

ASX Release
21 July 2020

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2020

Highlights

- **Public exposition of the Mining Concession commenced 4 July 2020.** The Spanish Ministry of Mining announced the public exposition of the Muga project to commence on 4 July 2020, in line with expectations, just after the lifting of the State of Alarm in Spain. During the quarter, constant dialogue with the relevant authorities was maintained to expedite the Mining Concession process, resulting in the achievement of this key milestone
- **Significant progress on bolter miners purchase negotiations.** This represents a significant contract award and a critical step in developing the Muga Project towards production and negotiations are currently close to conclusion
- **Successful continued execution of the sales and marketing strategy** with the signing of a Non-binding Memorandum of Understanding (MOU) signed with Maxisalt-Pardira Premium S.L. ("Maxisalt") for 500,000 tonnes of salt per annum
- **Positive assay results for drill holes V18-03, V18-05 and AA-01 in Vipasca,** a potential extension of the Muga Project
- **New CEO, Mr Ignacio Salazar,** joined the team in Pamplona on 20 July 2020
- **Minimal impact of Covid-19 on Group to date.** Working from home successfully implemented during quarter and return to office arrangements progressing well
- Cash at bank as at 30 June 2020: A\$28.7m

Highfield Resources Limited
ACN 153 918 257
ASX: HFR

Issued Capital
329.5 million shares
33.99 million options

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Muga Project

Overview

Spanish potash developer Highfield Resources (ASX: HFR) (“Highfield” or “the Company”) is pleased to provide the following quarterly activities update, for its activities and those of its wholly owned Spanish subsidiary Geoalcali S.L.U. (“Geoalcali”, together the “Group”), for the period ended 30 June 2020.

The Company’s flagship Muga Project (“Muga” or “the Project”) is targeting relatively shallow sylvinite beds, across approximately 60km² located in the Provinces of Navarra and Aragón. Once operational, the Muga Mine is planned to commence mining at a depth of approximately 350 metres from surface and is therefore ideal for a relatively low-cost conventional mine.

The Vipasca Permit Area (“Vipasca”) (see Figure 3) is located adjacent to Muga and covers approximately 27km². Some areas of the tenement are highly prospective for economic potash mineralisation, with a primary focus on the deeper, higher grade potash horizons.

Muga Project Approvals Process

Following extensive engagement with the relevant mining authorities in Madrid, Aragón and Navarra, the Mining Concession documentation was submitted on 13 March 2020 (refer ASX release 16 March 2020, “Muga Project – Mining Concession Documentation Submitted”). The grant of the Mining Concession is a key step in the critical path to construction.

Following the submission of the Mining Concession documentation, and despite the Spanish confinement programme due to Covid-19, Geoalcali maintained constant dialogue with the relevant authorities in order to expedite the process. On 22 June 2020, the nationwide Covid-19 State of Alarm in Spain was lifted, and soon after, the start of the public exposition period with respect to the Mining Concession documentation was gazetted in the National Bulletin shortly after quarter end on 4 July 2020. The public exposition period will last 30 working days after which Geoalcali will have an opportunity to respond to any queries that are brought forward.

The Company estimates that the Mining Concession will be awarded by the end of the fourth quarter of 2020.

Muga Project and Vipasca Permit Exploration Update

The Muga Project Update (refer ASX release 15 October 2018, “Muga Project Update”; ASX release 14 October, “Quarterly Activities Report and Appendix 5B; ASX release 21 November 2019, “Further Clarification – Muga Project”) confirmed the strategic importance of Vipasca as a potential extension of the Muga Project. Since then Geoalcali has been focusing on the more prospective areas in the east of the Vipasca permit.

During the quarter Geoalcali completed its drilling programme at the Vipasca permit area, releasing assay results for V18-03 and V18-05 (refer ASX release 19 May 2020, “Exploration Drill Holes Completed at Muga”).

Drill-hole V18-03 confirmed the continuity of the Vipasca ore deposit which remains open towards the west. Specifically, V18-03 intersected a total of 30.2 metres of potash mineralisation including:

- 1.5 metres at an average grade of 11.98% K₂O from 1022 metres;
- 1.8 metres at an average grade of 11.29% K₂O from 1060 metres; and
- 1.5 metres at an average grade of 12.79% K₂O from 1070 metres.

Drill-hole V18-05 confirmed the extension and continuity of the potash mineralisation between the Muga Project and Vipasca thereby linking these two projects.

On 30 June 2020 Geoalcali received the exploration permit for the Muga Sur Permit Area. This area abuts the south part of the Muga Project area as per Figure 1 below.

Muga Project and Vipasca Permit Technical Update

During the quarter, design development continued to progress in line with the project programme timetable and engineering submissions were made by the principal equipment suppliers and engineering consultants. As a result, basic design of the process plant is advancing well and detailed design is ongoing. Value engineering reviews will continue throughout the development of the engineering design to optimise costs.

As part of this work, K-Utec AG Salt Technologies has completed the test work that will be used to detail the systems and components necessary for the dewatering and backfilling system and continues to progress the basic design work for the backfilling storage and placement systems. Geoalcali is also carrying out additional lab work to further optimise the salt quality specification that will be produced from the Muga Mine.

The Group is pleased to report that negotiations with Komatsu Mining Corporation for the purchase of two bolter miners have made significant progress and are close to conclusion. The bolter miners will provide underground access to the Muga deposit via twin parallel declines from surface, each over a length of 2.6 km to a depth of approximately 350 metres below surface. They will also develop three crosscuts that connect the declines, each 25 metres in length. The equipment will then be used to develop the main underground infrastructure galleries. The signing of the bolter miners purchase contract will represent a significant contract award and is a critical step in progressing the Muga Project towards production.

Geotechnical drilling and other site investigation work commenced in June 2020, as soon as free access to the site was available after the lifting of the national State of Alarm. The investigation works consist of a series of shallow drill holes (up to approximately 15 metres deep) and inspection pits across the plant site area to provide confirmation of specific ground conditions for the final detailed design of foundations and bulk earthmoving. The programme was approximately 50% complete at the end of the quarter.

Muga Project and Vipasca Permit Sales and Marketing Update

Geoalcali continued the successful execution of the Group's sales and marketing strategy by signing a non-binding offtake MOU with Maxisalt (refer ASX release 29 April 2020, "MOU signed for salt offtake from Muga Potash Mine").

Under this MOU, Geoalcali will provide up to 500,000 metric tonnes per annum of salt to Maxisalt, comprising 400,000 tonnes of vacuum salt, a higher value product, and 100,000 tonnes of de-icing salt. Salt is produced as a co-product of the processing of potash.

Maxisalt is an international salt distribution company located in Barcelona and a global distributor of rock salt, solar salt and vacuum salt, which is used for water treatment, industrial applications and animal feed. Maxisalt has developed a diversified network of international clients, with a particular focus on markets located in Spain and France.

The sale of salt contributes economically, providing a credit that benefits the Muga Project's financials. In addition, salt sales will help maintain the low environmental footprint of the Muga Mine and will assist in ensuring full compliance with environmental conditions, including the removal of all salt from surface as part of rehabilitation of the mine site following the end of potash production. This partnership will provide Geoalcali with significant insights into the local and international salt markets as well as invaluable access to these markets during the first years of production.

Geoalcali continues to engage in ongoing offtake discussions with other potential wholesale customers, distributors and global traders for the entire production capacity of muriate of potash and salt from the Muga Mine.

Muga Project Financing

Highfield remains confident of securing the necessary debt and equity financing for Muga, which will support a final investment decision and the commencement of construction at the Company's flagship project.

Corporate

As the Covid-19 situation has evolved, the Group has been monitoring closely the guidance from the World Health Organization and the Spanish Government. The Company's primary aim is the safety and wellbeing of all employees and stakeholders.

The Group acted quickly and implemented a business continuity plan in mid-March, shortly before the Government of Spain declared a State of Alarm. As a result, during the quarter all staff members successfully worked from home and conducted all meetings online. With the State of Alarm now easing in Spain the Group will reintroduce staff to the office gradually in the coming quarter, starting with the Senior Management Team which has incorporated back to the office already on 13 July 2020. Highfield will continue to monitor the situation.

The Company's international search for a new CEO was completed during the quarter with the appointment of Mr Ignacio Salazar to the role. Ignacio has already joined the team in the Pamplona office on 20 July 2020.

Spanish born Mr Salazar is an international executive with an extensive career in the natural resources industry. He has worked in many countries throughout Europe and South America. Mr Salazar is a proven CEO and leader with extensive line management experience, most recently with the AIM and TSX listed Orosur Mining, where he enjoyed a 12 year career and prior to that, an 18 year international career in the Royal Dutch Shell group.

The Group published its Sustainability Report for the year ended 31 December 2019. This report, the Group's fifth, provides a detailed overview of our the Environmental, Social and Governance ("ESG") activities. It is prepared in accordance with Global Reporting Initiative ("GRI") Standards and outlines the Group's sustainability framework and the key steps being implemented to ensure that its future operational performance will meet the high ESG standards currently in place. Further to its inclusion in our 2019 Annual Report, the Report was updated and expanded during the quarter to reflect the recent successful admission of Geoalcali as a signatory to the highly regarded United Nations ("UN") Global Compact.

Pintanos Tenement Area

Geoalcali's 100% owned Pintanos tenement area, comprising the three permits of Molineras 1, Molineras 2 and Puntarrón (see Figure 1) is adjacent to the Muga Project covers an area of 65km². Depths from surface to mineralisation commence at around 500 metres. Geoalcali is building on a substantial database of historical potash exploration information that includes seven drill holes and ten seismic profiles completed in the late 1980s.

Geoalcali was granted a three year extension to the drilling permit at Molineras 1 during the quarter.

Geoalcali has re-initiated the application process for the drilling permit at Molineras 2, following the conclusion of the public consultation period. During 2019 Geoalcali responded to all comments received during the consultation period and continues to await the award of the permit.

Sierra del Perdón Tenement Area

Geoalcali's 100% owned Sierra del Perdón tenement area ("SdP") comprising the three permits of Quiñones, Adiós and Ampliación de Adiós (see Figure 1 and Figure 2) is located south east of Pamplona and covers approximately 120km². SdP is a brownfield target which previously hosted two potash mines operating from the 1960s until the late 1990s, producing nearly 500,000 tonnes of potash per annum.

There is potential for potash exploitation in new, unmined areas in the SdP area.

Geoalcali was advised in the fourth quarter of 2018 that the second three-year extension application for the Adiós and Quiñones permits had been rejected by the mining department of the Government of Navarra. The basis of the rejection of the Quiñones and Adiós extension application was that Geoalcali had not performed sufficient drilling and geophysics exploration when compared to the three year work plans submitted to the authorities. Geoalcali has obtained legal advice and is continuing an appeal process with regards to this decision based on the fact that the reasons for not being able to perform the work outlined were due to factors outside the Geoalcali's control. Geoalcali has carefully considered the facts and circumstances pertaining to the rejection, its discussions with the authorities, and the legal advice received. It has concluded that the continued lack of a resolution to the appeal is not a reflection on the merits of the appeal, nor does it represent a significant change with an adverse effect on the entity.

Drill hole AA-02 that was planned for this quarter has been delayed with Geoalcali focusing efforts on the Muga public exposition.

Cash Position

The Company continued to prioritise the completion of detailed design for the Muga Project process plant. As part of this process it will continue to work with suppliers to obtain engineering and drawings required for the detailed design work. It also expects to sign a purchase agreement and make an initial payment during the third quarter 2020 for the bolter miners, which have a long lead time, in order to ensure they are available for the ramp excavation at the required time during the construction phase. The Company also continues to minimise overheads, while continuing to support the above mentioned engineering and detailed design work. As at 30 June 2020, the Company had A\$28.7 million in cash.

Payments to Related Parties

As outlined in section 6 of the attached Appendix 5B, payments to related parties of the entity and their associates, totalling A\$212,000, relate to fees and salaries paid to Directors during the quarter.

Plans for September Quarter 2020

Muga Project

- Continue to maintain an open dialogue with all relevant authorities throughout the public exposition period process.
- Respond to any queries once the public exposition comes to a close.
- Continue Project optimisation work and continue with detailed design.
- Sign the purchase contract for two bolter-miners.
- Continue discussions with potential potash and salt offtake partners as part of the Company's sales and marketing strategy.

Other

- CEO, Ignacio Salazar, joined the Group in the Pamplona office on 20 July 2020.
- Continue to monitor the Covid-19 situation and any initiatives undertaken by the Spanish Government.
- Keep reintroducing staff to the office following the end of the Spanish State of Alarm.
- Commence drilling of J14-09 at P.I. Muga, a tenement abutting the Muga Project area (see Figure 4).

This announcement has been authorised for release by the Directors of Highfield Resources Limited

For more information:

Highfield Resources Limited

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About Highfield Resources

Highfield Resources is an ASX listed potash company whose 100% owned Spanish subsidiary Geocalci holds three 100% owned tenement areas located in Spain.

Geocalci's Muga-Vipasca, Pintanos, and Sierra del Perdón potash tenement areas are located in the Ebro potash producing basin in Northern Spain, covering an area of around 277km².

Following the granting of a positive environmental permit Geocalci is now focusing on securing the Mining Concession and the construction permits necessary to take the Muga Project into the construction phase.

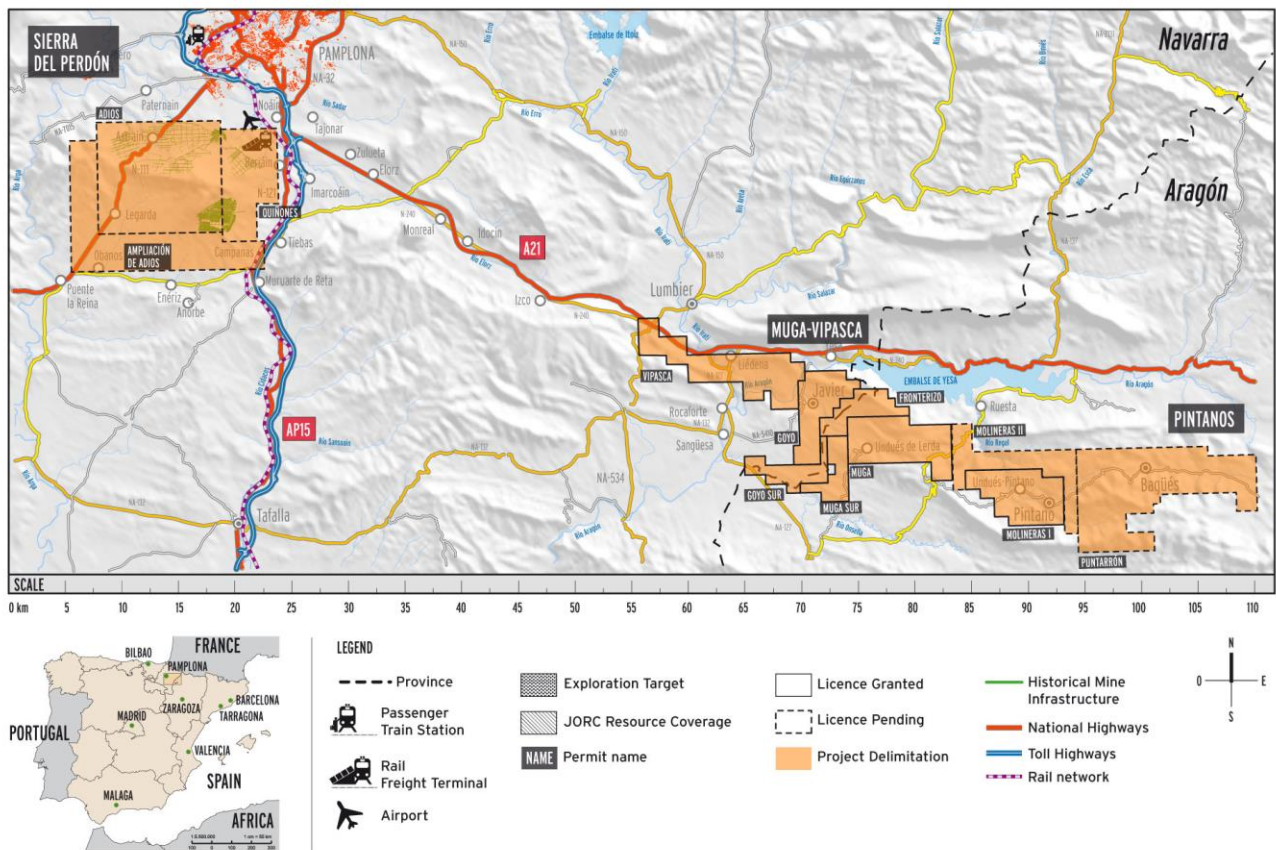


Figure 1: Location of Muga-Vipasca, Pintanos, and Sierra del Perdón Tenement Areas in Northern Spain

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COMPETENT PERSONS STATEMENT FOR MUGA POTASH PROJECT

This report was approved by Mr Richard Crookes, Chairman of Highfield Resources. The information in this report that relates to Ore Reserves is based on information prepared by Dr Mike Armitage, the Chairman of SRK Consulting (UK) Limited. Dr Mike Armitage is the Competent Person who assumes overall professional responsibility for the Compliance Opinion. The information in this report that relates to Mineral Resources, Exploration Results and Exploration Targets is based on information prepared by Ms Anna Fardell, Senior Consultant at SRK Consulting (UK) Limited, and Mr Tim Lucks Principal Consultant at SRK Consulting (UK) Limited.

Dr. Mike Armitage is employed by SRK Consulting (UK) Limited. The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled under the direction of Dr. Mike Armitage, who is a Member the Institute of Materials, Metals and Mining ("IMMM") which is a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by the Australian Securities Exchange ("ASX") from time to time.

Dr. Mike Armitage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Dr. Mike Armitage consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Ms. Anna Fardell is a Resource Geologist employed by SRK Consulting (UK) Limited, and has at least five years' experience in estimating and reporting Mineral Resources relevant to the style of mineralisation and type of deposit described herein. Ms. Fardell is a registered member of the Australian Institute of Geoscientists (6555) and is considered a Competent Person (CP) under the definitions and standards described in the JORC Code 2012.

Ms. Anna Fardell consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

COMPETENT PERSONS STATEMENT FOR MINERAL RESOURCES AND EXPLORATION TARGETS OTHER THAN MUGA MINERAL RESOURCES.

This report was approved by Mr Richard Crookes, Chairman of Highfield Resources. The information in this report that relates to Mineral Resources, Exploration Results and Exploration Targets is based on information prepared by Mr José Antonio Zuazo Osinaga, Technical Director of CRN, S.A. and Mr Manuel Jesús Gonzalez Roldan, Geologist of CRN, S.A.

Mr José Antonio Zuazo Osinaga is a licensed professional geologist in Spain, and is a registered member of the European Federation of Geologists, an accredited organisation to which Competent Persons (CP) under JORC 2012 Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, Ore Reserves or Exploration Targets through the ASX.

Mr José Antonio Zuazo Osinaga has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as CP as defined in the 2012 edition of the JORC Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr José Antonio Zuazo Osinaga and Mr Manuel Jesús Gonzalez Roldan consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Table 1: Summary of Mineral Interests as of 30 June 2020

Tenement area/Project	Region	Permit Name	Permit Type	Applied	Granted	Ref #	Area Km2	Holder	Structure
Sierra del Perdón	Navarra	Quiñones	Investigation	19/07/2011	Application in process	35760	22.88	Geoalcali SL	100%
Sierra del Perdón	Navarra	Adiós	Investigation	19/07/2011	Application in process	35770	59.40	Geoalcali SL	100%
Sierra del Perdón	Navarra	Ampliación de Adiós	Investigation	26/10/2012	14/02/2014	35880	40.90	Geoalcali SL	100%
							123.18		
Vipasca	Navarra	Vipasca	Investigation	06/11/2013	11/12/2014	35900	27.3	Geoalcali SL	100%
							27.3		
Muga	Navarra	Goyo (area under concession process)	Investigation	19/07/2011	24/12/2012	35780	14.79	Geoalcali SL	100%
Muga	Navarra	Goyo Sur	Investigation	25/07/2014	13/12/2019	35920	8.96	Geoalcali SL	100%
Muga	Aragón	Fronterizo (area under concession process)	Investigation	21/06/2012	05/02/2014	Z-3502/N-3585	8.7	Geoalcali SL	100%
Muga	Aragón	Muga (area under concession process)	Investigation	29/05/2013	07/04/2014	3500	15.08	Geoalcali SL	100%
Muga	Aragón	P.I. Muga (area outside concession process)	Investigation	29/05/2013	07/04/2014	3500	5.32	Geoalcali SL	100%
Muga	Aragón	Muga Sur	Investigation	25/09/2014	30/06/2020	3524	7.28	Geoalcali SL	100%
							60.13		
Pintanos	Aragón	Molineras 10	Investigation	20/11/2012	06/03/2014	3495/10	18.2	Geoalcali SL	100%
Pintanos	Aragón	Molineras 20	Investigation	19/02/2013	Pending	3495/20	16.8	Geoalcali SL	100%
Pintanos	Aragón	Puntarrón	Investigation	08/05/2014	Pending	3510	30.24	Geoalcali SL	100%
							65.24		
						Total	275.85		

Location: All permits are located in Spain.

Holder: All permits are held by Geoalcali S.L.U., a 100% owned Spanish subsidiary of Highfield Resources Limited.

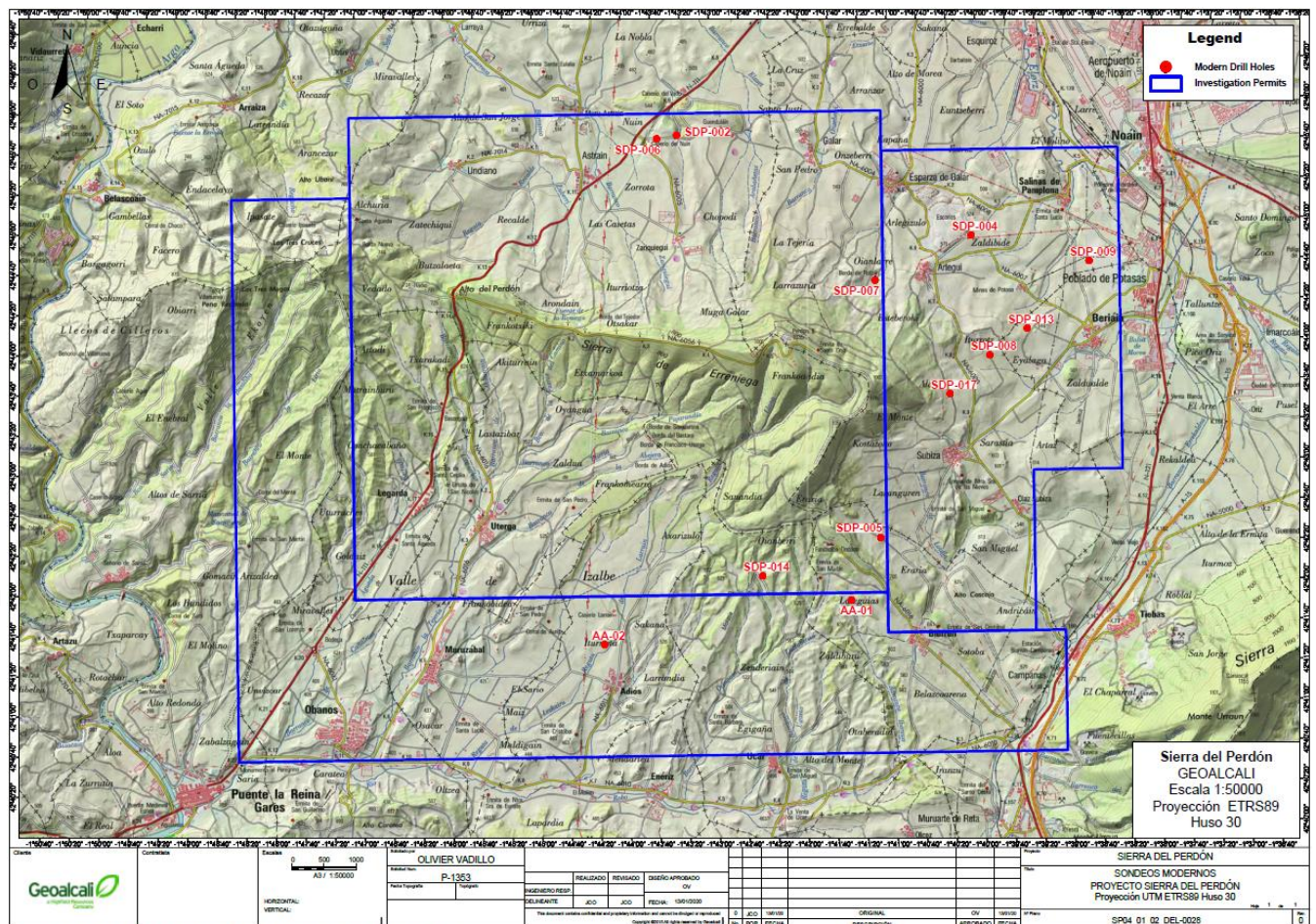


Figure 2: Location of Sierra del Perdón drill holes

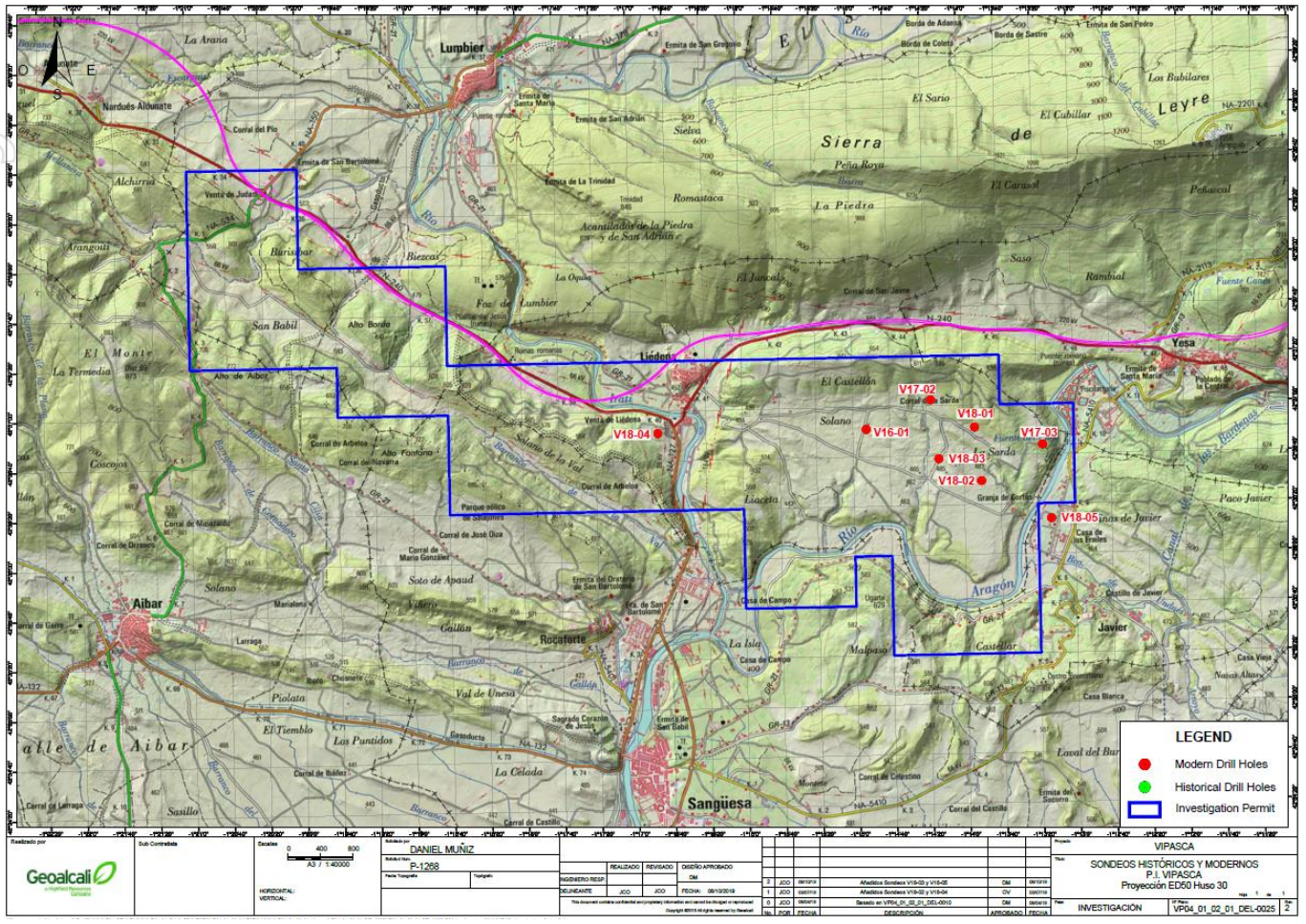


Figure 3: Location of Vipasca drill holes

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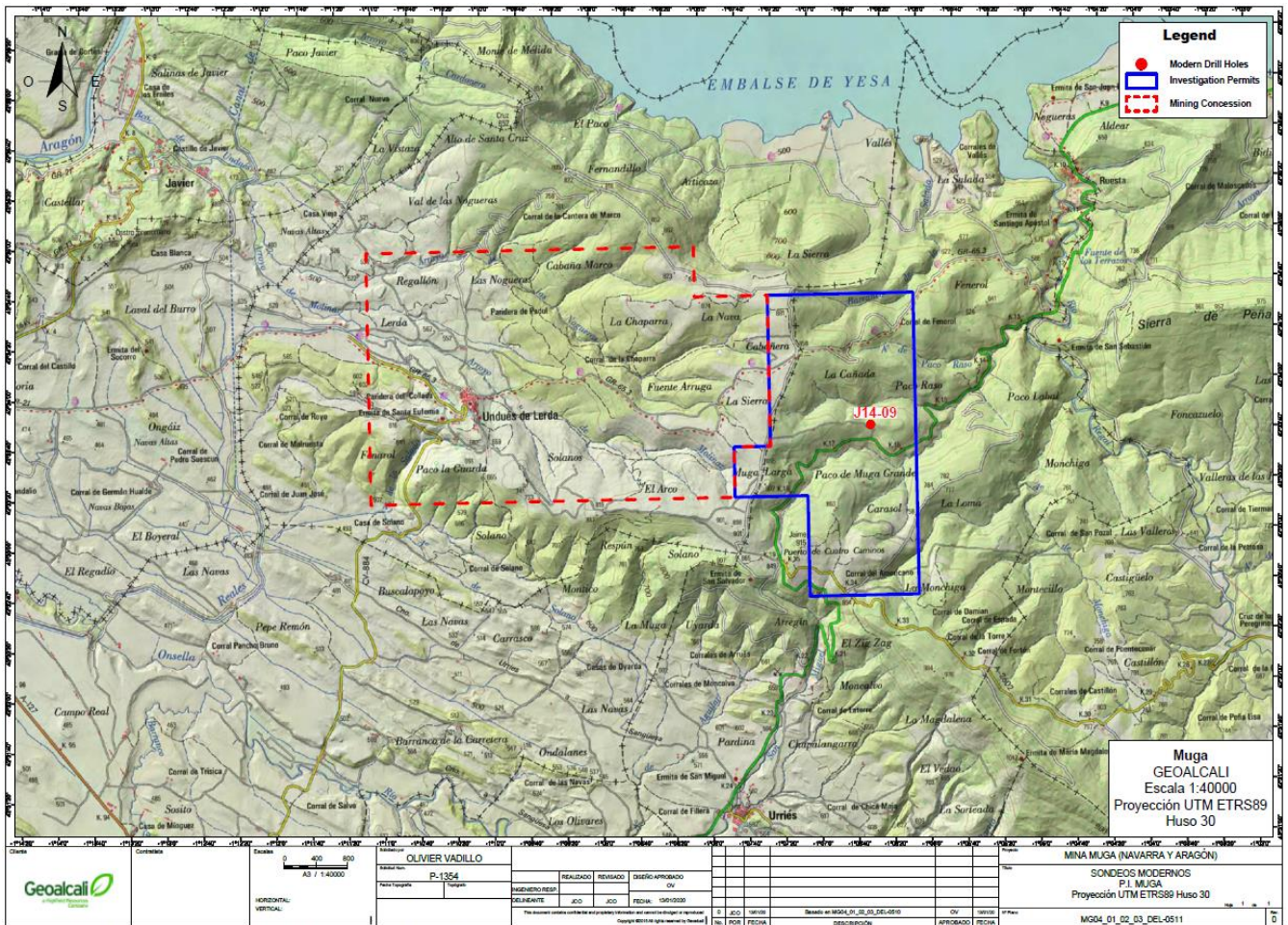


Figure 4: Location of P.I. Muga drill hole

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HIGHFIELD RESOURCES LIMITED

ABN

51 153 918 257

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(77)	(513)
(b) development		
(c) production		
(d) staff costs	(1,324)	(2,050)
(e) administration and corporate costs	(339)	(1,162)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST/VAT refunded)	738	1,424
1.9 Net cash from / (used in) operating activities	(1,002)	(2,301)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		(8)
(d) exploration & evaluation (if capitalised)	(5,814)	(10,081)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(5,814)	(10,089)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	38,840	39,980
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,002)	(2,301)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,814)	(10,089)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(3,305)	1,129
4.6	Cash and cash equivalents at end of period	28,719	28,719

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	28,719	38,840
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,719	38,840

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

212

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The above payments relate to fees and salaries paid to Directors during the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		

7.5 Unused financing facilities available at quarter end	
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,002)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(5,814)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(6,816)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	28,719
8.5 Unused finance facilities available at quarter end (Item 7.5)	
8.6 Total available funding (Item 8.4 + Item 8.5)	28,719
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.21

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 July 2020

Authorised by: the Board of Highfield Resources Ltd.

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.