

ANNOUNCEMENT TO AUSTRALIAN SECURITIES EXCHANGE

5 June 2017

ASX Limited
Companies Announcement Office
Electronic Lodgement System

Dear Sirs

Section 708A Notice – Shares Issued on Conversion of Unlisted Options

Highfield Resources Limited (**Company**) hereby provides notice to the ASX for the purpose of section 708A(5)(e) of the *Corporations Act 2001* (Cth) that it has issued 200,000 fully paid ordinary shares in the Company (**Shares**) without disclosure to investors under Part 6D.2 of the *Corporations Act 2001* (Cth).

The Company states that as at the date of this notice it:

- has complied with the provisions of Chapter 2M of the *Corporations Act 2001* (Cth) as they apply to the Company;
- has complied with section 674 of the *Corporations Act 2001* (Cth); and
- is not aware of any excluded information within the meaning of sections 708A(7) and 708A(8) of the *Corporations Act* (Cth).

An Appendix 3B relating to this issue is attached to this announcement.

Yours Faithfully

Donald Stephens
Company Secretary**Highfield Resources Ltd.**
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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

HIGHFIELD RESOURCES LIMITED

ABN

51 153 918 257

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 200,000 (two hundred thousand) |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Same terms as ordinary securities – conversion of unlisted options exercisable at \$0.75 on or before 30 June 2018. |

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New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>\$0.75 each</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Exercise of unlisted options.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A					
6f	Number of +securities issued under an exception in rule 7.2	200,000					
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A					
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 49,323,750					
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	31 May 2017					
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">328,825,003</td> <td style="text-align: center;">Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	328,825,003	Ordinary Shares	
Number	+Class						
328,825,003	Ordinary Shares						

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	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)		
		5,250,000	Unlisted Options exercisable at \$0.40 on or before 31/05/17
		500,000	Unlisted Options exercisable at \$0.60 on or before 30/06/17
		3,350,000	Unlisted Options exercisable at \$0.75 on or before 30/06/18
		9,500,000	Unlisted Options exercisable at \$0.75 on or before 11/09/18
		750,000	Unlisted Options exercisable at \$1.00 on or before 30/06/18
		4,000,000	Unlisted Options exercisable at \$1.25 on or before 30/06/18
		5,830,000	Unlisted Options exercisable at \$1.85 on or before 18/11/24
		17,125,000	Unlisted Options exercisable at \$2.00 on or before 30/06/19
		4,550,000	Unlisted Options exercisable at \$2.50 on or before 30/06/19
	50,000,000	Class B Performance Shares	

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
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13	Ratio in which the +securities will be offered	N/A
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14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A

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- | | | |
|----|---|-----|
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | +Issue date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought N/A
- 39 +Class of +securities for which quotation is sought N/A
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

 If the additional +securities do not rank equally, please state:
 • the date from which they do
 • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- N/A
- 41 Reason for request for quotation now N/A

 Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	310,825,003
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 	153,333 – 17 August 2016 250,000 – 6 September 2016 46,667 – 5 October 2016 250,000 – 12 October 2016 4,000,000 – 12 October 2016 2,400,000 – 14 October 2016 2,000,000 – 18 October 2016 100,000 – 15 November 2016 100,000 – 6 December 2016 500,000 – 13 November 2016 600,000 – 14 December 2016 200,000 – 19 December 2016 100,000 – 23 December 2016 500,000 – 12 January 2017 1,000,000 – 31 March 2017 250,000 – 28 April 2017 4,000,000 – 12 May 2017 350,000 – 15 May 2017 1,000,000 – 19 May 2017 200,000 – 31 May 2017
<ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period 	Nil
<p><small>Note:</small></p> <ul style="list-style-type: none"> • <small>Include only ordinary securities here – other classes of equity securities cannot be added</small> • <small>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</small> • <small>It may be useful to set out issues of securities on different dates as separate line items</small> 	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	328,825,003

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	49,323,750
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	-
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	49,323,750
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.15] – “C”	49,323,750 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.