Highfield Resources Corporate Presentation Update

Following Highfield Resources Limited’s (ASX:HFR) (“Highfield” or “the Company”) announcement on the 27 May 2020 (refer ASX announcement, “Corporate Presentation – May 2020”) (“the presentation”) the ASX has requested that the Company provide an update to the presentation.

In accordance with ASX Listing Rule 5.19, any subsequent report of a production target or forecast financial information derived from a production target is to provide all of the information required by Listing Rule 5.19; including a cross reference to the initial report and a confirmation statement by the entity in accordance with listing rule 5.19.2. Highfield cross referenced the initial announcement referencing the financial information provided for the Company’s flagship Muga Mine released on the 14 October 2019 (refer ASX announcement, “Quarterly Activities Report and Appendix 5B”).

The ASX has deemed both the “Quarterly Activities Report and Appendix 5B” (lodged 14 October 2019) and the subsequent announcement released on 21 November 2019 (refer ASX announcement, “Further Clarification – Muga Project”) as the “initial announcement” under ASX Listing Rule 5.19. As such, an update to the Corporate Presentation is attached, to cross reference both of the ASX announcements detailed above. No other changes have been made to the 27 May 2020 announcement.

This announcement has been authorised for release by the Directors of Highfield Resources Limited.

For more information:

Richard Crookes
Chairman and Acting CEO
Ph: +34 636 758 843

Olivier Vadillo
Investor Relations
Ph: +34 609 811 257

Australia based queries:
Michael Weir
Citadel Magnus – Director, Partner
Ph: +61 (0) 402 347 032

UK based queries:
Bobby Morse
Buchanan – Senior Partner
Ph: +44 (0) 7802 875227
Developing the World Class Spanish Muga Potash Mine in the Heart of a European Intensive Agricultural Region
COMPETENT PERSONS STATEMENT FOR MUGA POTASH PROJECT
This presentation was approved by Mr Richard Crookes, Acting CEO and Chairman of Highfield Resources. The information in this presentation that relates to Ore Reserves is based on information prepared by Dr Mike Armitage, the Chairman of SRK Consulting (UK) Limited. Dr Mike Armitage is the Competent Person who assumes overall professional responsibility for the Compliance Opinion. The information in this presentation that relates to Mineral Resources, Exploration Results and Exploration Targets is based on information prepared by Ms Anna Fardell, Senior Consultant at SRK Consulting (UK) Limited, and Mr Tim Lucks, Principal Consultant at SRK Consulting (UK) Limited.
Dr. Mike Armitage is employed by SRK Consulting (UK) Limited. The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled under the direction of Dr. Mike Armitage, who 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 Securities 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 report of the matters based on this information in the form and context in which it appears.
Ms. Anna Fardell is a Resource Geologist employed by SRK Consulting (UK) Limited, and has at least 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. Anna Fardell consents to the inclusion in this presentation of the matters based on her information in the form and context in which it appears.

COMPETENT PERSONS STATEMENT FOR MINERAL RESOURCES AND EXPLORATION TARGETS OTHER THAN MUGA MINERAL RESOURCES.
This presentation was approved by Mr Richard Crookes, Acting CEO and Chairman 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 this 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.
Why Highfield Resources?

FIVE-STAR LOCATION
Close proximity to premium European markets & well positioned to key Brazilian market

POTASH, A KEY COMMODITY
An important global commodity with predictable and strong long term market fundamentals

STRONG ESG FOCUS
Low environmental footprint, supportive local and regional stakeholder groups, driven by positive socio-economic outcomes

ROBUST FINANCIALS
NPV8 €1.97 billion, 25% IRR, EBITDA of €310 million per annum at full production

COMPETITIVE COST POSITION
Low freight cost to key markets, and access to world class transport and infrastructure

QUALIFIED TEAM
Experienced management team located in Spain, supported by a Board with extensive mining experience

The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on 15 October 2018 (refer ASX release “Muga Project Update”), the Quarterly Report Published on 14 October 2019 and the clarification document released on 21 November 2019 (refer ASX release “Further Clarification – Muga Project”), continue to apply and have not materially changed.
Highly Experienced Board

Richard Crookes
Independent Non-Executive Director
Chairman
He has over 30 years of experience in the resources sector. He worked as Chief Geologist and Mining Manager for Ernest Henry Mining in Australia (now Glencore). He has been Executive Director for the Energy Metals Division of Macquarie Bank and Investment Director for EMR Capital.

Pauline Carr
Independent Non-Executive Director
She has over 30 years of resources sector experience. She has occupied senior and executive positions for Newmont Asia Pacific and Normandy Mining Limited and had worked for a number of years in the petroleum and gas sector with ExxonMobil.

Isaac Querub
Independent Non-Executive Director
He was the CEO of Glencore Spain. Partner of Andria Real Estate Investments, Incogas and Moka Consulting. He was a member of the Board of Asturiana de Zinc and currently he is a member of the board of various European mining companies.

Roger Davey
Independent Non-Executive Director
He was a Director, Vice President and GM of Minorco (AngloGold) subsidiaries in Argentina. More recently he was Senior Mining Engineer in the project finance team for NM Rothschild Mining and Metals. Roger is experienced in operating in Spain as the Chairman of Atalaya Mining and has considerable knowledge of start-up mines around the world.

Jim Dietz
Independent Non-Executive Director
He has over 40 years of experience in the fertilizer industry. He was Chief Operating Officer of Potash Corporation Saskatchewan, (‘Potash Corp’), the largest fertilizer company in the world. He was also the President of PCS Nitrogen.

Brian Jamieson
Non-Executive Director
He was on the Board of Oxiana for 10 years and assisted Owen Hegarty in developing that company into a major mining house. Brian has over 40 years’ experience in the advisory, manufacturing, resources and technology industries in Australia and offshore and is experienced in developing exploration-focused companies into producers.
Newly Appointed CEO

Highfield has appointed experienced international mining executive Ignacio Salazar to join the group as CEO from July 2020.

He has over 30 years experience, most of which have been in the resources sector. His outstanding international career includes 18 years working with Royal Dutch Shell and 11 years with Orosur Mining Inc. including 7 years as CEO.

On his appointment, Mr. Salazar said: “I am delighted to be joining the Highfield team in Pamplona at this crucial moment, and keen to start contributing to its success.

Highfield has the ingredients and the potential to create a sustainable potash business with its Muga project in Spain”.

Ignacio Salazar
Appointed CEO
Committed Management Team

Mike Norris
Chief Financial Officer
He was Finance Director of Avocet Mining, a gold producing company listed on the stock exchange of London. He was Head of Business Performance for Industrial Minerals at Anglo American, and CFO at two Rio Tinto mines in the USA.

John Claverley
Project Director
He has over 35 years of experience in the construction and infrastructure sector, as well as senior positions in design and project management. He has worked for the past 30 years in Spain.

Ricardo Pérez
External Relations & Permitting
He has over 20 years of experience in the management of investment firms, leading investment processes in companies, fundraising and strategic consulting. Active member of various companies' boards of directors. He has international experience, facilitating the integration of companies from different countries and their commercial expansion.

Javier Olloqui
Human Resources
He has over 25 years of experience in Human Resources management, nationally as well as internationally for companies such as Aludium, Gamesa Eólica, Faurecia, Mondragón Group and 3P Biopharmaceuticals.

Leonardo Torres-Quevedo
Project Construction Director
He has more than 20 years' experience in project management specifically focused on large construction projects in Spain. Prior to becoming an employee of the Company, he worked for 9 years at Bovis Project Management where he spent the last two years working as a project management consultant on the Muga Project in the Company’s Pamplona office.

Olivier Vadillo
Investor Relations
He has more than 15 years professional experience in strategic consultancy. He has worked for companies such as Wood Mackenzie and Deloitte MCS Ltd where he developed business strategies and financial models. Previously he was Head of Metals and Mining Research Asia for Wood Mackenzie, Sydney.
An Outstanding Location

- Easy access to premium southern European market
- Excellent existing infrastructure
- Low freight cost to Brazil, a key potash market
- Industry friendly location with strong local support

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

All executive team based in Pamplona near the Muga Project site
Muga Mine Planned Production

- Muga Mine production will be 1 million tonnes of muriate of potash (“MOP”) and 1 million tonnes of salt per year

- The mine will produce a mix of Granular and Standard K60 MOP
  - Phase 1 will be for 500,000 tonnes of MOP
  - Phase 2 will be an additional 500,000 tonnes of MOP

- Salt is produced as a by-product of the processing of potash
  - The sale of salt contributes economically, providing a by-product credit that benefits the Muga Project’s financials
  - Additionally, salt sales will help maintain the low environmental footprint of the Muga Mine and will assist in ensuring full compliance with environmental conditions, including the removal of all salt from surface as part of rehabilitation of the mine site post potash production
  - Salt by-product splits into two sub-products, namely, vacuum salt and de-icing salt

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The life of mine is based on an exploration target. 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.
All regulatory bodies which are engaged in the Mining Concession process have already given their support to the project.

**Positive Environmental Approval Awarded**
- Water permit
- Power permit
  - Awarded June 2019
  - Submitted Q4 2019

**Two construction permits submitted**

**Mining Concession documentation submitted in Q1 2020**
- Continued work on remaining construction permits
  - 2020

**Construction**
- Estimated to begin 12-18 months after Environmental Approval
  - Estimated 2 years
Arable land per person has been steadily decreasing leading to global potash demand increasing approximately 25% from 2012 to 2019.

With global population continuing to grow, increasing demand for potash is expected to continue. Growth of 2.5% p.a. has been forecasted by key potash market analysts.

Increased need for higher crop yields, leading to an increased requirement for fertilisers.

All forecasts indicate a very strong long term future for potash demand.
Potash Demand Steadily Increasing

Compound Annual Growth Rate (2012-2019): ~3%

Demand has contracted slightly in 2020 due to Covid-19, but long-term fundamentals remain strong with population increasing and available arable land decreasing.

Source: CRU, Highfield Resources
1. Potash

Where does it come from?

What is it used for?

Logistics Delivering Key Competitive Advantage

<table>
<thead>
<tr>
<th>Country of departure</th>
<th>Time to port</th>
<th>Brazil</th>
<th>West Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>~2h</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Germany</td>
<td>~3h</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Russia/Belarus</td>
<td>~2-3 days</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>Canada West Coast</td>
<td>~3 days</td>
<td>43</td>
<td>35</td>
</tr>
</tbody>
</table>

Product can be competitively trucked directly to customers in France and Spain

Country of departure

Time to port

Destination (Shipping Days)

Brazil

West Europe

~1,750km from mines to port

~6,800 nautical miles

~1,700km from mines to port

~5,000 nautical miles

~8,700 nautical miles

~220km from mine to port

~2,200km from mine to port

~1,750km from mines to port

~5,000 nautical miles

~1,700km from mines to port

Port of Tarragona

Puerto de Bilbao

135 Km

Puerto de Pasajes

220 Km

Port of Tarragona
Key Advantages of Muga Mine Location

✓ Muga is in close proximity to key demand areas of Europe

✓ Extremely competitive and versatile export options

✓ No European import duties to other EU countries

✓ European potash production is declining
  ✓ Boulby potash mine in the UK shut down (Capacity: 500ktpa)
  ✓ Sigmundshall mine in Germany shut down (Capacity: 600ktpa)
  ✓ Wintershall mine has restricted production due to low river levels in Germany

✓ Strong supply discipline from the major producers with global production cut by 2Mt in 2019 due to increased stock levels

✓ Africa & Brazil provide key future growth areas
World’s population will rise to 9.7 billion by 2050 with most de-icing salt demand in the north hemisphere due to harsher winters.

Global demand of salt is forecast to increase to 424 Mt in 2028, from 352 Mt in 2018, equivalent to a growth rate of 1.9% per year.

Population increase and industrialization in developing countries will drive growth in the food industry and other industrial salt uses.

All forecasts indicate a steadily growing long-term future for salt demand, in spite of seasonality of de-icing salt.
Potential sales strategy

- Sales & Marketing Strategy well advanced
- A high level of interest in the mine with MOUs signed for the option to sell more than phase 1 production
- Extremely competitive and versatile export options
- Salt sales will convert potential environmental liability into commercial opportunity

**Wider Europe:**
- ~250-300 kt MOP
- ~200-250 kt salt

**Local:**
- ~450-500 kt MOP
- ~400-500 kt salt

**US East Coast:**
- ~50 kt MOP
- ~200-250 kt salt

**South America:**
- ~200-250 kt MOP

**Africa:**
- ~50 kt MOP

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<thead>
<tr>
<th>Potash MOUs signed</th>
<th>GMOP</th>
<th>SMOP</th>
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<tr>
<td>Ameropa</td>
<td>175,000 t</td>
<td>75,000 t</td>
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<tr>
<td>Keytrade</td>
<td>250,000 t</td>
<td>50,000 t</td>
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<tr>
<th>Salt MOUs signed</th>
<th>Vacuum</th>
<th>De-icing</th>
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<tbody>
<tr>
<td>Cargill</td>
<td>-</td>
<td>1,000,000 t</td>
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<tr>
<td>Maxisalt</td>
<td>400,000 t</td>
<td>100,000 t</td>
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**Key Technical Work Completed at Muga**

Updated Ore Reserve Estimate for Muga comprising 108.7 million tonnes of Proved and Probable Reserves at 10.2% K2O, with 27 years LOM*, confirming the technical and economic validity of the Project.

Recent encouraging drilling at Vipasca has confirmed the potential for the continuity of Resources between Muga and Vipasca.

Mine design previously confirmed by international experts, SRK Consulting, Saskatchewan Research Centre, Hatch and Micon International Company Limited.

*Competent Persons Statements found at the start of presentation*

The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on 15 October 2018 (refer ASX release “Muga Project Update”), the Quarterly Report Published on 14 October 2019 and the clarification document released on 21 November 2019 (refer ASX release “Further Clarification – Muga Project”), continue to apply and have not materially changed.

*The life of mine is based on an exploration target. 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.*
Conventional Mine with Tier-One Infrastructure

Decline access to shallow mineralization. Underground Room and Pillar mining. No aquifers.

First class infrastructure, access to new road systems.

Close to the Port of Bilbao, Spain’s largest port.

National Electricity Grid Substation in close proximity to mine site.
Strong Financial Position and Equity Market Support

- **EMR Capital**, strong supporter and Highfield’s largest shareholder at 30%

- **Australian Super** – supportive shareholder with 5% holding

- Project updated with **Phase 1 capex of €368 million** and Phase 2 capex of €208 million and **C1 cash costs of €82/t**, including salt by-product credit

- Compelling financials, with an **NPV$_8$ of €1.97 billion**, **IRR 25%** and **EBITDA of €310 million** per annum at full production

- **Cash of A$38.8 million** as at 31 March 2020

- **Debt credit of €185 million** previously approved by key European banks – new approval to be sought

- Several **financing options** available through debt and equity

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Project Enhancements Continue to Improve Financials

Project enhancements improved compliance

As well as delivering better technical and commercial outcomes, project enhancements made at Muga deliver a number of value adding and improved environmental results, that comply with the DIA environmental permit issued by the Ministry for Ecological Transition.

The enhancements have resulted in an updated Muga CAPEX estimate with a Phase 1 CAPEX of €368 million and a Phase 2 CAPEX of €208 million.

Significantly improved economics

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<tr>
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<th>15 October 2018</th>
<th>14 October 2019</th>
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<tr>
<td>C1 FOB cost</td>
<td>€104/tonne</td>
<td>€82/tonne</td>
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<tr>
<td>NPV&lt;sub&gt;8&lt;/sub&gt;</td>
<td>€1.16 billion</td>
<td>€1.97 billion</td>
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<td>IRR</td>
<td>23%</td>
<td>25%</td>
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ESG is a Key Area of Focus for Highfield Resources

**Environmental Factors**
- Environmental compliance and commitment through DIA award
- Progressively rehabilitate mine. Muga will be the first potash mine not to leave salt on the surface after production
- Optimised energy usage and efficiency in design
- Zero environmental incidents during drilling activity

**Social Factors**
- Positive feedback indicates local support increase (+90%)
- Well attended public sessions
- Qualified and available local labour market (+4000 CVs received)
- Building a strong safety culture: Zero accidents
- Training ongoing
- 100+ initiatives already invested in the community

**Governance Factors**
- Robust governance processes and strong focus on corporate responsibility and ethics
- Geoalcali admitted as a signatory to the UN Global Compact initiative
- Commitment to disclose non-financial information on a timely basis

**Environmental Factors**

**Social Factors**

**Governance Factors**
Muga Mine Enjoys Tremendous Community and Government Support

The Company hosted a well attended breakfast information session with mayors from local towns in July 2019.

In Sept 2019 The Company hosted a two-day Open Doors event at its core shed in Sangüesa, welcoming around 400 people from the communities near the Muga Project.

Vice-President of Navarra with former CEO Peter Albert and other key figures from the local mining sector.
A Primary Focus on Protecting the Environment

Commitment maintained to minimising the use of water during its drilling works

Water Consumption

Commitment to local wildlife

- Protecting biodiversity
  - Monitoring of fauna population
  - Collaboration with SEO/BirdLife (NGO)
  - Use of nest boxes for birds and bats

Environmental commitment

Zero environmental incidents over four consecutive years

Improved identification of drilling locations

Improved methodology which considers environmental, social and health and safety factors to ensure the optimal drill site location

Responsible consumption and production

100% restoration of drilling sites

Waste management

- Control of the waste in work centres and drilling works
- Low hazardous waste is managed by authorised personnel

Raising environmental awareness

Training initiatives for employees on potential environmental impacts

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<th>Q1</th>
<th>Q2</th>
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<td>DRILLED (m³)</td>
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Recognition for Commitment to Health, Safety and Social Responsibility

**Bonus 2018**
A health and safety recognition for having a low accident rate
¡Enhorabuena!
Vuestra empresa merece el “bonus”

**Member of Ecodes’ Climate Action initiative**

**InnovarSE certificate**
Receipt of the Cycle of Improvement award as a result of sustainable initiatives

**RSA 2020 certificate**
Aragón Province Social Responsibility Seal for the fourth consecutive year

**Reconcilia certificate**
Work Life Balance Award

**Blue Stamp/Seal**
For Health and Safety
European Prices Maintain a Premium Price

- Tight local supply due to mine closures and high cost local producers have maintained the European price premium even during the temporary Covid-19 disruption.
- Given the mine’s location, a large part of the regional premium will be captured at the mine.

Slight weakness in the potash prices towards the end of 2019 has been followed by a strong response from the market with:
  - ICL reducing MOP production by 180,000t
  - K+S cutting production by 300,000t
  - Uralkali reducing output by 350,000t – 500,000t
  - Nutrien reducing production by 700,000t
  - Mosaic closes Colonsay mine removing 400,000t

Prices in Europe are still performing better than in other markets.
The updated costs and forecasted revenues position the mine as potentially one of the *highest margin* potash mines globally.

- European prices continue to trade at a premium to other markets
- Due to Muga’s European location, freight rates to this market would be significantly less than other producers and therefore the mine would see virtually all the European premium.
- Extremely competitive and versatile export options from Muga will deliver high margins at the mine gate.

**Source:** Highfield Resources., ASX Release 14 October 2019

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Three Key Takeaways

- Muga mine will be in the heart of a key European demand region
- European prices have maintained a premium to other global prices
- The mine will have extremely competitive and versatile export options

- Permitting process continues, with project significantly de-risked through DIA
- Mining Concession documentation submitted, and construction permits documentation well advanced
- Strong financial position and equity market support
- ESG is a key area of focus for Highfield Resources
- Technically de-risked with conventional mine, processing and first class infrastructure

- Strong market fundamentals with global need for food continuing to increase
- Prior to temporary Covid-19 disruption, potash prices had recovered from 2016 lows
- Future for fertilisers and potash continue to display positive characteristics

- Location, location, location
- Considerably de-risked
- Potash market strength
Investment Opportunity

**Muga Potash Mine**

- Potentially one of the highest margin potash mines globally
- Low capex intensity per tonne of potash compared to other potash producers
- Low technical risk with conventional mining and processing, and low net cash costs
- Strong market fundamentals. Potash market analysts forecast ~2.5% growth p.a.
- Strong local, regional and national support, reflecting Highfield’s focus on ESG factors

**Highfield Resources**

- Experienced and capable management team
- Strong board with global mining industry experience and robust governance processes
- Highfield Resources continues to de-risk and advance the Muga Project towards production
- Strong financial position and support
- Upside opportunity with Muga Phase 2, pipeline of two other projects in the same Ebro Basin and an SOP project at the Port of Bilbao
REGISTERED OFFICE
169 Fullarton Road
Dulwich SA 5065
Australia

SPAIN HEAD OFFICE
Avenida Carlos III, 13-15, 1B, 31002 Pamplona, Spain
T: +34 948 050 577 | F: +34 948 050 578

FURTHER INFORMATION
Richard Crookes Chairman T: +34 636 758 843
Olivier Vadillo Investor Relations T: +34 609 811 257

www.highfieldresources.com.au