

ASX Release

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**HIGHFIELD
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Issued Capital

95.5 million shares
100 million performance
shares
10 million options

ASX Code
HFR

DECEMBER 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Spanish based General Manager and Mine Engineer appointed
- 3D modelling work commenced on old mine workings on the Navarra Project
- Historical core resampled and seismic lines reinterpreted on the Aragon Project
- Western Australian Government funding support secured for the McLarty Project

KEY SPANISH BASED EXECUTIVES APPOINTED

Highfield recently announced the appointments of a Spanish based General Manager and Mine Engineer to progress mine development activities.

The appointments of John Claverley as General Manager and Gonzalo Mayoral as Mine Engineer complement Highfield's existing Spanish based team. Both executives have considerable relevant commercial experience and have significant share option incentives to deliver the construction and operating approvals for a 500,000 tonne per annum potash producing mine.

NAVARRA PROJECT UPDATE

The Navarra project comprises six specific areas and is formally known as Sierra del Perdon. Sierra del Perdon was a former operating mine that produced close to 10m tonnes of potash over a 25 year period between 1972 and 1997. Of the six areas, four areas were partially mined.

Highfield's Spanish based geological team has sourced all historic production records and various mine maps of the former operation, with which it will use to create a 3D model of the former mine workings.

Highfield expects the 3D model to be completed in Q1 of this Calendar Year. This will enable work to be commenced on a mining methods' study that will provide the basis for a decision on which Sierra del Perdon production area to initially target.

ARAGON PROJECT UPDATE

This Aragon project covers two sub basins referred to as Javier and Pintano. The project is located within 60 kms of the Sierra del Perdon producing mine.

The former Sierra del Perdon mine owners conducted two drilling programs of these areas in the 1980s. Some 16 drill holes were drilled that resulted in the preparation of two detailed resource reports that Highfield has reviewed.

There remains core from some of these drill holes that Highfield's technical consultants, North Rim, have resampled and arranged for reanalysis in Canada. The reanalysed core is presently being considered. In addition historical seismic lines are

being reinterpreted to provide further information to enhance the geological assessment of the basins and resource confirmation strategy.

The Company anticipates being in a position to release further information resulting from this work by the end of February 2013.

MCLARTY PROJECT UPDATE

The McLarty project is a significant greenfields' asset covering over 1,700kms in the Canning Basin. Highfield has identified two strong drill hole targets for drilling this Calendar Year.

In December the Company was awarded two grants under the Western Australia's Government *Royalties For Regions Co-funded Government Industry Drilling Program*. Each grant is worth \$200,000 and is likely to subsidise around 25% of the costs of the drilling program.

CORPORATE

After reconsidering his work commitments, one of the founding directors, Mark Arundell resigned as a director and was replaced by Scott Funston in November 2012. Mr Funston is a director and secretary of various mining related ASX Listed entities and his broad commercial experience will be very beneficial to the Company.

Highfield is presently reviewing office accommodation in Pamplona, Spain. The majority of Highfield's Spanish based team will relocate to this office. Highfield will then seek to recruit a community engagement manager, junior geologist and environmental manager to complete its key Spanish executives.

The Company's focus remains on its Spanish assets given their near term production prospects.

Anthony Hall
Managing Director

ABOUT HIGHFIELD RESOURCES

Highfield Resources is an ASX Listed potash company with three key projects located in Spain and Australia.

Highfield's Navarra and Aragon potash projects are located in the Ebro potash producing basin in Northern Spain. The Navarra potash project includes a former operating mine with Highfield's key objective being recommencing production from the mine. The Aragon potash project is located in two separate sub basins within 60 kilometres of the former operating mine. Highfield owns a 100% interest in the six granted tenements that comprise the two projects and cover around 430 km².

Highfield's McLarty potash project is located in the Canning Basin of northern Western Australia. The Canning Basin contains vast accumulations of Ordovician evaporite salt bearing sediments at relatively low depths underground that is considered prospective for economic potash mineralisation. The Company has entered into a farm in agreement to explore three granted tenements and may obtain an interest of up to 80% of the project.