



ASX: HFR

30 May 2023

AGM – Chairman’s Address

Good afternoon and good morning to everyone from around the globe.

I would like to welcome you all to the 2023 Highfield Resources Annual General Meeting.

It gives me great pleasure in addressing this forum to outline the significant and exciting progress made by your Company over the last 12 months toward the licensing, financing, and construction of our 100% owned Muga mine.

The significant progress includes receiving the key licenses to move the Muga project ahead, including the most recent final construction license from the Sanguesa Town Hall to build the processing plant. Also, during the year two other key licences were issued - the construction license for the electricity line was granted by the Sanguesa authorities and the construction license for the mine gate was issued by the Undues Town Hall. After many years of regulatory process, it was particularly satisfying to see construction works for the mine gate and declines start in mid-2022 and to finally receive the plant construction licence which has enabled the Company to progress the Muga financing to its final stages in 2023.

On the back of the Sanguesa construction licence the Company recently announced significant financing from its major long term supportive shareholder, EMR Capital Limited, along with Investment Manager, Tectonic, in the form of A\$25 million of Convertible Bonds. This is a very attractive form of funding for the Company which mandatorily converts to equity on first draw down of the debt and enables the Company to continue progressing the project whilst finalising discussions with financial investors.

Within the past year Highfield has executed the €320.6 million debt facility with leading European banks, whilst also bringing in a key local Spanish bank, Caja Rural Navarra, along with HSBC Continental Europe. In addition to the senior debt financing the Company recently announced credit approval for a €25 million equipment operating lease with Macquarie Group on top of raising A\$13 million of equity capital from new and existing shareholders in late 2022.

In addition to focussing on project approvals and financing, the Highfield team continued to remain very proactive on ESG matters. The Company made significant progress over the year and was recognised internationally for its environmental work and sustainability activities. Under our mine plan we will backfill all residue underground leaving no residue on surface post mining.

We also remain very focused on our communities. One example this year was our successful rebuild and restoration of the foundations of the municipal cemetery in the historic village of Javier. We continue to work closely with all the town halls of the region, assisting them with their local priorities. Once operational the Muga project is expected to provide employment and business opportunities for locals and will be a key contributor in stemming one of their key concerns – the depopulation of the region’s rural villages.

Highfield Resources

ACN 153 918 257

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www.highfieldresources.com.au

Head Office

Avenida Carlos III, 13 - 1ºB 31002 Pamplona, Spain | +34 948 050 577

Registered Office

169 Fullarton Road, Dulwich, SA Australia | +61 8 8133 5000

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Despite weak and volatile capital markets in 2022 and continued uncertainty in 2023, the ongoing Russian occupation and conflict in Ukraine created a strong tailwind for the potash sector. In particular there is now global recognition of the strategic value in potash assets with security of supply located in politically stable jurisdictions such as Muga. This geopolitical backdrop and heightened awareness has been particularly notable in Europe given that close to 40% of Muriate of Potash had been produced from Belarus and Russia prior to the start of 2022.

This dramatic shift in regional supply lines has been very much in our favour and has accompanied a groundswell of support for the project from a broad spectrum of stakeholders, including regional and national governments in Spain, financing groups, and other key partners.

We feel privileged to be in the position to be able to bring Europe's next potash mine into production and in turn alleviate a significant pain point for the European and African agricultural sectors. Delivering on the Muga project presents a tremendous opportunity and I would like to take the opportunity to thank my fellow Board members, the management team led by Ignacio Salazar, and our dedicated employees for all their efforts over the year. I would very much like to thank all our shareholders for their loyalty and continued support over this past challenging year and in particular EMR. We are now at the junction of a very exciting stage in Highfields's development, and I look forward to Highfield continuing its trajectory to become a successful and sustainable long-life producer of potash.

Paul Harris

Chairman

30 May 2023

For more information:

Highfield Resources Limited

Ignacio Salazar – Chief Executive Officer

Ph: +34 948 050 577

Olivier Vadillo - Investor Relations

Ph: +34 609 811 257

Australia based queries:

Alex Cowie – NWR Communications – Director

Ph: +61 (0) 412 952 610

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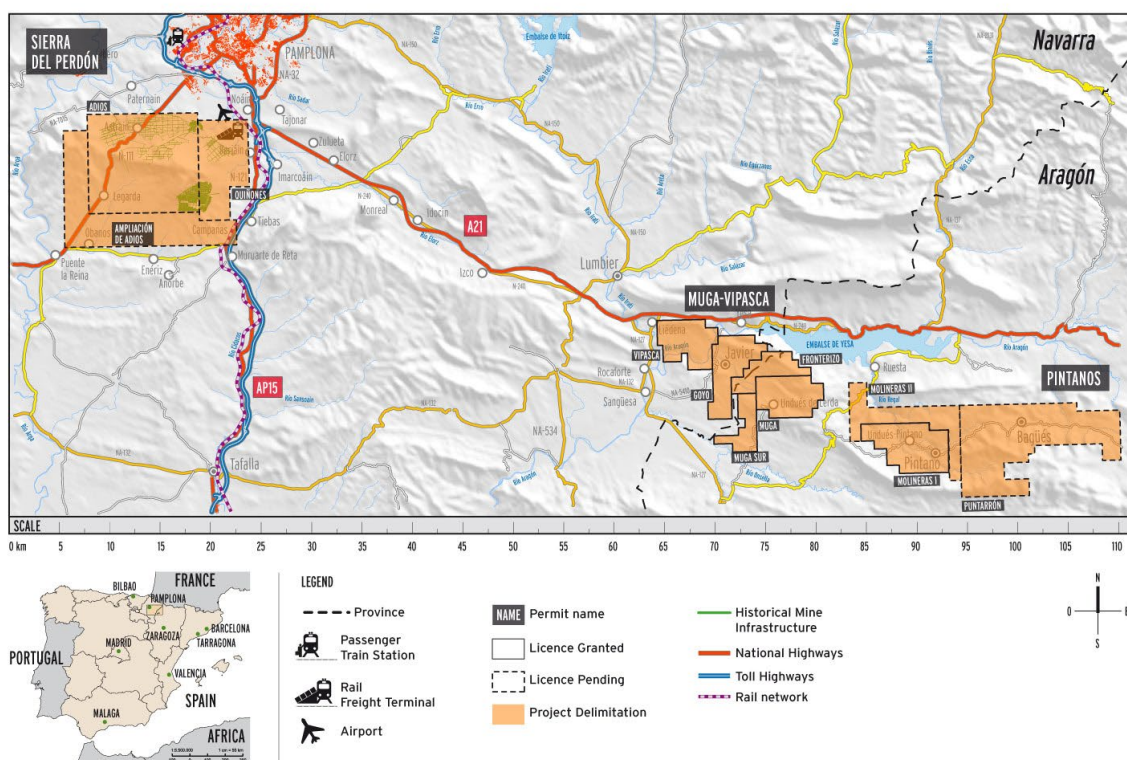
About Highfield Resources

Highfield Resources is an ASX listed potash company which is focussing on the construction of its flagship low cost, low capex Muga Project in Spain having now received all permits and key licences needed. With the Mining Concession being granted in July 2021, the ramp construction licence in Aragón in June 2022 and the process plant construction licence in Navarra in March 2023. Following the finalisation of the initial site preparatory work of the mine gate and decline area, full scale construction is expected to commence in the second half of 2023.

Muga is a unique project – with shallow mineralization with no aquifers above it there is no need to build a shaft. There is quality and readily accessible infrastructure already in place in the region and importantly, the Muga Project is located in the heart of a European agricultural region which has a clear deficit in potash supply. In addition to Muga's secure southern European location, since February 2022 events in Russia and Belarus have heightened the awareness of the strategic value of the Muga Project for both Spain and the European Union.

Highfield's potash tenements (Muga-Vipasca, Pintos, and Sierra del Perdón) are located in the Ebro potash producing basin in Northern Spain, covering an area of around 250km².

LOCATION OF MUGA-VIPASCA, PINTANOS, AND SIERRA DEL PERDÓN TENEMENT AREAS IN NORTHERN SPAIN.



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