

ASX Release
18 December 2019

MUGA PROJECT UPDATE

Overview

- Initial visual inspection of core from drill hole V18-05 indicates continuity of the evaporite sequence between the Muga Project and Vipasca Permit.
- Work on the Mining Concession submission is well advanced. Constructive and positive discussions are continuing with all authorities and final submission is now expected in early 2020.
- The work on other construction permits is progressing well with the Company having submitted applications for some permits, namely water and power.
- In coordination with Navarra and Aragon mining authorities, the central mining authority in Madrid has awarded the Goyo Sur permit to Geocalci. Goyo Sur is an abutting tenement to the existing Muga project tenements.

Muga Project and Vipasca Permit Exploration Update

The Muga Project Update (refer ASX release 15 October 2018, "Muga Project Update") confirmed the strategic importance of Vipasca as a potential extension of the Muga Project ("Muga" or "the Project"). Highfield Resources ("Highfield" or "the Company") has been focusing on the more prospective areas in the east of the Vipasca permit.

The Company continued its drilling programme at Vipasca, recently completing drill hole V18-05. The assay results of the drill hole are not yet available, but the initial visual inspection of the core indicates continuity of the evaporite sequence between the Muga Project and Vipasca Permit.

Muga Project Engineering Update

Engineering development is continuing to advance in line with the project programme and appointments for the detailed engineering of the storage buildings and associated facilities have recently been made. This is in addition to the previously announced engagement of specialist engineering design consultants for the main plant installation and site urbanization and infrastructure.

Muga Project Approvals Process

As reported at the start of June (refer ASX release 6 June 2019, "Muga Project Receives Positive Environmental Permit") the Company received a positive Declaración de Impacto Ambiental ("DIA") in respect of the Muga Project. This positive DIA means the Company has received the key environmental permit required to move the Muga Project forward.

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24.66 million options

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The Company is continuing to have constructive discussions with the authorities with regards to the Mining Concession and work for the submission is progressing well. In the most recent Quarterly Activities Report (refer ASX release 14 October 2019, "Quarterly Activities Report and Appendix 5B") as well as the further clarifying information in relation to the Muga Project released on 21 November 2019 (refer ASX release, "Further Clarification – Muga Project") the Company advised that it planned to complete the required documentation for submission before the end of 2019. In order to ensure all aspects of the submission are prepared to the satisfaction of the authorities, the Company now expects this work to be complete in the early part of 2020. The timing for the receipt of the three Mining Concessions from the Madrid, Navarra and Aragon mining authorities cannot be confirmed with a definitive date, although the positive working relationship between the Company and the three mining authorities should assist in expediting these approvals.

The work on other permits for construction commencement continues in parallel with the Mining Concession process and the Company has submitted its application for the relevant permits to the local water authority the Confederación Hidrográfica del Ebro ("CHE"). These permits are related to deviation of small rivers and other preliminary construction work associated with water supply to the mine site. In addition, the Company has submitted all relevant power supply permit documentation to the Ministries of Industry and is progressing the permitting and authorizations required for both the temporary and permanent site electrical supplies. The Company is now awaiting the issue of the administrative approvals for the power supply prior to applying for the necessary construction permits.

Goyo Sur investigation permit awarded

The Company is pleased to announce that Goyo Sur investigation permit (see Figure 1 below) was awarded to Geoalcali, Highfield's wholly owned Spanish subsidiary, by the Madrid mining authority on 13 December 2019. Goyo Sur is a strategic investigation permit that is next to the currently held Muga Project permits and will allow the Company to continue exploration in this area and allow for construction activities to take place on the Goyo Sur permit area.

It is important to note that whilst the Goyo Sur investigation permit was awarded by the central mining authority in Madrid, it was awarded as a result of coordination activities between Madrid, Navarra and Aragon mining administrations, demonstrating a coordination that is very important for the future development of the project.

This announcement has been authorised for release by the directors of Highfield Resources Limited

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About Highfield Resources

Highfield Resources is an ASX listed potash company with four 100% owned tenement areas located in Spain.

Highfield's Muga-Vipasca, Pintanos, Izaga and Sierra del Perdón potash tenement areas are located in the Ebro potash producing basin in Northern Spain, covering an area of around 335km².

Following the granting of a positive environmental permit Highfield is now focusing on securing the Mining Concession and the construction permits necessary to take the Project into the construction phase

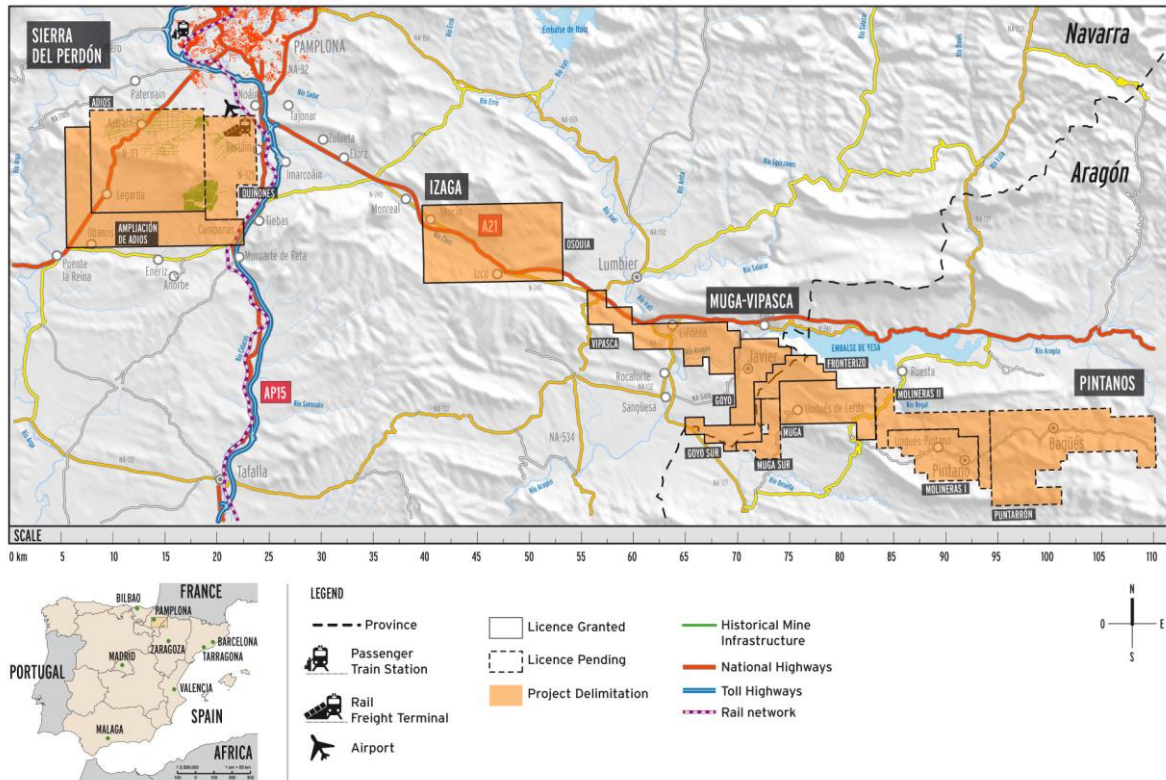


Figure 1: Location of Highfield's Muga-Vipasca, Pintanos, Izaga and Sierra del Perdón Tenement Areas in Northern Spain

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