

ASX Release
28 July 2016

JUNE 2016 QUARTERLY ACTIVITIES REPORT

Highlights

Muga Potash Mine:

- Scoping Study completed for a complementary, staged 500,000 tonnes per annum Sulphate of Potash (“SOP”) operation that demonstrates the potential to convert around 40% of the MOP (430,000 tonnes per annum) produced annually from the Muga Potash Mine into SOP
 - Total capex for the operation estimated at US\$147m (inclusive of a 20% contingency) with pre-production capex estimated at less than US\$100m for the first phase of 250,000 tonnes per annum
 - Operating costs estimated at US\$370 per tonne FOB Spanish Atlantic Port that assumes an MOP input price of US\$287 per tonne preserving the Muga Mine’s robust financial metrics
- Highfield provided an update on the mine approval process for the flagship Muga Potash Project (refer to ASX Announcement dated 7 April 2016) including:
 - According to Spanish legal advice received, the Spanish Environment Assessment Act (“Act”) allows for a period of four months plus a possible two-month extension in which to issue a positive or negative environmental impact declaration (“*Declaración de Impacto Ambiental*” or “DIA”). This timeline commenced for the Project on 24 November 2015.
 - The Act does not provide for any remedies if a DIA is not issued within this period.
 - The Spanish Central Government continues in caretaker mode post the election of 20 December 2015 (and the subsequent election of 26 June 2016).
 - Positive meetings have been held between the Company and technicians from the Department of Agriculture, Food and Environment in Madrid.
- Highfield continues to positively interact with the Environment Department in Madrid and believes there are no outstanding issues that will result in a negative DIA being issued.
- Muga Potash Mine development continues to allow construction to commence on receipt of required licences
 - Highfield in final contract negotiations with global construction company, Acciona Infraestructuras, which is expected to result in a fixed price lump sum contract to construct the Muga Mine within budget
 - Detailed engineering studies continue to advance
 - Orders placed for long-lead items
- Highfield has withdrawn from the previously announced (refer ASX release 30 May 2016) non-binding MOUs with large European fertiliser companies for up to 320,000 tonnes per annum of K60 Muriate of Potash (“MOP”) from Muga Potash Mine.
- Highfield announced it has signed non-binding MOUs with respect to offtake with fertiliser traders Ameropa AG, Trammo Inc and Keytrade AG. The MOUs represent more than 100% of phase 1 production from Muga.

Highfield Resources Ltd.

ACN 153 918 257
ASX: HFR

Issued Capital

310.8 million shares
51.5 million performance shares
53.3 million options

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Directors

Derek Carter
Pauline Carr
Richard Crookes
Jim Dietz
Anthony Hall
Owen Hegarty
Pedro Rodriguez

Company Secretary

Donald Stephens

Corporate:

- International mining executive and experienced mine builder, Mr Peter Albert, to join the Highfield Resources Group as Managing Director and CEO from 1 September 2016:
 - Mr Albert to be based in the Company's Head Office in Pamplona, Spain with a focus on constructing the Company's flagship Muga Potash Mine and bringing the mine into a steady-state and sustainable operation
 - Current Managing Director, Mr Anthony Hall, will work closely with Mr Albert providing transitional support for several months as the Company moves into the construction phase of the Muga Potash Mine

Financial Strength:

- Cash at bank as at 30 June 2016: A\$94m.

Plans for September Quarter:**Muga Potash Mine:**

- Receipt of final credit approvals for the project finance facility subject only to legal documentation
- Continue to progress mine approval process and prepare for the immediate commencement of construction once approvals are received
- Execute fixed price lump sum contract for the construction of the mine and processing facilities with Acciona Infraestructuras

Other Projects:

- Drilling to test exploration target in Pintanos Potash Project
- Advancement of strategies for de-icing and vacuum salt sales
- Progression of SOP from MOP Project to provide additional fertiliser options

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 80km². Mineralisation commences at depths from surface of less than 200 metres and appears 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).

Muga Mine development progress

During the Quarter the Company continued to progress development and planning of Muga to allow construction to commence once licences are received.

Global construction company, Acciona Infraestructuras ("Acciona"), completed a review of Highfield's cost plan and program for Muga. This review concluded that Highfield's projected costs and timelines for construction are appropriate. Highfield is now in final contract negotiations with Acciona which is expected to result in a fixed price lump sum contract to construct the Muga Mine within budget.

Detailed engineering design continues as planned, with expert consultants working alongside the Highfield technical team to finalise underground mining & ventilation, process plant design and construction, site civil works, and tailings management.

Orders have been placed for long-lead items including equipment for drying, compacting and glazing facilities.

MOUs signed for offtake from Muga

On 30 May 2016, the Company announced that it has signed its first memorandums of understanding (“MOUs”) for potash offtake with three large fertiliser companies active in the Spanish and French markets. Annual offtake amounts under the MOUs totalled 320,000 tonnes per annum of K60 MOP. By concentrating its efforts on European fertiliser markets, Highfield has focused on markets that deliver its maximum possible margin and where it has clear logistical and margin advantages over its peers. The margin advantage is described by Argus FMB’s independent delivered cost curve analysis (refer ASX release 19 January 2016).

Highfield subsequently announced (refer ASX release 26 July 2016) that it had withdrawn from these non-binding MOUs, although it will continue to have informal discussions with these parties with the goal of signing offtake contracts prior to first production.

Furthermore, the Company also announced that it has signed non-binding MOUs with Keytrade AG, Ameropa AG and Trammo AG (together “the Traders”) covering up to 600,000 metric tonnes of K60 MOP per annum produced from its Muga Potash Mine. Upon signing of formal documentation for these MOUs, Highfield will have achieved a key condition precedent proposed by the mandated lead arrangers for the Project Finance Facility of the Muga Potash Mine. This facility is in the final stages of negotiation.

The Traders all have deep experience in the global fertiliser market across the three recognised macronutrients – potassium, nitrogen and phosphate. Importantly for Highfield, they all have recent and ongoing experience marketing potash in Highfield’s European target markets on an ad-hoc basis for incumbent producers. Highfield remains focused on those markets that deliver it the maximum possible margin, where it has clear logistical and margin advantages over its peers.

Permitting Update

On 7 April 2016, the Company provided the following update with respect to the Project:

1. The Spanish Central Government’s Department of Agriculture, Food and Environment in Madrid (*Ministerio de Agricultura, Alimentación and Medio Ambiente* or “MAGRAMA”) continues to review the environmental and social impact assessment of the Project on behalf of the Project’s referral authority, the Spanish Central Government’s Department of Industry, Energy and Tourism (*Ministerio de Industria, Energía y Turismo* or “MINETUR”).
2. Executives from the Company met with executives from MAGRAMA in Madrid on 5 April 2016. At this meeting, Company executives were advised that it was possible for MAGRAMA to issue the environmental impact declaration (*Declaración de Impacto Ambiental* or “DIA”) during the current caretaker Government period.
3. As confirmed by Spanish legal advice received, under the Environment Assessment Act (the “Act”), MAGRAMA has a period of four months plus a possible two month extension in which to issue a positive or negative DIA.
4. This timeline commenced for the Project on 24 November 2015.

5. The Act does not include an Administrative Silence provision. Consistent with this, if an environmental impact declaration is not made by MAGRAMA for the Project within the relevant six month period it is not deemed to be a positive or negative declaration under the Act.
6. Since the undecided Spanish Central Government elections on 20 December 2015, MAGRAMA has issued DIAs for other projects and MAGRAMA has confirmed it is possible for DIAs to be issued during the current caretaker Government period.
7. The Company continues to work actively with all stakeholders to progress the Project.

Further Spanish Government elections were held on 26 June 2016. The Government continues to operate in caretaker mode, although it appears likely that a Government will be formed shortly based on the election of a new Speaker on 19 July 2016 as the first step towards Government formation.

Subsequent to the meeting of 5 April 2016 the Company has continued to work in a constructive way with the Environment Department in Madrid.

Highfield understands that all supporting technical information requested from third parties has been satisfactorily provided, and therefore there are no outstanding issues that are expected to result in a negative DIA being issued.

Project Finance Update

The Company had previously announced a project finance mandate with four Mandated Lead Arrangers (“MLAs”) for long-term project facilities of up to €222m to fund the construction of the Project. Credit approvals from three MLAs have been received subject to satisfactory documentation and finalisation of due diligence.

Due diligence is close to completion and final facility discussions are in progress. The Company expects to receive the required credit approvals subject to legal documentation in the current Quarter.

SOP Project

During the Quarter, the Company completed a positive SOP Project Scoping Study to enhance margins from the flagship Muga Potash Mine. Key details as follows:

- Scoping Study completed for a complementary, staged 500,000 tonnes per annum SOP operation that demonstrates the potential to convert around 40% of the MOP (430,000 tonnes per annum) produced annually from the Muga Potash Mine into SOP
- Total capex for the operation estimated at US\$147m (inclusive of a 20% contingency) with pre-production capex estimated at less than US\$100m for the first phase of 250,000 tonnes per annum
- Operating costs estimated at US\$370 per tonne FOB Spanish Atlantic Port that assumes an MOP input price of US\$287 per tonne preserving the Muga Mine’s robust financial metrics
- Technologically proven Mannheim process selected to take advantage of captive MOP supply close to the proposed site, low cost sulphuric acid, available on-port site options, low-cost natural gas and nearby limestone for hydrochloric acid (HCl) by-product treatment
- Business case modelled on realistic long term SOP premium to MOP of US\$250 per tonne, materially below the current 1Q16 US market SOP premium of over US\$400 per tonne as reported on a delivered basis
- Strategically located to sell product into high-priced US markets where there would be a significant cost advantage to customers over the current dominant supplier
- Non-binding MOUs already signed for port sites, sulphuric acid supply, limestone, direct HCl sales and calcium chloride by-product offtake

As the approvals process for Highfield's Muga Potash Mine in Spain nears completion, the Company has commenced evaluating downstream options to enhance margins and diversify its product offering. The Study considers the option of converting around 40% of the MOP from Muga to SOP noting the Company has an additional four MOP projects that are expected to have similar characteristics to the Muga Potash Mine.

SOP is a low-chloride fertiliser that has typically enjoyed a premium price relative to MOP. SOP has a lower K₂O content (c. 50% vs. 60% for MOP), but it also has significant sulphur content. It is used for higher value chlorine intolerant crops such as soft fruits, vegetables, turf, and tobacco.

The Company reviewed and conducted a trade-off analysis on a number of potential technologies to produce SOP from MOP including ion exchange and crystallisation technologies. Due to its low technical risk, capital cost, and well understood operating cost profile, the Company selected the Mannheim process as its preferred processing route.

The Study highlighted that the key drivers of the favourable economics of Mannheim SOP production include:

- *A captive source of MOP within close proximity to the Mannheim furnace by land;*
- *Low-cost sulphuric acid within close proximity to the project;*
- *Proximity to export ports and end customers;*
- *Available on-dock port land with available gas and steam; and*
- *Proximity to consumers of hydrochloric acid and alternative limestone related options to convert it into a high margin derivative product.*

The Study has been reviewed by an independent expert with experience of building, commissioning and running Mannheim SOP facilities.

For further details, refer to the Company's ASX release dated 23 June 2016.

Vipasca Potash Project

Highfield's 100%-owned Vipasca Project area includes the majority of the Vipasca permit, the entire Borneau permit and half of the Osquia permit. The Company is focusing on the deeper, higher-grade potash mineralisation that occurs in the P1 and P2 potash beds. The beds are located in the Muga sub-basin, which runs along strike to the north-west into the Vipasca permit area.

Limited work was carried out on the Vipasca Project during the Quarter.

Pintano Potash Project

Highfield's 100%-owned Pintano Project abuts the Muga Project and covers an area of 65km². 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 10 seismic profiles completed in the late 1980s.

Limited work was carried out on the Pintano Project during the Quarter. Drilling to test the Exploration Target is expected to commence this quarter.

Sierra del Perdón Potash Project

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

Highfield's 100%-owned 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 current Quarter.

Basin Wide Potash Production and Logistics Scheme

The Company is investigating options for the exploitation of potash and salt mineralisation across its basin-wide project portfolio.

As reported in the Quarterly Activities Report dated 30 October 2015, global engineering consultancy, AECOM, has been appointed to provide support to the Company's engineering team and will report on multiple transport options including rail extensions and slurry pipelines to a railhead. This process is ongoing.

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 has been expanded to include a broader focus on the region of Aragón. Ongoing initiatives include a fertiliser education program in collaboration with the

Agricultural Technology Centre of Aragón, the OrganiK nursery and fertiliser project, and a number of social welfare programs and cultural initiatives throughout the region.

The Geoalcali Foundation now supports over 15 community projects and since its inauguration in September 2014 has been involved in over 70 community projects.

Corporate

Appointment of proven mine builder as Managing Director

The Company announced that Mr Peter Albert will join the Highfield Resources Group as Managing Director and Chief Executive Officer with effect from 1 September 2016.

Mr Albert's appointment comes as the Company moves into the construction phase of its flagship Muga Potash Mine and a decision by the Company's current Managing Director, Mr Anthony Hall, not to continue into the construction phase in his current role and to return to Australia. The decision to appoint Mr Albert as the incoming Managing Director and CEO was made following an extensive global search using an independent recruitment firm.

Mr Albert is an international mining executive with an outstanding track record in mine building, operations and sustainability. He has over 30 years' experience in project management, construction, operations, ESG (Environmental, Social and Governance performance) as well as corporate strategy in Australia, Asia, Africa and Europe. He has held leadership and senior executive roles with OZ Minerals Ltd, Oxiana Ltd, Fluor Corporation, Shell-Billiton (Australia), Aker Kvaerner (Australia) and Johannesburg Consolidated Investments (South Africa) and most recently CEO roles in two Hong Kong listed organisations - Jinchuan Group International Resources Company and the G-Resources Group. His recent achievements include building the Sepon gold and copper mines in Laos and the Martabe gold mine in Indonesia.

Mr Albert, a metallurgist by training and a Chartered Engineer, holds an Executive MBA and is a member of Institute of Materials, Minerals and Mining (London) and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Albert has received industry recognition for his outstanding achievements and in both 2012 and 2013 was awarded "Mining CEO of the Year" by the Asia Mining Congress. In 2015 Mr Albert was a nominee for Mining CEO of the Year at the Hong Kong Mines and Money Conference.

For further details, refer to the Company's ASX release dated 20 June 2016.

Appointment of Javier Olloqui as Head of Human Resources (subsequent to quarter-end)

On 18 July 2016, as a demonstration of the Company's plans to move smoothly into the operational phase, Highfield appointed Javier Olloqui as Head of Human Resources. Mr Olloqui has more than 20 years' experience in human resources and industrial relations across a wide range of industries and sectors, most recently as Head of Human Resources and Talent for Aludium, a leading supplier of aluminium solutions to the distribution and industrial markets in Europe. Mr Olloqui's responsibilities will include recruitment and training in anticipation of commencing operations.

Cash position

As at 30 June 2016, the Company had A\$94 million in cash on its balance sheet.

For more information:

Company

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Table 1: Summary of Highfield's Mineral Interests as at 30 June 2016

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		
*Permit includes areas in two Projects						Total	568.00		

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 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 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.

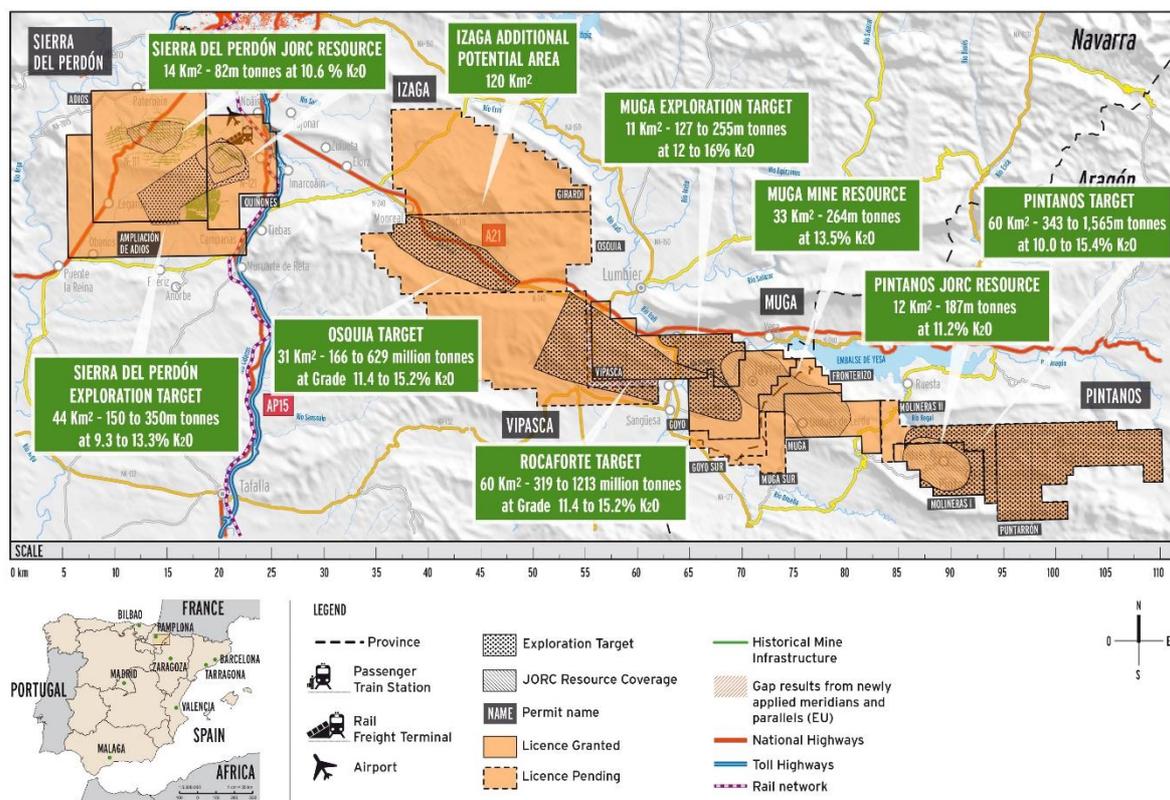


Figure 1: Location of Highfield's Muga, Vipasca, Pintano, Izaga and Sierra del Perdón Projects in Northern Spain *

**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*

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

HIGHFIELD RESOURCES LIMITED

ABN

51 153 918 257

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(3,897)	(23,936)
(b) development	-	-
(c) production	-	-
(d) administration	(1,210)	(4,281)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	675	2,375
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) - VAT Refund	-	847
Net Operating Cash Flows	(4,432)	(24,995)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(51)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1)	(51)
1.13 Total operating and investing cash flows (carried forward)	(4,433)	(25,046)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,433)	(25,046)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	375
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	- Fundraising costs	-	(4)
	Net financing cash flows	-	371
	Net increase (decrease) in cash held	(4,433)	(24,675)
1.20	Cash at beginning of quarter/year to date	98,778	118,776
1.21	Exchange rate adjustments to item 1.20	(361)	(117)
1.22	Cash at end of quarter	93,984	93,984

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	296
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments for Directors consulting fees and Directors fees - \$296k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	880
4.2 Development	17,717
4.3 Production	-
4.4 Administration	1,209
Total	19,806

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	73,660	51,124
5.2 Deposits at call	20,324	47,654
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	93,984	98,778

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6 Interests in mining tenements held	Refer to the Tenement Table in the Activity Report above.	-	-	-
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Performance +securities	50,000,000	-		
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	310,825,003	310,825,003		
7.4 Changes during quarter				
(a) Increases through issues;				
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options			<u>Exercise price</u>	<u>Expiry date</u>
- Unlisted options	4,400,000		\$0.20	01/11/2016
	4,000,000		\$0.20	19/10/2016
	2,400,000		\$0.30	31/01/2017
	7,000,000		\$0.40	31/05/2017
	500,000		\$0.60	30/06/2017
	500,000		\$0.60	31/01/2017
	4,250,000		\$0.75	30/06/2018
	9,500,000		\$0.75	11/09/2018
	750,000		\$1.00	30/06/2018
	4,000,000		\$1.25	30/06/2018
	15,225,000		\$2.00	30/06/2019
	750,000		\$2.50	30/06/2019
7.8 Issued during quarter:				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Mike Norris
 (CFO)

Date: 28 July 2016

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Appendix 1 – Summary of Expenditure Incurred per Project

Project	Quarter Cash Spend \$A'000
Sierra Del Perdón	71
Muga-Vipasca	3,762
Pintano	64
Total	3,897