Funding Muga and Creating a New Global Potash Company

23 September 2024

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Disclaimer and Important Notice

This presentation (**Presentation**) has been prepared by Highfield Resources Limited ACN 153 918 257 (**Company**, **Highfield** or **HFR**) and is dated 23 September 2024. This Presentation has been prepared in connection with the binding transaction documents (collectively, the **Transaction Documents**) entered into by the Company in relation to (i) the acquisition by HFR (**Vend-in** or **Southey Vend-in**) of the Southey potash project in Saskatoon, Canada (**Southey**), owned by Yancoal Canada Resources Holding Co., Ltd (**YC** or **Yancoal Canada**) (an indirect subsidiary of Yankuang Energy Group Co., Ltd (**Yankuang**, **YK** or **Yankuang Energy**)) for consideration consisting of new fully paid ordinary shares in HFR (**New Shares**) (valued at US$286 million (subject to completion adjustments) based on an agreed price of A$0.50 per New Share) (**Vend-in Shares**) pursuant to an implementation agreement (**IA** or **Implementation Agreement**) between HFR and Yankuang for the sale to HFR of the issued capital of YC (or an intermediate parent company of YC) (**Target**) by Yankuang (or an intermediate subsidiary of Yankuang) (**Vendor**) and (ii) a placement of New Shares to a group of strategic investors (including Yankuang) (**Strategic Investors**) to raise at least US$220 million (based on an agreed price of A$0.50 per New Share) (**Cornerstone Placement**) pursuant to equity subscription agreements between each Strategic Investor and HFR (each, an **ESA** or **Equity Subscription Agreement**) and (iii) the Company's proposed two tranche institutional placement of New Shares (with US$5 million of the New Shares to be issued under the institutional placement being subject to shareholder approval (**Conditional Placement**)) **(Placement**) and follow-on offer of New Shares under a share purchase plan which will be made available to existing shareholders of the Company with a registered address in Australia and New Zealand (**SPP** and, together with the Placement the **Short Term Funding** and, the Short Term Funding, together with the Cornerstone Placement, the **Offer**). The Cornerstone Placement and the Placement are being conducted under section 708A of the *Corporations Act 2001* (Cth) (**Corporations Act**). The SPP will be made in reliance on the relief provided by ASIC under the ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 which permits eligible Shareholders participating in the SPP to apply for up to $30,000 worth of New Shares.

SUMMARY INFORMATION

This Presentation contains summary information about the Company and its subsidiaries (**Group**) and the Target and its subsidiaries (**Target Group** and, together with the Group, the **Combined Group**) and their respective business activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

This Presentation should be read in conjunction with the Company's other periodic and continuous disclosure information lodged with the ASX, which are available at www.asx.com.au. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of the Company, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

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This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**)). This Presentation is not and should not be considered an offer or an invitation to acquire New Shares or any other financial products.

This Presentation is not and should not be considered an offer or an invitation to acquire the New Shares or any other financial products and does not and will not form any part of any contract for the acquisition of the New Shares. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act of 1933. This Presentation may not be distributed or released in the United States.

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NOT FINANCIAL PRODUCT ADVICE

This Presentation does not constitute financial product or investment advice or any recommendation to acquire New Shares or accounting, legal or tax advice.

Each recipient of the Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and/or the Combined Group and the impact that different future outcomes might have on the Group and/or the Combined Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. The Company is not licensed to provide financial product advice in respect of New Shares. Cooling off rights do not apply to the acquisition of New Shares under the Offer.

INVESTMENT RISK

An investment in the New Shares is subject to known and unknown risks, some of which are beyond the control of the Company, including possible delays in repayment and loss of principal and income invested. The Company does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. You should have regard to the risk factors outlined in the Appendix titled 'Key Risks' to this Presentation.

FINANCIAL DATA

All dollar values are in Australian dollars (A$ or AUD) unless otherwise stated.

Disclaimer and Important Notice (cont'd)

PAST PERFORMANCE

The operating and historical financial information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on the future performance of the Group or the Combined Group. You should note that past performance of the cannot be relied upon as an indicator of (and provides no guidance as to) future performance.

This Presentation includes certain historical financial information extracted from the Company's audited consolidated financial statements, which is derived from such financial statements and has been adjusted to reflect the matters set out in this presentation (collectively, the **Historical Financial Information**). The Historical Financial Information has been prepared and presented in accordance with the measurement and recognition principles of the Australian Accounting Standards (including the Australian Accounting Interpretations) (**AAS**). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. Neither the pro forma Historical Financial Information nor the adjustment made to prepare it have been audited. Recipients of this Presentation should also be aware that certain financial data included in this Presentation is "non-IFRS financial information" under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS financial information does not have a standardised meaning prescribed by AAS and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with AAS. Recipients of this Presentation investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Presentation.

FORWARD-LOOKING STATEMENTS AND FORECASTS

This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Offer and the Vend-in and the use of proceeds of the Offer. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Presentation, including the current trading outlook, speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group and the Target Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the Appendix titled "Key Risks" in this Presentation for a non-exhaustive summary of certain general and specific risk factors that may affect the Group and the Combined Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those factors and the Company's disclosures to ASX. The forward-looking statements are based on information available to the Company as at the date of this Presentation.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

JORC REPORTING

It is a requirement of the ASX Listing Rules that the reporting of ore reserves and mineral resources in Australia comply with the Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves (**JORC Code**). Investors outside Australia should note that while ore reserve and mineral resource estimates of the Company in this document comply with the JORC Code (such JORC Code-compliant ore reserves and mineral resources being "Ore Reserves" and "Mineral Resources" respectively), they may not comply with the relevant guidelines in other countries and, in particular, do not comply with (i) National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators (the Canadian NI 43-101 Standards); or (ii) subpart 1300 of Regulation S-K under the US Securities Act of 1933, as amended (the **Securities Act**), which governs disclosures of mineral reserves in registration statements filed with the US Securities and Exchange Commission (**SEC**).

Information contained in this Presentation describing mineral deposits may not be comparable to similar information made public by companies subject to the reporting and disclosure requirements of Canadian or US securities laws. On 31 October 2018, the SEC adopted amendments to its disclosure rules to modernise the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the US Exchange Act of 1934, as amended (the Exchange Act). These amendments became effective 25 February 2019, with compliance required for the first fiscal year beginning on or after 1 January 2021.

Under these amendments, the historical property disclosure requirements for mining registrants included in Industry Guide 7 under the Securities Act were rescinded and replaced with disclosure requirements in subpart 1300 of Regulation S-K. As a result of the adoption of subpart 1300 of Regulation S-K, the SEC's standards for mining property disclosures are now more closely aligned to the JORC Code's requirements. For example, the SEC now recognises estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources." In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be "substantially similar" to the corresponding standards under the JORC Code. However, despite these similarities, SEC standards are still not identical to the JORC Code. Accordingly, investors are cautioned that there can be no assurance that the reserves and resources reported by the Company under the JORC Code would be the same had it prepared its reserve or resource estimates under the standards adopted under subpart 1300 of Regulation S-K.

Disclaimer and Important Notice (cont'd)

MUGA PROJECT ORE RESERVE, MINERAL RESOURCE ESTIMATES AND PRODUCTION TARGET

The information in this presentation that relates to the Muga Project Ore Reserve reported as of 31 October 2021 is based on, and fairly represents, information and supporting documentation prepared by 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 estimate reported at that time. Dr Mike Armitage is currently the Managing Director of Sarn Helen Gold Ltd.

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 presentation 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.

The information in this presentation that relates to the Muga Project Mineral Resources with the effective date of 31 December 2020 is based on, and fairly represents, information and support documentation prepared by Ms Anna Fardell, who was a Senior Consultant at SRK Consulting (UK) Limited at that time and who was the Competent Person who assumed overall professional responsibility for the Muga Project Mineral Resource estimate reported at that time . Ms Anna Fardell is currently a Principal Resource Geologist at SLR Consulting Ltd.

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 consents to the inclusion in this presentation of the matters based on the 2020 Minera Resource Estimate in the form and context in which it appears.

The information in this presentation that relates to the production target and forecast financial information derived from that production target for the Muga Project has been extracted from the market announcement titled 'Muga Potash Mine Updated 2023 Feasibility Study' as disclosed to the ASX and dated 8 November 2023. The Company confirms that all material assumptions underpinning the production target and forecast financial information derived from that production target as disclosed in the 8 November 2023 market announcement continue to apply and have not materially changed.

The production target and forecast financial information derived from that production target for the Muga Project set out in this presentation 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.

EFFECT OF ROUNDING

A number of figures, amounts, percentages, estimates and calculations of value in this Presentation are subject to the effect of rounding.

INFORMATION REGARDING SOUTHEY

Certain Information, including financial information and information regarding resources and reserves, in this Presentation in relation to the Target Group and Southey has been sourced from the Vendor, its representatives or its associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy.

DISCLAIMER

None of the Company's advisers (including any joint lead manager of the Offer) or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents (together, the **Advisers**), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. For the avoidance of doubt, the Advisers have not made or purported to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. To the maximum extent permitted by law, the Company and its Advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all responsibility and liability, including, without limitation, for negligence or for any expenses, losses, damages or costs incurred by you as a result and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

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Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. The Company reserves the right to withdraw the Offer or vary the timetable for the Offer without notice.

Section 1

The Transaction and the New Highfield

Transformative Transaction Signed

Highfield has entered into binding agreements with Yankuang Energy and a number of strategic investors in relation to a transaction which is expected to transform Highfield into a globally diversified potash company and deliver the remaining funding for Phase 1 of the Muga project

Cornerstone Placement	• Highfield has entered into binding equity subscription agreements (ESAs) with each of Yankuang Energy, Beijing Energy and Taizhong to issue new Shares at a price of A$0.50 per Share (1) • Under the ESAs, Yankuang Energy, Beijing Energy and Taizhong have agreed to subscribe for up to US$90 million, for US$50 million, and for US$30 million of the Cornerstone Placement, respectively, for a total of US$170 million • In addition, Highfield has entered into a non-binding letter of intent (LOI) with another strategic investor for the subscription for US$20 million of new Shares, at a price of A$0.50 per Share, and is negotiating with other strategic investors in relation to subscriptions for a further US$50 million of new Shares under the Cornerstone Placement (2) • If the total subscriptions under all ESAs entered exceed US$220 million prior to completion of the Cornerstone Placement, the amount subscribed by Yankuang Energy may, at its election, reduce (provided that the Cornerstone Placement raises at least US$220 million)
Southey Vend-in	• Highfield and Yankuang Energy have entered into a binding implementation agreement (Implementation Agreement) pursuant to which Highfield has agreed to acquire all of the issued capital of Yancoal Canada (which owns the Southey potash asset in Canada) for consideration of US$286 million (3) • Highfield will fund the consideration through the issuance of new Shares at A$0.50 per Share to Yankuang Energy

Notes:
1. Refer to the summary of the ESA on page 33
2. Subject to Highfield entering into final, binding ESAs with each of those parties. Entry into further ESAs such that the Cornerstone Placement raises at least US$220 million is a condition precedent to completion of the Transaction. See the 'Key Risks' commencing on page 38
3. Subject to certain completion adjustments. Refer to the summary of the Implementation Agreement on page 31-32. See also the definition of 'Yancoal Target Locked Box Value' in the Implementation Agreement which is annexed to the ASX announcement dated 23 September 2024. This amount is defined to comprise of net assets of approximately US$181.4 million, Yancoal Canada shareholder loans net of cash of approximately US$90 million and cash of approximately US$14.6 million, all as at 30 April 2024. See further the 'Key Risks' commencing on page 38.

Compelling Strategic Transaction Rationale

Highfield Resources

1. Establishing a leading pure play potash company with a diversified portfolio of projects in tier-1 jurisdictions underpinned by strong ESG credentials
2. Tangible near-term production with Muga construction ready and fully funded post completion of the Transaction
3. Highly complementary asset portfolio with opportunity to unlock significant value upside from Muga Phase 2 and Southey
4. Experienced leadership team with a proven track record that is supported by a strong shareholder base
5. Supportive market fundamentals with structural demand tailwinds
6. Attractive premium benefits Highfield shareholders, with new fully paid ordinary shares in Highfield to be issued at A$0.50 per Highfield share

Fully Funded Muga

Highfield Resources

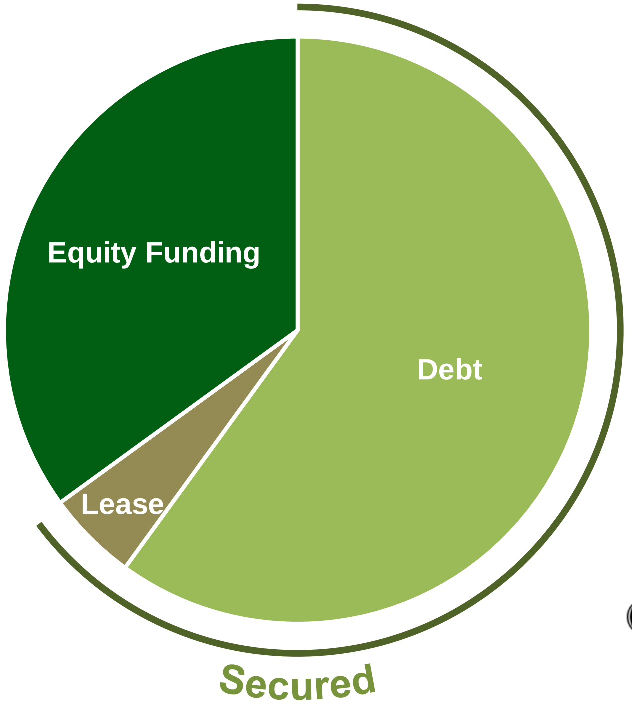
Phase 1 Muga Project Capital Estimated Funding

Equity Funding Solution

US$220M Equity Funding:

- Yankuang Energy
- Beijing Energy
- Taizhong
- Other strategic investors (1)

- US$170M of commitments under binding ESAs and US$20M under non-binding LOI, with negotiations in relation to an additional US$50M ongoing
- Strategic investors with potential for synergies
- Highfield believes having strong shareholders will facilitate access to capital for potential future development of Muga Phase 2 and Southey Project



Secured and in Place

€321M Senior Secured Project Financing

BNP PARIBAS, SOCIETE GENERALE, NATIXIS, CAJA RURAL DE NAVARRA, ING, HSBC

€25M Equipment Operating Lease Financing

MACQUARIE

Sources & Uses

Sources	US$M	€M(2)
New Share Issuance for Southey Vend-in (Transaction)	286	267
New Share Issuance for Cornerstone Placement (1) (Transaction)	220	207
Short Term Funding (4)	15	14
Syndicate Bank Loan	342	321
Equipment Operating Lease	27	25
Total Sources	**890**	**834**
Uses	**US$M**	**€M(2)**
Southey Vend-in Consideration	286	267
Muga Phase 1 Capex	479	449
Contingencies (3)	61	57
Capitalized Interest and Commitment Fees	47	44
General Corporate Purposes	17	16
Total Uses (5)	**890**	**834**

The proceeds of the Short Term Funding may not be sufficient for expenditure that might be required for Highfield to remain a going concern until completion of the Transaction. Highfield may need to raise additional debt or equity funds in the future as a result of this. See the 'Key Risks' commencing on page 38.

Notes:
1. Subject to entry into further final, binding ESAs
2. USD/EUR FX rate of 1.067
3. Covers the Cost Overrun Facility (COF) provided by lenders under the Syndicate Bank Loan and the equity portion that Highfield is required, under the terms of the Syndicate Bank Loan, to raise as Cost Overrun
4. See page 15-17 for details on Short Term Funding.
5. Assumes no adjustments for net debt or working capital under the Implementation Agreement

Complementary Potash Projects Across Two Tier-1 Jurisdictions

Highfield Resources

Geographically diverse assets located to supply potash into key growth markets

Southey Project

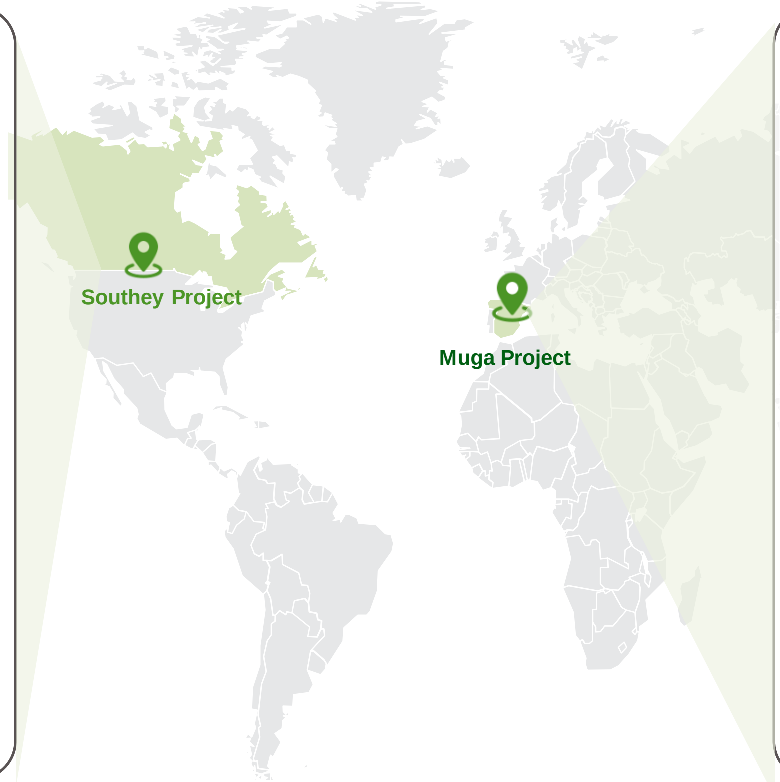
Large-scale and High-Quality Potash Mine

Key metrics

- Ownership: **100%**
- Mining Site Status: **EA Approval Obtained and Feasibility Study Completed in 2016**
- Mining method: **Solution mining**

Highlights

- Located in **a Tier-1 mining jurisdiction**
- **Strong social support**
- **Has been the subject of significant investment from Yancoal Canada**
- **Proven processing flow sheet**
- **Additional exploration leases** for future development



Muga Project

The Next Major European Potash Mine

Key metrics(1)

- Ownership: **100%**
- Ore Reserves: **10+Mt of K_2O**
- Planned Capacity: **1 Mtpa**
- Mine Life: **30 years** (2)
- Mining Site Status: **Construction ready**
- Est. cash costs: **US$118/t**
- Total CapEx: ~**US$800 million**(3)(4)
- NPV_8: **€1.82 billion (24% IRR)**
- Mining method: **Conventional underground room and pillar**

Highlights

- **Higher netback** with local market **within trucking distance**
- National electrical grid substation **in close proximity to mine site**
- **First class infrastructure** and access to new road systems
- **Fully permitted** and **preliminary construction work completed**
- **Additional exploration leases** for future development

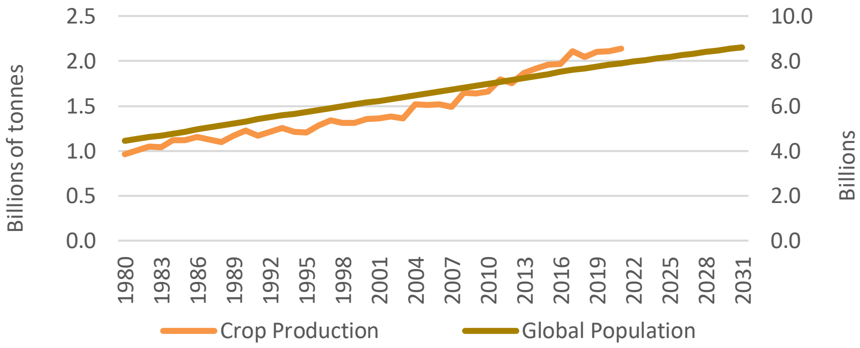
Source: Company Information

Notes:

1. Refer to Disclaimer and Important Notice "Muga Project Ore Reserve, Mineral Resource Estimates and Production Target"
2. The mine plan includes 43 million tonnes of Exploration Target tonnes. 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.
3. Run-rate unit cost; EUR/USD = 1.09
4. Includes Muga phase 1 and phase 2 capex; Phase 1 capex of €449MM will be fully funded assuming the Transaction is completed

Supportive Potash Market Fundamentals

Global food security is expected to be a key theme in the future with population increasing and arable land decreasing, growing the need for more fertilizer use



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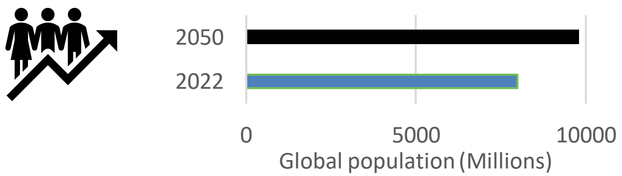
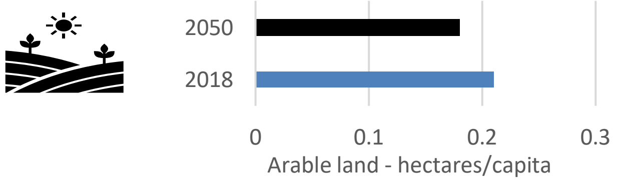
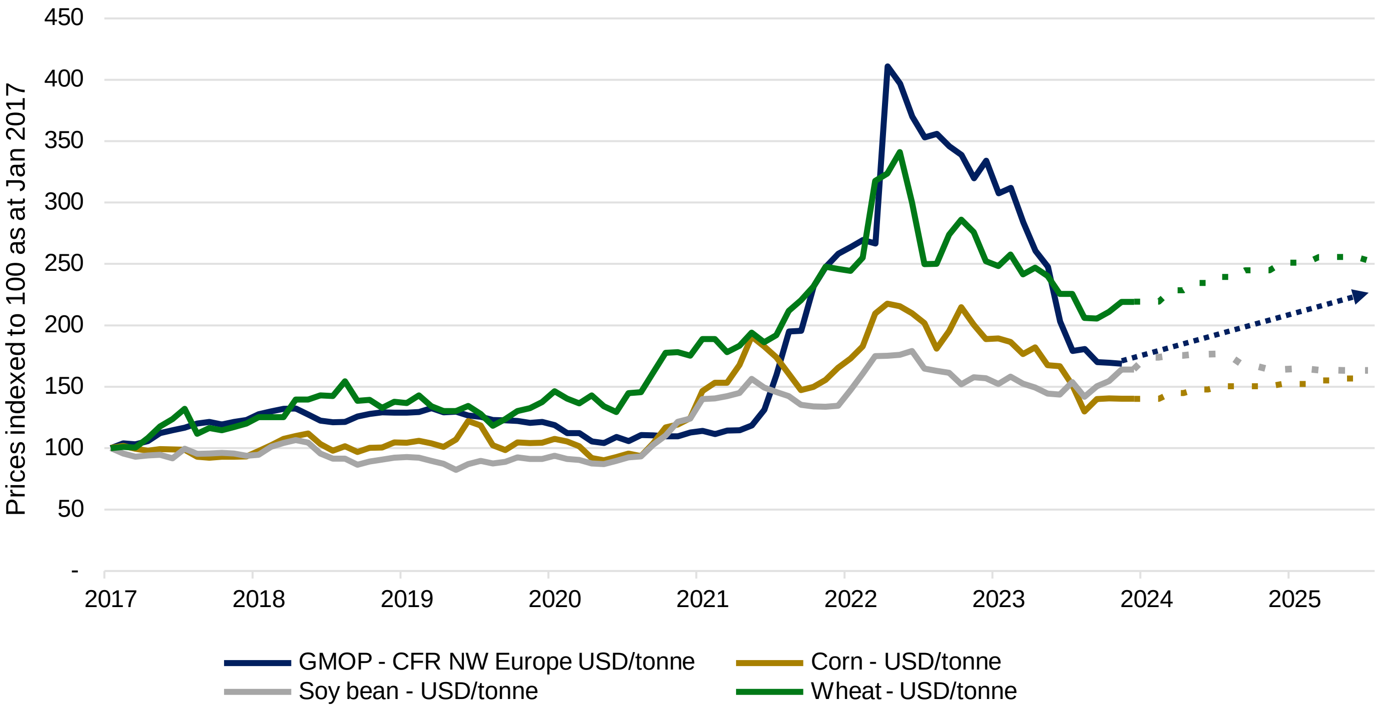


-14%



Potash prices have been strongly correlated to crop prices
Crop prices are expected to recover and potash prices are expected to follow



Source: FAOSTAT, Index Mundi, Market Watch, Argus

Highly Experienced Leadership Team

Ignacio Salazar, CEO
- Over 30 years of experience in the natural resources industry
- CEO of Highfield since July 2020
- Previous experience includes 18 years at Royal Dutch Shell and in 2008 joined Orosur Mining, where he was appointed CEO in 2013

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 Aleman, 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

Jie Li, Managing Director and President
- 27 years of experience in chemical/fertilizer industry, extensive expertise in project engineering, large-scale construction and operation.
- Managing Director and President of Yancoal Canada since November 2021
- Previously worked at Yankuang Guohong Chemical Co., Ltd and Guizhou Kaiyang Chemical Co., Ltd for 15 years

Yanxin Liang, Vice President
- Over 25 years of experience in accounting and finance. Currently responsible for Yancoal's Accounting, Human Resources, Planning and IT
- Previously worked at Yankuang Energy more than 13 years

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

Xianwen Qin, Director of the General Affairs
- 25 years of experience in international trade, business management legal affair and administrative
- Previously worked at International Trade Department and the Overseas Business Department of Yankuang Energy

Adam Cooke, Project Manager
- Over 19 years of experience in operations, construction and project development in the mining industry, 15 years of experience in mining standards development for the Canadian Standards Association.
- Previously worked at Canadian Salt and K+S in both underground, solution mines and process plants

★ Yancoal Canada Management Team

Strong Support from Shandong Energy and Yankuang Energy

Yankuang Energy, a subsidiary of Shandong Energy, is expected to become Highfield's majority shareholder post completion of the Transaction. Yankuang Energy led the transformation of Yancoal Australia into a leading ASX listed coal producer and will look to replicate that success with Highfield.

山东能源集团 SHANDONG ENERGY GROUP

Shandong Energy Group Co., Ltd (**Shandong Energy Group**, **SDE**), newly incorporated in July 2020 from the merger of Yankuang Group and the former Shandong Energy Group. SDE mainly operates in six industries, including mining, high-end chemicals, power generation, new energy and new material, high-end equipment manufacturing and modern logistics and trade.

兖矿能源集团股份有限公司 YANKUANG ENERGY GROUP COMPANY LIMITED

Yankuang Energy, established in 1997, is a China-based international comprehensive energy company primarily engaged in coal mining, coal chemicals, power generation, and other businesses. Yankuang Energy is one of the major coal producers, suppliers and traders in China and Australia. Yankuang Energy stands as the only mega-sized energy company with presence on four domestic and international listing platforms including Shanghai, Hong Kong, New York and Australia. Yankuang Energy is 52.83% owned by Shandong Energy Group.

Robust Industry Leadership

- SDE is **one of the major energy enterprises in China**. It is 100% owned by the PRC government and **has significant impact on Shandong's economy**
- Owns **more than 20** second-level subsidiaries, **11** public companies listed in China and abroad, as well as **973** holding subsidiaries. As a leading enterprise in the mining sector, Shandong Energy can offer substantial industry expertise and credibility to Highfield

Financial Stability, Investment Capacity, and Familiarity with Various Capital Markets

- In 2023, Yankuang Energy reported **total assets of US$50 billion, with total revenue of US$21 billion**
- **Backed by the strong financial resources of Yankuang Energy, as well as its major shareholder, Shandong Energy, both Muga and Southey will benefit from capital support for expansion and strategic long-term planning**
- **Prospect of listing Highfield on the HK Stock Exchange** in the future (akin to Yancoal Australia dual listing), **which would improve trading liquidity and access to capital.**

Synergy Potential with Strategic Shareholders

The strategic investors Beijing Energy, Taizhong and others provide new angles for Highfield to explore value optimization opportunities and synergies through collaboration

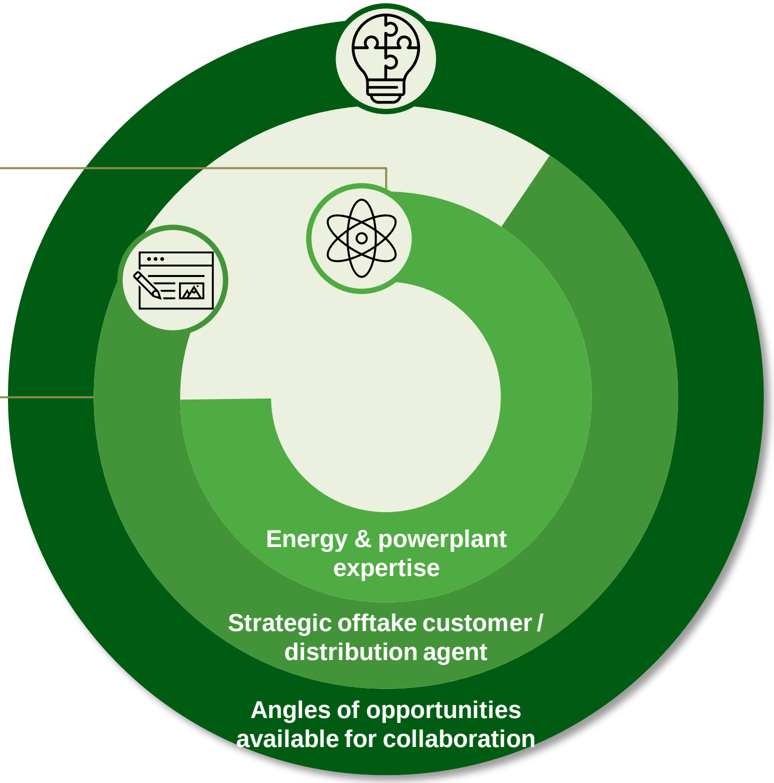
京能国际
BJ ENERGY INTL
京能集团

Beijing Energy International Holding Co.,Ltd. (**Beijing Energy**) is an international and market-oriented clean energy investment platform principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

As of 31 December 2023, the group owned 140 solar power plants, 28 wind power plants, 26 hydro power plants and 1 energy storage power station with an aggregate grid-connected installed capacity of approximately 8,577MW, which had total electricity generation volume of approximately 11,994,209MWh in 2023.

新加坡泰中环球发展有限公司
SINGAPORE TAIZHONG GLOBAL DEVELOPMENT PTE. LTD.

Singapore Taizhong Global Development Pte. Ltd. (**Taizhong**) is a private limited company in Singapore specialising in areas such as traditional bulk commodity trade, new energy production factor pricing, logistics & warehousing services powered by modern technologies, trading and investing in newly established free trade zones in China. Taizhong also provide investment counsellor services to private and state-owned enterprises for investment screening, negotiation and due diligence support.



Section 2

Transaction Next Steps

Pathway to Completion of the Transaction

The Southey Vend-in and the Cornerstone Placement are inter-conditional, and completion is expected in early 2025

Timeline and Closing Conditions	• The Southey Vend-in and the Cornerstone Placement (together the Transaction) are inter-conditional • The Transaction completion is expected in early 2025, and will be subject to the satisfaction of certain conditions including receipt of required regulatory approvals (including approval from the Foreign Investment Review Board, and approval from relevant regulators in Spain, Canada and China), Highfield shareholder approval, project finance lender consent, (in certain cases) investor internal approvals and conversion of all convertible notes on issue in Highfield and other closing conditions customary for a transaction of this kind (1)
Governance and Ownership	• Upon completion of the Cornerstone Placement and Southey Vend-in, Yankuang Energy is expected to become the largest and majority shareholder in Highfield and will be able to nominate the majority of the Company's board of directors. A related party protocol will be implemented following completion • Highfield's Board intends to unanimously recommend that Highfield shareholders vote in favour of the resolutions which will be required to approve the Transaction, subject to an independent expert concluding that the Transaction is fair and reasonable, or is not fair but is reasonable, or is in the best interests of HFR shareholders, and in the absence of a superior proposal • EMR Capital (Highfield's largest shareholder) has also indicated their intention to vote in favour of the Transaction
Short Term Funding	• Highfield is seeking to raise up to US$15 million (**Short Term Funding**) to support the Company's planned activities between this announcement and completion of the Transaction and has the support of the EMR Shareholders in this initiative (2) • The Short Term Funding is expected to take the form of an institutional placement of New Shares with US$5 million committed from an entity managed by EMR Capital and affiliated with the EMR Shareholders (**EMR Subscriber**) conditional on HFR shareholder approval at an extraordinary general meeting, and a follow-on offer of New Shares under a share purchase plan (**SPP**) which will be made available to existing shareholders of the Company with a registered address in Australia and New Zealand.

Notes:
1. Refer to the summary of the Implementation Agreement on pages 31 and 32, which includes details of the conditions precedent to completion of the Transaction. See the 'Key Risks' commencing on page 38
2. EMR Capital GP Limited as general partner of EMR Capital Resources Fund, LP, EMR Capital Investment (No.2B) Pte. Ltd. and Potash (Muga) and Copper (Patagonia) Holdings Limited (formerly known as EMR Capital Investment (No. 3) Cayman Ltd) (together, the EMR Shareholders)

Short Term Funding Overview

Offer Structure	• US$15.0 million (~A$22.4 million)[(2)] total raise comprising of an Institutional Placement[(1)] to raise up to US$12.0 million (~A$17.9 million)[(2)] via the the issue of up to 59.9 million New Shares equivalent to ~15% of total Shares, and SPP to raise US$3.0 million (~A$4.5 million)[(2)(3)] via the the issue of 15.0 million New Shares equivalent to ~4% of total Shares on issue comprising: - US$7.0 million (~A$10.4 million)[(2)] unconditional placement via the issuance of up to 35.0 million New Shares under the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A **(Tranche 1 Placement Shares**); - US$5.0 million (~A$7.5 million)[(2)] or 25.0 million New Shares of the Institutional Placement to the EMR Subscriber via a conditional placement conditional on the Company obtaining shareholder approval at an extraordinary general meeting (**EGM**) (**Tranche 2 Placement Shares**) • The Placement is not underwritten.
Pre-commitment	• EMR Capital Resources Funds III, an affiliate of EMR Capital, Highfield's largest shareholder, has committed to subscribe for US$5.0 million in the Placement (with such committed amount being conditional on HFR shareholders approving the issue of New Shares to the EMR Subscriber at the EGM)
Offer Price	• The Placement will be conducted at A$0.2989 per New Share (**Offer Price**), which represents a: • 0.4% discount to the last traded price of A$0.3000 on 23 September 2024 • 40.2% discount to the A$0.50 issuance price for the Cornerstone Placement
Use of Proceeds	• Proceeds will be used to pay Bank Commitment Fees and for General Working Capital purposes: (noting that the monthly cash burn is approximately US$1 million) and any additional proceeds raised beyond US$15 million via the SPP will go towards advancing the Muga project
Ranking	• All New Shares issued via the Placement and SPP will rank equally with existing Shares from respective issue dates
Bookrunner	• Morgan Stanley Australia Securities Limited and DBS Bank Ltd are acting as Joint Lead Managers and Bookrunners to the Offer • Clarksons Securities and Canaccord Genuity (Australia) Limited are acting as Co-Managers to the Offer
Share Purchase Plan (SPP)	• Eligible shareholders as at 7:00pm (AEST) on Friday, 20th September 2024 (being the record date for the SPP), who have a registered address in Australia or New Zealand are invited to subscribe for up to A$30,000 of New Shares per eligible shareholder under the SPP, free of transaction and brokerage costs • The non-underwritten SPP seeks to raise up to US$3.0 million (~A$4.5 million[(2)])[(3)] • New Shares under the SPP will be issued at the Offer Price, being A$0.2989 per New Share • Further details on the SPP will be provided to shareholders in due course.

Notes:
1. Highfield has determined to extend the Placement to eligible Institutional Investors registered in selected jurisdictions subject to the International Selling Restrictions set out in the Appendix of this Presentation.
2. AUD/USD of 0.67
3. Highfield reserves the right, in its absolute discretion, to accept oversubscriptions or scale back applicants in relation to the SPP

Short Term Funding Timetable

Description[1]	Date[2]
SPP record date (7.00pm AEST)	Friday, 20 September 2024
Announcement of the Placement and SPP	Aftermarket Monday, 23 September 2024
Company enters trading halt, and Placement bookbuild opens	Tuesday, 24 September 2024
Placement bookbuild closes	Wednesday, 25 September 2024
Announcement of completion of the Placement and trading halt lifted	Thursday, 26 September 2024
Settlement of Tranche 1 Placement Shares	Monday, 30 September 2024
Allotment of Tranche 1 Placement Shares	Tuesday, 1 October 2024
SPP opens and SPP offer booklet dispatched to eligible shareholders	Thursday, 3 October 2024
SPP closes	Tuesday, 15 October 2024
Issue of New Shares under the SPP	Friday, 18 October 2024
Commencement of trading of New Shares issued under the SPP	Wednesday, 23 October 2024
Dispatch of holding statements in respect of New Shares issued under the SPP	Thursday, 24 October 2024
EGM to approve the issue of the Tranche 1 Placement Shares	December 2024
Settlement of Tranche 2 Placement Shares (indicative)*	December 2024
Issue of Tranche 2 Placement Shares (indicative)*	December 2024

Notes:
1. The timetable is indicative only and subject to change by the Company and Lead Manager, subject to the Corporations Act and other applicable laws
2. All times are expressed in Australian Eastern Standard Time (AEST) unless otherwise indicated
* Assuming shareholder approval is received for the issue of the Tranche 2 Placement Shares at the EGM.

Section 3
Muga

Muga: Strong Competitive Advantages and Economics

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

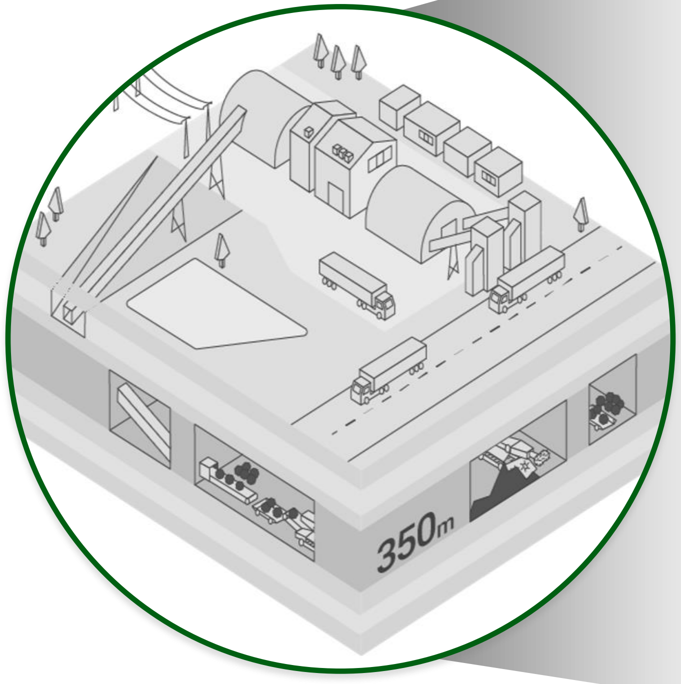
Targeting **€340 million per annum EBITDA** [1] Potash operation in full production

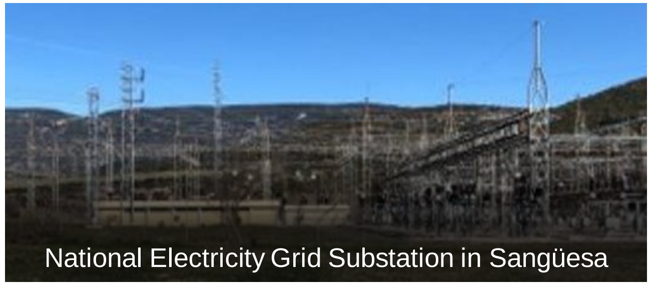
Fully permitted and **shovel ready** project in Spain

Note:
1. See ASX Release "Muga Potash Mine Updated 2023 Feasibility Study" 8 November 2023

Location, Shallow Mineralization, and 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




National Electricity Grid Substation in Sangüesa


A-21 between Sangüesa and Pamplona


Port of Bilbao (~220km), Spain's largest port

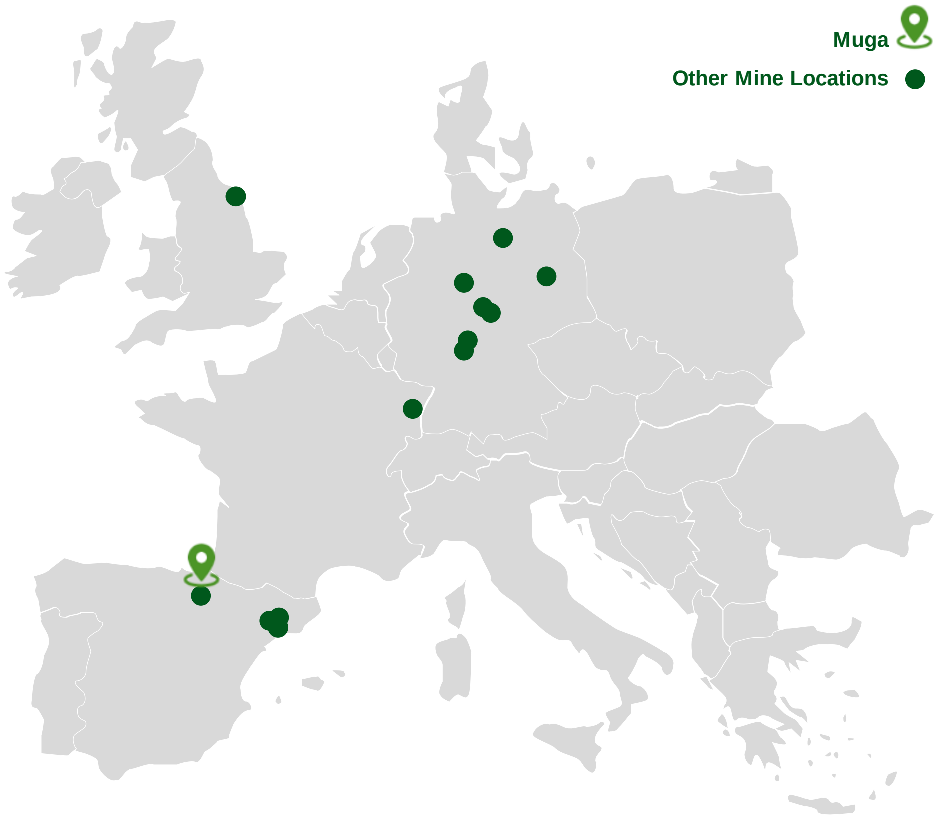
Note:
1. See ASX Release "Muga Potash Mine Updated 2023 Feasibility Study" 8 November 2023

Muga is Entering a Market in Europe where Supply is Declining

Highfield Resources

Majority of potash mines in Europe are aged or closed, and it is anticipated that the supply from these older mines will decline over the next decade

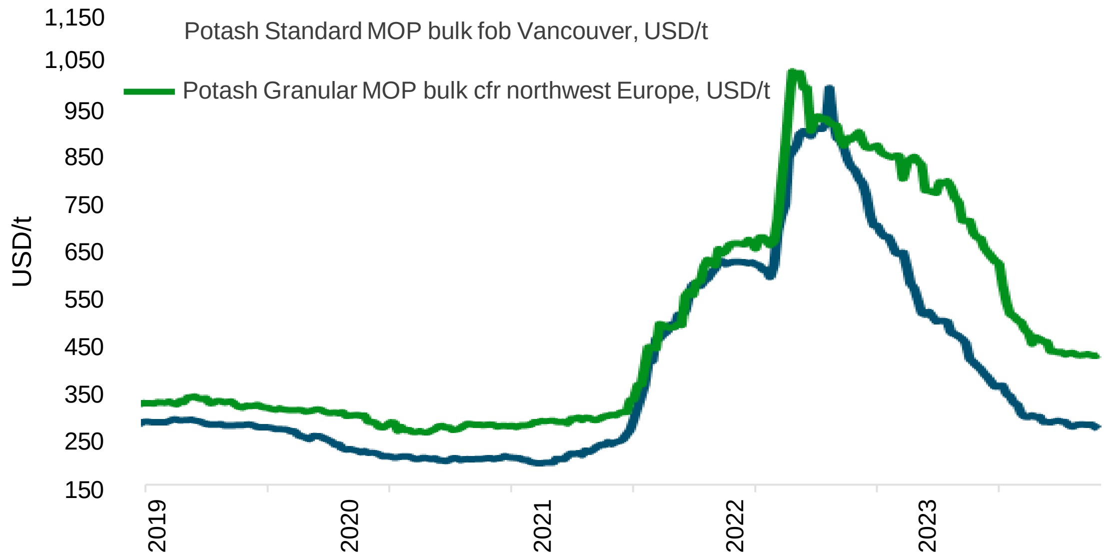
	Owner	Location	Capacity (kt)	Start	Closure
Spain	**Muga**	**Pamplona**	**P1: 500 P1+P2: 1,000+**	**Construction Ready**	**-**
	ICL	Suria	650	1920	-
		Sallent	500	N/A	2020
	UEE	Cardona	120	1929	1990
Germany	K+S	Zielitz	1,700	1973	-
		Hattorf	500	1903	-
		Neuhof-Ellers	170	1910	-
		Unterbreizbach	370	-	-
		Sigmundshall	500	1906	2018
		Wintershall	500	1903	2018
		Bergmannssegen-Hugo	-	1909	1994
	Siem Industries	Bleicherode	100	1899	-
France	MDPA	Alsacia	-	1910	2002
United Kingdom	ICL	Boulby	500	1969	2018



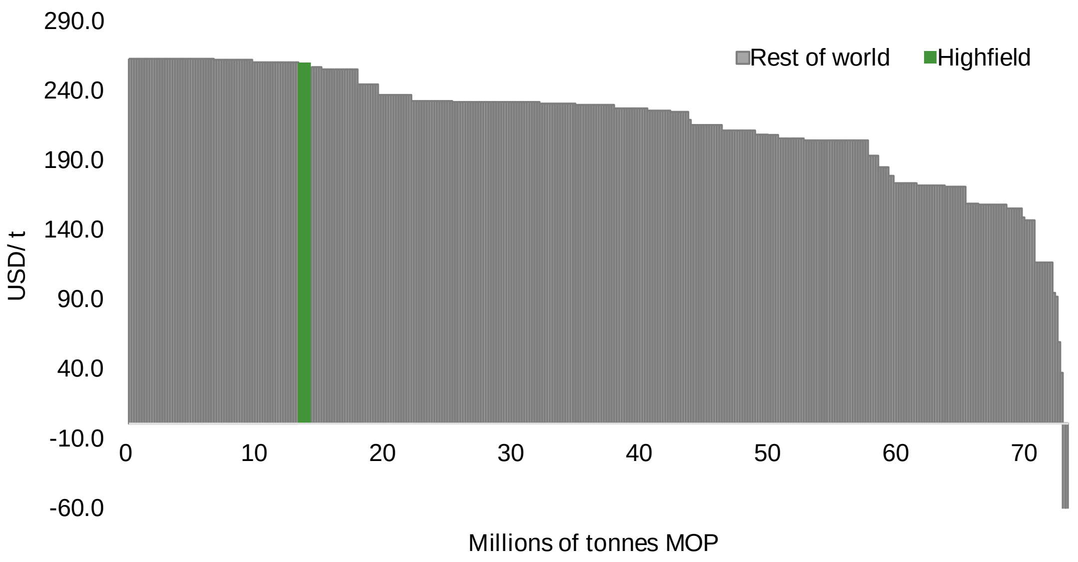
Source: Company Information, Public Information

Muga has Top Quartile Margins

Europe trades at a premium to other markets



Margin curve forecast for 2026 (real US$)



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

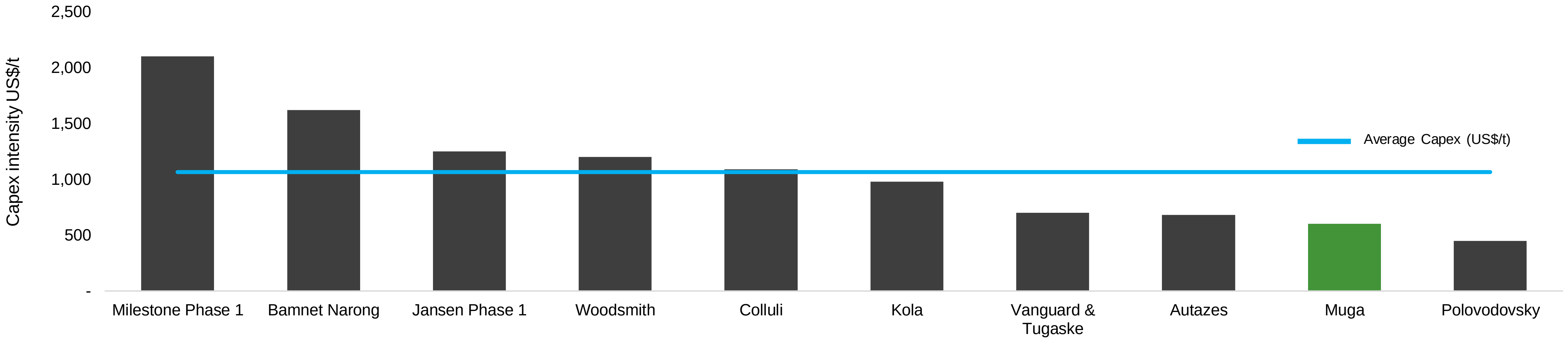
Low costs and higher netbacks at mine gate position the mine as potentially one of the highest margin potash mines globally

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 Feasability Study") continue to apply and have not materially changed.

Low Investment Required at Muga

Muga has half the capex intensity compared to other global development projects

(US$ Per Tonne of Potash)



	Milestone Phase 1	Bamnet Narong	Jansen Phase 1	Woodsmith	Colluli	Kola	Vanguard & Tugaske	Autazes	Muga	Polovodovsky
Owner	Western Resources	APMC	BHP	Anglo American	SRBG	Kore Potash	Gensource	Brazil Potash Corp.	Highfield Resources	Uralkali
State of Development	Project (firm)	Project	Project (firm)	Construction	Project	Project	Project	Project	Construction	Project
Source	Western Potash Website 2023	2022 CRU Potash Cost Service Overview	BHP Project Report 2021	Anglo American Financial Report 2022	2022 CRU Potash Cost Service Overview	2022 CRU Potash Cost Service Overview	2022 CRU Potash Cost Service Overview	2022 CRU Potash Cost Service Overview	Based on HFR's 2023 Updated Feasibility Study	2022 CRU Potash Cost Service Overview

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 Feasability Study") continue to apply and have not materially changed.

Commitment to ESG

Highfield Resources

Strategic project in the international landscape with deep ties to local communities

Environmental

- **Progressive rehabilitation of the mine,** including backfilling and salt sales
- **Only potash mine not to leave residue on the surface after production**
  - Conventional mining drives low emission operation
- **Muga's Environmental Surveillance Plan (PVA) implemented June 2022** following preliminary construction works;
  - 6 new control piezometers in August 2023 to increase surveillance
- **No environmental incidents in 2023**


Geoalcali staff and neighbors from Javier participated in the tree planting

Social

- **Social Baseline Study** prepared by Government of Navarra
- **Muga Community** was formed in 2022 to maintain dialogue with the local community
  - Recognised as best practice in social management according to the UN's Global Compact initiative
- **Sustainable development partnerships** with key stakeholders including meeting with Lithuanian authorities
- **No safety incidents or accidents in 2023**

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
- **Diverse Board of Directors** with extensive experience in corporate governance, leadership and sustainability management

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Compelling Project Economics

Highfield Resources

Economics

€340 million pa EBITDA in full production

NPV_8 of €1.82 billion 24% 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

Resource

- 100% owned Muga Potash Project
- ROM tonnes of 173.7Mt at 10.5% Potassium Oxide (K_2O)

Permits

- Fully permitted and construction ready, subject to financing

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 license to operate

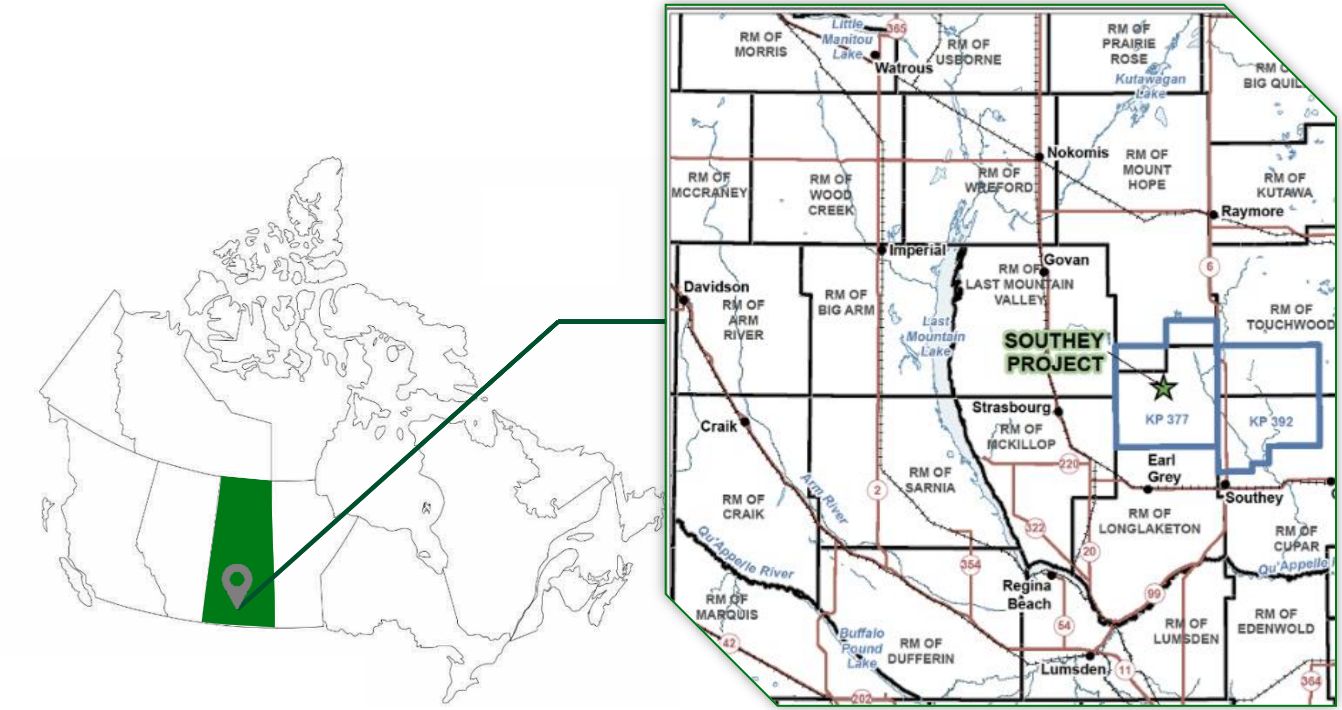
Global demand for MOP as a critical fertilizer input is expected to grow which is driven by current geopolitical supply risks, population growth, and pressure on farming yield

Source: ASX Release "Muga Potash Mine Updated 2023 Feasibility Study", 8 November 2023

Section 4
Southey

Southey Delivers Significant Long Term Growth Optionality

- Located in **Southeastern Saskatchewan**, c.60 km north of Regina city
- Southey project is situated in massive railway networks, and is accessible to Kinder Morgan port in Vancouver, which covers all regions of Western Canada and the Pacific Northwest
- Owned by Yancoal Canada, a subsidiary of Yankuang Energy, who owns **6** mining permits
- Comprised of subsurface Mineral Permits KL242 and KL243, with total area of **390km²**
- Areas of the rest of 4 permits totaled **910km²**



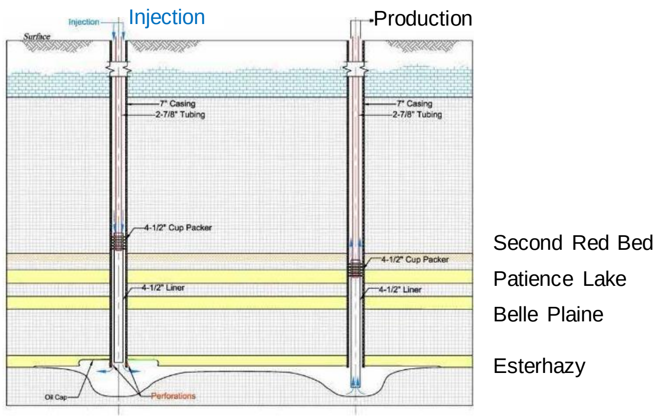
Sep 2011	Aug 2013	Sep 2014	Jan 2016	Aug 2016	May 2021
Rights of KP377 and KP392 were registered and recorded	Completed the Scoping Study	Completed the Pre-feasibility Study	Completed the Feasibility Study	Obtained Environmental Assessment (EA) approval	5-Year Extension approved for EA

Solution Mining is a Proven Mining / Extraction Methodology

Highfield Resources

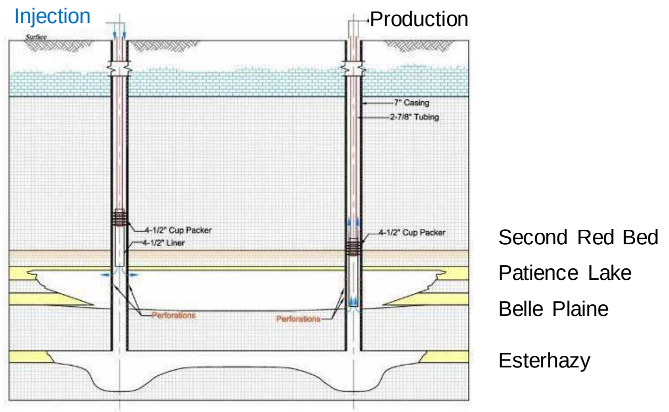
Southey Project adopted Solution Mining method. Key phases of Solution Mining are shown below

1 Primary Mining



- The injection well injects fresh water at the top of mining slice, and the production well retrieves production fluid from the lower portion of the cavern
- Mode of the wells will reverse when cavern roof area reaches about 60%
- Utilize a specialized pressurization technical when reaching the top of the lower mining area

2 Secondary Mining



- Change injection fluid to saturated NaCL brine upon completion of the primary production phase
- Both the KCl on the roof of the cavern and walls of the uppermost potash member can be mined
- Electric Submersible Pump (ESP) to be installed to assist the lifting the production brine to the surface

Summary of exploration programme:

- Phase 1: 7 exploration holes were drilled with a total of 9,448m of drilling
- Phase 2: 9 vertical drill holes and 2 whipstock drill holes with total drilling of 13,008m

Key Takeaways

1. Establishing a leading pure play potash company with a diversified portfolio of projects in tier-1 jurisdictions underpinned by strong ESG credentials
2. Tangible near-term production with Muga construction ready and fully funded post completion of the Transaction
3. Highly complementary asset portfolio with opportunity to unlock significant value upside from Muga Phase 2 and Southey
4. Experienced leadership team with a proven track record that is supported by a strong shareholder base
5. Supportive market fundamentals with structural demand tailwinds
6. Attractive premium benefits Highfield shareholders, with new fully paid ordinary shares in Highfield to be issued at A$0.50 per Highfield share

Appendix

Transaction Documentation – Supplementary Information

Summary of the Southey Vend-in Implementation Agreement

- The key function of the Implementation Agreement is to commit HFR (or its nominee) to acquire all of the issued share capital of the Target (Target Shares) from the Vendor in consideration for the issue by HFR of New Shares to Yankuang (or its nominee)
- The IA contains requirements relating to the convening of the HFR shareholders' meeting including in relation to preparing the notice of meeting and an accompanying explanatory memorandum (NoM). The NoM is required to include a statement to the effect that each of the directors of HFR (Directors) recommends to HFR shareholders that the issuance of the New Shares under the IA be approved subject to there being no superior proposal and subject to the independent expert (IE) concluding (and continuing to conclude) in the IE's report that the Transaction is fair and reasonable, or is not fair but is reasonable, to, or is in the best interests of, HFR shareholders
- The IA also provides for the establishment of an integration committee to oversee the integration of Southey into HFR. Under the IA, Yankuang will have the right to appoint nominees Directors to the Board comprising a majority of the Board.
- After closing, the purchase price of US$286 million under the IA will be adjusted (i) downwards for any cash of the Target utilised in assisting HFR to pay any withholding tax liabilities in connection with the Transaction and (ii) upwards for any interest which accrues (but has not been paid) between 30 April 2024 and completion of the Transaction on an existing shareholder loans to Yancoal Canada. The aggregate principal amounts of the shareholder loans is approximately US$90.3 million and the are subject to an interest rate of 4.75% per annum. The value of the New Shares (which is A$0.50 per New Share) to be issued to Yankuang as consideration is not subject to adjustment
- The IA contains a standard exclusivity provision in favour of the Vendor (subject to a fiduciary carve-out in favour of HFR, and matching rights in favour of Yankuang). The IA also provides for a break fee of A$1,960,919 payable by HFR to YK in the event that, subject to certain exceptions, HFR terminates the IA at any time before completion as a result of HFR entering into a legally binding agreement with a third party to undertake or give effect to an actual superior proposal where expressly permitted by, and in accordance with, the IA.

Summary of the Southey Vend-in Implementation Agreement (cont'd)

- Condition precedents to the completion of the Transaction under the IA include the following:
  - necessary regulatory approvals, including FIRB approval in Australia, various Chinese regulatory approvals, Canadian foreign direct investment law (FDI) approval, Canadian merger clearance (if necessary) and Spanish FDI approval;
  - approval from HFR's shareholders ,and approval from Yankuang's shareholders,] for the Transaction;
  - conversion of HFR's convertible notes at the conversion price that applies at the time of signing of the IA (and the convertible note holders have agreed to so convert at such price, on a basis which is inter-conditional with the Transaction);
  - consent from HFR's project finance lenders and counterparties to certain of HFR's material contracts;
  - confirmation from certain key management personnel that they will remain in their positions at completion and that they waive any severance pay in connection with the Transaction;
  - the completion of certain transactions in relation to property rights relating to Muga;
  - the Transaction resulting in Yankuang holding a majority of the shares on issue in Highfield immediately after completion;
  - no material adverse change to either HFR or the Target; and
  - no 'prescribed occurrences' (i.e., no specified changes to either HFR's or the Target's capital structure)
- Completion under the IA is inter-conditional and simultaneous with closing under the ESAs (and the amount subscribed for under the ESAs (including the ESA to which YK is a party) being no less than US$220 million in aggregate)
- The IA also contemplates the entry into an offtake agreement between HFR and Yankuang on terms to be agreed between the parties in good faith
- The IA contains customary representations, warranties and indemnities from the Vendor to HFR and from HFR to the Vendor, as well as interim operating covenants in relation to both Southey and HFR

Summary of the Equity Subscription Agreements (ESAs)

- The key function of each ESA is to commit HFR to issue New Shares to the Strategic Investors, and to commit the Strategic Investors to pay to HFR cash for those New Shares. The price of the New Shares is the same as the price per New Share implied by the purchase price under the Implementation Agreement
- Each ESA entered into as at the date of this Presentation is on materially the same terms (other than as described in this Presentation). Under their respective ESAs, the Strategic Investors have committed to subscribe for New Shares at A0.50 per New Share. In particular, Beijing Energy has committed to subscribe for US$50 million worth of New Shares, Taizhong has committed to subscribe for US$30 million worth of New Shares and Yankuang Energy has committed to subscribe for US$90 million worth of New Shares (provided that, if the total subscriptions under all ESAs entered into prior to completion of the Transaction exceed US$220 million before completion of the Cornerstone Placement, the amount subscribed by Yankuang Energy may, at its election, reduce accordingly (provided that the Cornerstone Placement raises at least US$220 million)
- Condition precedents to the completion of the New Share issuance under the ESAs include necessary regulatory approvals and satisfaction of the conditions precedent in the Implementation Agreement (including entry into additional ESAs such that total subscriptions under all ESAs entered into prior to completion of the Transaction is no less than US$220 million). BJEI's ESA is conditional on internal TZGD approvals and entry into an agreement providing priority development rights in relation to Muga Project powerplant or distributed energy projects to BJEI, in a form to be agreed between the parties acting reasonably. TZGD's ESA is conditional on entry into an agreement appointing the TZGD (or its nominee) as HFR's preferred strategic offtake customer or as distribution agent for the Company's future production from the Muga Project, in a form to be agreed between the parties acting reasonably
- The closing of the New Share subscription under the ESAs is inter-conditional with, and will occur at the same time as closing under the IA
- Under the ESAs, HFR is obliged to ensure that the New Shares that it issues are freely tradable and are quoted on ASX
- The ESAs contain customary representations, warranties and indemnities from the Strategic Investors to HFR and from HFR to the Strategic Investors
- BJEI has the right to appoint one nominee Director to the Board

Appendix

Summary of key terms of Placement Agreement

Summary of key terms of Placement Agreement

Placement Agreement Summary

Morgan Stanley Australia Securities Limited and DBS Bank Ltd. will act as joint lead managers and bookrunners of the Placement and Conditional Placement (JLMs). The Company entered into a placement agreement with the JLMs in respect of the Offer on 23 September 2024 (**Placement Agreement**), pursuant to which the JLMs have agreed to manage the Placement and Conditional Placement.

Termination

The Placement Agreement includes certain conditions precedent that are customary for a transaction of this nature. If those conditions are not satisfied or if certain events occur, the Joint Lead Managers may terminate the Placement Agreement.

The events which may trigger termination of the Placement Agreement include (but are not limited to) the following:

a) ASIC issues, or threatens to issue, proceedings or commences any inquiry or investigation in relation to the Placement or Conditional Placement;

b) the ASX/S&P 300 Index falls by 15% or more below its level at market close on the trading day immediately prior to the date of the Placement Agreement and is at or below that level on the close of trading on the settlement date of the Placement or Conditional Placement:

c) ASX announces that existing shares will be delisted, withdrawn, removed or suspended from quotation;

d) ASX notifies the Company or the Joint Lead Managers that unconditional approval will not be granted for quotation of Shares to be issued under the Placement or Conditional Placement, or if granted, approval is subsequently withdrawn, qualified or withheld;

e) the Company withdraws the Placement or Conditional Placement;

f) an event specified in the timetable is delayed by more than one business day without the prior approval of the Joint Lead Managers;

g) (*) a certificate which is required to be furnished by the Company under the Placement Agreement is not furnished when required;

h) (*) in the reasonable opinion of a Joint Lead Manager, a statement in the materials released to ASX in connection with the Placement or Conditional Placement is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission);

i) the Company is required to give ASX a notice in accordance with section 708A(9) of the Corporations Act;

j) prior to the settlement date of the Placement, EMR indicates to the Joint Lead Managers that it will not settle any part of the EMR Agreement in accordance with the EMR Agreement, or the EMR agreement is breached, terminated, rescinded or varied without the prior written consent of the Joint Lead Managers (sun consent not to be unreasonably withheld or delayed);

k) prior to the settlement date for the Placement, the Implementation Agreement has been breached(*), terminated, rescinded or varied(*) without the prior written consent of the Joint Lead Managers (consent not to be unreasonably withheld or delayed);

l) prior to the settlement date for the Placement. the ESAs have been breached(*), terminated, rescinded or varied(*) without the prior written consent of the Joint Lead Managers (consent not to be unreasonably withheld or delayed);

m) the Company or a Group member becomes insolvent;

n) a director of the Chief Financial Officer of the Company is charged with an indictable offence or (*) a regulatory body commences or intends to commence action against a director of the Company;

o) a director of the Company is disqualified from managing a corporation under the Corporations Act;

p) there is an event or occurrence, including an official directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency, which makes it illegal for a Joint Lead Manager to satisfy an obligation under the Placement Agreement, or to market, promote or settle the Placement or Conditional Placement;

q) the Company or any of its related bodies corporate engage in any fraudulent conduct or activity, or any director or the CFO of the Issuer is charged in relation to any fraudulent conduct or activity;

r) the Company alters its capital structure (other than as contemplated in the Placement Agreement or the ASX materials) without the prior consent of the Joint Lead Managers;

s) (*) the Company fails to perform or observe any of its obligations under the Placement Agreement;

t) (*) any representation or warranty made or given by the Company in the Placement Agreement is or becomes misleading or deceptive, or is not true or correct as at the relevant time;

u) (*) a certificate which is required to be furnished by the Company is untrue, incorrect or misleading or deceptive when given (including by omission);

Summary of key terms of Placement Agreement (cont'd)

Termination (cont'd)

v) (*) any response in the due diligence questionnaire or any other information supplied by or on behalf of the Company to the Joint Lead Managers is or becomes false, misleading or deceptive, or is or becomes likely to mislead or deceive (including by omission);

w) (*) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in the materials released to the ASX in connection with the Placement or Conditional Placement or the Company's financial results for the most recent reporting date or any other subsequent disclosure made to the ASX prior to the date of the Placement Agreement;

x) (*) there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of Placement Agreement), any of which does or is likely to prohibit or regulate the Placement or Conditional Placement;

y) either (i) (*) the Company fails to comply with the Corporations Act or any other applicable laws, the ASX Listing Rules, its constituent documents, any legally binding requirement of ASIC, the ASX or other governmental agencies; or (ii) the Company is prevented from allotting and issuing Shares under the Placement or Conditional Placement by the ASX Listing Rules, applicable laws, a court order or other governmental agencies;

z) a change in the senior management or the board of directors of the Company occurs or is announced;

aa) (*) hostilities not presently existing at the date of the Placement Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United Kingdom, the United States, any member of the European Union, the People's Republic of China or Hong Kong the or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world. In respect of the ongoing conflicts in Israel, Gaza, Russia or Ukraine chemical, nuclear or biological weapons of any sort are used in connection with the conflict or the military of any member state of the North Atlantic Treaty Organisation becomes directly involved in the conflict;

bb) (*) any of the following occurs:

   i. a general moratorium on commercial banking activities in Australia, New Zealand, Spain, Canada, Hong Kong, the United Kingdom or the United States is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;

   ii. trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Exchange, Shanghai Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day on which that exchange is open for trading; or

   iii. there is any adverse change to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, Canada, the People's Republic China, Hong Kong, the United Kingdom, the European Union, the United States or the international financial markets.

The ability of a Joint Lead Manager to terminate the Placement Agreement in respect of the above termination events denoted with an asterisk (*) will depend on whether the Joint Lead Manager has reasonable grounds to believe and does believe that the relevant event has had, or is likely to have, (i) a material adverse effect on the success, marketing or settlement of the Placement or (ii) the willingness of investors to subscribe for or settle Placement Shares, or (iii) the event will, or is likely to give rise to, or result in the Joint Lead Manager contravening, or being considered to be involved in a contravention of, any applicable law.

Representations, warranties and undertakings

The Company gives customary representations and warranties in connection with (among other things) the Placement and Conditional Placement.

Indemnity and release

Subject to certain exceptions, the Company has agreed to indemnify the Joint Lead Managers and certain related persons (each an Indemnified Party) from and against all losses suffered or incurred (whether directly or indirectly and whether foreseeable or known to the Indemnified Persons as at the date of the Placement Agreement) by an Indemnified Party in connection with the Placement, Conditional Placement or the Placement Agreement. The Company also releases each Indemnified Party against claims made by the Company in relation to the Placement, Conditional Placement or the Placement Agreement except to the extent of certain agreed carve outs related to an Indemnified Party's culpability for the loss.

Fees

The Joint Lead Managers will be paid settlement support and management fees disclosed in the Appendix 3B lodged by the Company today. The Company must also reimburse the Joint Lead Managers for certain expenses (including legal expenses) incurred in connection with their role as Joint Lead Managers. Co-lead managers to the Offer will also be paid the fees disclosed in the Appendix 3B lodged by the Company today for their role in the Placement.

The Company will also reimburse the EMR Subscriber an amount up to US$300,000 ("Reimbursement Amount") for the reasonable costs incurred in connection with the Offer and the Transaction. The Reimbursement Amount is payable upon completion of the Transaction or within 10 days of termination of the Implementation Agreement.

Appendix
Key Risks

Key Risks

This section describes the key business risks of investing in Highfield, together with the risks relating to participation in the Offer each of which may affect the value and performance of the New Shares. It does not describe all of the risks of an investment in Highfield. Before investing in Highfield, you should be aware that an investment in Highfield has a number of risks, some of which are specific to Highfield and some of which relate to listed securities generally, and many of which are beyond the control of Highfield. Accordingly, no assurance can be made that Highfield's particular interests or projects will be successful. Investors should consult their own professional, financial, legal and tax advisers about those risks and the suitability of investing in the light of their particular circumstances. Investors should also consider publicly available information on Highfield (including information available on the ASX website) before making an investment decision.

RISKS RELATING TO THE HIGHFIELD BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

Transaction risk

While Highfield has entered into the Implementation Agreement and Equity Subscription Agreements with certain Strategic Investors, binding agreements in relation to the whole of the Cornerstone Placement have not yet been entered into. Under the Equity Subscription Agreements which have been entered into, the relevant Strategic Investors have committed to subscribe for New Shares valued at up to US$170 million. It is a condition precedent to completion of the Transaction that the Cornerstone Placement raise at least US$220 million. Highfield has entered into non-binding term sheets with other Strategic Investors in connection with potential subscriptions by them for New Shares valued at up to US$50 million (Term Sheets). However, the Term Sheets are non-binding (including as they relate to the commitment to subscribe for New Shares in the Cornerstone Placement). Entry into the binding Equity Subscription Agreements by the Strategic Investors party to the Term Sheets remains subject to a range of conditions, and negotiation between the parties. In particular, material matters such as the amount to be subscribed for, and the key terms of participation, by the relevant Strategic Investors in the Cornerstone Placement are subject to change as a result of such negotiations. Accordingly, there is no certainty that the engagement between Highfield and the relevant Strategic Investors in relation to the Cornerstone Placement will result in commitments to subscribe for the requisite amount of New Shares, which, in turn, means that there is no certainty that completion of the Transaction can occur.

Even if binding Equity Subscription Agreements for the balance of the Cornerstone Placement are entered into, the successful implementation of the Transaction will depend on a range of factors, including Highfield shareholder approval, [Yankuang shareholder approval], regulatory and other third party approvals, waivers and consents (including under Highfield's project financing facility and other material contracts), certain conditions relating to operational matters in connection with Highfield and other customary conditions precedent. If the conditions are not satisfied or waived or take longer than anticipated to satisfy, completion of the Transaction may be deferred or delayed, or may not occur on the current terms or at all. There can be no guarantee that the parties will obtain necessary approvals, waivers and / or consents required to complete the Transaction within any particular timeframe, or at all. Current or future political, global and geopolitical conditions or postures (including attitudes towards investments by or transaction involving Chinese state-owned entities) in the relevant countries may impact the ability to obtain the necessary regulatory approvals. In addition, even if the necessary approvals are obtained, they could be subject to conditions which have a material adverse effect on the Combined Group. Accordingly, the Transaction remains subject to counterparty and completion risk

To the extent that binding Equity Subscription Agreements for the balance of the Cornerstone Placement are not entered into or the Transaction is not completed, Highfield will need to consider alternatives for funding its activities, which may result in Highfield incurring additional costs and may have a material adverse effect on Highfield's financial performance, financial position and the value of its securities.

The Transaction, if completed, will change Highfield's business, operational profile, capital structure and size, and may require a significant integration processes. The success of the Transaction and, in particular, the ability to realise the expected synergy benefits of the Transaction outlined in this Presentation, will be dependent on the ability of Highfield to successfully progress the development of the Muga project and the ability to ultimately effectively integrate Southey into the Highfield business. A failure to integrate Southey in the time and manner contemplated by Highfield, or a failure to achieve the targeted synergies of integration may impact on the financial performance, operation and position of Highfield.

If the Transaction is completed, the board of Highfield will become majority controlled by directors appointed by Yankuang. There can be no guarantee that the new board will not over time lead to shifts in Highfield’s strategic direction, operational priorities and corporate governance practices. Furthermore, if the Transaction is completed, Highfield will be considered a “foreign government investor” for the Foreign Investment Review Board. This means that Highfield would face greater scrutiny and regulatory requirements under the Foreign Acquisitions and Takeovers Act 1975 (Cth) if acquiring new projects in Australia.

Vend-in risk

Highfield has undertaken a due diligence process in respect of the Southey project, which relied in part on legal, financial, taxation, synergies and operational due diligence on information provided by or on behalf of Yankuang. Despite making reasonable efforts, Highfield has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it. If any such information provided to, and relied upon by, Highfield in its due diligence, and in its preparation of this presentation and other materials given to ASX, proves to be incorrect, incomplete or misleading, or if any of those due diligence enquiries failed to identify potential issues, there is a risk that the actual value of the Southey project may be materially different to Highfield’s understanding, or the realisable synergies from the Vend-in will be less than anticipated including those reflected in this presentation.

There is also a risk that the due diligence conducted has not identified issues that would have been material to the decision to enter into the Vend-in. A material adverse issue that was not identified prior to entry into the Vend-in (or an issue that later proves to be more material than first anticipated) could have an adverse impact on the reputation, financial performance or operations of Highfield (for example, Highfield may later discover Southey liabilities or issues which were not identified through due diligence, or are more serious than initially identified through due diligence, and for which there is no contractual protection). Due diligence cannot uncover all potential issues or historical non-compliance in relation to Southey, and reliance has, by necessity, been placed by those undertaking due diligence on the accuracy of information and confirmations provided by Yankuang and its representatives.

Key Risks (cont'd)

Liquidity, borrowing covenants and funding

The proceeds of the Offer may not be sufficient for expenditure that might be required for Highfield to remain a going concern until completion of the Transaction. Highfield may need to raise additional debt or equity funds in the future as a result of this. There can be no assurance that Highfield will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to Highfield and this may have a material adverse effect on Highfield. Any additional equity financing may be dilutive to Highfield shareholders, and debt financing, if available, may involve restrictions on financing and operating activities.

Highfield has entered into a project financing debt facility agreement with a syndicate of lenders pursuant to which those lenders have agreed to provide project financing for the development of Muga. Under such facility agreements, Highfield is required to fund commitment fees owing to the lenders. A failure to pay such commitment fees to the lenders may result in the lenders withdrawing the funding which they have agreed to provide which may in turn effect Highfield's ability to continue to develop the Muga project.

Highfield requires the consent of the lenders under the project financing debt facility agreement to proceed with the Transaction. Failure to obtain such consent could give each lender the right to cancel their commitments to provide funding under the facility. There is a risk that the lenders may not provide their consent (including because of the involvement of entities related to Yankuang in carbon intensive extractive industries). Furthermore, on drawdown under the facility agreement, Highfield will be required to comply with certain borrowing covenants. If Highfield was to breach any of these covenants, its debt could be declared repayable, or one or more lenders could cancel their commitments to provide funding, and there is no guarantee that Highfield would have sufficient cash flow to meet these repayment obligations. If this occurs, Highfield may be required to renegotiate with the lenders and / or other finance providers and to complete further debt or equity raisings to satisfy these obligations. There is no assurance that Highfield will be successful in any potential future recapitalisation and / or refinancing should this be required.

Highfield's existing debt facilities and internally-generated funds may not be sufficient for expenditure that might be required for the development of Muga (should costs be greater than expected). Highfield may need to raise additional debt or equity funds in the future as a result of this, and, if the Transaction completes and Highfield proceeds with the development of Southey, it will need to raise further funds (whether debt or equity or both) in the future in order to fund the development of Southey. There can be no assurance that Highfield will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to Highfield and this may have a material adverse effect on Highfield. Any additional equity financing may be dilutive to Highfield shareholders, and debt financing (including lease financing of equipment), if available, may involve restrictions on financing and operating activities.

Securing funding for projects or other forms of financing for operations may depend on a number of factors, including commodity prices, interest rates, economic conditions, debt market conditions, share market conditions and country risk issues. Inability to obtain financing or refinancing or other factors could cause delays in developing properties or increase financing costs and, thus, adversely affect the financial condition and performance of Highfield.

Highfield's ability to service its debt will depend on its future performance and cash flows, which will be affected by many factors, some of which are beyond Highfield's control. Any inability of Highfield to service its existing debt would have a material adverse effect on Highfield.

Dilution risk and control implications

Shareholders who do not subscribe for New Shares under the Offer, will have their percentage shareholding in Highfield diluted. Furthermore, if the Transaction completes, Highfield will issue New Shares to Yankuang (in relation to the Vend-in) and the strategic investors in relation to the Cornerstone Placement, which will have the effect of significantly diluting existing shareholders by up to approximately [x]%. In addition, there is a risk that a significant sale of shares by Yankuang or the strategic investors after implementation of the Transaction, or the perception that such a sale might occur, could adversely impact the price of Highfield shares.

Project and construction costs

During development of both the Muga project and, if the Transaction completes and Highfield proceeds with its development, Southey, a number of adverse events could occur that would require additional funding to ensure that Highfield is able to continue to develop these projects, to comply with lender covenants and to avoid delays and cost overruns. Construction costs could exceed those contemplated in the latest feasibility studies or other assessments for Muga and Southey. For example, there is a risk that actual capital and operating costs may be higher than the estimates outlined in this presentation due to market and inflationary pressures on construction inputs such as fuel, labour, transport, and equipment, freight, industrial disputes or suspension of operations. Any increase in costs may materially adversely affect the operations and performance of Highfield.

Although development of both the Muga and Southey projects will be based on established technology, their performance will depend on a number of factors, including successful detailed engineering, quality construction that meets deadlines and avoids cost overruns, swift plant commissioning and processing of ore that delivers the expected grade.

Key Risks (cont'd)

Regulatory risks

Highfield's development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, heritage matters, protection of endangered and protected species and other matters. Resource extraction activities require permits from regulatory authorities to authorise its operations. These permits relate to development, production and rehabilitation activities.

Muga is currently close to fully permitted, and, while Southey has certain approvals, further permits will need to be obtained. Obtaining necessary permits can be a time consuming process and there is a risk that permits in relation to Southey will not be obtained on acceptable terms, in a timely manner or at all. This is also a risk that the permits relating to Muga or the current approvals for Southey may be withdraw or not renewed. For example, an environmental approval , and a farm land security board exemption, in relation to Southey will require renewal in 2026. The costs and delays associated with obtaining or maintaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict Highfield from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of Highfield's activities or forfeiture of one or more of the tenements.

Site incidents

Mining and exploration activities have inherent hazards and risks. Highfield is committed to providing a safe and healthy workplace for its personnel contractors and visitors. A serious safety incident onsite during construction at either Muga or, if the Transaction completes and Highfield proceeds with its development, Southey could result in significant penalties and delays and Highfield may be liable for compensation. These liabilities may not be covered by Highfield's insurance policies, or, if they are covered, may exceed Highfield's policy limits or be subject to significant deductibles. Also, any claim under Highfield's insurance policies could increase Highfield's future costs of insurance. Accordingly, any liabilities for onsite safety incidents could have a material adverse impact on Highfield. Hazards and incidents require early identification, root cause analysis and a response strategy.

Marketing & logistics and offtake

There is no certainty that Highfield will be able to obtain and maintain acceptable binding offtake agreements in respect of any of its projects. Offtake agreements may be entered into at a lower price than used in estimates used in this presentation, and are subject to counterparty and performance risk. While Highfield expects to achieve offtake agreements with standard market reference prices, competitive pressure in the market may result in poorer agreements for Highfield. Aggressive pricing policies applied by existing potash producers and final customers' expectations around discounts might also contribute to a lower potash price achieved, each of which may have a material adverse effect on Highfield's performance and prospects.

Reliance on key personnel

Highfield is reliant on a number of key personnel to develop the Muga project. The loss of one or more of its key personnel could have an adverse impact on the development of the Muga project and the financial performance and prospects of Highfield. Shortage of sufficient qualified personnel in the locations which Muga and Southey are located may also have an adverse impact on Highfield's ability to develop Muga and, if the Transaction completes and Highfield proceeds with its development, Southey in line with anticipated timeframes.

Contractual risk

In order for Highfield to be able to achieve its objectives, Highfield relies on third parties to comply with their contractual obligations. There is a risk that third parties fail to meet their contractual obligations which may impact the performance of Highfield. If any party defaults in the performance of its obligations, it may be necessary for Highfield to approach a court to seek a legal remedy, which can be costly.

Environmental

The operations and proposed activities of Highfield are subject to environmental regulation under the laws of Spain and, assuming successful completion of the Southey Vend-In, Canada. As with most mining operations, Highfield's activities are expected to have an impact on the environment, particularly when engaging in mine development. It is Highfield's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral extraction and production. The occurrence of any such safety or environmental incidents at Muga or, if the Transaction completes and Highfield proceeds with its development, Southey could delay production or increase anticipated production costs. Events, such as unpredictable rainfall, bushfires or other natural disasters, may impact on Highfield's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on Highfield for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or noncompliance with environmental laws or regulations. In addition, the disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making Highfield's operations more expensive. Furthermore, approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals could result in a delay to anticipated mining activities.

Key Risks (cont'd)

Failure to satisfy licence or lease conditions

Highfield's mining operations are predominantly governed by the laws and regulations of Spain and, assuming the successful completion of the Southey Vend-in, Canada, including the granting of licences or leases. Each licence or lease is for a specific term and carries with it various compliance conditions, including annual expenditure and reporting commitments. Significant breach of these conditions, or other environmental obligations, tenure, access or heritage approvals or conditions, could result in significant penalties, suspension of operating activities and/or loss of the relevant licences or leases required to conduct operating activities, each of which could have a material adverse effect on Highfield's business and its prospects.

Commercial risk of mineral exploration and extraction

The Muga project is at the development stage. The prospects of Highfield should be should be considered in light of the risks, expenses and difficulties frequently encountered by companies at this stage of development.

The business of mineral exploration, project development, project commissioning and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors and there can be no assurance that the Muga project will be brought into commercial production.

Mine development

There is a risk that circumstances (including unforeseen circumstances) may cause a delay to, or increased costs associated with project development for Muga or if the Transaction completes and Highfield proceeds with its development, Southey, which may result in the receipt of revenue at a later date than expected or not at all. The construction or expansion of Muga or if the Transaction completes and Highfield proceeds with its development, Southey by Highfield may exceed the currently envisaged timeframe or cost for a variety of reasons outside of the control of Highfield. These may include delays in the construction of mine infrastructure or, in the case of Southey, delays in obtaining land use approvals. The contractual terms for the procurement and delivery of various components necessary for planned developments including any related infrastructure requirements are yet to be established. There are many milestones which need to be met in a timely fashion for production to commence at the Muga and Southey projects, both of which are currently in the pre-development stage as per the Highfield's mine plan and there is a risk that circumstances (including unforeseen circumstances) may cause delay, resulting in the receipt of revenue at a later date than expected or not at all.

Operations

Highfield's operations may be affected by various factors, including failure to achieve predicted grades in mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of skilled and unskilled labour, consumables, spare parts, plant and equipment. No assurances can be given that any of Highfield's potash projects will achieve commercial viability. Until Highfield is able to realise value from its projects, it is likely to incur ongoing operating losses.

Future revenue may be based on exports of potash to foreign jurisdictions. A loss of, or disruption to, any distribution channels, any adverse changes to trade tariffs, political instability, shifts in market demand or adoption of new technologies, and/or other matters which impact the ability of Highfield to export could materially impact its business and operations. There is no guarantee that Spanish, and assuming successful completion of the Southey Vend-In, Canadian, government legislation and regulations will not change in the future and prohibit export of potash generally, or to specific jurisdictions. Furthermore, there is no guarantee that foreign government legislation and regulations will not change in the future and prohibit the import of potash from Spain or Canada. Any adverse legislative or regulatory change of this type would have a significant adverse effect on Highfield's financial position, financial performance and prospects.

Tenure and access

Mining tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for tenements will be approved. Tenements are also subject to the applicable mining acts and regulations in Spain and, assuming successful completion of the Southey Vend-In, Canada. The renewal of the term of a granted tenement may also be subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising Highfield's potash projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Highfield.

Although Highfield acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities at Muga and, assuming successful completion of the Southey Vend-In, Southey, Highfield will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights (or, where it has negotiated such rights, that it will be able to renew them if they expire), and therefore it may be unable to carry out planned mining activities.

Key Risks (cont'd)

Geology and estimation of resources and reserves

The volume and quality of the potash that Highfield recovers may be less than the estimates included in this presentation. Resource and reserve estimates (including those contained in this presentation) are stated to the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. There are risks associated with such estimates, including that potash mined may be of a different quality, tonnage or strip ratio from those in the estimates. Resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations and geological assumptions, potash prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. Consequently, reserve and resource estimates are often regularly revised based on actual production experience or new information and could therefore be expected to change. Furthermore, should Highfield encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, reserve and resource estimates may have to be adjusted and mining plans, potash processing and infrastructure may have to be altered in a way that might adversely affect the Highfield's operations. Moreover, a decline in the price of potash, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations, that are adverse to Highfield, may mean the volumes of potash that Highfield can feasibly extract may be significantly lower than the reserve and resource estimates indicated in this Presentation. If Highfield's actual resources and reserves are less than current estimates, Highfield's prospects, value, business, results of operations and financial condition may be materially adversely affected.

Competition

Highfield operates in an industry which attracts strong competition. Its competitors may have greater financial and other resources than Highfield and, as a result, may be in a better position to compete for future business opportunities. Accordingly, there is no certainty that Highfield's expected market share will be achieved in the near future or if at all.

Insurance risks

Highfield intends to continue to insure its operations in accordance with industry practice. However, in certain circumstances, Highfield's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Highfield. Insurance against all risks associated with mining and production is not always available and where available the costs can be prohibitive. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by Highfield.

Single sector risk

As Highfield will be entirely exposed to the resources industry, and in particular the potash sector, its business performance may be affected should this sector perform poorly.

Climate change risk

Climate change is a risk Highfield has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to Highfield include:

the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. Highfield may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact Highfield and its profitability. While Highfield will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Highfield will not be impacted by these occurrences; and

climate change may cause certain physical and environmental risks that cannot be predicted by Highfield, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Highfield operates.

Litigation

Highfield is exposed to current and possible future litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, Highfield may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Highfield's operations, financial performance and financial position.

Key Risks (cont'd)

Information technology risks

There is a risk that Highfield's core systems and technologies could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks, power or telecommunications providers' failures, fire, natural disasters, terrorist acts, war or human error. Cyber-attacks may include computer hacking, data theft, system disruption or security breaches, and viruses and malware. These situations might include, among others, a breach of sensitive commercial information, loss of Highfield's assets or negative publicity.

Acquisition and disposal of projects

Highfield may acquire new projects or divest existing projects in the future. Highfield may also assess and pursue other new business opportunities which complement its business (which may take the form of joint ventures, farm-ins, acquisitions and other forms of opportunities).

There can be no guarantee that any transactions will eventuate from these pursuits, or that any transactions will result in a return for shareholders. Such acquisitions may result in use of the Highfield's cash resources and issuances of equity securities, which might involve a dilution to shareholders. The transactions may also result in Highfield being subject to additional or heightened risks.

GENERAL

Commodity price volatility and exchange rate risks

If Highfield achieves success leading to potash production at Muga or, if the Transaction completes and Highfield proceeds with its development, Southey, the revenue it will derive through the sale of commodities exposes the potential income of Highfield to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Highfield. Such factors include supply and demand fluctuations for potash, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Highfield may be taken into account in other currencies, exposing Highfield to the fluctuations and volatility of the rate of exchange between the United States dollar and such other currencies in which Highfield trades as determined in international markets.

Government policy changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations and mining activities of Highfield. It is possible that the current system of mine permitting in Spain and Canada may change, resulting in impairment of rights and possibly development of Highfield's Muga project, if the Transaction completes and Highfield proceeds with its development, Southey, without adequate compensation.

Risks associated with an investment in New Shares

There are general risks associated with investments in equity capital such as New Shares. The trading price of Highfield's shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer price. Generally applicable factors that may affect the market price of shares include: general movements in Australian and international stock markets; investor sentiment; Australian and international economic conditions and outlooks; changes in interest rates and the rate of inflation; changes in government legislation and policies, in particular taxation laws and climate-related laws and regulations; announcement of new technologies; pandemics; epidemics; geo-political instability, including international hostilities and acts of terrorism; demand for and supply of Highfield's shares; announcements and results of competitors; and analyst reports.

No assurance can be given that the New Shares will trade at or above the Offer price or that there will be an active market in Highfield shares. None of Highfield, its directors nor any other person guarantees the performance of the New Shares.

The operational and financial performance and position of Highfield and Highfield's share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

Key Risks (cont'd)

There may be changes in accounting standards

Accounting standards may change. This may affect the reported earnings of Highfield and its financial position from time to time. Highfield will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting.

Adverse changes to tax laws may occur

Future changes in taxation laws in jurisdictions in which Highfield operates, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Highfield shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Highfield operates, may impact the future tax liabilities of Highfield.

An investment in shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in Highfield.

Force majeure

Highfield's projects now or in the future may be adversely affected by risks outside the control of Highfield, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, pandemics or epidemics or quarantine restrictions.

Infectious diseases

Highfield's share price may be adversely affected by the economic uncertainty caused by COVID-19 or other infectious diseases. Measures to limit the transmission of the virus or other infectious diseases implemented by governments around the world (such as travel bans and quarantining) may adversely impact Highfield's operations. It could interrupt Highfield carrying out its contractual obligations, cause disruptions to supply chains or interrupt the Highfield's ability to access capital.

Appendix

International Selling Restrictions

International Selling Restrictions

China

Neither this document nor any other document relating to the New Shares may be distributed to the public in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). This document has not been approved by, nor registered with, any competent regulatory authority of the PRC. Accordingly, the New Shares may not be offered or sold, nor may any invitation, advertisement or solicitation for New Shares be made from, within the PRC unless permitted under the laws of the PRC.

The New Shares may not be offered or sold to legal or natural persons in the PRC other than to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

European Union (excluding Austria)

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in respect of the SPP, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Selling Restrictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (**relevant persons**). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.