investigation	26/10/2012	14/02/2014	35880	40.90	Geoalcali SL	100%
							148.98		
Izaga	Navarra	Girardi	Investigation	28/04/2015	26/01/2017	35950	38.57	Geoalcali SL	100%
izaga	Navarra	Osquia	Investigation	28/04/2015	12/01/2017	35970	57.42	Geoalcali SL	100%
Izaga	Navarra	Palero	Investigation	12/05/2017	Pending	36000	11.76	Geoalcali SL	100%
							107.75		
Vipasca	Navarra	Vipasca	Investigation	06/11/2013	11/12/2014	35900	38.92	Geoalcali SL	100%
Vipasca	Navarra	Borneau	Investigation	28/04/2015	12/01/2017	35960	80.33	Geoalcali SL	100%
							119.25		
Muga	Navarra	Goyo	Investigation	19/07/2011	24/12/2012	35780	27.72	Geoalcali SL	100%
Muga	Navarra	Goyo Sur	Investigation	25/07/2014	Pending	35920	8.96	Geoalcali SL	100%
Muga	Aragón	Fronterizo	Investigation	21/06/2012	05/02/2014	Z-3502/N-3585	9.80	Geoalcali SL	100%
Muga	Aragón	Muga	Investigation	29/05/2013	07/04/2014	3500	20.40	Geoalcali SL	100%
Muga	Aragón	Muga Sur	Investigation	25/09/2014	Pending	3524	7.28	Geoalcali SL	100%
							74.16		
Pintanos	Aragón	Molineras 10	Investigation	20/11/2012	06/03/2014	3495/10	18.20	Geoalcali SL	100%
Pintanos	Aragón	Molineras 20	Investigation	19/02/2013	Pending	3495/20	16.80	Geoalcali SL	100%
Pintanos	Aragón	Puntarrón	Investigation	08/05/2014	Pending	3510	30.24	Geoalcali SL	100%
							65.24		
						Total	**515.38**		
Muga	Navarra	Goyo	Concession	10/12/2014	Pending	35780	14.79	Geoalcali SL	100%
Muga	Aragón	Fronterizo	Concession	10/12/2014	Pending	Z-3502/N-3585	8.70	Geoalcali SL	100%
Muga	Aragón	Muga	Concession	10/12/2014	Pending	3500	15.08	Geoalcali SL	100%

Location: All permits are located in Spain.

Holder: All permits are held by Geoalcali SL, a 100%-owned Spanish subsidiary of Highfield Resources Limited.

Changes: Permit applications for Permits *Osquia*, *Borneau* and *Girardi* were approved during the period.

Table 2: Summary of Drillhole R-03

DDH R-03 POTASH GRADES (ICP analysis)

			K_2O(%)	MgO(%)	Na_2O(%)	Cl(%)	SO_4(%)	CaO(%)	Water Insolubles
"PA" Seam	"PA" Seam	Average	5.29	0.27	28.99	37.81	3.51	2.48	29.43
	From 502.2 to 505.5	max. Value	13.07	0.41	33.16	43.10	4.58	3.01	39.99
	Thickness: 3.3 m	min. Value	1.63	0.17	24.80	31.60	2.85	2.17	18.14
	"PA" Seam (Selected interval)	Average	8.75	0.26	29.69	40.98	3.88	2.72	22.79
	From 504 to 505.2	max. Value	13.07	0.33	33.16	43.10	2.85	3.01	28.24
	Thickness: 1.2 m	min. Value	6.23	0.18	27.50	37.60	2.85	2.17	18.14
"PB" Seam	"PB" Seam	Average	10.46	0.11	29.35	42.01	3.53	2.34	23.93
	From 505.8 to 508.5	max. Value	19.51	0.18	34.64	44.50	4.58	3.01	29.93
	Thickness: 2.7 m	min. Value	3.35	0.05	25.01	40.20	2.73	1.76	18.14
	"PB" Seam (Selected Interval)	Average	14.82	0.09	26.73	40.96	4.58	2.71	17.73
	From 506.7 to 508.2	max. Value	19.51	0.12	30.20	43.90	4.88	2.85	26.65
	Thickness: 1.5 m	min. Value	9.11	0.05	25.01	38.70	4.28	2.53	10.45

Notes:

1. Chemical analysis conducted by ALS Global (Galway, Ireland)
2. ICP (inductively coupled plasma) quantitative method
3. Intervals are cored intervals (versus true thickness intervals). Conversion to true thickness pending updated structural model
4. Composite grades calculated as length-weighted averages

Table 3: Summary of Drillhole SDP-008

DDH SDP-008 POTASH GRADES (ICP analysis)

			K_2O(%)	MgO(%)	Na_2O(%)	Cl(%)	SO_4(%)	CaO(%)	Water Insolubles
Upper Carnallite Seam	Upper Carnallite Seam	Average	10.31	8.34	19.02	47.44	1.49	0.98	6.26
	From 776.25 to 777.75	max. Value	12.17	10.23	28.85	50.90	1.98	1.29	9.08
	Thickness: 1.5 m	min. Value	6.47	5.01	13.55	44.20	1.17	0.77	3.91
	Upper Carnallite (Selected interval)	Average	11.28	9.18	16.56	46.58	1.36	0.91	6.06
	From 776.25 to 777.45	max. Value	12.17	10.63	22.85	48.80	1.71	1.13	9.08
	Thickness: 1.2 m	min. Value	8.85	2.85	13.55	44.20	1.17	0.77	3.91
Lower Carnallite Seam	Lower Carnallite Seam	Average	8.78	6.87	21.79	47.31	2.57	1.60	6.36
	From 778.65 to 781.05	max. Value	1.59	10.63	30.87	49.40	3.51	2.22	13.75
	Thickness: 2.4 m	min. Value	0.59	2.85	11.71	45.40	1.35	0.83	1.66
	Lower Carnallite (Selected Interval)	Average	10.47	8.11	18.56	47.04	2.06	1.29	4.84
	From 778.65 to 780.15	max. Value	13.73	10.63	25.88	49.00	2.61	1.68	8.53
	Thickness: 1.5 m	min. Value	7.60	4.87	11.71	45.40	1.35	0.83	2.54
Sylvinite Seam	Sylvinite Seam	Average	15.68	0.84	29.52	48.21	4.95	2.79	7.12
	From 782.55 to 786.15	max. Value	32.16	4.68	38.96	54.00	6.53	3.82	10.25
	Thickness: 3.6 m	min. Value	1.55	0.23	19.95	45.70	3.42	1.57	1.98
	Sylvinite (Selected interval)	Average	22.42	0.30	27.09	49.12	4.75	2.52	4.79
	From 784.05 to 785.85	max. Value	32.16	0.41	36.13	54.00	6.53	2.52	6.89
	Thickness: 1.8 m	min. Value	9.40	0.28	19.95	45.90	3.42	3.75	1.98

Notes:

1. Chemical analysis conducted by ALS Global (Galway, Ireland)
2. ICP (inductively coupled plasma) quantitative method
3. Intervals are cored intervals (versus true thickness intervals). Conversion to true thickness pending updated structural model
4. Composite grades calculated as length-weighted averages

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	• Exploration Diamond Core (DD) drilling was completed. Core was recovered and sampled on 0.3 metre downhole intervals. Each segment of core was logged, photographed and, following being marked and number, each sample was halved, with a quarter core sent to be assayed. • Drilling was completed using a saturated brine to limit core loss as a result of water based fluid contact with the salt horizons.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Drill hole locations were surveyed using GPS, and by a professional surveyor prior to commencement and post the completion of drilling. • Certified Reference Materials (CRM) are inserted on a ratio of 1:20 and blanks are inserted on a ratio of 1:50 into sample streams to assess the accuracy, precision and methodology of the external laboratories used. In addition, duplicate samples were inserted on a ratio of 1:20 for Quality Assurance purposes. • ALS laboratories undertook their own duplicate, CRM and blank sample insertion. Examination of the QA/QC sample data indicates satisfactory performance of field sampling protocols and assay laboratories providing acceptable levels of precision and accuracy.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Core is sawed using hydraulic oil as the lubricating agent to minimise core loss. Half core is retained and shrink wrapped to ensure it is well preserved should further assaying be required. • Quarter core for assaying was bagged and secured with plastic ties for shipping to external laboratory for assaying. Samples were crushed, ground and split in Seville, Spain prior to being shipped to ALS Labs in Galway, Ireland. Cored samples were assayed using inductively coupled plasma-optical emission spectrometry and X-ray fluorescence (XRF).
Drilling techniques	• *Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• Drilling was completed by DD method.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core was boxed at the rig and transported to the core shed at Beriain for logging, photographing, halving and shrink wrapping. Sample quality and recovery were considered to be suitable.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples*	• The drilling was completed using HQ core to maximise core recovery. • Drilling through the evaporite horizon was conducted with a saturated brine drilling mud, which aims to minimise dissolution due to the use of water based drilling fluids.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The core recovery is of an acceptable level and no bias is expected from any sample losses.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and*	• Core has been logged for lithology, alteration, mineral assemblage and structure. • Geotechnical parameters logged: length recovery, RQD, bed degree, fault/fracture (length, fill and degree)

Criteria	JORC Code explanation	Commentary
	metallurgical studies.	
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography*	• Logging is qualitative in nature. All core was photographed and remaining half core shrink wrapped for preservation.
	• *The total length and percentage of the relevant intersections logged.*	• Core was logged and photographed at 0.3 metre intervals.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Half core was shrink wrapped and retained in storage. • Quarter core was sent for assaying. • Quarter core was retained for metallurgical testing purposes.
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• Not applicable.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Samples were quarter core taken at 0.3 metre intervals downhole. All samples were sent to an external laboratory for preparation and assaying.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Sawing of core was conducted using oil based lubricant to minimise dissolution.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Duplicate samples were taken on a 1:20 basis and submitted to the laboratory with the other samples. These showed acceptable levels of variation and repeatability.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample sizes are appropriate for the mineralisation type.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Assaying was conducted using ICP-OES and XRF, which are modern industry standards • These are considered to be total mineral measurements.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• No handheld devices were used to estimate the grade or mineralogical composition of the assays for the purposes of this release. • Parameters in chemical analysis: K_2O, MgO, Na_2O, Cl, SO_4, CaO, water insolubles
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Both Highfield and ALS maintained independent QA/QC programs including the insertion of Certified Reference Material (CRM), duplicates and blanks. • In addition, check samples were submitted to an "umpire" laboratory – Saskatoon Research Centre (SRC) • Duplicates showed acceptable levels of internal agreement. • Accuracy and precision of the CRM, duplicate and blanks are within acceptable levels.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• DD core limits potential for in hole contamination. • ALS assayed all samples using both the ICP-OES methodology and XRF. These methods showed acceptable levels of agreement to support the precision of the testing program.
	• *The use of twinned holes.*	• No holes were required to be twinned in this program.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Highfield receives all assay data directly from the laboratories in electronic format (xls or csv). This is transferred to a master database and is monitored for QA/QC purposes.
	• *Discuss any adjustment to assay data.*	• No adjustments were made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral*	• All new locations were surveyed before and after drilling by a licenced surveyor.

Criteria	JORC Code explanation	Commentary
	Resource estimation.	
	• *Specification of the grid system used.*	• Grid systems used were European Datum 50, updated to European Terrestrial Reference System 1989 (ETRS89) for compatibility with modern survey information.
	• *Quality and adequacy of topographic control.*	• All new locations were surveyed before and after drilling by a licenced surveyor. • A specific report is prepared for each drillhole
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• The results reported are within 500 metres of other drilling and are considered to be "infill" in nature.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Not applicable.
	• *Whether sample compositing has been applied.*	• Samples have been composited over the thickness of the identified potash bed for reporting purposes.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• The general strike of geology in the basin is NW-SE orientation. • Drilling was conducted vertically, logging noted the orientation of the structure to ensure adjustments were made to determine "true thickness".
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling was vertical. This was taken into account to calculate the "true thicknesses" of the mineralisation intersected.
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Highfield. Core is boxed at the rig and transported to a secure facility for logging, photographing and quartering. Following this, samples for assay were bagged and secured with zip locks to be shipped to ALS laboratories.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Audits and reviews are ongoing. These consistently show the methods applied by the Company are acceptable.

Section Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	• The Pintanos tenements was issued as an Investigation Permit (PI) by the Spanish authorities under reference number 3495/10 on 6/03/2014. Molineras 20 and Puntarrón are pending. Muga tenements were issued as a PI under reference number of 3500 on 07/04/2014. Quiñones was issued as a PI under reference number of 35760 on 07/08/2012 and extended on 02/10/2015 • Highfield owns the rights 100%. There are no JVs, partnerships, royalties or other relating to the Investigation Permit.
	• The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	• Highfield has completed a legal review which concluded its tenure to be secure.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Historical exploration was completed by E.N. Adaro in 1989-1990, however, potash was first discovered as early as 1927. • Historical production occurred at the Potasas de Subiza and Potasas de Navarra mines, located close to the Sierra del Perdón Project.
Geology	• Deposit type, geological setting and style of mineralisation.	• The deposit is an evaporite or chemical sedimentary type deposit. Its genesis is that of a restricted marine sedimentary basin influenced by eustacy, sea floor subsidence and/or uplift of sedimentary units. • The potash deposits are Upper Eocene, with evaporites accumulating in an

Criteria	JORC Code explanation	Commentary
		elongated basin, trending NW-SE, at the southern foreland of the Pyrenean mountain range. The deposit includes thick zones of alternating claystone (marls) and evaporite with well-formed footwall and hanging wall salts. • Potash mineralisation is predominantly in the form of sylvinite (KCl + NaCl) with some minority carnallite (KCL.MgCl2.6H20). It is typically founded interbedded with halite (NaCl) and insoluble materials in the form of lutite.
Drill hole information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level—elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• Assay information is shown in the body of this release in Table 2. • **SdP-008:** X: 609308.000 Y: 4731864.094, RL: 587.372 **R-03:** X: 649416.276 Y:4715407.956, RL: 531.052 • Holes are drilled vertically
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Composites by weighted average were made from the geochemical data to optimise grade and thickness of the mineralised seams in both the new and historical data. • All grades are presented in percentage of K_20 over a selected interval, which is industry standard.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• All drill holes are drilled vertically as this is the best orientation to intersect the expected mineralisation in a perpendicular manner. • Data on bed angle and orientation were incorporated into geological database to calculate the true thickness of the beds intersected.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Appropriate maps and diagrams are included in the body of this release.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• All results are included in the body of this release.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples—size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• Not applicable.
Further work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Ongoing exploration work is intended for the interpreted extensional areas of the deposit, eastern extent of the Pintanos Project however this is currently unplanned

Section 2: Estimation and Reporting of Mineral Resources

No new information regarding the estimation and reporting of mineral resources is presented.

Section 3: Estimation and Reporting of Ore Reserves

No mineral reserves are reported.