

ASX Release

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**HIGHFIELD
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Issued Capital

93.5 million shares
100 million performance
shares
10 million options

ASX Code
HFR

SEPTEMBER 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Completion of acquisition of a 100% interest in Navarra and Aragon Potash Projects in Spain**
- **Additional tenement applications filed with Navarra and Aragon Administrations**
- **Four potential production prospects identified**
- **Work commenced on budgets and programmes to prepare full feasibility studies on all four production prospects**
- **Heritage approvals finalised for McLarty Project drilling programme**

COMPLETION OF ACQUISITION OF SPANISH ASSETS

Highfield's acquisition of a 100% interest in the Navarra and Aragon potash projects located in Spain's Ebro potash producing basin was completed on 19 October 2012.

These exciting acquisitions are a perfect complement to the Company's existing potash asset – the McLarty potash project. The Company is now very well positioned with three potash projects at different stages in the development cycle.

1. Navarra Potash Project

A former operating mine with a 25 year production history, a known path to recommencing production and a significant unmined area for future resource identification and production;

2. Aragon Potash Project

An advanced exploration project with 16 drill holes into the package, shallow potash mineralisation, strong visibility of a JORC Resource and the potential for a relatively short horizon to production; and

3. McLarty Potash Project

Significant greenfields' asset covering over 1,700kms² of highly prospective areas in the Canning Basin of northern Western Australia that displays all necessary attributes for economic potash mineralisation including a thick salt sequence of over 600m in depth, sub horizontal salt layer for economic extraction and indications of potash mineralisation from previous exploration on and near the package.

ADDITIONAL TENEMENT APPLICATIONS FILED

The Company has recently applied for four additional tenements covering over 30,000 hectares of prospective ground abutting the existing awarded tenements on the Navarra and Aragon potash projects. Three tenements secure the south eastern section of the Pintano sub basin within the Aragon potash project. One tenement secures the balance of the Sierra del Perdon sub basin covering the Navarra potash project.

FOUR PRODUCTION PROSPECTS IDENTIFIED ON SPANISH ASSETS

Highfield's initial assessment of the Navarra and Aragon potash projects is there are four distinct production prospects (refer Figure 1):

1. Sierra del Perdon – old mine
2. Sierra del Perdon – Zones D and F
3. Javier sub basin
4. Pintano sub basin

The four production prospects provide Highfield with exceptional potential to progress into a detailed project assessment phase with a view to identifying the best opportunities to move quickly into production.

DECEMBER QUARTER OBJECTIVES

The Company's December quarter objectives can be summarised as follows:

- Initial work on securing maiden JORC resources on the old mine area of Sierra del Perdon, Javier and Pintano;
- Preparation of budget and programmes to prepare full feasibility studies on all four potential prospects; and
- Recruitment of additional Spanish based consultants and employees to complement existing in country management team.

MCLARTY PROJECT HERITAGE APPROVALS FINALISED

The onsite heritage clearance activities were successfully completed in early August meaning the Company is now in a position to lodge its Program of Works (PoW) with the Western Australian Department of Mines and Petroleum.

Anthony Hall
Managing Director

ABOUT HIGHFIELD RESOURCES

Highfield Resources is an ASX Listed potash company with three key projects located in Spain and Australia.

Highfield's Navarra and Aragon potash projects are located in the Ebro potash producing basin in Northern Spain. The Navarra potash project includes a former operating mine with Highfield's key objective being recommencing production from the mine. The Aragon potash project is located in two separate sub basins within 60 kilometres of the former operating mine. Highfield owns a 100% interest in the six granted tenements that comprise the two projects and cover around 430 km².

Highfield's McLarty potash project is located in the Canning Basin of northern Western Australia. The Canning Basin contains vast accumulations of Ordovician evaporite salt bearing sediments at relatively low depths underground that is considered prospective for economic potash mineralisation. The Company has entered into a farm in agreement to explore three granted tenements and may obtain an interest of up to 80% of the project.

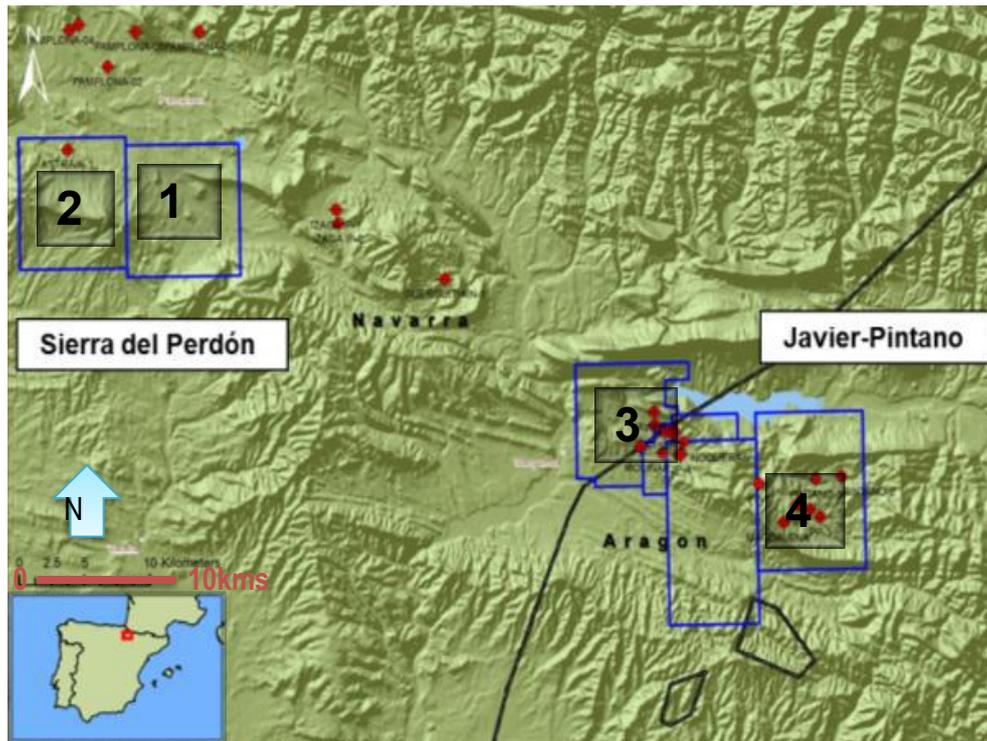


Figure 1 – Map showing Spanish Tenements identifying the four prospects