

26 March 2018

ASX Limited
Madeleine Green
Adviser, Listing Compliance
via email: Madeleine.Green@asx.com.au

Dear Madeleine,

ASX AWARE QUERY

We refer to your letter dated 21 March 2018. Highfield Resources Limited ("the Company") responds to each of the questions set out in that letter as follows:

- 1. Does HFR consider the information within the Announcement ("Information") to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No

- 2. If the answer to question 1 is "no", please advise the basis for that view.**

The Information was merely an update on completion of one of a number of stages in the Muga Mine environmental permitting process. The Information was not the granting or withdrawal of a material licence or permit of the Company.

The statement in the Announcement that "*MAPAMA has confirmed that this is the last step in the process of the environmental application for the Muga Mine development*" refers to the Company's impending response to the further requests from the Ministry of Agriculture, Fishing, Food and Environment ("MAPAMA"). This makes clear that the Information was an update on process and not determinative of the outcome of the environmental permitting process.

As such, the Company does not consider that the Information is information that a reasonable person would expect to have a material effect on the price or value of HFR securities.

Highfield Resources Ltd.

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Company Secretary

Donald Stephens

The Information was released and the Announcement made as the Company has been providing regular updates to the market in respect of this environmental permitting process, both on a standalone basis and as part of its periodic reporting. For example, we refer to the announcements released to the Company's ASX platform on the following dates:

- (a) 8 March 2018 ("Muga Mine Environmental Permitting Update");
- (b) 11 September 2017 ("Public Consultation Underway");
- (c) 12 July 2017 ("Muga Project Environmental Permitting Update");
- (d) 1 May 2017 ("Formal Responses to Government on Muga Project Submitted");
- (e) 8 March 2017 ("Extension of Environmental Submission Date"); and
- (f) 19 December 2016 ("Environmental Permitting Update").

We also refer to updates included in the Company's Quarterly Activities Reports, AGM Presentation and Annual Report during this period.

3. *When did HFR first become aware of this information?*

The Company first became aware of the Information when a letter was received by the Company from the MAPAMA ("Letter"), via e-mail, on Saturday 17th March 2018 (Australian time).

4. *If the answer to question 1 is "yes" and HFR first became aware of the Information before the relevant date, did HFR make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe HFR was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps HFR took to ensure that the Information was released promptly and without delay.*

Not applicable.

5. *Please confirm that HFR is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms that it is, at all times, in compliance with the Listing Rules, in particular, Listing Rule 3.1.

6. *Please confirm that HFR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HFR with delegated authority from the board to respond to ASX on disclosure matters.*

The responses to the questions above have been authorised and approved by the appropriate authorised delegate to respond to the ASX on disclosure matters.

Yours Faithfully



Donald Stephens
Company Secretary



21 March 2018

Donald Stephens
Company Secretary
Highfield Resources Limited
PO Box 377
KENT TOWN SA 5071

By email: dstephens@hlbsa.com.au

Dear Donald

Highfield Resources Limited (“HFR”): aware query

ASX Limited (“ASX”) refers to the following:

- A. HFR’s announcement entitled *“Muga Mine Environmental Permitting Update”* lodged on the ASX Market Announcements Platform and released at 09:19 am AEDT on 21 March 2018 (the “Announcement”), disclosing in part:

“...on 16 March 2018 the Ministry of Agriculture, Fishing, Food and Environment (“MAPAMA”), in Madrid advised that it has completed its review of the reports received from all of the referral authorities. MAPAMA has requested the Company provide further clarification on three items within three months.”

- B. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

- C. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”,

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks HFR to respond separately to each of the following questions and requests for information:

1. Does HFR consider the information within the Announcement ("Information") to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did HFR first become aware of the Information?
4. If the answer to question 1 is "yes" and HFR first became aware of the Information before the relevant date, did HFR make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe HFR was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps HFR took to ensure that the Information was released promptly and without delay.
5. Please confirm that HFR is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that HFR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HFR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (i.e. before

9.30 a.m. AEDT on Monday, 26 March 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in HFR's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, HFR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to HFR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that HFR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in HFR's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Madeleine Green
Adviser, Listing Compliance