

# Corporate Presentation

Highfield Resources  
July 2018



#### COMPETENT PERSON STATEMENT

This presentation was prepared by Mr. Peter Albert, Managing Director of Highfield Resources. The information in this presentation that relates to Ore Reserves, Mineral Resources, Exploration Results and Exploration Targets is based on information prepared by Mr José Antonio Zuazo Osinaga, Technical Director of CRN, S.A.; and Mr Manuel Jesús Gonzalez Roldan, Geologist of CRN, S.A.

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

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

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

#### FORWARD LOOKING STATEMENTS

This presentation includes certain 'forward looking statements'. All statements, other than statements of historical fact, are forward looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements.

Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The company does not assume any obligation to update any forward looking statement.

# Highfield Resources Limited

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# 1. Corporate Summary

## Equity

Ordinary Shares on Issue	329.5m
Options	53.2m
<b>Fully Diluted</b>	<b>382.7m</b>
Undiluted Market Cap at A\$0.75 (30/06/2018)	A\$247.1m
Cash as at 30 June 2018	A\$60.3m
<b>Enterprise Value</b>	<b>A\$186.8m / EUR€118.7m</b>
Average Daily Volume (6 months)	~50,000

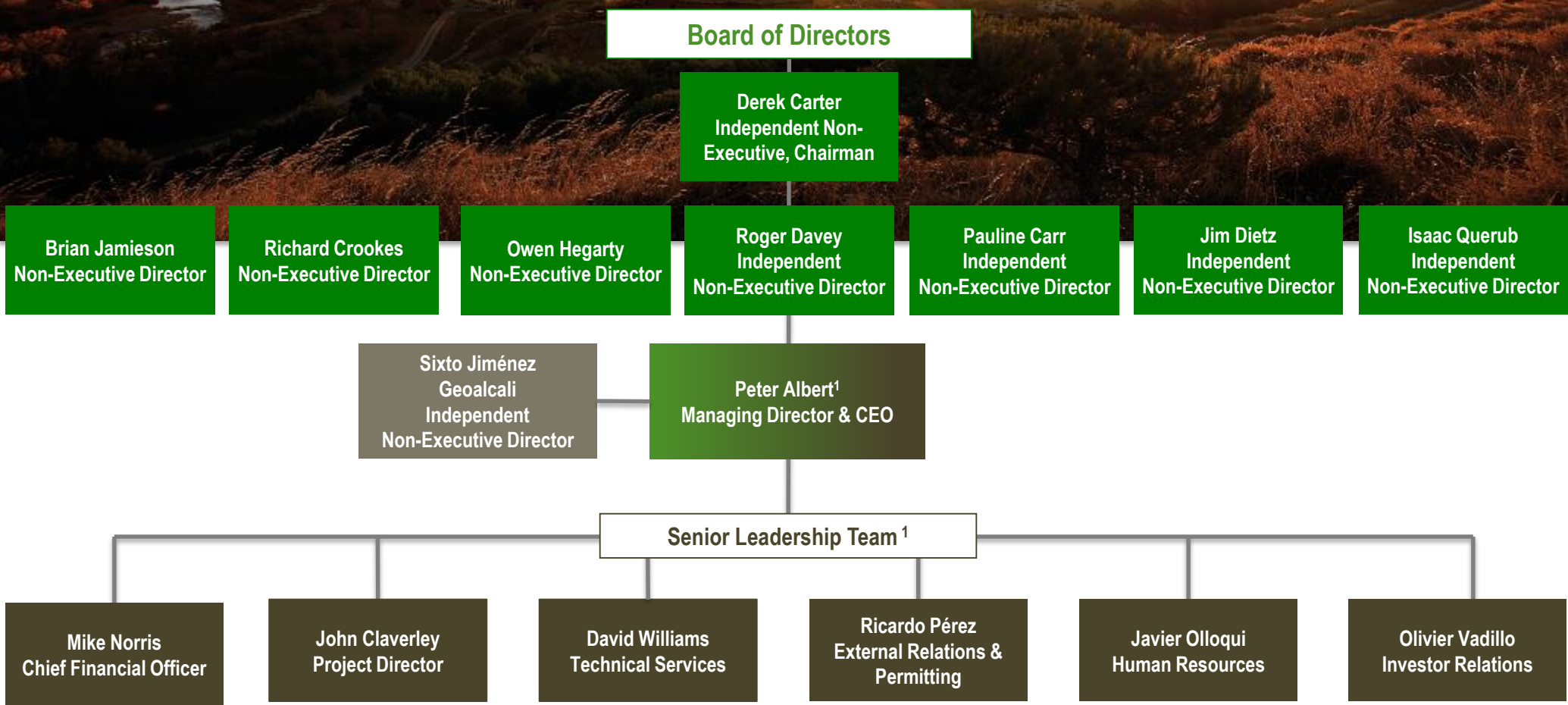
## Shareholders (Fully Diluted)

Spanish in-country management	4%
Board	4%
EMR Capital	28%
Other Shareholders	64%
<b>Total</b>	<b>100%</b>



# 2. Board and Senior Management

Board and Senior Management experienced in construction and operations



<sup>1</sup> All executive team based in Pamplona near the Muga Project site

# 3. Vision and Core Values

**“To build a successful, sustainable, potash business with respect for stakeholders and the environment”**

## Commitment

*We are committed to best practices in health and safety, the environment, and the communities in which we operate.*

## Respect

*To act and communicate collaboratively with transparency, sincerity and an understanding of cultural diversity.*

## Excellence

*We are committed to best practices in health and safety, the environment, and the communities in which we operate.*

## Attitude

*To uphold the highest standards in regards to ethical performance, honesty, integrity, fairness and equality with all stakeholders.*



Compromiso Respeto Excelencia Actitud

**CREA**

Commitment Respect Excellence Attitude

# 4. The Muga Mine Overview

## Key advantages of Highfield's flagship potash project



01

Easy access to first-world infrastructure, power, roads, ports, etc.

02

Qualified and available local labour market

03

Site situated on marginal farmland allowing for minimal environmental impact

04

No required resettlement

05

Shallow mineralisation with no aquifers

06

Conventional underground mining and processing

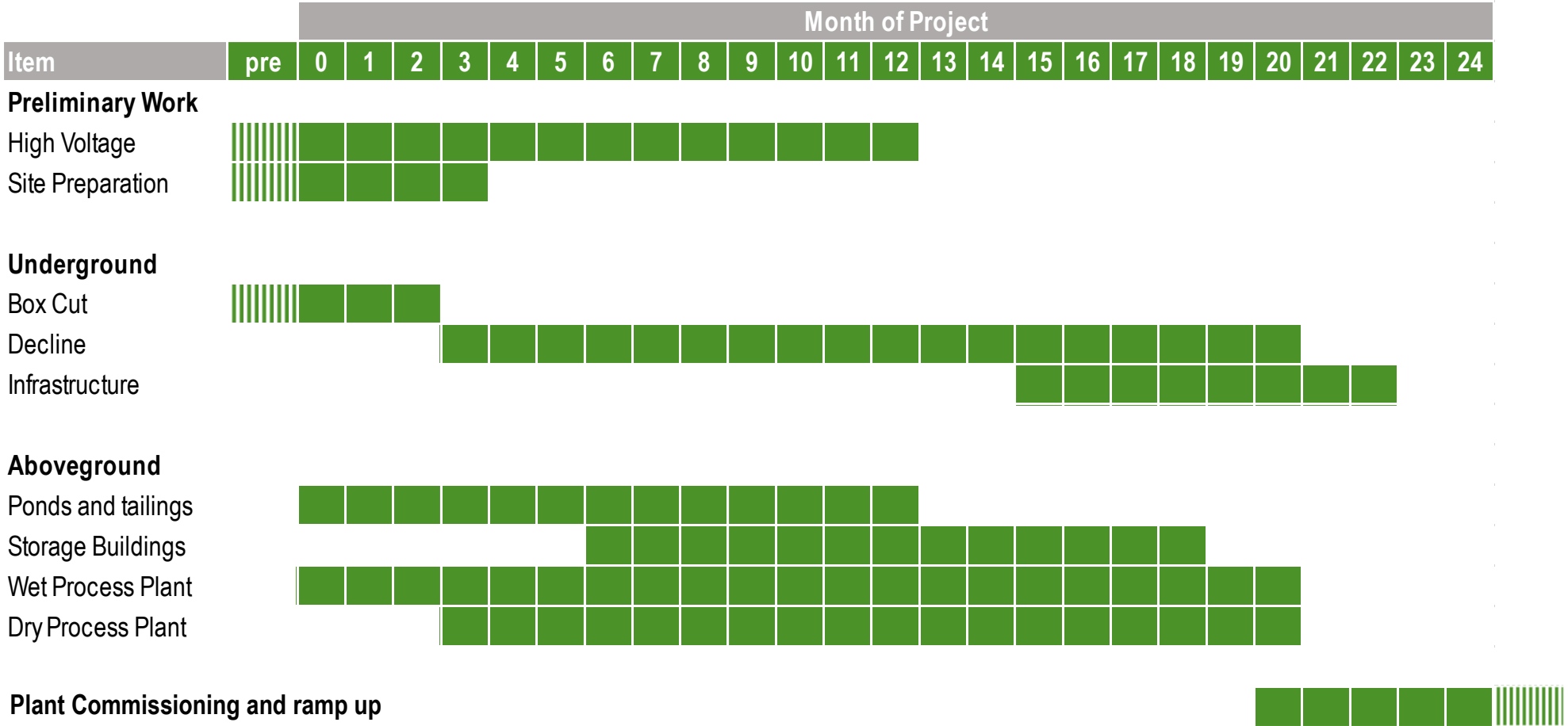
07

A relatively short development timeline

08

Strategic location for potash market, which will make Muga a high margin potash producer

# 5. Construction timeline and key milestones



Note: Ramp up to full production Will be achieved in the months following ore body access and plant commissioning



# 6. Location and Flexibility of Muga

Low delivered cost and production flexibility make Muga a high margin potash mine

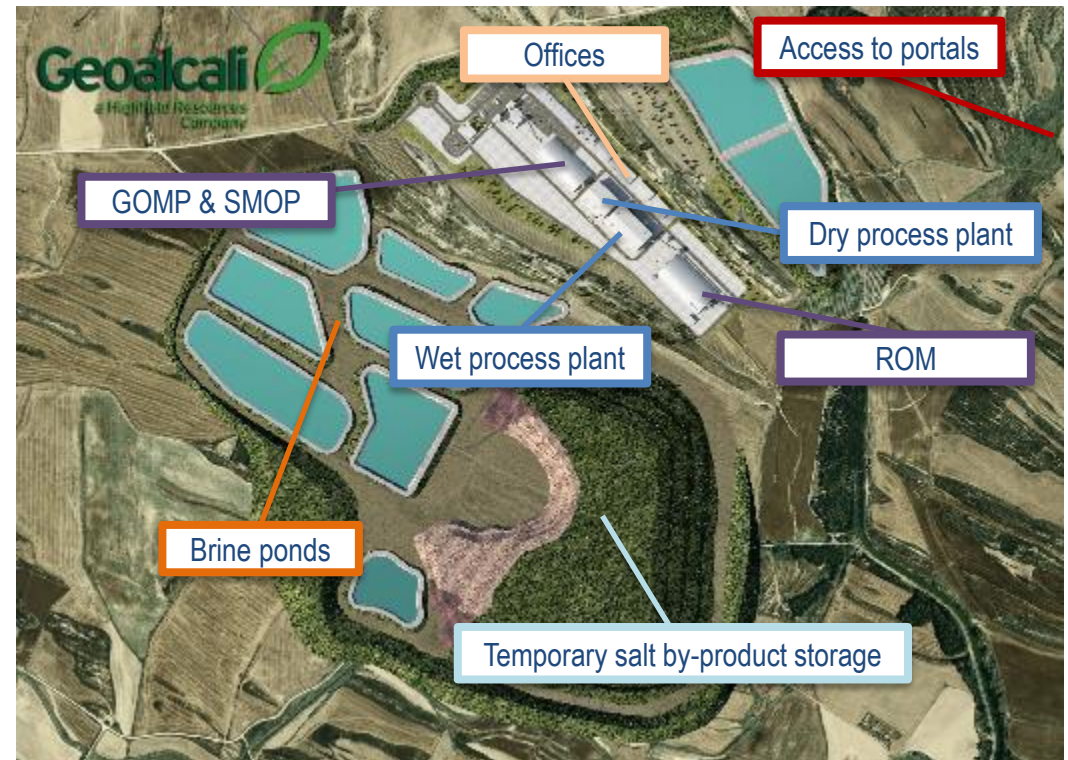
- **Location flexibility:** Proximity to ports and world class road infrastructure
  - Proximity to local and domestic customers
  - Proximity to export port (< 150km)
- **Product flexibility:** GMOP & SMOP products
- **Low delivered Costs:**
  - Low sustaining capital cost
  - Low ongoing SG&A cost due to location



# 7. Strategic Location Advantage

## Minimal local impact

- Marginal farm land with natural terrain features, allowing low impact development
- Compact site development
- Close to world class local infrastructure – roads, ports and power



# 8. Muga's Competitive Position



## Simple Mining

Decline access to shallow mineralisation  
Underground Room and Pillar mining  
No aquifers  
Local labour pool

## Proximity to Local Markets

Located in a potash consuming region  
Good access to the large Brazilian, North African and US markets

## First Class Infrastructure

Direct connection to national electricity grid  
Close to port and access to road systems

## Conventional Processing

Sylvinite ore  
Flotation and small crystalliser

# 9. Progress to Date

## Recent Muga Milestones



01

02

03

04

05

Drilling an incline geotechnical drill hole directly in line with the proposed mine access declines and geotechnical drilling on the surface infrastructure facilities area both completed

Hydrogeological drilling completed and commenced detailed water pumping tests to confirm mine water inflow rates and estimate borehole capacity for water make-up requirements

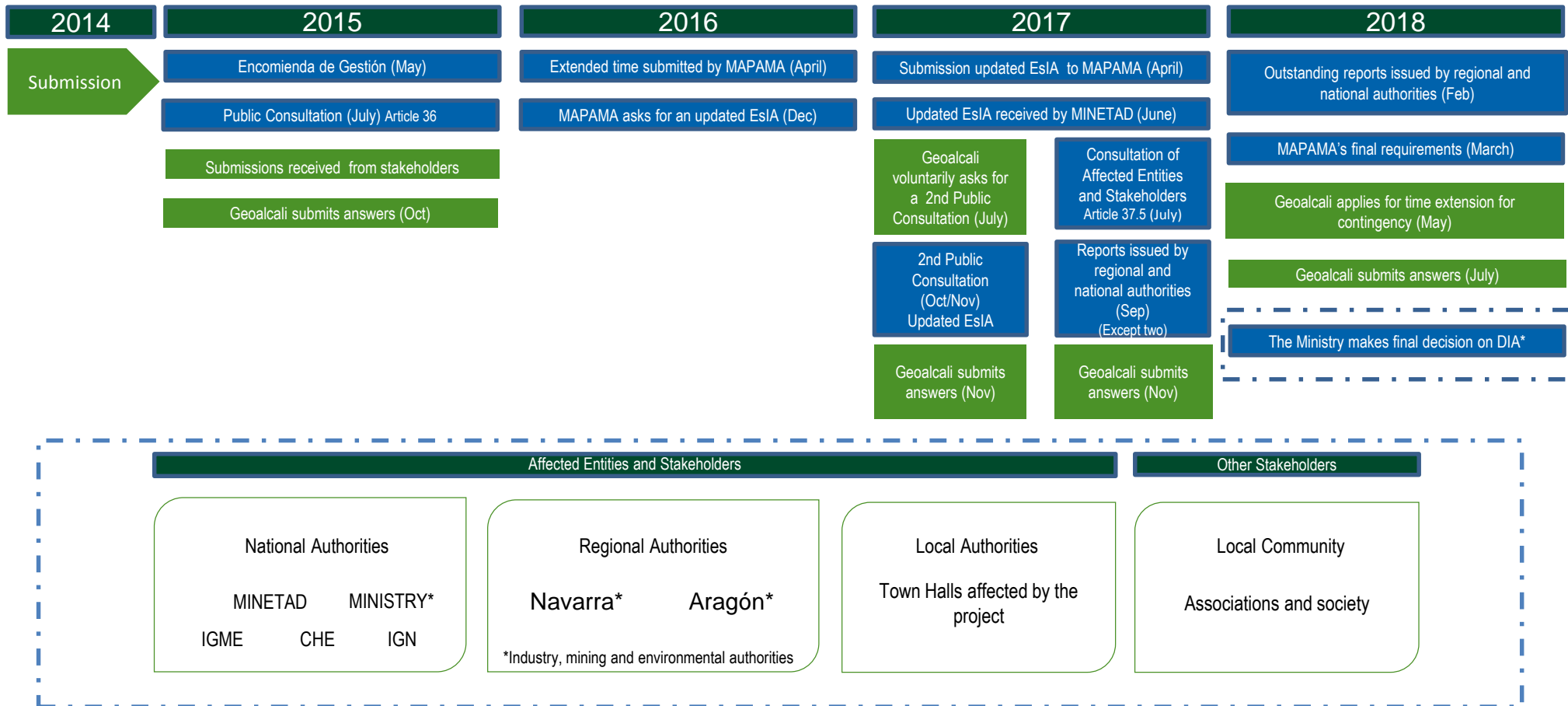
Continued mine design optimisation including work by SRK on revised mine layout  
Basic revised plant design largely completed by Hatch

Preliminary third party project report by Micon International Company Limited confirmed project execution plan

Revised capital cost estimate expected to be completed in Q3 2018

# 10. Permitting Process Overview

## Permitting process is continuing to follow standard procedure

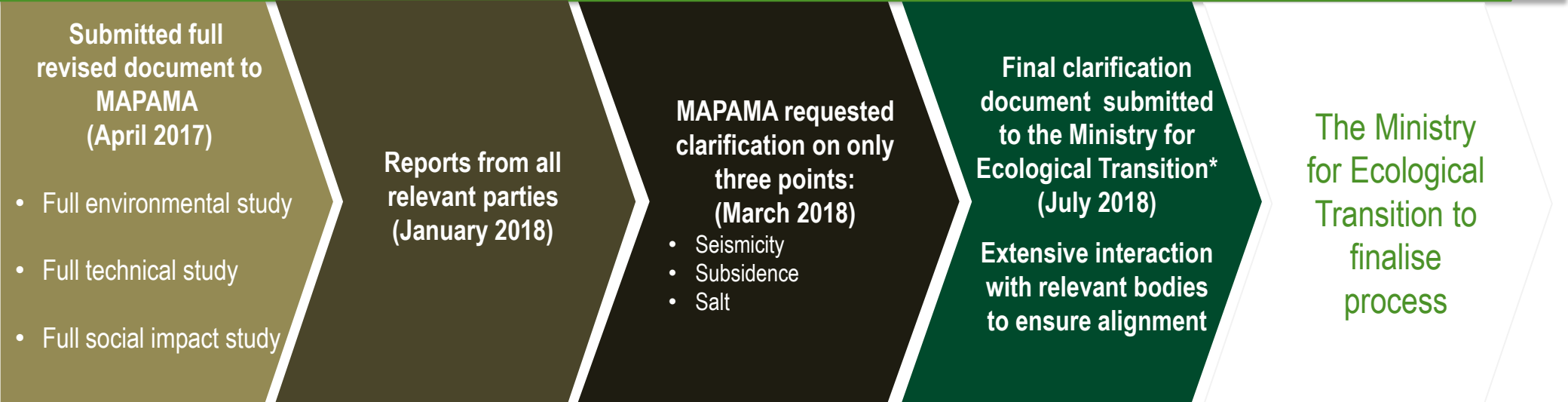


\*Note: The Ministry refers to The Ministry for Ecological Transition (El Ministerio para la Transición Ecológica) which is the ministry formerly known as the Ministry of Agriculture, Fishing, Food and Environment (MAPAMA). The DIA is the Declaración de Impacto Ambiental

# 10. Permitting Process – Current Steps



## Environmental permitting process moving towards conclusion



# 10. Permitting Process – Next Steps

Environmental permitting process moving towards conclusion

## Mining Concession

- Following a positive DIA the Department of Mines can consider the award of the Mining Concession
- Timeline: estimated 3-6 months after DIA award

## Construction Permits

- Town Halls
- Water Authority
- Power connection and lines
- Roads
- Building permits
- Timeline: estimated 6-12 months after DIA award

**The Company continues to remain confident of receiving its DIA , Mining Concession and constructions permits**

# 11. Implementing our Sustainable Strategy

A sharp focus on ESG factors to secure a long term investment

## Community involvement

- Over 93% of feedback received has expressed that this project will bring benefits to the region.
- Over 100 initiatives with town halls, social associations, foundations and scientific/agricultural organisations
- Mayors have publicly expressed their support

## Setting an example

- Forética, the most important sustainability institution in Spain has recognised the Community Communication Plan of Geoalcali as an example of best practice in transparency and stakeholder management
- Voluntary Official Consultation Process undertaken as a commitment to transparency and open communication in order to provide a stronger basis for the environmental permits and social license
- Geoalcali has been invited to forums as a best practice example in social management by local and national government entities



# 11. Implementing our Sustainable Strategy

## Local stakeholder engagement is key to a successful project



Mayors of the region and Company representatives



Open Doors Event – October 2017



The Company welcomed over 200 persons from local communities



Working sessions, information talks, and site visits to explain the project to all our local stakeholders



“Mentoring” talks on mining to schools in the region with special focus on equality & diversity

# 11. Implementing our sustainable strategy

## Supporting the local community



Open Day, Sangüesa, October 2017

### Social Development

Creating an industry and direct employment for the long term

Creating indirect employment in multiple supporting industries

Continue to invest in community initiatives surrounding the project

### Safety

Developing a strong safety first culture within our work force

Focus on zero harm to both workers and surrounding environment

### Sustainable Economic Development

Creating quality employment with a preference for local employees and contractors

Become a significant employer in the region

### Minimise Environmental Impact

Core focus on minimising risk and environmental impact surrounding the project area

EsIA completed in compliance with industry best practice, Spanish legislation, IFC's guidelines and Equator Principles  
Implement robust and appropriate ongoing monitoring and response plans

# 12. The Rehabilitation Plan

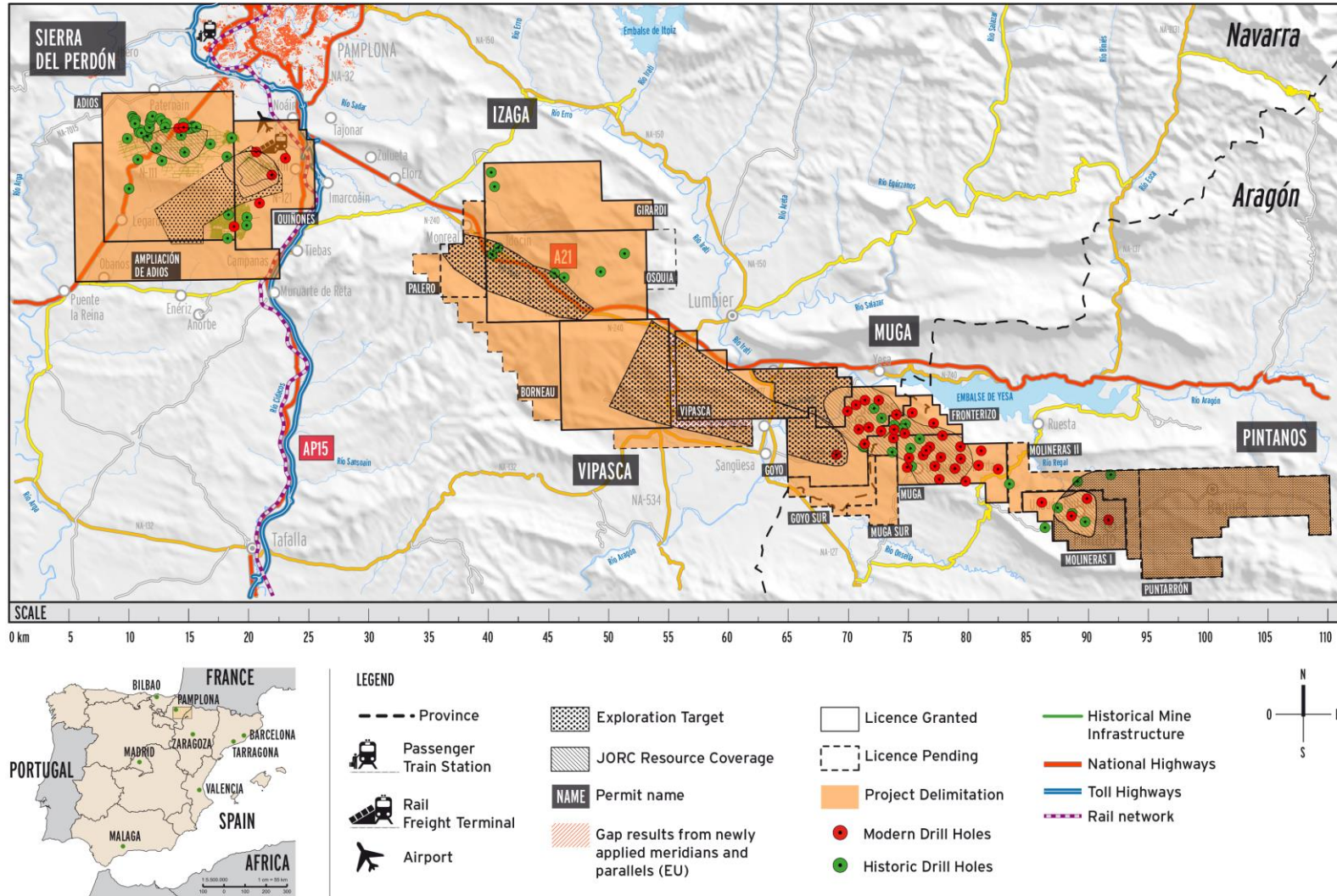
## Minimise environmental impact

- Restoration plan designed to progressively reinvigorate the project site during and after mine operations
- Salt by-product sold and/or residue placed underground
- Zero salt on surface at the end of planned mine operations



# 13. Upside Potential – Other Projects

## Basin of projects with shared characteristics of Muga Potash Mine



Location of Highfield's Muga, Vipasca, Pintos, Izaga and Sierra del Perdón Projects in Northern Spain

# 13. Upside Potential – Short Term



01

## SOP Project

Study completed in July 2016

Converting Muga MOP to SOP creating downstream value

Good access to US market, strong implied margins to Highfield

02

## K62

Study completed in May 2015

Improving potash purity to generate a higher value product

Study contemplated production of 135ktpa of K62 MOP and 260ktpa of high purity vacuum salt

03

## Future Projects

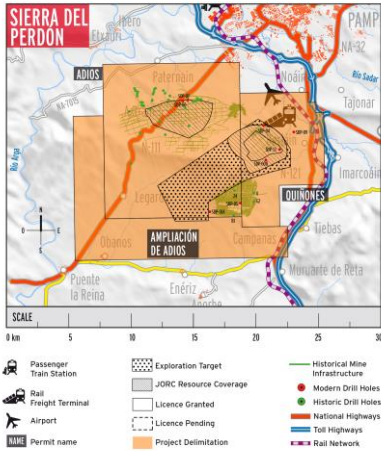
Advance next development projects e.g. Sierra del Perdón, Vipasca etc.

# 13. Upside Potential – Long Term

## Potential Development of Other Resources

01

Sierra del Perdón

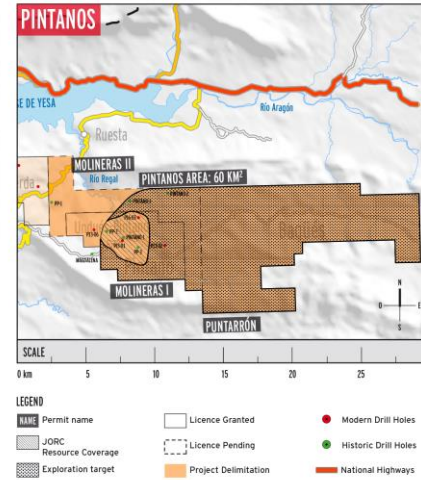


Further exploration drilling programme commenced on 7<sup>th</sup> April 2018

Decline access to underground with flotation processing

03

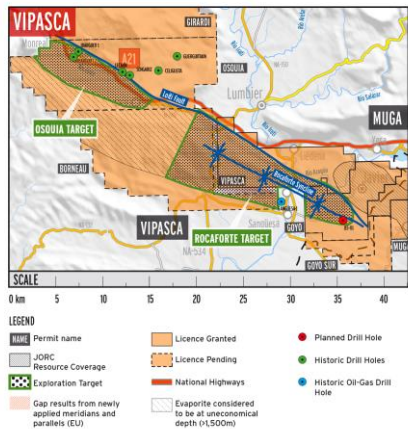
Pintanos



Upside potential similar to current Muga Project Resource and Mine Reserve

02

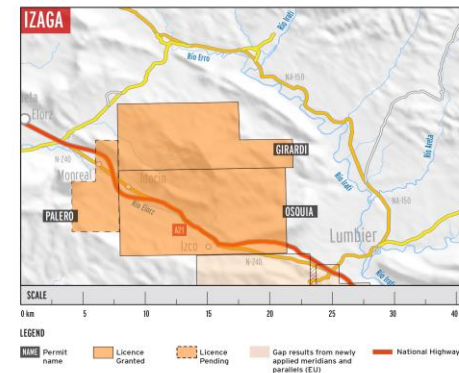
Vipasca



Permit contiguous with Muga and shares many characteristics

04

Izaga



Grass roots exploration tenement  
Clear continuation of evaporitic sub basin  
Historical drilling encountered potash horizons within evaporite

# 15. Summary – Muga

Given all the positive aspects, it is considered that Muga will be a high margin mine



- A number of improvements and project optimisation activities ongoing
- Bringing forward backfilling and salt treatment from Phase 2
- Revised process plant, increase in contingency allowances and other changes will see project capital cost estimate revision
- Revised capital numbers expected to be completed in Q3 2018
- Given Muga's strategic location and relatively low capital cost the project is expected to be very competitive compared to peer operators and developers

# 15. Summary – Highfield

Well funded with significant long term upside

## Funding

- €38.3 (A\$60.3) million in the bank – as at 30/06/2018
- Supportive project finance syndicate for facility to support construction
- Multiple equity participation avenues

## Upside potential with an outstanding portfolio of projects

- SOP, K62, wider basin development



# 15. Summary – Highfield

Well funded with significant long term upside

Low capital cost to production

Very strong community and local government support

High margin driven by technical factors and project location

Experienced team of mine builders and operators, including:

- Peter Albert – over 35 years' experience in building and operating mines globally
- David Williams – 35 years experience in potash mining (UK and Canada)
- Jim Dietz (NED) – more than 10 years as COO of PotashCorp
- Brian Jamieson (NED) – over 40 years' experience in the manufacturing, finance and resources industries
- Roger Davey (NED) – over 40 years' experience in international mining and mining finance industry

Advancing environmental and then development permits to commence construction

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