

ASX Release
16 July 2018

UPDATE ON MUGA MINE ENVIRONMENTAL PERMITTING PROCESS

Highfield Resources (ASX: HFR) (“Highfield” or “the Company”) is pleased to provide an update on the Company’s flagship Muga Potash Project (“Muga” or “the Project”).

Submission of documentation to the Ministry for Ecological Transition for the Declaración de Impacto Ambiental (“DIA”).

The Company is pleased to confirm the submission of its final clarification documentation to the Ministry for Ecological Transition (El Ministerio para la Transición Ecológica), formerly known as the Ministry of Agriculture, Fishing, Food and Environment (MAPAMA). The response relates to the three specific items for which additional information was requested for the Declaración de Impacto Ambiental (“DIA”) permit application, these were seismicity, subsidence and salt by-product management.

As requested by the Ministry for Ecological Transition, the Company has provided further clarification relating to the potential impact of the Muga mine on induced seismicity and subsidence. Following input and review by technical experts and specialist consultants, the Company has demonstrated that the mine is expected to have minimal impact on local infrastructure as a consequence of its operations. The Company has also provided further technical and commercial detail on its plans to minimise salt by-product residue on surface and to eliminate the residual stockpile following mine closure.

In the Company’s opinion the additional work carried out and the report which has been submitted are both comprehensive and of a very high quality. In addition, the Company has also validated this work with the relevant regulatory bodies over the past three months. In the expectation of a positive environmental permit being granted the Company is continuing to prepare for the next steps in the mining approval process including the submission of documentation relating to the Mining Concession, the Construction Permits as well as the preparation for on-site construction activities.

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53.25 million options

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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 500km².

Highfield is awaiting the granting of a positive environmental permit, the award of the mining concession and other permits 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 Sierra del Perdón, Vipasca and Pintanos Potash Projects.

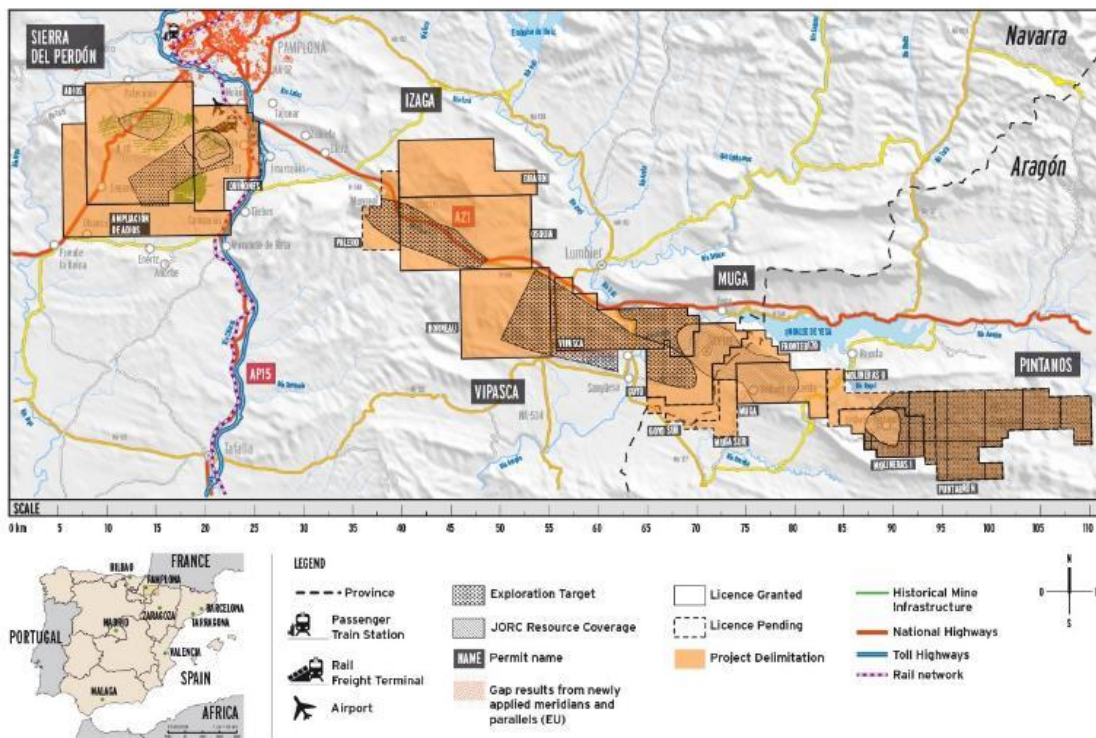


Figure 1: Location of Highfield's Muga, Vipasca, Pintano, Izaga and Sierra del Perdón Projects in Northern Spain*

*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

COMPETENT PERSONS STATEMENT

This update was prepared by Mr. Peter Albert, Managing Director of Highfield Resources. The information in this update 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.; and Mr Manuel Jesús Gonzalez Roldan, Geologist of CRN, S.A.

Mr José Antonio Zuazo Osinaga is a licensed professional geologist in Spain, and is a registered member 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 he is 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.

Mr. José Antonio Zuazo and Mr. Manuel Jesús Gonzalez Roldan consent to the inclusion in this update of the matters based on their information in the form and context in which it appears.