

Constructing the Next European Potash Mine

AGM Presentation
May 2022

ASX: HFR



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

This presentation was approved by Mr. Ignacio Salazar Director of Highfield Resources. The information in this presentation that relates to Ore Reserves is based on information prepared under the direction of Dr Mike Armitage, a Corporate Consultant with SRK Consulting (UK) Limited. Dr Mike Armitage CEng, CGeol. is the Competent Person who assumes overall professional responsibility for the reported Ore Reserve. The information related with the review of the Life of Mine (“LOM”) that underpins the Ore Reserves has been prepared by Mr Chris Bray, who is a full-time employee of and Principal Consultant (Mining) at SRK. The information in this update that relates to Mineral Resources is based on information prepared by Ms Anna Fardell, a Senior Consultant at SRK Consulting (UK) Limited.

Dr Mike Armitage is a Member the Institute of Materials, Metals and Mining (“IMMM”) which is a ‘Recognised Overseas Professional Organisation’ (“ROPO”) included in a list promulgated by the Australian Stock Exchange (“ASX”) from time to time. Dr Mike Armitage has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr. Mike Armitage consents to the inclusion in this update of the matters based on this information in the form and context in which it appears.

Mr Chris Bray BEng, MAusIMM (CP) is taking responsibility for the review of the LOM plan, as reported by the Company. Mr Bray is a full-time employee and Principal Consultant (Mining) at SRK. He is a Member of and Chartered Professional in the Australasian Institute of Mining and Metallurgy. He is a Mining Engineer with 24 years’ experience in the mining and metals industry, including operational experience in underground mines as well as mine planning and review experience on underground potash, salt, lithium and borate projects, and as such qualifies as a CP as defined in the JORC Code. He has also been involved in the reporting of Ore Reserves on various properties internationally for over 10 years.

Ms Anna Fardell is a Senior Resource Geologist employed by SRK, and has over five years’ experience in estimating and reporting Mineral Resources relevant to the style of mineralisation and type of deposit described herein. Ms Fardell is a registered member of the Australian Institute of Geoscientists (6555) and considered a Competent Person (CP) under the definitions and standards described in the JORC Code 2012. Ms Fardell takes responsibility for the Mineral Resource Statement and Exploration Target presented here.

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FORWARD LOOKING STATEMENTS

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Cautionary Statement

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

Welcome to the Annual General Meeting of Highfield Resources Limited



Mr. Paul Harris – Independent Non-Executive Chairman, B Comm, M Eng.
(Mining) GAICD

Appointment Effective 25 March 2022

As recently announced to the ASX, Mr Harris will join the Board of Highfield Resources Limited as an independent non-executive Director and Chairman on 25 March 2022. Mr Harris has over 25 years' experience in financial markets and investment banking, including roles with Citibank, Bankers Trust and Merrill Lynch advising mining organisations on strategy, mergers and acquisitions, and capital markets. He is well known by the Australian investment community and was also Managing Director – Head of Metals and Mining at Citi for several years.

Most recently Mr Harris has been working with mining company boards as a non-executive director as well as providing advisory services on strategy and finance. He is currently the non-executive Chairman of ASX-listed Aeon Metals Limited (ASX: AML) and a non-executive Director of ASX listed Aurelia Metals Ltd (ASX:AMI). In the three years immediately prior to the end of the financial year Mr Harris was a Director of ASX Listed Tamarind Resources Limited (ceased 2020) and did not hold any other listed company directorships.

Mr Harris has a Masters of Engineering (Mining) and a Bachelor of Commerce (Finance) from the University of New South Wales and is a graduate of the Australian Institute of Company Directors.

Highfield Resources Board



Paul Harris
Chairman



Ignacio Salazar
Managing Director
and CEO



Pauline Carr
Non-Executive
Director



Roger Davey
Non-Executive
Director



Brian Jamieson
Non-Executive
Director

Administration

Questions to the Board or the Company's auditor- Mr Julian McCarthy, regarding the financial report or specific to the resolutions being presented today will be addressed throughout the formal section of the meeting.

All other general questions will be addressed after the corporate presentation.

When submitting questions, please state the registered shareholding name, and if appropriate, the specific resolution the question is relating to.

Voting – online poll

The real-time online poll is now open.

Voting on the poll will remain open until after the Corporate Presentation has concluded.

Ordinary business

To consider the Financial Statements for the financial year ended 31 December 2021 and accompanying reports of the Directors and Auditor.

Resolution 1: The adoption of the Remuneration Report

To consider and, if thought fit, pass, with or without amendment, the following resolution as a non-binding ordinary resolution:

“That the Company adopt the Remuneration Report for the year ended 31 December 2021 as set out in the Company’s Annual Report for the year ended 31 December 2021.”

For: 123,186,345 (94.6%) Against: 2,549,587 (1.96%) Abstain: 12,704 (N/A) Open: 4,476,890 (3.44%)

Resolution 2: Re-election of Ms Pauline Carr as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That Ms Pauline Carr, having voluntarily retired in accordance with clause 12.11.1 of the Constitution and being eligible, and offering herself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the Meeting.”

For: 122,117,576 (93.72%) Against: 3,554,700 (2.73%) Abstain: 0 (N/A) Open: 4,624,602 (3.55%)

Resolution 3: Election of Mr Ignacio Salazar as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That Mr Ignacio Salazar, being a person who in accordance with clause 12 of the Constitution has at least 35 business days before the Meeting served on the Company a notice of nomination to be a Director, is elected as a Director with effect immediately following the conclusion of the Meeting.”

For: 124,972,947 (95.92%) Against: 695,329 (0.53%) Abstain: 0 (N/A) Open: 4,628,602 (3.55%)

Resolution 4: Election of Mr Paul Harris as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That Mr Paul Harris, being a person who in accordance with clause 12 of the Constitution has at least 35 business days before the Meeting served on the Company a notice of nomination to be a Director, is elected as a Director with effect immediately following the conclusion of the Meeting.”

For: 125,013,576 (95.95%) Against: 654,700 (0.50%) Abstain: 0 (N/A) Open: 4,628,602 (3.55%)

Resolution 5: Issue of Options to Non-Executive Director – Mr Paul Harris

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“Subject to the passing of Resolution 4, that for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 options to Mr Paul Harris (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

For: 119,154,192 (93.42%) Against: 3,907,767 (3.06%) Abstain: 2,744,778 (N/A) Open: 4,490,141 (3.52%)

Resolution 6: Issue of Options to Managing Director – Mr Ignacio Salazar

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purpose of Listing Rule, 10.14 and for all other purposes, approval is given to the issue by the Company of 2,209,318 options to Mr Salazar under the employee incentive scheme known as ‘Highfield Resources Limited Employee Long Term Incentive Plan’ on the terms and conditions set out in the Explanatory Memorandum.”

For: 122,915,181 (94.35%) Against: 2,873,556 (2.20%) Abstain: 18,000 (N/A) Open: 4,490,141 (3.45%)

Resolution 7: Approval of Previous Issue of Shares – ASX Listing Rule 7.1

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval is given to the previous issue by the Company of 24,041,085 Shares under ASX Listing Rule 7.1 on the terms and conditions described in the Explanatory Statement which is attached to and forms part of this Notice.”

For: 122,164,429 (95.84%) Against: 680,700 (0.53%) Abstain: 878,903 (N/A) Open: 4,628,602 (3.63%)

Resolution 8: Approval of 10% Placement Facility

To consider and, if thought fit, pass, with or without amendment, the following resolution as a special resolution:

“That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listed Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

For: 123,288,199 (94.63%) Against: 2,372,077 (1.82%) Abstain: 8,000 (N/A) Open: 4,628,602 (3.55%)

Resolution 9: Renewal of Proportional Takeover Provisions

To consider and, if thought fit, pass, with or without amendment, the following resolution as a special resolution:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution by renewing clauses 8.12 to 8.22 inclusive for a period of 3 years from the date of approval of this Resolution.”

For: 124,999,653 (95.94%) Against: 658,623 (0.51%) Abstain: 10,000 (N/A) Open: 4,628,602 (3.55%)

Corporate Presentation



Ignacio Salazar
Managing Director and CEO



Olivier Vadillo
Head of Investor Relations and
Sales and Marketing

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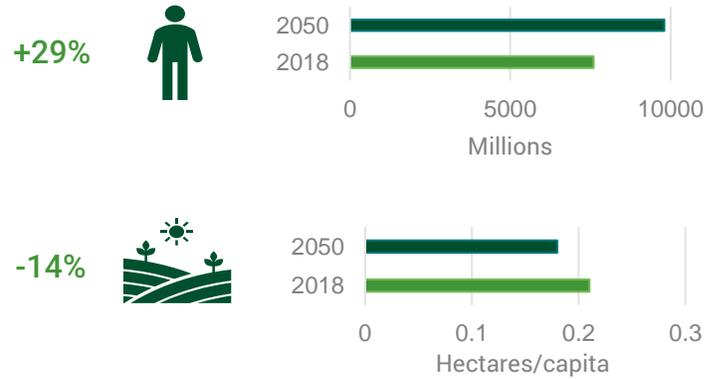
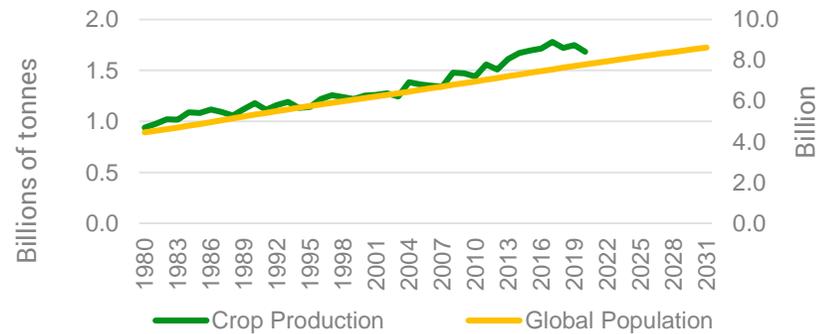
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POTASH MARKET

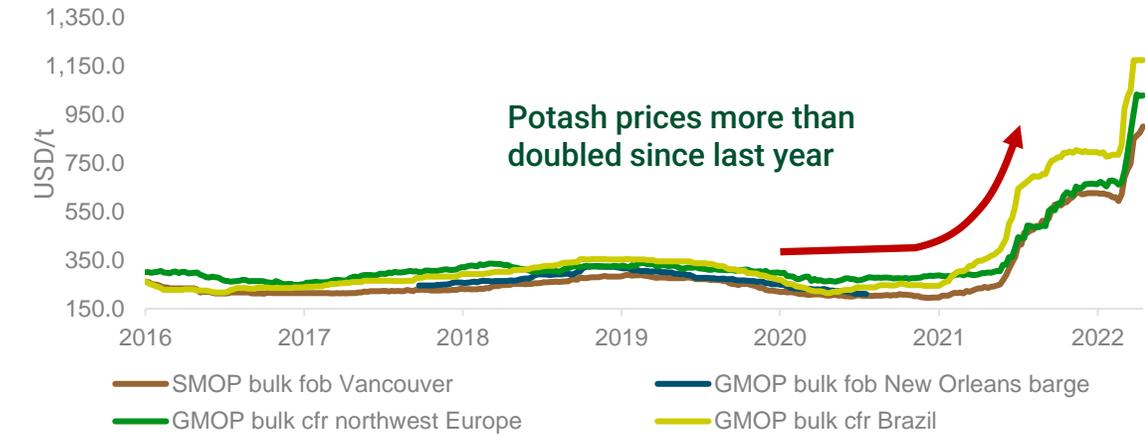


Significant Potash Prices Increase at the Right Time for Muga

Strong market fundamentals

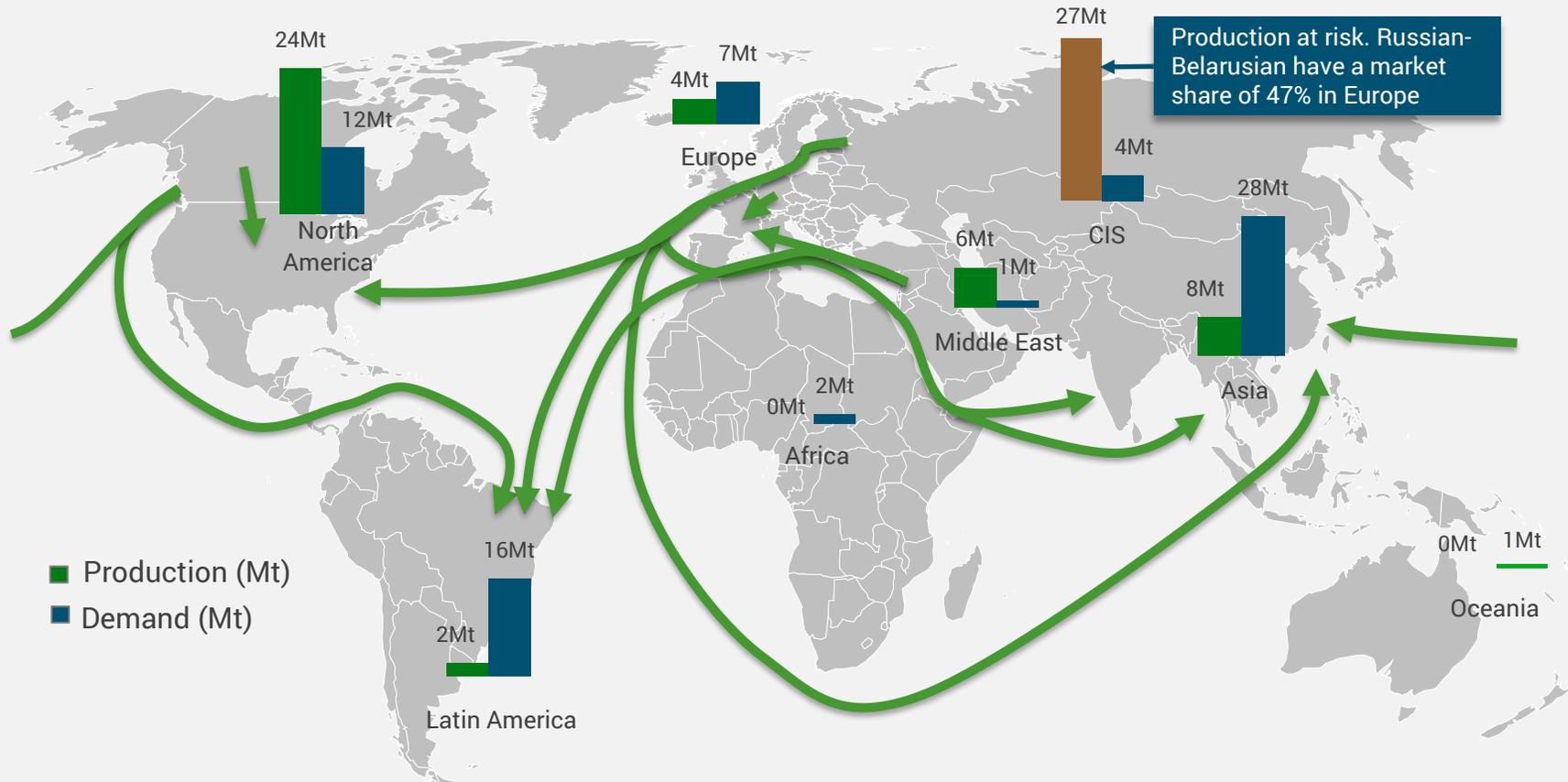


Upward price forecasts



Current supply restrictions will have a long term impact on global MOP trade

Most large potash producers are far away from key markets



Production at risk. Russian-Belarusian have a market share of 47% in Europe

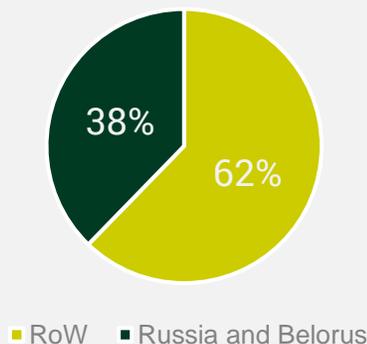


Imports from Russia and Belarus account for 47% of European consumption

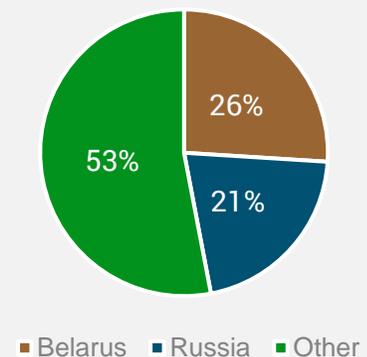
Basis: year 2021
Source: CRU, Highfield Resources

Muga is becoming even more strategically important for Europe

% of Global Production



% imports of European demand
(4 year average)



- Russia and Belarus accounted for **38% of worldwide production** in 2021, or about 27 Mt of potash:
 - ✓ **Belarus exports falling sharply** due to EU and US sanctions, and Lithuania's MOP transit blocking
 - ✓ **New measures targeting Russia's economy** due to the war in Ukraine
- **Consumers in Europe (and globally) facing growing difficulties in sourcing MOP.**
- **Disruptions are rewriting the global MOP flows and placing the focus on local supply sources like Muga.**

Source: CRU

INTRODUCTION AND RECENT DEVELOPMENTS



Corporate Snapshot

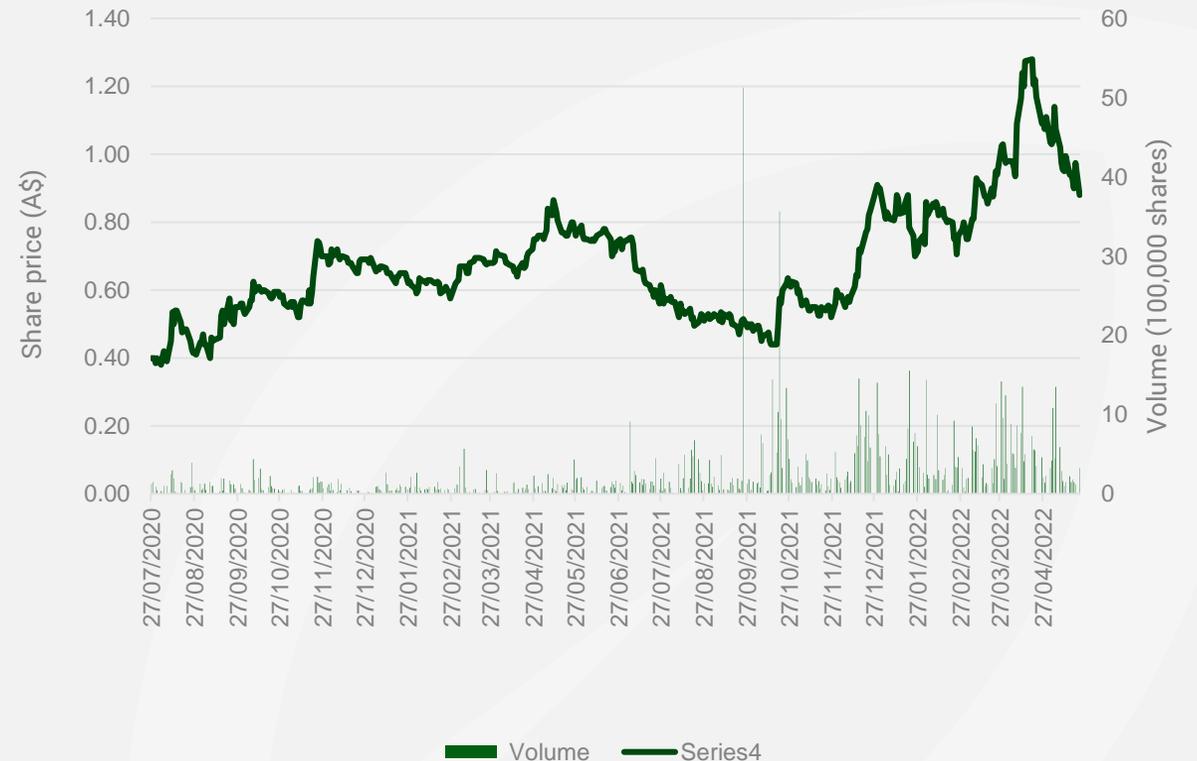
Capital Structure

Share Price (25 May 2022)	\$0.905
Shares on Issue	364.4 million
Options & Performance Rights	-
Market Capitalisation	\$329.78 million
Cash (31 March 2021)	\$18.64 million
Drawn Debt*	-
Enterprise Value	\$311.14 million

*Note: Mandate letter for €312.5 million Senior Secured Project Financing package signed

Major Shareholders

	%
EMR Capital	27%
BCI Minerals	7%
WWB Investments	6%
Top 20 Total	59.7%



Highfield Resources Management Team



Ignacio Salazar
Managing Director and CEO



Javier Aguado
CFO



Javier Olloqui
Head of Human Resources,
Foundation & IT



Susana Bieberach
Head of Public Affairs



Leonardo Torres-Quevedo
Head of Project Construction &
Facultative Director



Olivier Vadillo
Head of Marketing & Investor Relations



Ronald Muñoz
Plant Operations Manager



Jorge Feito
Mine Operations Manager



Jorge Velasco
Project Control Manager

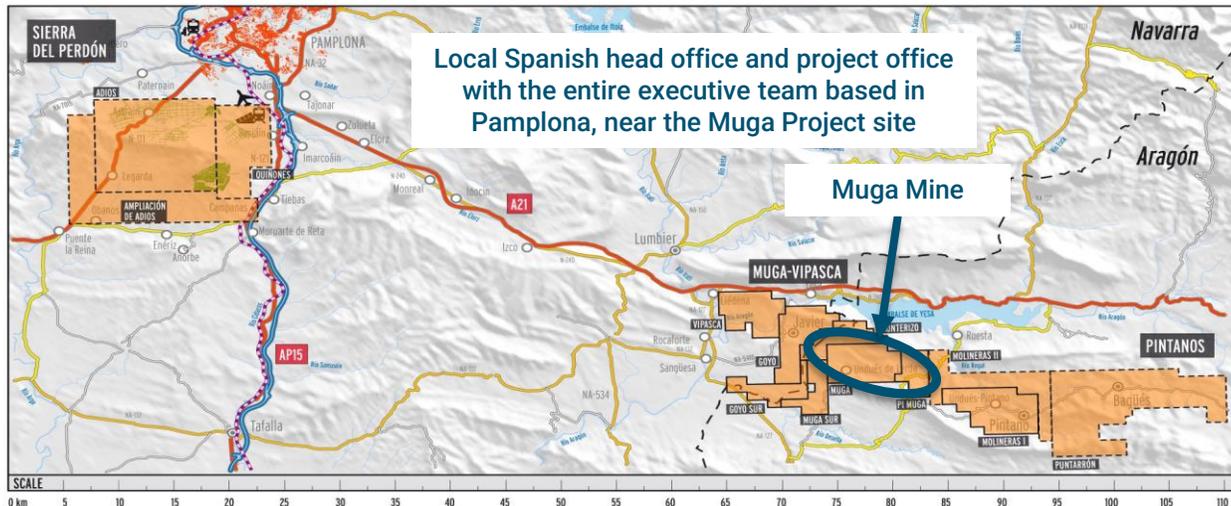
Highfield Resources and the Muga Project

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

Muga is a two phase project which will produce a total of 1 Mtpa of muriate of potash

Conventional Underground Room and Pillar mining. Declines accessing shallow mineralisation

Conventional Flotation and Crystallisation processing



LEGEND	
	Province
	Passenger Train Station
	Rail Freight Terminal
	Airport
NAME	Permit name
	Licence Granted
	Licence Pending
	Project Delimitation
	Historical Mine Infrastructure
	National Highways
	Toll Highways
	Rail network



Muga Moving to Construction



WHY HIGHFIELD RESOURCES?



Logistical advantage, Shallow Mineralization, Conventional Mining, with Tier-One Infrastructure in Place

✓ Higher netback with local market within trucking distance

✓ National Electricity Grid Substation is in close proximity to mine site

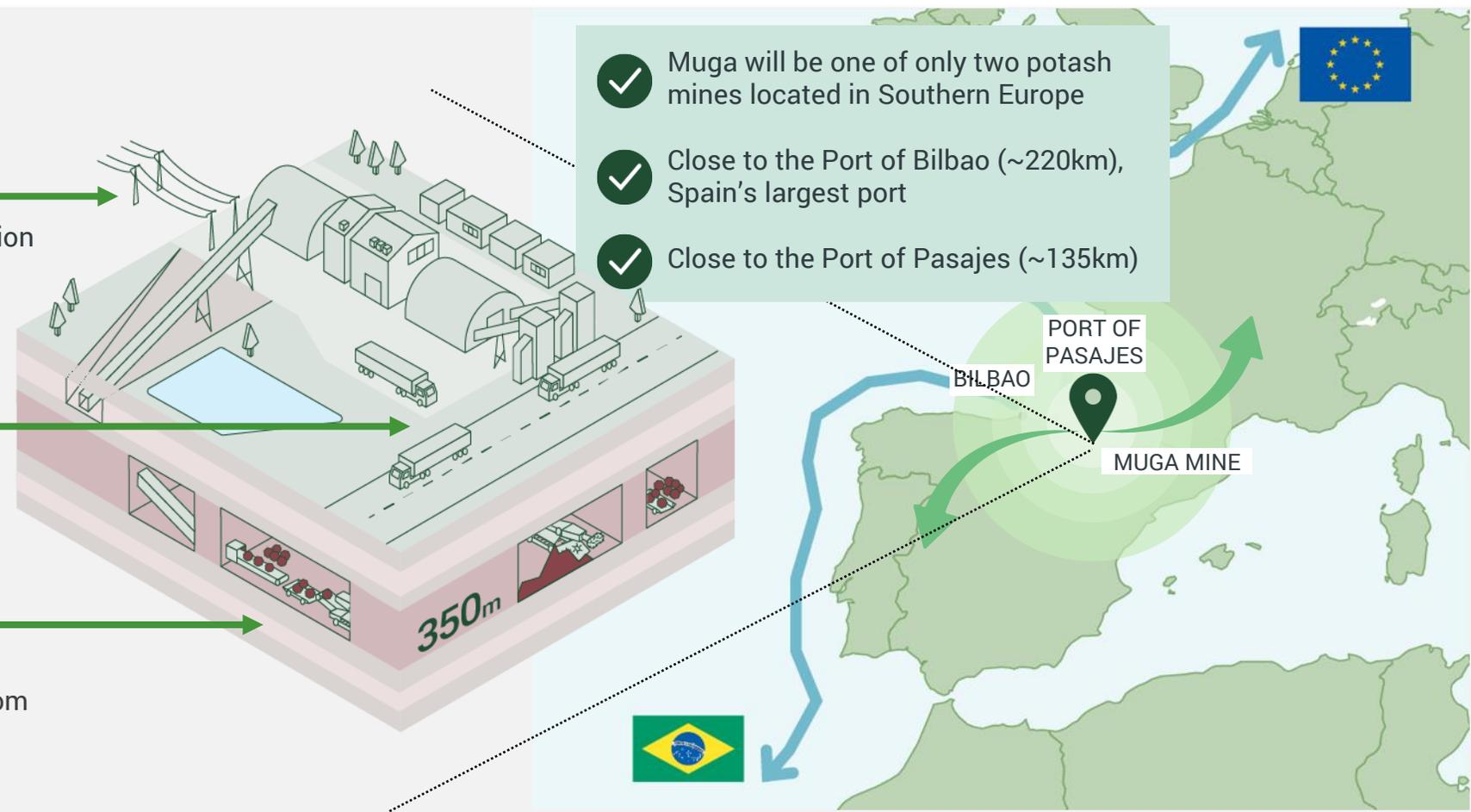
✓ First class infrastructure and access to new road systems

✓ Decline access to shallow mineralization; underground Room and Pillar mining. No aquifers

✓ Muga will be one of only two potash mines located in Southern Europe

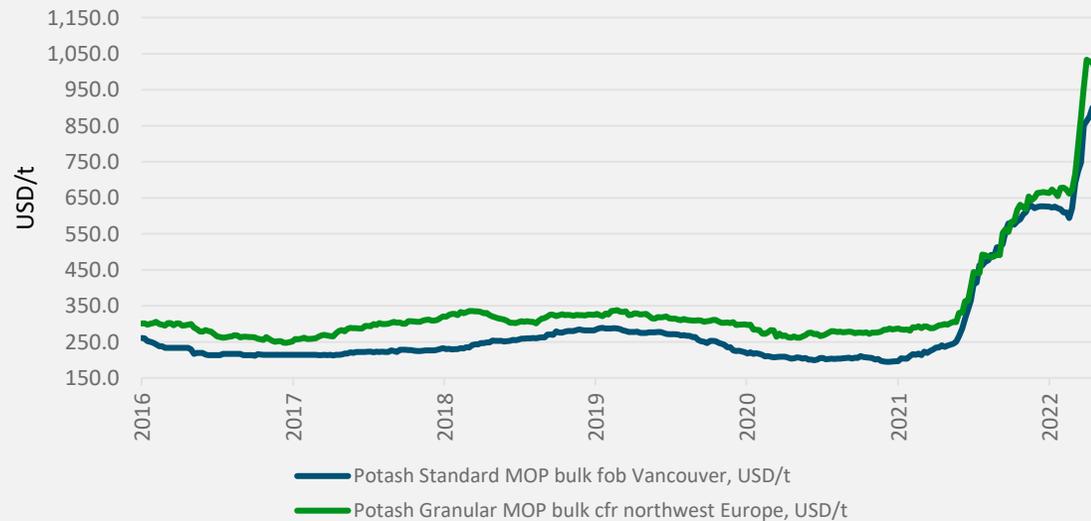
✓ Close to the Port of Bilbao (~220km), Spain's largest port

✓ Close to the Port of Pasajes (~135km)

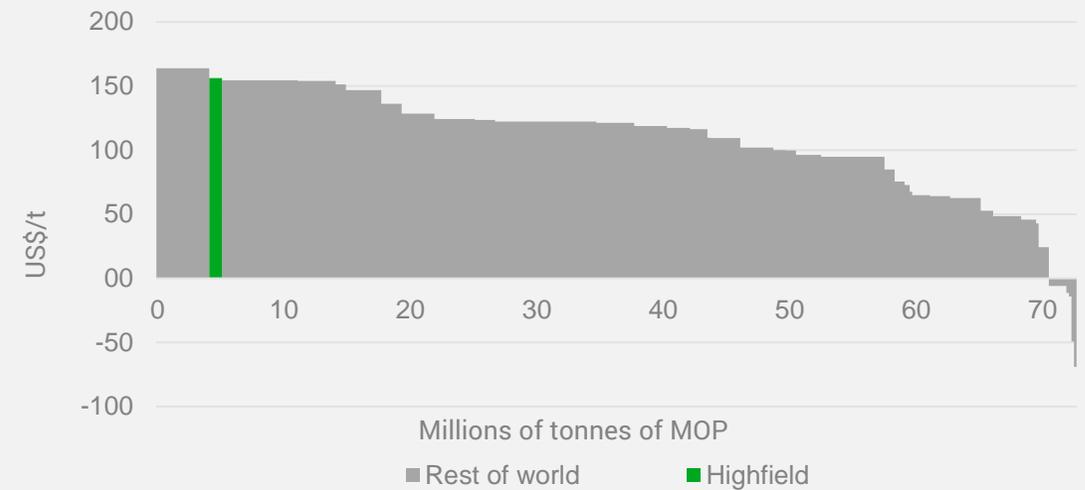


Top Quartile Margins in the Industry

European prices continue to trade at a premium to other markets



Margin curve forecast for 2024 (real US\$)



Mine location provides exposure to significantly lower potash delivery rates to 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

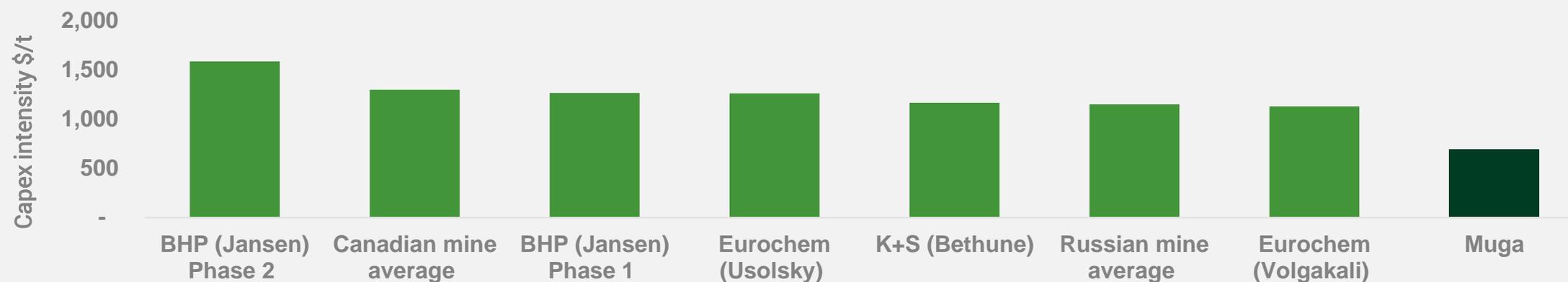
Source: Argus Media, CRU, Highfield Resources., ASX Release 8 December 2021

The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on 8 December 2021 (refer ASX release "Muga Project Updated Feasibility Study") continue to apply and have not materially changed.

Low Capex Intensity and Strong Project Economics

Phase 1 capex of €398 million + Phase 2 capex of €209 million

MUGA: HALF THE CAPEX INTENSITY OF OTHER GLOBAL DEVELOPMENT PROJECTS (US\$ per tonne of potash)



Compelling financials, with an NPV₈ of €1.89 billion, IRR 25% and EBITDA of €400 million per annum at full production

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Updated Feasibility Study Reconfirms Muga's Strong Economics



NPV8 of €1.89 Billion
25% IRR



More advanced engineering
reconfirming a 30-year mine life¹



Updated capex numbers with
higher degree of accuracy:
phase 1 €398 million
phase 2 of €209 million



At full production, EBITDA of
around €400 Million pa



At December 2021 spot price
NPV8 of €2.8 billion
IRR of 42%



Mandate letter for €300 million
Senior Secured Project
Financing package signed

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Industry Leading ESG Credentials



Environmental Factors

- Environmental compliance and commitment through DIA award
- **Progressively rehabilitate mine: Backfilling and salt sales**
- Muga will be the only mine not to leave residue on the surface after production



Social Factors

- Strong local support in favour of the Muga Project
- **Social Baseline Study prepared by Government of Navarra**
- Qualified and available local labour market (+4000 CVs received)
- 100+ foundation initiatives already invested in the community



Governance Factors

- Robust governance and strong focus on responsibility and ethics
- Admitted as a signatory to the UN Global Compact initiative
- **Adherence to rigorous ASX and EU disclosure and reporting obligations**

An Investment Opportunity in the Next Major European Potash Mine

Muga Potash Mine

Highfield Resources

<p>Strong market fundamentals Global potash prices on the move</p>			<p>Strong financial position and financial markets support</p>
<p>Location is a major strategic advantage Shallow mineralization Infrastructure in place</p>			<p>Experienced Management and Board</p>
<p>Low capex intensity per tonne</p>			<p>Strong local support</p>
<p>Forecast to be one of the highest margin potash mines globally</p>			<p>Top environmental credentials</p>
<p>Moving up in project life cycle</p>			<p>Upside growth opportunities</p>

QUESTIONS





ASX:HFR

REGISTERED OFFICE

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Dulwich SA 5065
Australia

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FURTHER INFORMATION

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Olivier Vadillo Investor Relations T: +34 609 811 257

