

ASX Release

16 September 2013

**HIGHFIELD
RESOURCES
LIMITED
ACN 153 918 257**

**ASX Code
HFR**

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Issued Capital

135.5 million shares
103 million
performance shares
20 million options

HIGHFIELD RESOURCES SPANISH PROJECTS UPDATE

HIGHLIGHTS

- Positive assay results in first Sierra del Perdón Project confirmatory drill hole including:
 - 7.50 metres at 14.9% K₂O (23.6% KCl); including
 - 1.50 metres at 20.2% K₂O (32.0% KCl)
- First Javier Project drill hole intersects three main seams of sylvinite mineralisation
- Javier Project drill hole expands resource horizon and supports continuity of mineralisation
- Javier Project JORC code compliant resource estimate expected to be released by end of September 2013
- Experienced Spanish contractor engaged to work with the Company and Agapito to prepare underground engineering for Javier Project mine target
- Spanish chemical engineer with operational Spanish potash experience joins the team
- Navarra Regional Government President confirms support for reopening Sierra del Perdón potash mine

The Board of Highfield Resources (ASX: HFR) is pleased to provide a further update on the Company's three 100% owned Spanish potash projects.

Initial drill hole results have been very encouraging and the Company continues to push quickly towards its target of opening mines at its Sierra del Perdón and Javier Projects.

SIERRA DEL PERDÓN POTASH PROJECT UPDATE

Assay results have been received from the Company's first drill hole at Sierra del Perdón (SDP004) with the highlights being an intersect of 7.5m at 14.9% K₂O (23.6% KCl) with some stronger intersects as follows:

- 150cms at 20.2% K₂O (32.0% KCl) including 90cms at 25.1% K₂O (39.8% KCl);
- 120cms at 19.6% K₂O (31.0% KCl); and
- 90cm at 18.4% K₂O (29.1% KCl)

The intersects are real widths with beds horizontal and the drill hole vertical.

Full summarised results are shown in Appendix 1.

Figure 1 shows the drill hole locations on the Sierra del Perdón project. Four holes have now intersected potash mineralisation with the most recent drill hole intersecting over 20 metres. Importantly the drill holes are showing strong correlation with historical data.

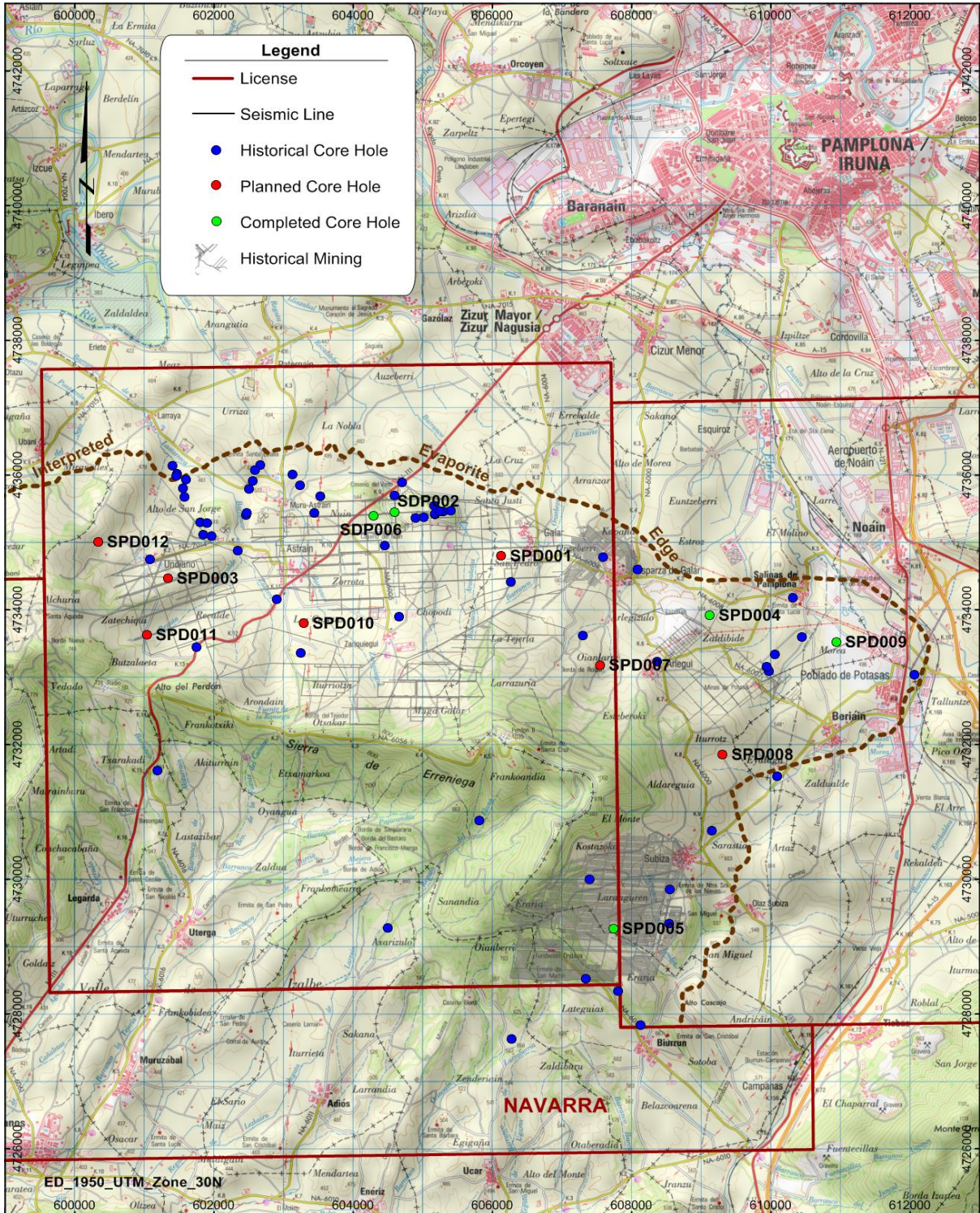


Figure 1: Location of existing and planned drill holes in the Sierra del Perdón Project

JAVIER POTASH PROJECT UPDATE

The initial drill hole (J13-03) at the Javier Potash Project has intersected three seams of sylvinite mineralisation (refer Figure 2 below). Importantly this correlates very well with historical data and supports the Company and Agapito view on continuity of mineralisation.

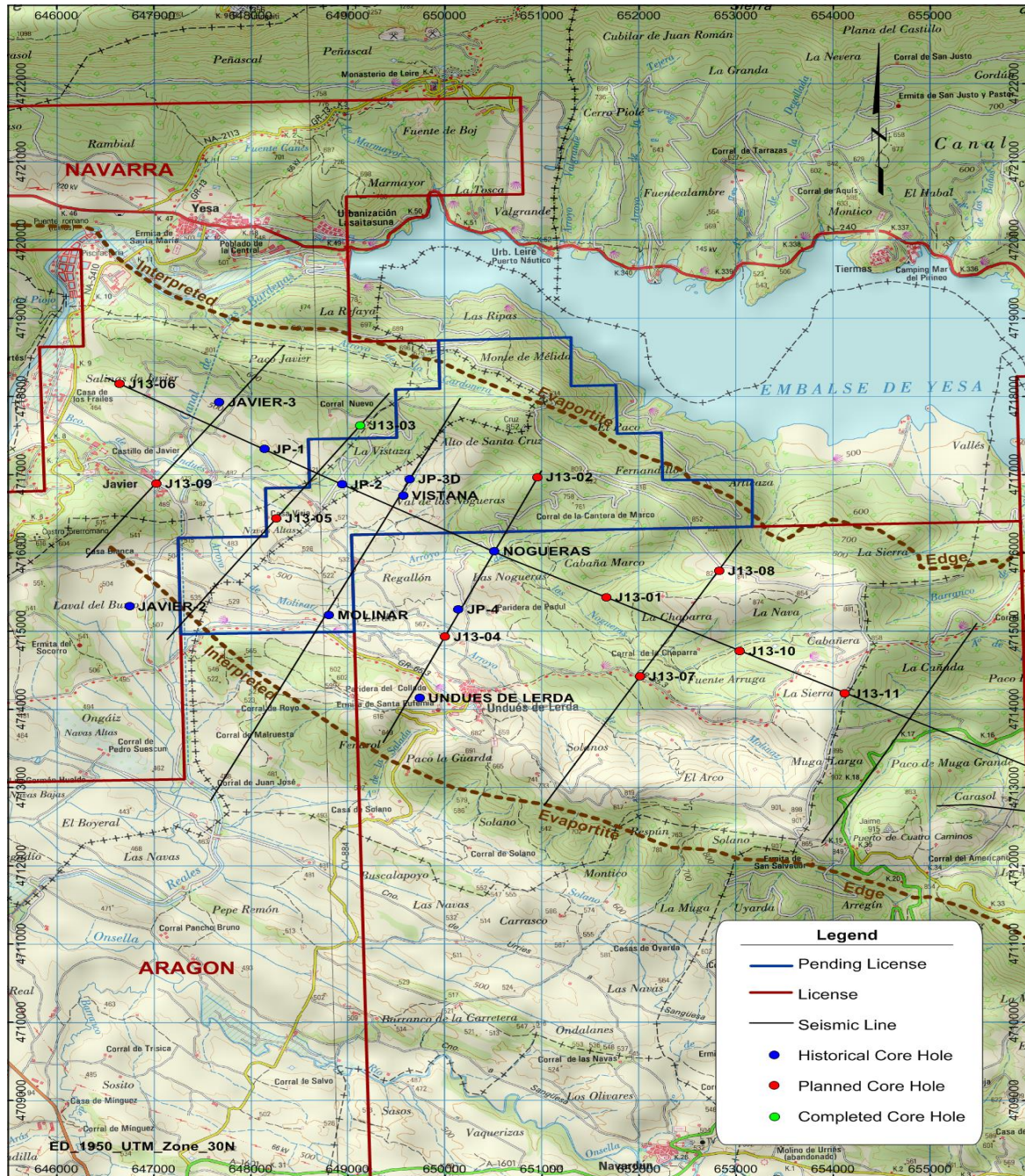


Figure 2: Javier Project Drill Hole Locations

Three main seams of sylvinite mineralisation were intersected from a depth to surface of 289 metres as follows:

1. 7.50 metres from 289.30 to 296.80 metres;
2. 1.50 metres from 298.60 to 300.10 metres; and
3. 1.50 metres from 321.10 to 322.60 metres.

The Company expects assay results to be available in October 2013.

The J13-03 drill hole demonstrates evaporitic mineralisation dominated by halite in the hanging wall and three sylvinite beds interbedded with halite in the footwall. The thickness of the evaporite in this area was over 60 metres and is considered suitable for conventional underground mining.

The J13-03 drill hole is particularly significant as it is over 1,000 metres from the nearest historical drill hole. This greatly expands the likely resource horizon and should translate into a longer potential mine life for the project.

Spanish based mining engineers, SADIM, have been engaged to commence preliminary work on the initial underground engineering for a potential Javier mine. SADIM will work with the Company and Agapito to prepare high level mine design and planning that will enable the preparation of initial underground capex estimates.

The initial Javier Project JORC Code compliant resource estimate is expected to be released by the end of this month.

APPOINTMENT OF EXPERIENCED SPANISH POTASH CHEMICAL ENGINEER

The Company is delighted to announce the appointment of Mr Victor Dotti. Mr Dotti is a qualified chemical engineer having most recently worked for a Spanish potash producer where he was Project Manager for design and procurement of the new "Project Fénix" Salt Processing Plant.

Mr Dotti's appointment comes at a critical time for the Company as it commences planning and process work on its initial sylvinite processing plant at the Javier Project. Metallurgical test results on core from three historical drill holes are also due shortly from UK based Wardell Armstrong; an organisation with European potash experience.

CONFIRMATION OF NAVARRA REGIONAL GOVERNMENT SUPPORT

Additional positive news was received on Thursday 5 September 2013 when the President of the Regional Government of Navarra, Mrs Yolanda Barcina, confirmed her support for the reopening of the Sierra del Perdón potash mine during her widely reported speech at the opening event of the new political year. She stated that:

...UPN (the ruling party), will support projects which promote the economic development of Navarra ... and we therefore support and wish that the potash mining industry can re-emerge to flourish in our community (Region) as it did in past decades, bringing hope, prosperity and vital projects to hundreds of persons and families in our area...

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DDH SDP-004 assays by ICP analysis

		K ₂ O(%)	MgO(%)	Na ₂ O(%)	Cl(%)	SO ₃ (%)	CaO(%)	Water Insolubles
<u>Total Potash interval @ 395,8 - 409,9m (14,1m)</u>	Average	11.47	5.70	23.43	43.86	2.96	4.27	14.53
	max.Value	31.30	12.85	49.90	64.60	7.16	9.99	47.74
	min. Value	0.31	0.41	6.26	24.00	0.86	0.85	0.98
<u>Total Carnallite bed @395,8 - 405,1m (9,3m)</u>	Average	8.49	7.58	20.14	39.01	2.38	4.70	18.53
	max.Value	15.65	12.85	42.70	58.80	4.12	9.99	47.74
	min. Value	0.66	1.60	6.26	24.00	0.86	1.08	2.50
<u>Upper Carnallite @397,9 - 400,0m (2,1m)</u>	Average	9.87	9.21	15.83	34.11	1.83	4.15	14.15
	max.Value	14.55	12.85	25.10	44.70	2.70	7.19	28.62
	min. Value	6.37	6.27	7.67	24.00	0.86	1.08	2.50
<u>Lower Carnalite @ 402,4 - 405,1m (2,7m)</u>	Average	13.03	10.48	13.58	40.70	2.24	2.57	9.26
	max.Value	15.65	12.70	21.50	45.10	3.91	4.84	14.92
	min. Value	9.26	6.94	6.26	35.00	1.44	1.78	3.00
<u>Sylvinitic bed @405,1 - 409,9m (4,8m)</u>	Average	15.94	1.85	29.98	51.66	4.03	4.24	11.55
	max.Value	31.30	3.49	38.00	59.70	7.16	7.62	26.14
	min. Value	0.31	0.41	41.20	58.70	1.87	0.85	0.98

Appendix 1: Full summarised results from initial drill hole assays at the Sierra del Perdón project

Competent Persons' Statement

This ASX release was prepared by Mr. Anthony Hall, Managing Director of Highfield Resources, Mr Leo Gilbride, P.Eng and Ms Vanessa Santos, P.Geo, of Agapito Associates. The Competent Person under JORC Code standards and reviewer for this release pertaining to the information is Mr Leo Gilbride, P.Eng and Ms Vanessa Santos, P.Geo. of Agapito Associates of Colorado, USA. Mr Gilbride is a licensed professional engineer in the State of Colorado, USA and is a registered member of the Society of Mining, Metallurgy and Exploration Inc. Ms Santos is a licensed professional geologist in South Carolina and Georgia, USA, and is a registered member of the Society of Mining, Metallurgy and Exploration Inc. The Society of Mining, Metallurgy and Exploration Inc is a JORC Code 'Recognized Professional Organization' (RPO). An RPO is an accredited organization of which the Competent Person under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX. Mr Gilbride is the Vice President of Engineering and Field Services and Ms Santos is the Chief Geologist with Agapito Associates and both have sufficient experience to qualify as a Competent Person for the relevant style and type of mineralisation and deposit under consideration of this release. Mr Gilbride and Ms Santos consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

ABOUT HIGHFIELD RESOURCES

Highfield Resources is an ASX-Listed potash company with three 100% owned projects located in Spain.

Highfield's Javier, Pintano and Sierra del Perdón potash projects are located in the Ebro potash producing basin in Northern Spain covering a project area of around 200km². The Sierra del Perdón project includes two former operating mines. The Company has recently raised significant funds to progress feasibility studies at both the Sierra del Perdón and Javier Projects.

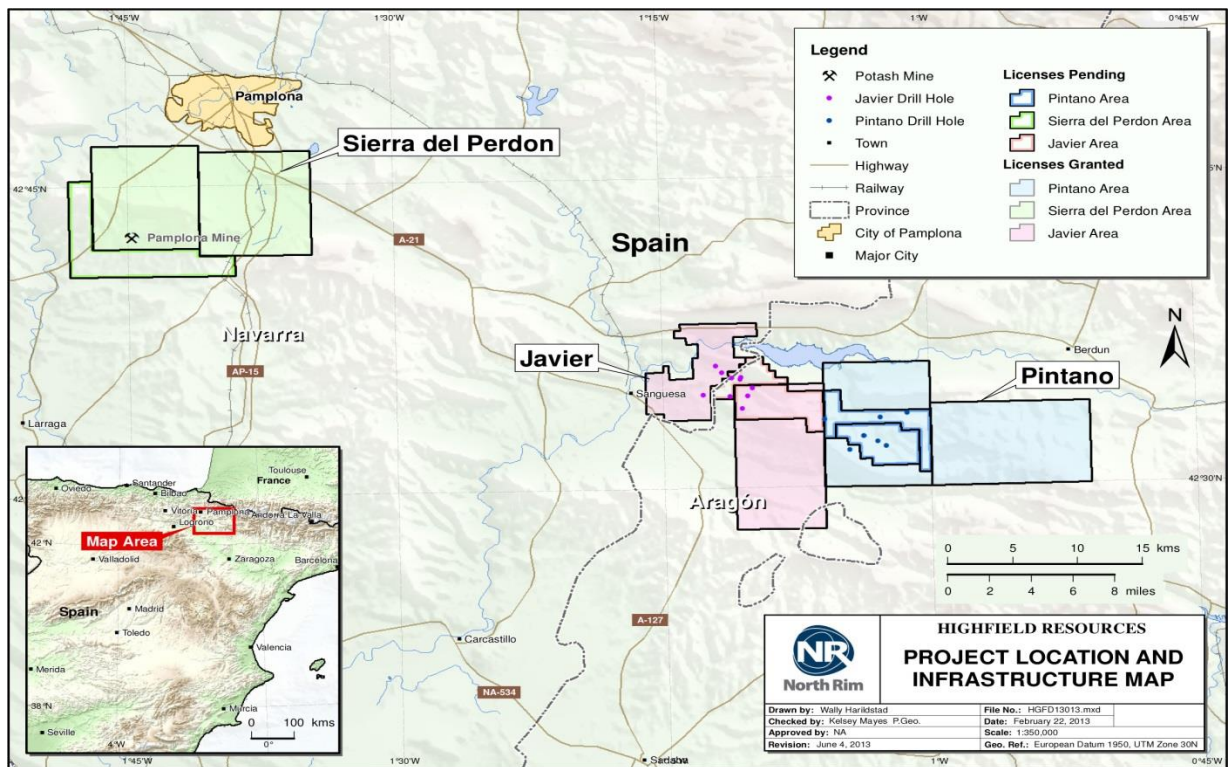


Figure 3: Location of Highfield's Javier, Pintano and Sierra del Perdón Projects in Northern Spain