

Mining

Potash & fertilisers



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Highfield Resources confirms expected regulatory timetable for Spanish potash project

Once the company submits its mining concession application it expects a government decision within 3 or 4 months.



The company's proposed potash mine would be one of two in southern Europe 📄 📄

Highfield Resources Ltd (ASX:HFR) has improved the environmental outcomes and project financials of its flagship Muga Potash Project in Spain to increase its value to €1.97 billion (A\$3.2 billion).

September quarter financial enhancements have resulted in a forecast 25% internal rate of return, using a net present value (NPV8) calculated at an 8% discount.

Muga's ore reserve now consists of 108.7 million tonnes of proved and probable reserves at 10.2% potash for a 27-year life of mine.

Potash project Muga is well-placed to serve Europe's food-growing and produce consumption markets.

The proposed mine is expected to be one of only two potash mines in the southern European market and is well served by existing infrastructure.

Muga extends over 60 square kilometres in Navarra and Aragon provinces and is about 135 kilometres from Puerto de Pasajes.

The project is near a national highway network, with transportation from Muga to Europe's major markets, such as Brazil, attracting low freight costs.

Employers in the Navarra and Aragon region can hire good-quality talent, given the area's high unemployment.

Local industries near Muga are supportive of the potash project with an environmental approval (DIA) already in place.

A significant milestone

Highfield's Declaración de Impacto Ambiental (DIA) was a notable milestone for the world-class project and enabled the current phase of mining concession and construction permit advancements.

The company wrote last week, "The company is now focused on securing the mining concession and construction permits which are the next permits necessary to advance the project into the construction phase.

"The ongoing discussions with the mining authorities have confirmed the company's previous expectations of the requirements for the mining concession and formalised the process to be followed with authorities."

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Highfield is undertaking detailed activities for road, power, water and construction permits and it hopes to finish putting together its mining concession documentation by the end of 2019.

The company wrote in its September quarterly report last week, "The expectation is that the authorities will issue the mining concession within 3 to 4 months of the company completing its submission.

"The work on other permits for construction commencement continues in parallel with the mining concession and the company anticipates commencing construction work within the next 8 to 14 months."

Highfield held A\$44.9 million at the end of the September 2019 financial quarter as it sought to preserve cash while also advancing its project optimisation work.

A de-risking focus

The company's systematic approach to de-risking the project has seen it undertake resource definition and discovery work and scoping and feasibility studies.

Australian-listed Highfield's environmental approval milestone was a major achievement for the company which has a market capitalisation of A\$224 million.

Continued approvals are planned ahead of the company's intention to move into financing, construction and production phases for the project.

The immediate focus for the December 2019 quarter is the mining concession and construction permits, continued project optimisation work and a start to detailed design efforts.

Highfield hopes to further advance its discussions with potential debt providers and strategic investors.

The company also plans to hold continued discussions with potential potash offtake parties or production-take clients.

Highfield is planning to update its sales and market activities in the quarter and undertake a number of exploration activities.

These include a start to drilling at one hole and assay analysis for four other holes.



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