ACQUISITION OF SIGNIFICANT ASSET IN POTASH PRODUCING BASIN

HIGHLIGHTS

- Agreement (subject to due diligence, ASX and shareholder approval) to purchase 100% of the Navarra Potash Project located in Northern Spain.
- Granted tenements comprise 430kms² of highly prospective ground within a potash producing basin and include a former operating mine.
- All necessary infrastructure in place for potentially globally competitive potash extraction.
- Existing experienced in country management team.
- Distinguished industry professional, Derek Carter, to join Highfield’s Board.
- 100% scrip transaction with no cash payment and performance shares linked to value adding milestones.

NAVARRA POTASH PROJECT

The Board of Highfield Resources Limited (Company or Highfield) is pleased to announce (subject to due diligence, ASX and shareholder approval) the acquisition of a 100% interest in the Navarra Potash Project (Project) located in Northern Spain (refer Figure 1).

The tenements cover 430kms² and are located in the Ebro potash producing basin (refer Figure 2) (Iberpotash presently produces “over 1 million tonnes of red potash from its…mines in Spain”).

Exploration licenses have been granted for both areas covered by the tenements and a drill hole program aimed at securing a maiden JORC resource is the Company’s initial aim.

The tenements in the Navarra Sub-basin cover the Subiza Mine which was a significant potash producer in Spain between 1977 and 1996. In its latter years of operation the mine was producing around 200,000 tonnes of potash per annum. The mine was closed in 1997 when potash prices were US$110 per tonne. Potash prices are presently around US$470 per tonne.
In addition, the Company has been able to secure the services of a strong existing in
country management team to ensure project continuity.

TRANSACTION DETAILS
The material terms of the agreement can be summarised as follows:

1. Subject to the satisfactory completion by the Company of due diligence, ASX and
   shareholder approval, the Company will issue:
   a. 50,000,000 (50m) ordinary shares as consideration for 100% of the Project;
   and
   b. 100,000,000 (100m) performance shares to be converted to ordinary shares
      upon the successful completion of two Project related milestones (50m
      ordinary shares per milestone).

2. The vendor may place two directors on the Board of the Company.

The vendor’s present intention is to place Derek Carter and Pedro Rodrigueuz on the
Board.

FUNDING
The Company presently has over $3.6m cash at bank and intends to allocate some of
these funds to progressing the Project.

APPROVALS
The Company has made application to ASX for a determination on the relevant
transaction approvals which may be required for the acquisition of the Project.

Once this determination has been made, the Company proposes to update the market
on the indicative transaction timing.

Further information regarding the Project, acquisition terms (including milestones for
performance shares) and the Company’s intentions will be set out in a notice of
meeting to shareholders.

The Board believes the acquisition is extremely positive for the Company.

Anthony Hall
Managing Director

1 http://www.icfertilizers.com/FERTILIZERS/FERTEUROPE/Pages/Spain.aspx
Figure 1 – Map of Spain showing location of tenements

Figure 2 – Map of Ebro Basin showing location of tenements in Navarra and Catalan sub-basins