

ASX Release
11 May 2015

HIGHFIELD RESOURCES RAISES \$101 MILLION TO DEVELOP MUGA POTASH MINE

Highlights:

- \$101 million raised in a share placement of 56.125m shares at an issue price of A\$1.80 per share
- Highfield's net cash balance now more than A\$120 million, providing a significant portion of the funding to develop the Muga Potash Mine
- Shareholder base strengthened by selected leading domestic and international institutional investors joining the register
- Successful capital raising demonstrates to Spanish authorities and other stakeholders that the Company is in a position to build the Muga Potash Mine

Spanish potash developer Highfield Resources Ltd (HFR: ASX) ("Highfield" or "the Company") is pleased to announce a placement ("Placement") to raise approximately A\$101 million via the issue of 56,125,000 fully paid ordinary shares at an issue price of A\$1.80 per share to institutional and sophisticated investors in Australia, Asia, Europe and North America, which will be completed on 15 May 2015.

The proceeds from the Placement will be used to substantially fund the likely equity component of the pre-production capital expenditure of the Company's flagship Muga Potash Project ("Muga" or "the Project"), located in northern Spain. The Company has completed a Definitive Feasibility Study for Muga which confirmed its outstanding potential as a long life, high margin operation with a very low pre-production capital expenditure requirement estimated at US\$256 million. The Company is proceeding with detailed design and engineering and other development and contracting work preparatory to full site construction start after final permitting expected later in 2015.

Indicative project financing term sheets received from leading European commercial banks have indicated a debt-to-equity ratio of 65% can be expected. The financing will include capital expenditure, a VAT facility, a working capital facility and potentially a cost overrun facility.

The Placement was cornerstoned by private equity fund manager EMR Capital (**EMR**) and was strongly supported by various Australian and international institutional investors.

Foster Stockbroking, Blue Ocean Equities and Taylor Collison acted as Joint Lead Managers to the Placement.

Highfield's Managing Director, Anthony Hall commented:

"This is a major milestone in the Company's history as it not only reflects the quality of the Muga Potash Project but also demonstrates to the referral authorities in Spain that we are in a position to build a mine. The placement delivers a major de-risking milestone of mine funding in combination with European commercial banks.

Following the placement, we are in an extremely strong financial position with more than A\$120m in cash and no debt.

Highfield Resources Ltd.

ACN 153 918 257
ASX: HFR

Issued Capital

308.125 million shares
51.5 million performance shares
43.0 million options

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Owen Hegarty
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Company Secretary

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We continue to have very positive discussions with leading European commercial banks – giving us confidence that proceeds from the placement, combined with other means of financing, will comfortably fund the development and construction of the Muga Mine.

We appreciate the ongoing support from EMR Capital and our joint lead managers, Foster Stockbroking, Blue Ocean Equities and Taylor Collison.”

The 56.125 million shares represents the Company’s full remaining placement capacity under Listing Rule 7.1 and 7.1A. 27.09m shares were placed to institutions and sophisticated investors raising \$48.8m. 29.04m shares were placed to EMR raising \$52.3m.

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About Highfield Resources

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

Highfield's Muga, Vipasca, Pintano, Izaga and Sierra del Perdón potash projects are located in the Ebro potash producing basin in Northern Spain covering a project area of over 550km². The Sierra del Perdón project includes two former operating mines.

The Company has recently completed a definitive feasibility study for its flagship Muga Project and is working towards commencing construction in the fourth quarter of 2015.

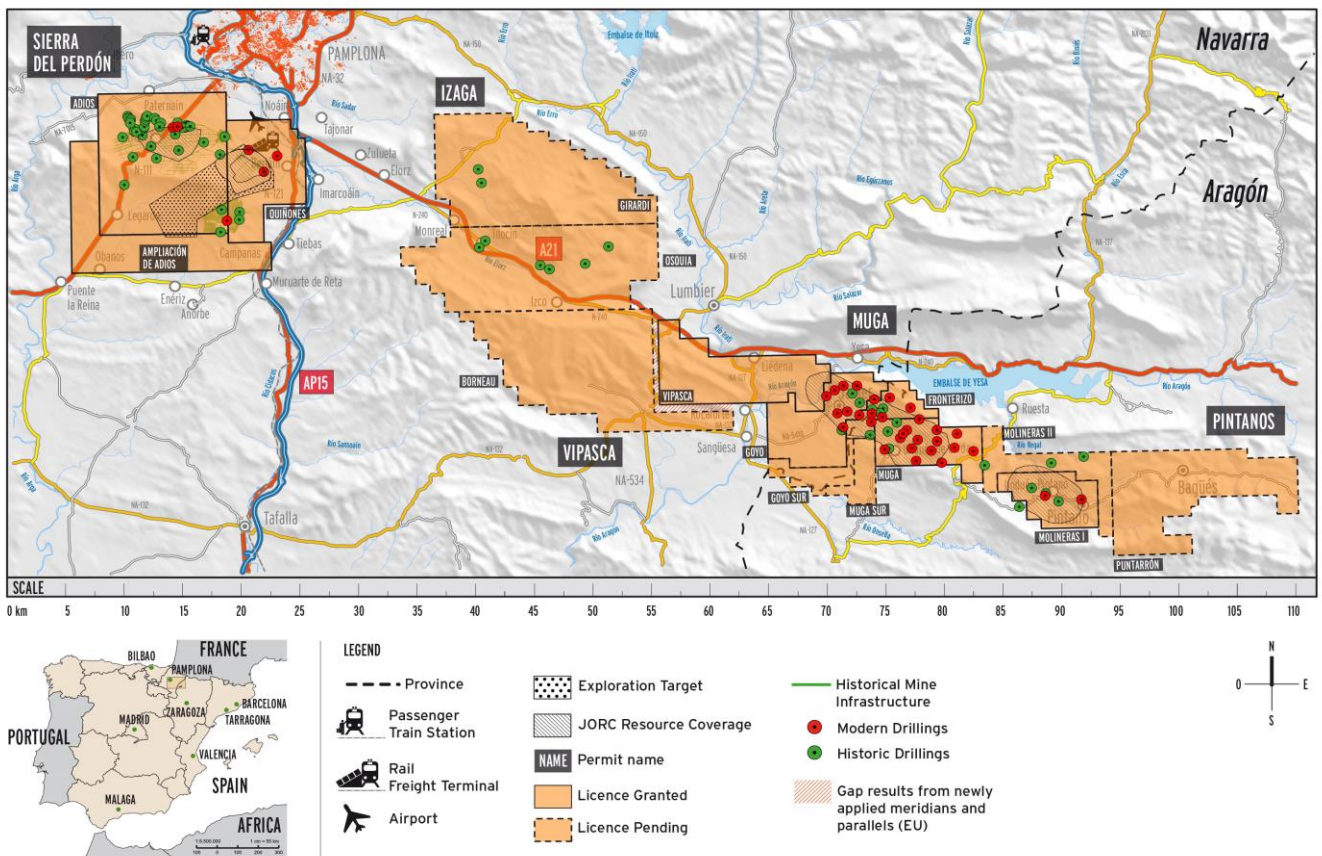


Figure 1: Location of Highfield's Muga, Vipasca, Pintano, Izaga and Sierra del Perdón Projects in Northern Spain