

ASX Release
30 October 2015

SEPTEMBER 2015 QUARTERLY ACTIVITIES REPORT

Highlights

- Spanish Government authorities in Madrid progressing Muga Mine approval process, with strong support within local communities already obtained
- Community consultation process and responses to public submissions completed
- Positive environmental declaration expected by February 2016
- Power Supply Agreement signed with national electricity provider Iberdrola Distribución **for Muga Mine grid electricity**
- Financial close, subject to mining concession award, on track for December 2015
- Mine optimisation value engineering completed, targeting mining of an additional potash seam that is likely to increase mine life and provide further operational efficiencies
- Commencement of construction of the Muga Mine remains on track for Q4 2015, with negotiations ongoing with two preferred decline construction contractors
- Tenders for decline construction and site works within budget and timeline
- €222m Project Finance mandate agreed with four major European commercial banks
- Defined substantial Exploration Targets in Vipasca and Pintanos Project areas demonstrating project options in addition to flagship Muga Mine development
- AECOM engaged to review **Company's basin wide production and logistics scheme**
- Included in S&P/ASX 300 Index via the September quarterly rebalance
- Proposal of Pauline Carr as an Independent Non-Executive Director, pending shareholder approval
- Appointed experienced mining executive, Mike Norris as Chief Financial Officer.

Plans for December Quarter:

Muga Project:

- Finalisation of design, optimisation and detailed engineering work
- New Reserve calculation
- Commence site clearing and early civil works
- Credit approval for Project Finance facility
- Tenders out for all key contracts and long lead items

Other Projects:

- Drilling to test exploration target in Pintanos
- Exploratory work regarding partnerships for cooperation in de-icing salt markets globally

Corporate

- Continue to target enhancement of Board composition and skills with additional independent directors

Financial Strength

- Cash at bank as at 30 September 2015: \$115m

Highfield Resources Ltd.

ACN 153 918 257
ASX: HFR

Issued Capital

310.3 million shares
51.5 million performance shares
40.8 million options

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Derek Carter
Richard Crookes
Anthony Hall
Owen Hegarty
Pedro Rodriguez

Company Secretary

Donald Stephens

Muga Potash Project

Overview

The Company's flagship Muga Potash Project is targeting the relatively shallow sylvinitic beds in the Muga Project area that cover about 80km². Mineralisation commences at depths from surface of less than 200m and appears ideal for a relatively low-cost conventional mine accessed via a dual decline, as demonstrated in the Company's DFS completed in March 2015 (refer to ASX announcement dated 30 March 2015).

Muga Mine approvals process

The Company's mining concession application for a potash mine accessed via dual declines, producing around 1.1m tonnes of K60 potash product per annum, is currently being assessed by the Mining Department of the Central Government based in Madrid. The Environment Department is charged with reviewing the Environmental and Social Impact Assessment ("ESIA") prepared by the Company and providing a positive or negative Determination ("Delcaración de Impacto Ambiental" or "DIA") prior to any awarding of a mining concession.

The community consultation period, which forms an integral part of the ESIA process, concluded on 24 August 2015. As part of this process, local communities are provided with a platform to present submissions and requests for further information to the Company and for the Company to respond to them in detail. Highfield completed and lodged its responses to these submissions on 15 October 2015.

The Company has been encouraged by the strong community and Governmental support it has received and expects a positive DIA by February 2016 with a full mining concession by April 2016.

Based on feedback received, the Company continues to believe it will be in a position to commence early site enabling works for the Muga Mine in calendar year Q4 2015.

Mine optimisation and final construction cost plan, program and production profile

The Company has made substantial progress on mine optimisation engineering works leading into the finalisation of the construction cost plan, program and production profile. This value engineering has explored mining an additional potash seam that would enhance the life of mine and create further operational efficiencies.

The Company has also elected to target a fixed monthly production output to provide greater certainty for its sales and marketing function.

The Company's independent Competent Persons are currently reviewing an optimised mine plan that is likely to result in an increased Reserve. Once this review is complete the Company expects to be in a position to release information with respect to the mine optimisation works, construction cost plan, program and potash production profile.

Project Finance mandate

During the period under review, the Company announced that a Project Finance mandate for the Muga Mine had been agreed with four major European commercial banks. The banking syndicate has received initial internal approvals to participate in long term project finance facilities of up to €222m on a debt to equity ratio of up to 65%.

Detailed due diligence is scheduled to be completed in the current Quarter with final credit approval targeted for December 2015.

Signing of power supply agreement

On 24 September 2015, the Company signed a formal agreement with Iberdrola Distribución, the Region's principal electrical utility, for the provision of all site power supplies. The agreement includes the initial construction works supply and the permanent high voltage (66kV) supply.

Vipasca Potash Project

Overview

The Vipasca Project area includes the majority of the Vipasca permit, the entire Borneau permit and half of the Osquia permit. The focus is on the deeper higher-grade potash mineralisation that occurs in the P1 and P2 potash bed in the Muga sub-basin that runs along strike to the north-west into the Vipasca permit area.

Vipasca Exploration Target*

During the period, the Company released an Exploration Target for the Vipasca Project (refer ASX release 6 August 2015), which is located adjacent to its flagship Muga Project, immediately to the west.

The Vipasca Exploration Target has been divided into two areas: the Rocafort Target, which covers an area of approximately 60km²; and the Osquia Target with an area of approximately 31km². The Rocafort Exploration Target area is limited in its southern extent by the increasing interpreted depth of the evaporite unit (limited for the purposes of the Exploration Targets at 1,500m below surface) and to its northern extent by the controlling Loiti fault. The Osquia Exploration Target is limited in its southern extent by a controlling structure.

The Rocafort Target covers parts of the Goyo, Vipasca and Borneau Investigation Permits.

The Osquia Target is located in the area to the South of the Loiti Fault within the Osquia Investigation Permit.

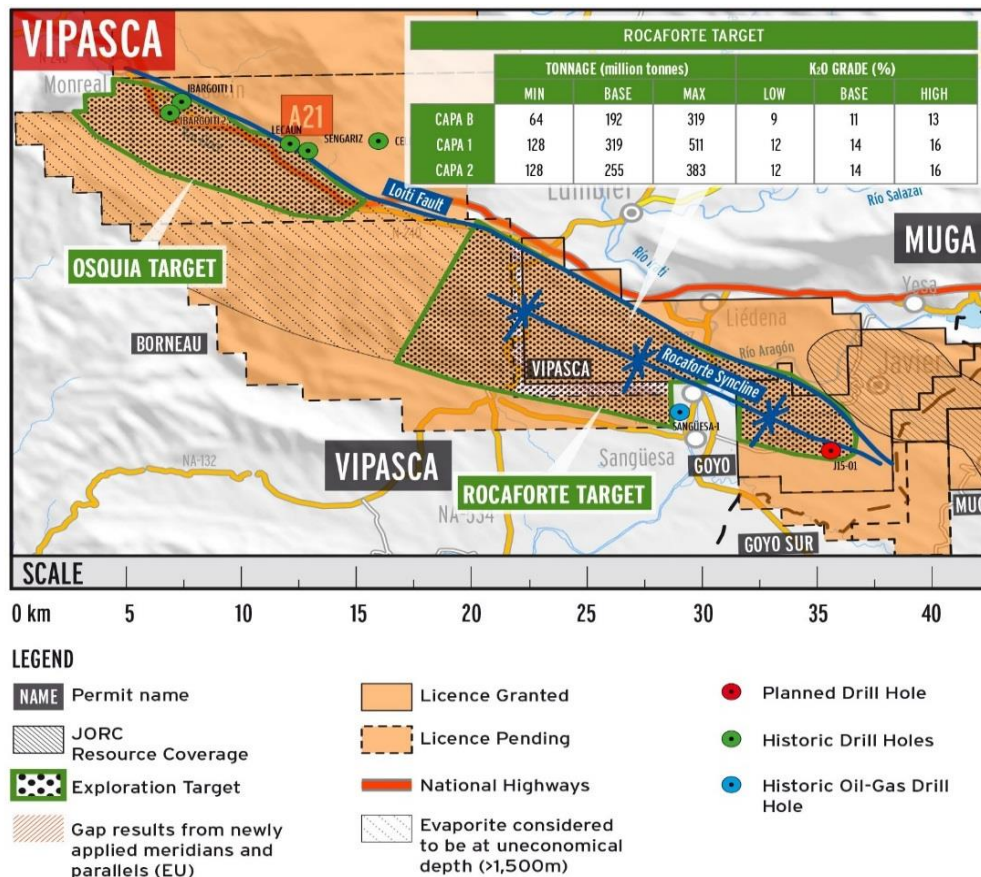


Figure 1: Map of Vipasca Exploration Target

Both areas within the Exploration Target are anticipated to encounter the Capa B, Capa 1 and Capa 2 seams, which are prevalent across the Navarran sub-basin of the broader Ebro Basin.

Grade ranges used in the Muga Exploration Target for seams Capa 1 and 2, and the grade ranges for the Muga drilling campaigns for seam Capa B were used to estimate the Exploration Targets.

The Exploration Target is based upon historical drill hole lithological logs, and the reprocessing of seismic data by independent Spanish consultant GESSAL, which was interpreted to show the continuity of the potash bearing evaporite unit across Vipasca.

Table 1. Rocaforte Exploration Target

	TONNAGE (million tonnes)			K ₂ O Grade (%)		
	MIN	BASE	MAX	LOW	BASE	HIGH
CAPA B	64	192	319	9	11	13
CAPA 1	128	319	511	12	14	16
CAPA 2	128	255	383	12	14	16
TOTAL	319	766	1,213	11.4	13.3	15.2

Table 2. Osquia Exploration Target

	TONNAGE (million tonnes)			K ₂ O Grade (%)		
	MIN	MEDIUM	MAX	LOW	BASE	HIGH
CAPA B	33	99	166	9	11	13
CAPA 1	66	166	265	12	14	16
CAPA 2	66	133	199	12	14	16
TOTAL	166	398	629	11.4	13.3	15.2

The total Vipasca Exploration Target* is summarised as follows:

Table 3. Total Exploration Target

	TONNAGE (million tonnes)			K ₂ O Grade (%)		
	MIN	BASE	MAX	LOW	BASE	HIGH
CAPA B	97	290	484	9	11	13
CAPA 1	193	484	774	12	14	16
CAPA 2	193	387	580	12	14	16
TOTAL	484	1,161	1,838	11.4	13.3	15.2

**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.*

Drill Hole J15-01

The Company recently stopped the first exploration drill hole, J15-01 at a depth of 1,216m beneath surface. Based on regional geology the Company believes the targeted mineralisation horizon was likely to occur at depths greater than 1,500m.

This drill hole has been important to demonstrate that the regional geological profile extends into the Rocaforte syncline structure. Additional drill holes are being planned, to target likely shallower areas of the structure.

Pintano Potash Project

Overview

Highfield's 100%-owned Pintano Project abuts the Muga Project and covers an area of 65km². Depths from surface to mineralisation commence at around 500m. The Company is building on substantial historical potash exploration information which includes 7 drill holes and 10 seismic profiles completed in the late 1980s.

Pintanos Exploration Target*

During the period, the Company released an Exploration Target (refer to ASX Announcement dated 2 September 2015) for the Pintanos Project, which is located adjacent to its flagship Muga Project, immediately to the east.

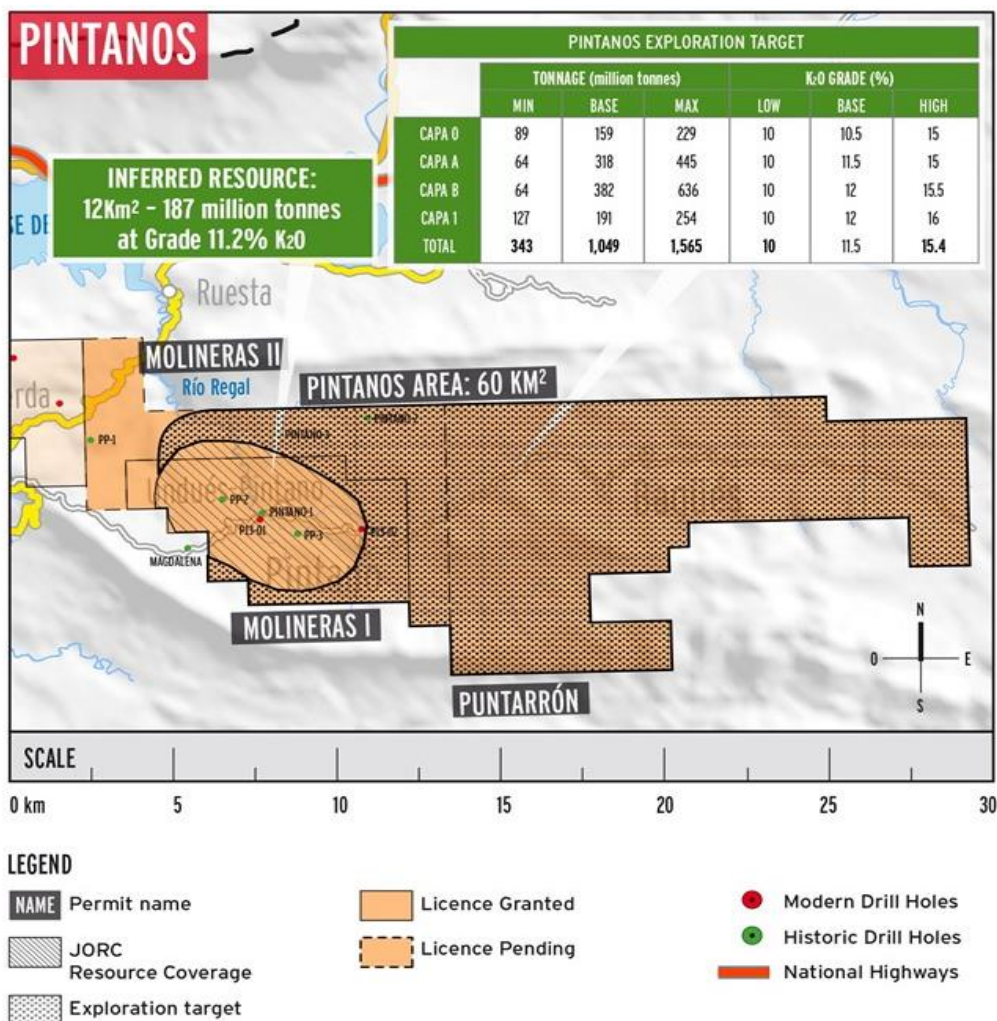


Figure 2: Map of Pintanos Exploration Target

The Exploration Target covers 60km² and includes the three investigation Permits which form the Pintano Project. The geological continuity and mineralisation within the Pintano Project area have been proven through a number of historical drill holes, recent drill holes conducted by Highfield, geochemical assay results, geophysical wireline logging, and reinterpretation of seismic data. Strong continuity of potash mineralisation is evident based on these key data points.

Table 4: Exploration Target estimated for the Pintanos Project.

PINTANOS EXPLORATION TARGET						
	TONNAGE (million tonnes)			K ₂ O GRADE (%)		
	MIN	BASE	MAX	LOW	BASE	HIGH
CAPA 0	89	159	229	10	10.5	15
CAPA A	64	318	445	10	11.5	15
CAPA B	64	382	636	10	12	15.5
CAPA 1	127	191	254	10	12	16
TOTAL	343	1,049	1,565	10	11.5	15.4

**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.*

Sierra del Perdón Potash Project

Overview

Highfield's 100%-owned Sierra del Perdón Project is located less than 10km from Pamplona and is within 40km of the Company's flagship Muga Project.

Sierra del Perdón is a brownfield project which has hosted two former operating potash mines. The evaporite was historically mined, primarily for sylvinite but also for carnallite, before the mine closure in late 1996 due to relatively low potash prices of around US\$100/tonne. There is potential for potash exploitation in new, unmined areas in the Sierra del Perdón Project area and for limited additional production from brownfield (adjacent to historically mined) areas.

Limited work was carried out on the Sierra del Perdón Project over the Quarter.

Izaga Potash Project

Overview

The Izaga Project covers an area of more than 100km², where historic drill holes and 2D seismic show a relatively continuous evaporite with drill hole intersects containing potash. With further positive exploration results, the Project could display similar attributes to the Muga Project.

Permit applications are currently under consideration and likely to be determined in the first half of CY2016.

Basin Wide Potash Production and Logistics Scheme

Overview

The Company has prepared an outline feasibility study for the exploitation of potash and salt mineralisation across its basin-wide project portfolio. The study introduces options to directly access rail transport, which in turn creates significant potential with respect to the export of salt to US and Asian markets.

Global engineering consultancy, AECOM, has been appointed to provide further support to the Company's engineering team and will report on multiple transport options including rail extensions and slurry pipelines to a railhead.

Geoalcali Foundation

Overview

The Geoalcali Foundation is a not-for-profit Spanish foundation, supported exclusively by the Company. It was established to deliver projects into the communities in which the Company will operate its mines. Further information can be found at the foundation's website, www.geoalcali.com/geoalcali-foundation.

Projects

The Company's community engagement program continues to be well received. A regional primary school's clever fertiliser use program was launched during the quarter. This program is expected to reach over 2,000 school children in the region in the current financial year.

The Geoalcali Foundation now supports over 15 community projects.

Corporate

Confirmation of ISO compliance

On 8 September 2015 Geoalcali SL, the Spanish operating entity of the Company, achieved ISO compliant certification for its Integrated Management System including all aspects of environmental management to ISO 14001: 2004, quality management to ISO 9001: 2008, health and safety management to OHSAS 18001: 2007 and management systems for sustainable mining to UNE 22480. The systems were implemented during late 2013 and 2014 and were positively audited by TÜV Rheinland Ibérica on 29 June 2015.

Aside from being an essential part of the operational management of the Company, the certification incrementally supports the Company's intention to become a point of reference for best practise mining and mineral processing activity in Spain, and will help to support the undertakings made as part of the permitting process.

Spanish Professional Team

During the period, the Company announced the appointment of experienced mining executive, Mike Norris to the position of Chief Financial Officer. Mike will commence in Highfield's Pamplona head office on 23 November 2015.

Mr. Norris is a qualified chartered accountant with almost 30 years' commercial experience, primarily gained in the mining industry. Most recently, Mr. Norris was Finance Director of London-listed West African gold producer Avocet Mining.

Over the quarter, the Company continued to enhance the skills and expertise of its professional team to the level required to commence construction of the Muga Mine. The Company now employs 45 professionals in Spain.

Independent Directors

During the period, the Company announced the proposal of Ms. Pauline Carr as an independent Non-Executive Director, subject to the receipt of the requisite shareholder approvals at the 2015 AGM.

Pauline is an experienced mining executive with over 25 years' commercial experience in the fields of management, corporate governance and compliance, mergers and acquisitions, investor and stakeholder relations and corporate restructures.

The Company continues to consider options for further independent directors to complement and enhance the existing Board.

Inclusion in S&P/ASX 300 Index

On 4 September 2015, S&P Dow Jones announced that the Company would be included in the S&P/ASX 300 Index, effective 18 September 2015 after market close.

Cash position

As at 30 September 2015, the Company had A\$115 million in cash on its balance sheet.

For more information:

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Table 5: Summary of Highfield's Mineral Interests as at 30 October 2015

Project	Region	Permit Name	Permit Type	Applied	Granted	Ref #	Area Km ²	Holder	Structure
Sierra del Perdón	Navarra	Quiñones	Investigation	19/07/2011	7/08/2012	35760	32.48	Geoalcali SL	100%
Sierra del Perdón	Navarra	Adiós	Investigation	19/07/2011	7/08/2012	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		
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	5/02/2014	Z-3502/N-3585	9.80	Geoalcali SL	100%
Muga	Aragón	Muga	Investigation	29/05/2013	7/04/2014	3500	20.40	Geoalcali SL	100%
Muga	Aragón	Muga Sur	Investigation	25/09/2014	Pending	3524	7.28	Geoalcali SL	100%
							74.16		
Vipasca (Muga)*	Navarra	Vipasca	Investigation	6/11/2013	11/12/2014	35900	38.92	Geoalcali SL	100%
Vipasca (Izaga)*	Navarra	Osquia	Investigation	28/04/2015	Pending	35970	81.20	Geoalcali SL	100%
Vipasca	Navarra	Borneau	Investigation	28/04/2015	Pending	35960	80.33	Geoalcali SL	100%
							200.45		
Pintano	Aragón	Molineras 10	Investigation	20/11/2012	6/03/2014	3495/10	18.20	Geoalcali SL	100%
Pintano	Aragón	Molineras 20	Investigation	19/02/2013	Pending	3495/20	16.80	Geoalcali SL	100%
Pintano	Aragón	Puntarrón	Investigation	7/05/2014	Pending	3509	30.24	Geoalcali SL	100%
							65.24		
Izaga	Navarra	Girardi	Investigation	28/04/2015	Pending	35950	79.17	Geoalcali SL	100%
							79.17		
						Total	568.00		

*Permit includes areas in two Projects

Location: All permits are located in Spain.

Holder: Geoalcali SL is a 100%-owned Spanish subsidiary of Highfield Resources Limited.

Changes: Nil

About Highfield Resources

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

Highfield's Muga, Vipasca, Pintano, 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 550km². 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 to enhance operational efficiencies, sales and marketing activities, and life of mine in October 2015. Highfield is on track towards commencing construction at the project in the fourth quarter of 2015.

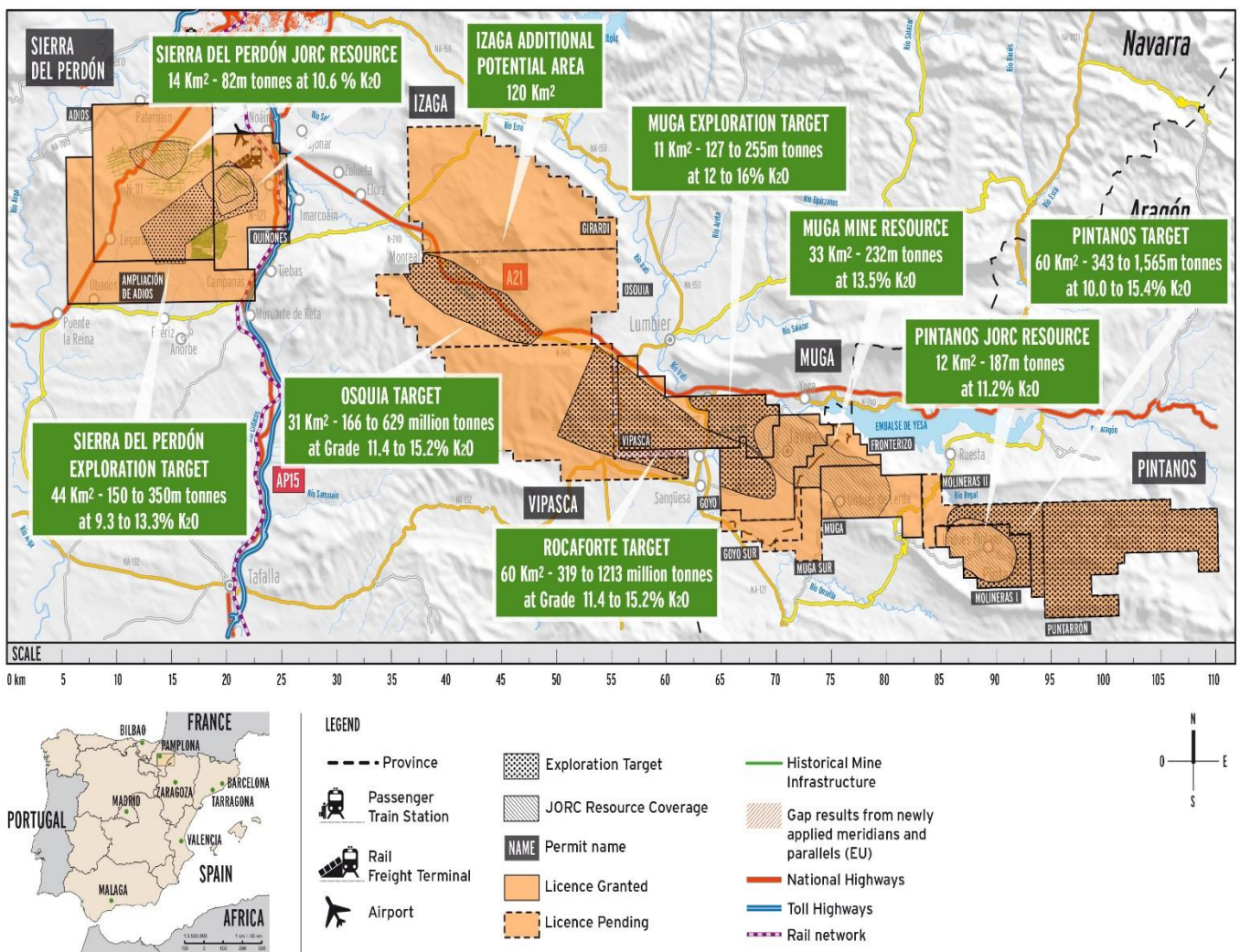


Figure 3: Location of Highfield's Muga, Vipasca, Pintano, Izaga and Sierra del Perdón Projects in Northern Spain