



# Transitioning Muga To Construction

AGM presentation  
30 May 2024 | ASX:HFR



# Disclaimer



## COMPETENT PERSONS STATEMENT FOR MUGA ORE RESERVES, MUGA MINERAL RESOURCES and EXPLORATION TARGET

This update was prepared by Mr. Ignacio Salazar Director of Highfield Resources. The information in this update that relates to the Ore Reserve reported as of 31 October 2021 is based on information prepared under the direction of Dr Mike Armitage who was a Corporate Consultant with SRK Consulting (UK) Limited at that time and who was the Competent Person who assumed overall professional responsibility for the Ore Reserve reported at that time. The information related with the review of the Life of Mine ("LOM") that underpins the October 2021 Ore Reserve was prepared by Mr Chris Bray, who was, and remains, a full-time employee of and Principal Consultant (Mining) at SRK. The information in this update that relates to the Mineral Resources with the effective date of 31 December 2020 is based on information prepared by Ms Anna Fardell, was a Senior Consultant at SRK Consulting (UK) Limited.

Dr Mike Armitage is a Member the Institute of Materials, Minerals and Mining ("IMMM") which is a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by the Australian Stock 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 update of the matters based on the information upon which the October 2021 Ore Reserve is based in the form and context in which it appears.

Mr Chris Bray BEng, MAusIMM (CP) takes responsibility for the review of the LOM plan that underpins the October 2021 Ore Reserve. Mr Bray is a full-time employee and Principal Consultant (Mining) at SRK. He is a Member of and Chartered Professional in the Australasian Institute of Mining and Metallurgy. He is a Mining Engineer with 25 years' experience in the mining and metals industry, including operational experience in underground mines as well as mine planning and review experience on underground potash, salt, lithium and borate projects, and as such qualifies as a CP as defined in the JORC Code. He has also been involved in the reporting of Ore Reserves on various properties internationally for over 10 years.

Ms Anna Fardell was a Senior Resource Geologist employed by SRK as of the effective date for the December 2020 Mineral Resource estimate, and at that time had over 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 considered a Competent Person (CP) under the definitions and standards described in the JORC Code 2012. Ms Fardell takes responsibility for the Mineral Resource Statement and Exploration Target presented here and consents to the inclusion in this update of the matters based on their information in the form and context in which it appears.

## FORWARD LOOKING STATEMENTS

This presentation includes certain 'forward looking statements'. All statements, other than statements of historical fact, are forward looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The company does not assume any obligation to update any forward looking statement.

## Cautionary Statement

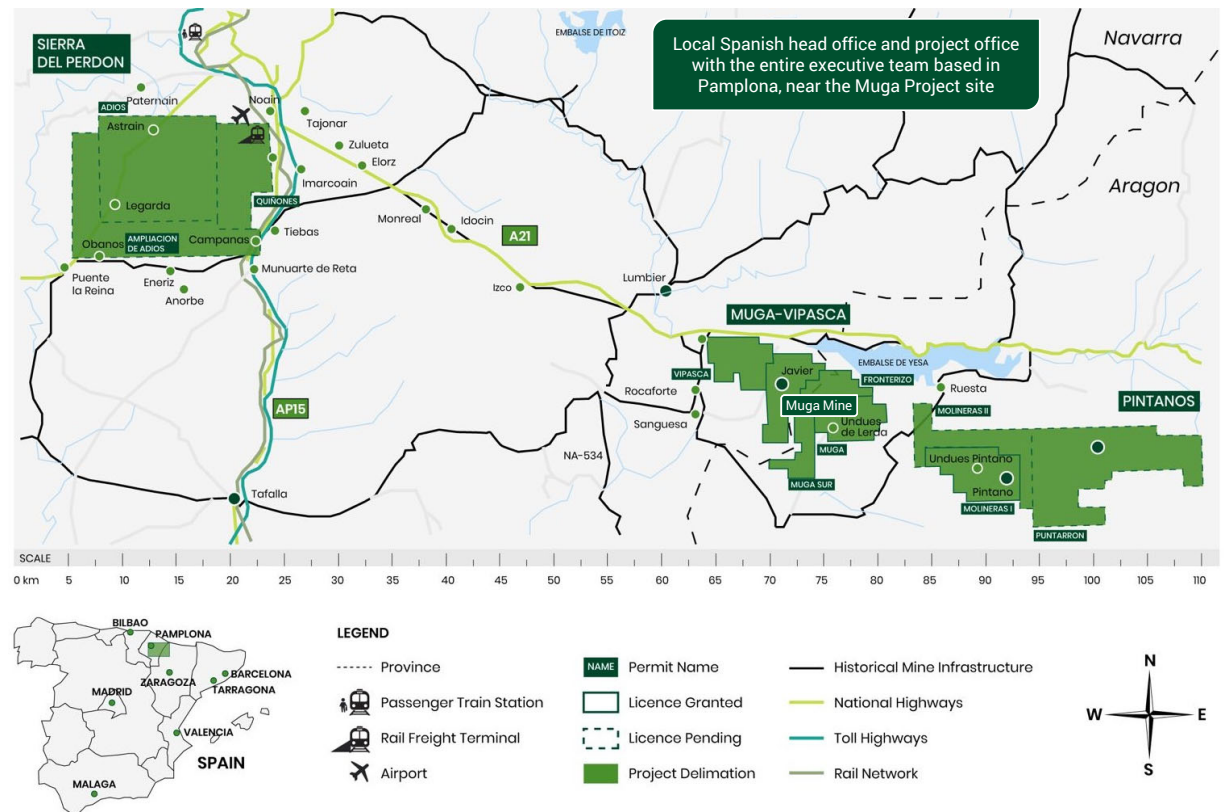
The production target set out in this update is derived from Proved and Probable Ore Reserves, additional Measured, Indicated and Inferred Mineral Resources from the Muga-Vipasca tenement as well as the Exploration Target at the Vipasca and Muga Sur tenements. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the production target itself will be realised. The technical parameters underpinning the Mineral Resource in the market announcement dated 30 March 2021 and the Exploration Target in the market announcement dated 23 November 2021 and 2 November 2022 continue to apply and, in the Company's opinion, have not materially changed.

# Muga Project Overview

A potash developer listed on the ASX (HFR) with projects in Northern Spain

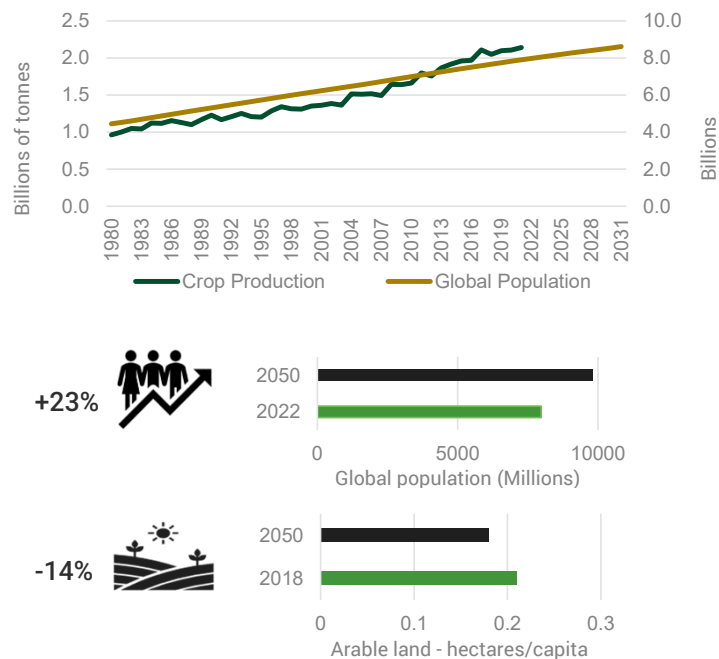
Muga is a two-phase project which will produce a total of 1 Mtpa of muriate of potash (MOP)

Conventional Underground Room and Pillar mining and Flotation and Crystallisation processing.  
Declines accessing shallow mineralisation

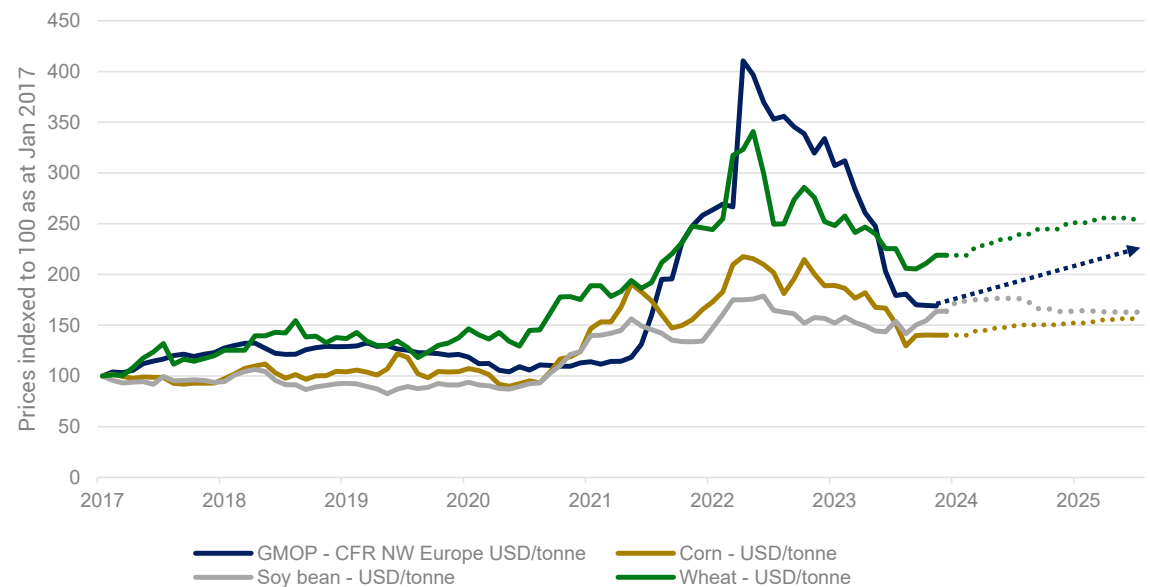


# Potash Market Overview

With global population increasing and arable land decreasing,  
food security will only be achieved with more fertiliser use



Potash prices are very strongly correlated to crop prices  
Crop prices are expected to increase with potash prices expected to follow



## INTRODUCTION AND PROGRESS





# Experienced Management Team



**Javier Aguado, CFO**

- Over 20 years' accounting and financial experience.
- Previously worked at Ernst and Young and Acciona as Financial Controller for over 12 years



**Carles Alemán, Head of Plant Construction and HSE**

- More than 30 years' experience working in international focused managerial roles in the chemical sector
- Previously worked at BASF, CIBA-GEIGY. Worked 8 years at ICL Spain, where he was the President since 2018



**Olivier Vadillo, Head of Marketing & Investor Relations**

- More than 12 years' professional experience in strategic consultancy.
- Previously worked at Wood Mackenzie, Deloitte MCS Ltd and as a strategic consultant for various mining and energy companies



**Jorge Feito, Head of Mining**

- 20 years of experience in mining, both in the industrial minerals sector and metal mining, and both open pit and underground
- Previously worked 10-years at First Quantum Minerals' Las Cruces and Sentinel Mines



**Susana Bieberach, Head of Public Affairs**

- Extensive experience working as a consultant for more than 300 companies, organisations and associations
- She is a member of the Communication ANEFA and of the Communication Committee of Women in Mining



**Javier Olloqui, Head of Human Resources, Foundation & IT**

- More than 20 years' experience in Human Resources management
- Previous experience includes senior roles in Gamesa Eólica, Faurecia, Grupo Mondragón, 3P Biopharmaceuticals and Aladium

# 2023 Project Progress Report

Highfield has made significant progress in the last twelve months announcing a number of key project milestones

- ✓ **Fully permitted:** Environmental, mining concessions and construction licences obtained.
- ✓ **Successful expropriation process:** Access to all land for the project
- ✓ **Binding salt offtake and MOUs signed:** First binding salt offtake signed.  
Sales & marketing, logistics and transport MOUs all signed with traders and ports.
- ✓ **Economics:** Updated feasibility study reconfirms compelling economics of Muga
- ✓ **Construction:** Preliminary works at the mine gate and earthmoving.
- ✓ **Financing:** Support from blue-chip financial institutions such as BNP Paribas, Caja Rural de Navarra, EMR Capital, HSBC, ING, Macquarie, Natixis, Societe Generale and Tectonic

# 2023 Construction Progress Report





# Project Progress Report to date

## Highfield is transitioning Muga to construction in 2024



Contract Signed with EPOS-TUNELAN for Construction of Declines at Muga



Contract Signed with Acciona For Construction of Civil Works at Muga

Contracts account for approximately 40% of the €449m Muga capex estimate relates to construction work (including construction of the mine, the civil works and the processing plant). The remaining 60% of Muga's capex covers equipment, land purchases, licences, staff, and indirect costs, all of which are well prepared.



Non-binding term sheets signed, and are advancing due diligence, and negotiations.

The Company is actively negotiating with a combination of potential investors from a range of sources including offtake customers, equity investors, strategic business partners and royalty providers, to complete the remaining funding of Muga. Based on progress so far, the Company is working with a plan to conclude these negotiations in Q2 2024.

# Financing Strategy

## PHASE 1 MUGA PROJECT CAPITAL ESTIMATED FUNDING

### FUNDING OPTIONS IN PROGRESS

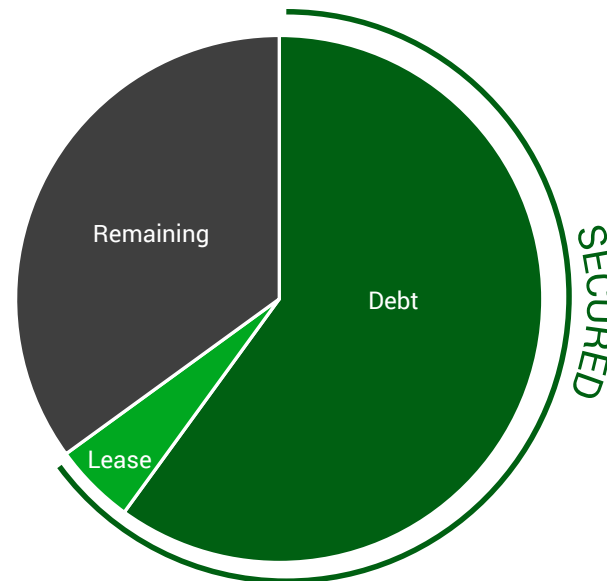
Strategic

Royalty

Offtake

Equity

- Working with Macquarie Capital, Clarksons Securities and Endeavour Financial
- Company is focused on the least dilutive options to maximise shareholder return
- Multiple discussions with potential partners, at advanced stages
- Highfield targets to complete negotiations in Q2 2024.



### SECURED AND IN PLACE

**€320M**

#### Senior Secured Project Financing

BNP Paribas S.A.;  
ING Bank N.V.;  
Natixis CIB;  
Societe Generale;  
HSBC Continental EU; and  
Caja Rural de Navarra



**€25M**

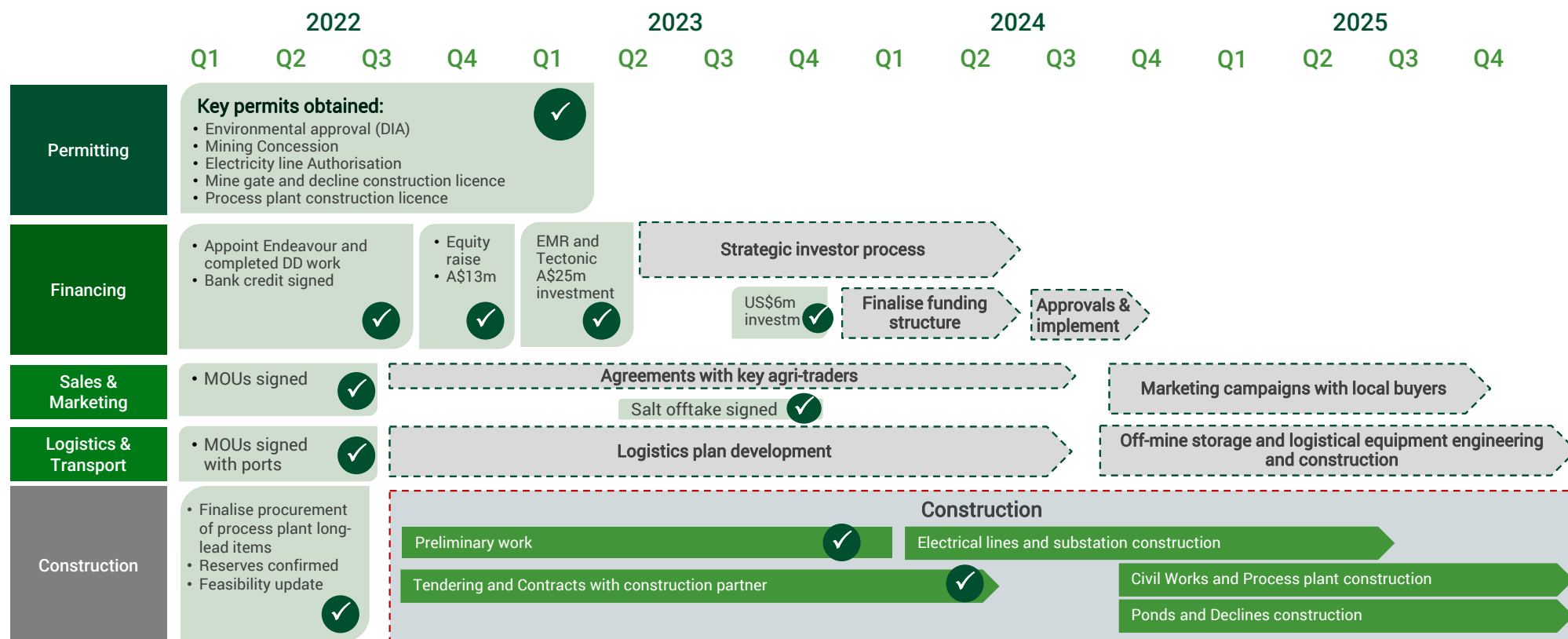
#### Equipment Operating Lease Financing

Macquarie Bank



Note: graph is indicative only

# Progress to Date and Next Steps



## WHY HIGHFIELD RESOURCES?



# Why Highfield Resources?

**The Muga Potash Mine is set to deliver a new European secure source of Potash into a global market hungry for fertilizers**

Potash market has attractive long-term **fundamentals**

A critical future facing commodity leveraged to food security  
**Thematic**



1) Location.  
2) Shallow mineralization.  
3) Infrastructure in place

Forecast to be one of the **highest margin** potash mines globally

Targeting **€340 million per annum EBITDA<sup>1</sup>**  
Potash operation in full production

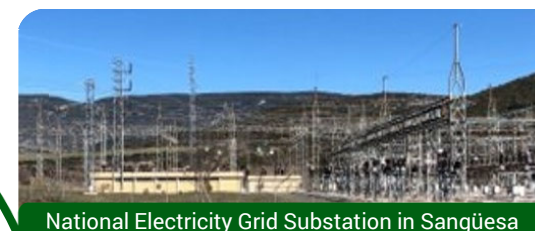
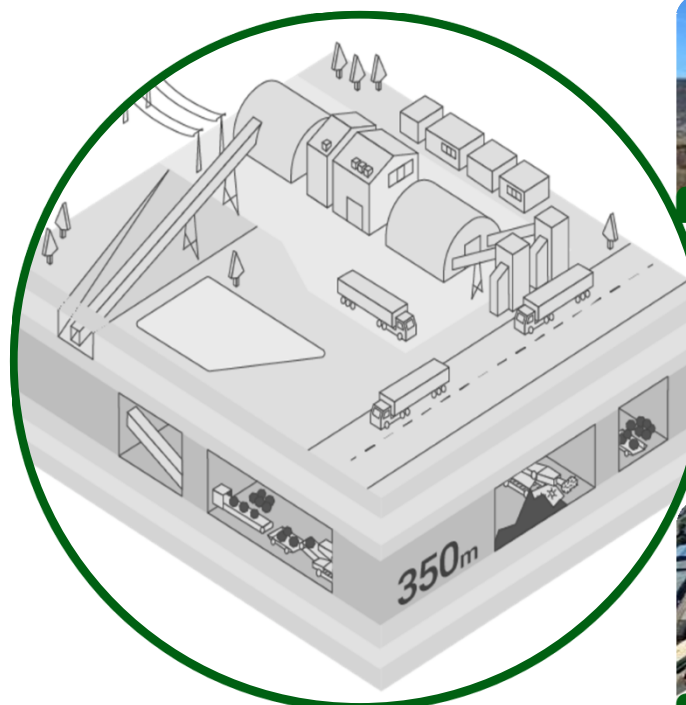
Fully permitted and **shovel ready** project in Spain

<sup>1</sup> See ASX Release "Muga Potash Mine Updated 2023 Feasibility Study" 8 November 2023



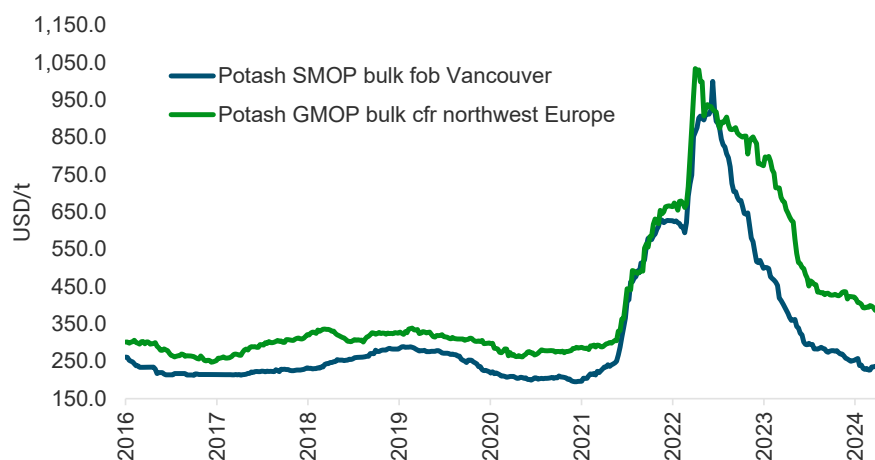
# Location, Shallow Mineralization, and Tier-One Infrastructure in Place

- **Location is a Key Competitive Advantage**, strategically located in the middle of the premium European market
- **Excellent infrastructure in place** with immediate access to ports, transport and renewable grid power
- **Straightforward access** to the mine with two ramps, no shafts, no aquifers and shallow mineralization
- **Low technical risk** with conventional underground Room and Pillar mining method and flotation and crystallization processing



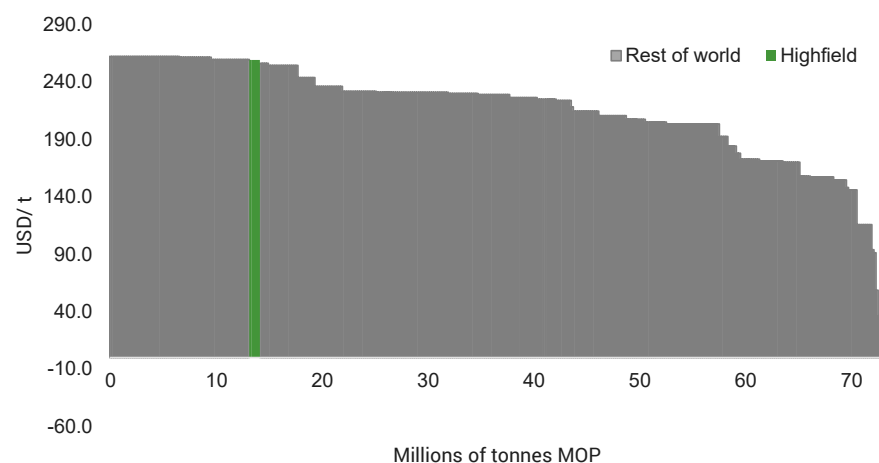
# Top Quartile Margins

## Europe trades at a premium to other markets



Mine location provides exposure to significantly lower potash delivery rates to the European market, meaning higher netbacks at mine gate

## Margin curve forecast for 2026 (real US\$)



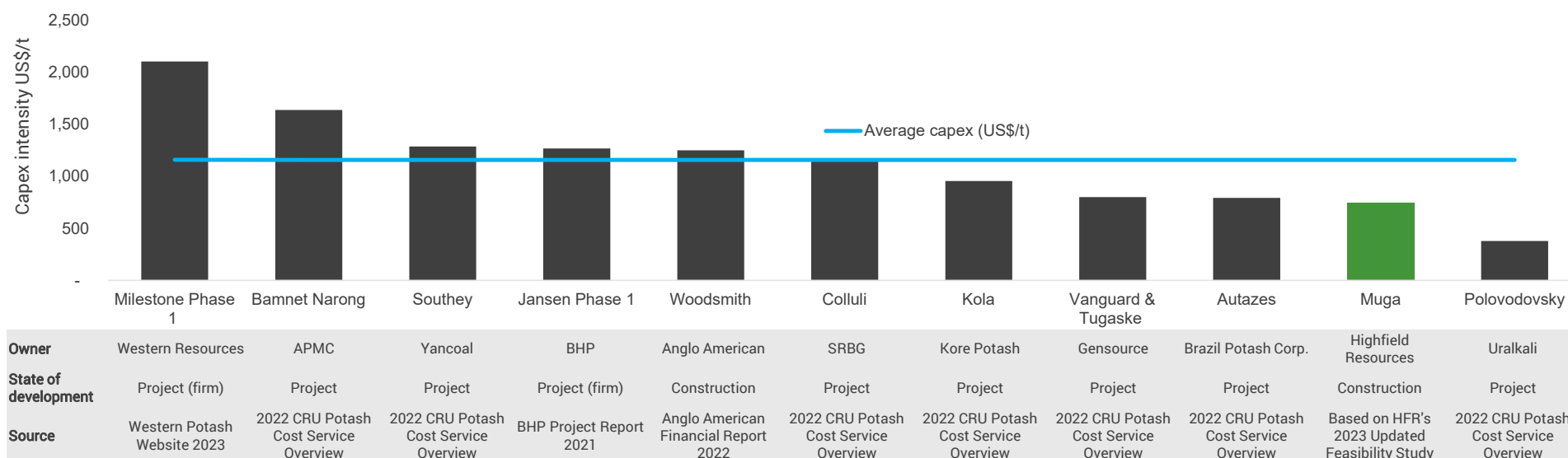
Low costs and higher netbacks at mine gate position the mine as potentially one of the highest margin potash mines globally

Source: Argus Media, CRU, Highfield Resources., ASX Release 8 November 2023.

The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on 8 November 2023 (refer ASX release "Muga Project Updated 2023 Feasibility Study") continue to apply and have not materially changed.

# Low Initial Investment

## MUGA has half the capex intensity compared to other global development projects (US\$ Per Tonne Of Potash)



The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on 8 November 2023 (refer ASX release "Muga Project Updated 2023 Feasibility Study") continue to apply and have not materially changed.

# Outstanding Project Economics

## ECONOMICS

€340 million pa  
EBITDA in full  
production

NPV<sub>8</sub> of €1.82 billion  
23% IRR (post-tax)

First quartile margin  
position

Pre-production capital  
cost of €449 million  
(phase one), including  
10% contingency

Capital cost of €286  
million (phase two),  
including 10%  
contingency

Economics  
underpinned using  
current real spot  
prices

## OPERATIONAL

2 phase planned  
production up to  
1Mtpa of Muriate of  
Potash (MOP)

Excellent logistics with  
access to renewable  
grid power, transport,  
and port

Strategically located  
with low cost access  
to customer markets

30 year  
Life of Mine

Conventional  
Underground Room  
and Pillar mining  
operation

Established social  
licence to operate

### Resource

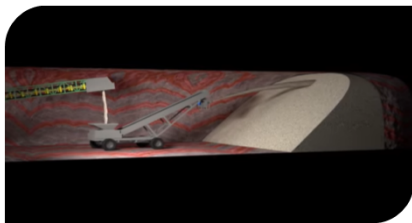
- 100% owned Muga Potash Project
- ROM tonnes of 173,7Mt at 10.2% Potassium Oxide (K<sub>2</sub>O)

### Permits

- Fully permitted and construction ready, subject to financing.

**Global demand for MOP as a critical fertilizer input is expected to grow which is driven by current geopolitical supply risks, population growth, and pressure on farming yield.**

# ESG Credentials



## ENVIRONMENTAL

Progressively rehabilitate mine: Backfilling and salt sales

Muga will be the only potash mine not to leave residue on the surface after production

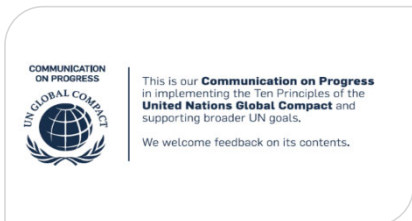
Conventional mining drives low emission operation



## SOCIAL

Social Baseline Study prepared by Government of Navarra

The Company's social management regarded as a best practice example by the UN Global Compact



## GOVERNANCE

First junior mining company admitted as a signatory to the UN Global Compact initiative

Adherence to rigorous ASX and EU disclosure and reporting obligations



QUESTIONS



# APPENDIX



# Corporate Structure



## HIGHFIELD RESOURCES LIMITED

### Asset

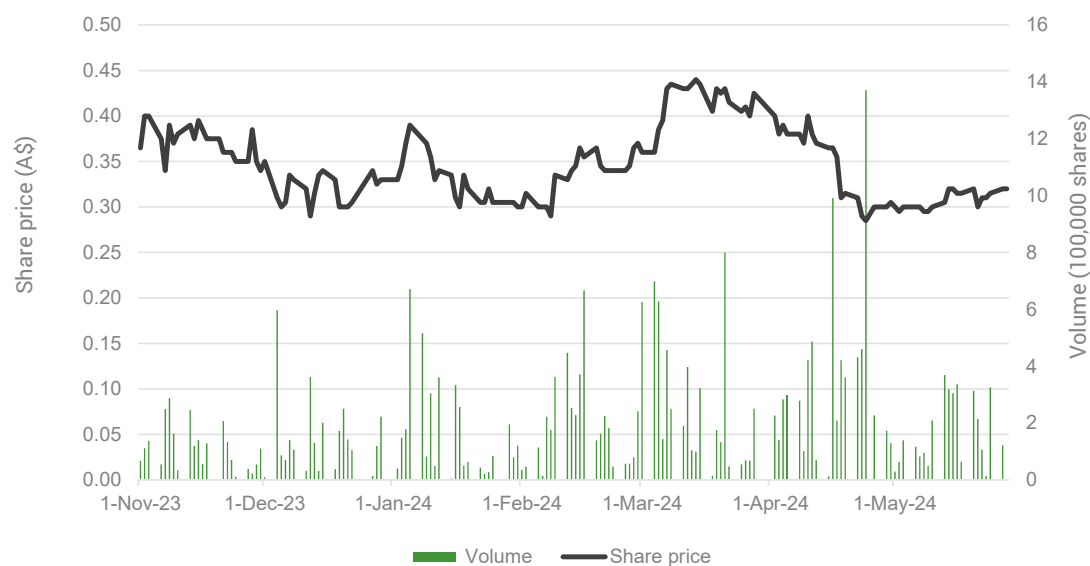
High-grade Proved and Probable Ore Reserve of 237.3Mt at 12.0% Potassium Oxide (K<sub>2</sub>O)

Strategically located in Europe

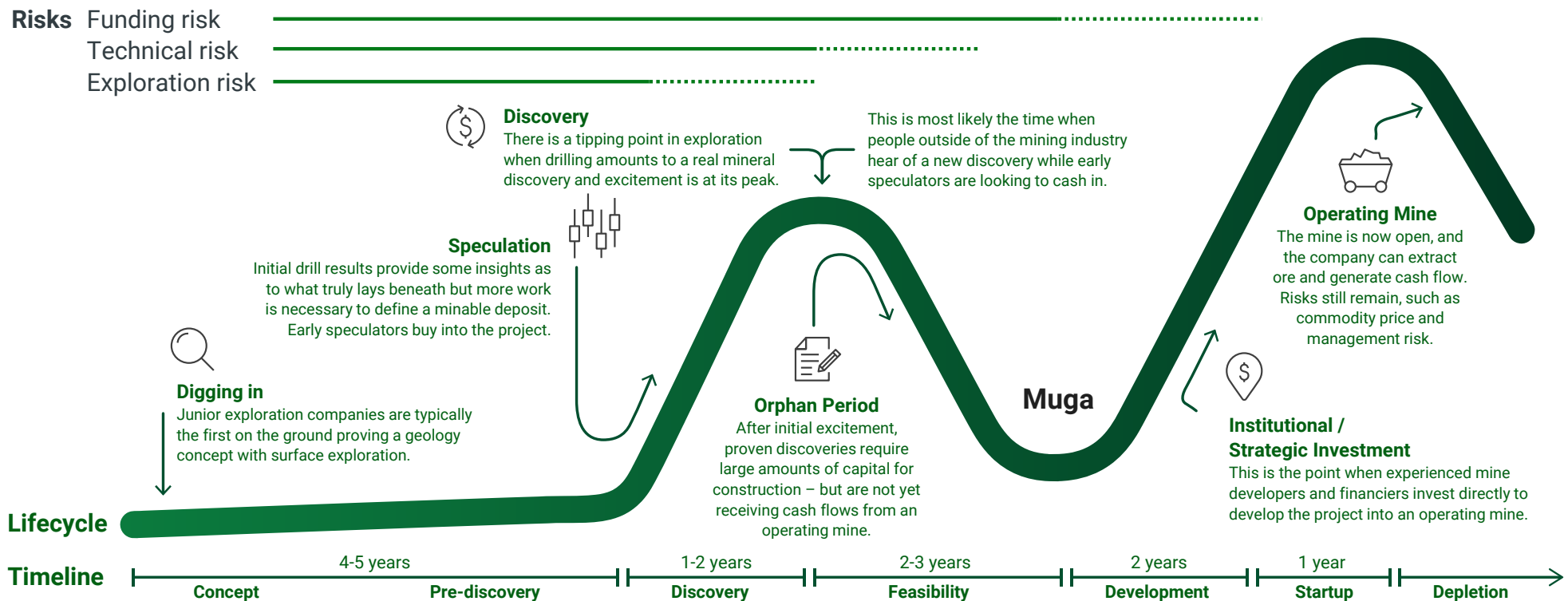
**Permitted and Construction ready, subject to financing**

| Ticker                          | HFR       |
|---------------------------------|-----------|
| Share Price (as at 28 May 2024) | A\$0.34   |
| Common Shares                   | 392.2M    |
| Dilutive Securities             | 29.7M     |
| Market Capitalisation           | A\$133.3M |
| Cash (as at 31 March 2024)      | A\$16.3M  |

### Share Price

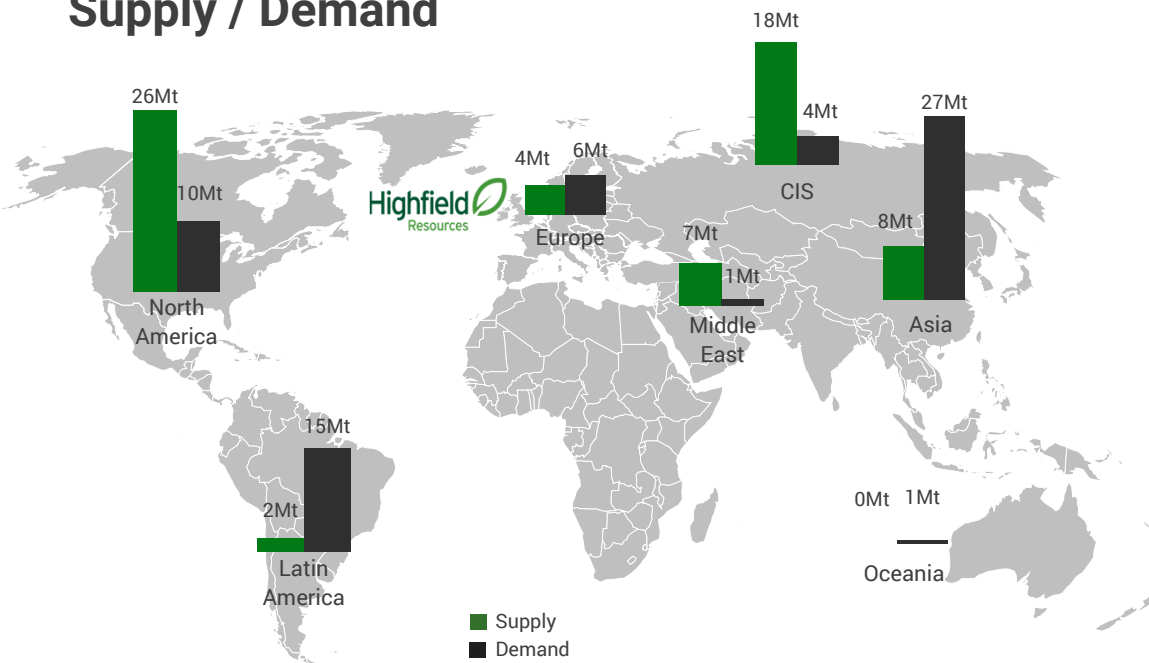


# The Lifecycle of a mineral discovery



# Potash Market Overview

## Supply / Demand



- Potash supply is highly concentrated with Top 5 countries producing 85% of global supply
- Low logistics cost is a key part of a potash producer's competitive advantage
- 3 of the top 5 have significant geopolitical risk
- 47% of European imports were from Russia and Belarus (4-year average)
- Consumers in Europe (and globally) facing growing difficulties in sourcing MOP
- European supply has been shrinking over the last decade
- Disruptions are rewriting the global MOP flows and placing the focus on local supply sources like Muga.

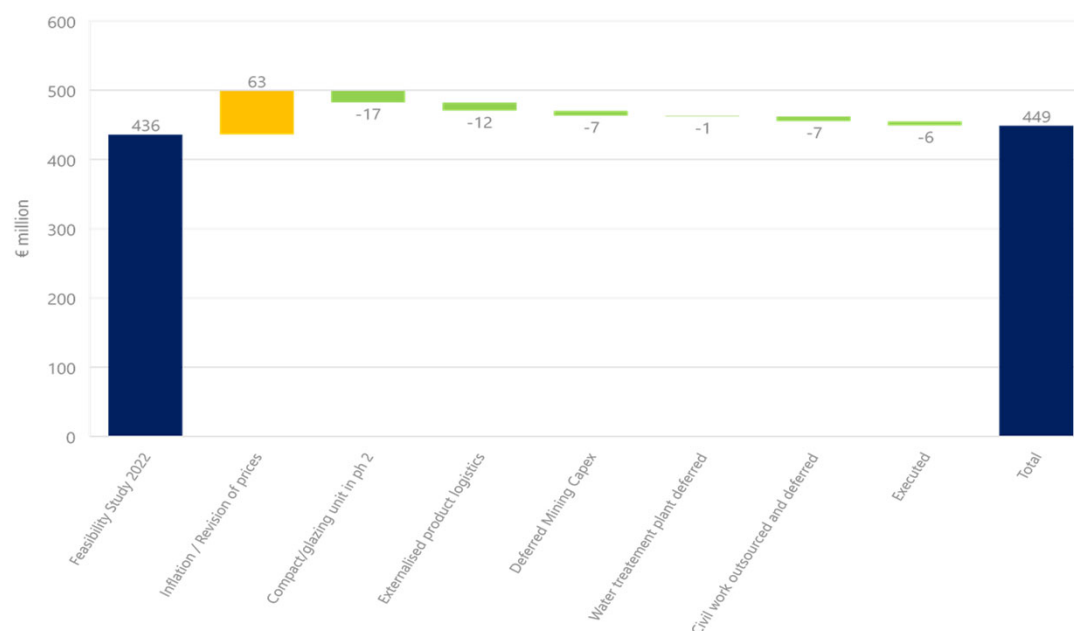
Highfield's Muga Potash mine has planned output of 1Mtpa, accounting for 2% of global supply potential - large enough to play into customer demand and unlikely to disrupt pricing dynamics.



# Outstanding Project Economics

| Overview of Feasibility Outcomes           | November 2023        |
|--|----------------------|
| CAPEX phase 1 (500,000 tpa MOP)            | €449 million         |
| CAPEX phase 2 (Additional 500,000 tpa MOP) | €286 million         |
| <b>Total CAPEX</b>                         | <b>€735 million</b>  |
| ROM tonnes                                 | 173.7 million tonnes |
| Average plant tonnage feed rate            | 800 tph              |
| K <sub>2</sub> O grade                     | 10.5%                |
| KCl recovery                               | 91%                  |
| LOM MOP production <sup>1</sup>            | 27.5 million tonnes  |
| LOM MOP average potash prices <sup>1</sup> | €436/t               |
| Foreign exchange Euro:USD                  | 1:1.07               |
| De-icing salt production                   | 8.5 Mt               |
| Vacuum salt production                     | 15.9 Mt              |
| C1 cost                                    | €108/t               |
| Tax rate (Navarra)                         | 28%                  |
| Life of mine                               | 30 years             |
| NPV <sub>8</sub>                           | €1.82 billion        |
| IRR  | 23%                  |

## CAPEX PHASE 1: RECONCILIATION



1. The production target set out in this update is derived from Proved and Probable Ore Reserves, additional Measured, Indicated and Inferred Mineral Resources from the Muga-Vipasca tenement as well as the Exploration Target at the Vipasca and Muga Sur tenements. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the production target itself will be realised. The technical parameters underpinning the Mineral Resource in the market announcement dated 30 March 2021 and the Exploration Target in the market announcement dated 23 November 2021 continue to apply and have not materially changed.

The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on 7 November 2023 (refer ASX release "Updated Muga Feasibility Study"), continue to apply and have not materially changed.



**ASX:HFR**

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