Developing the Next Potash Mine in the Heart of a European Intensive Agricultural Region
COMPETENT PERSONS STATEMENT FOR MUGA POTASH PROJECT
This presentation was approved by Mr Ignacio Salazar, CEO 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 Ignacio Salazar, CEO 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.
Highfield Resources and the Muga project

A potash developer listed on the ASX:HFR with projects in northern Spain

The flagship Muga Project covers about 60km$^2$ in the Provinces of Navarra and Aragón

Conventional Underground Room and Pillar mining of a shallow mineralisation

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

Industry friendly location with strong local support

Local Spanish head office and project office with the entire executive team based in Pamplona, near the Muga Project site

Muga Mine

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Muga Mine
Why Highfield Resources?
# A Compelling 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, with key potash analysts forecasting ~2.5% growth p.a.
- Strong local, regional and national support

## Highfield Resources

- Experienced and capable management team
- Strong board with global mining industry experience and robust governance processes
- Continued de-risking and development of Muga towards production
- Strong financial position and support
- Upside growth opportunity through pipeline of projects in the same Ebro Basin and an SOP project at the Port of Bilbao

![Highfield Resources Logo](image-url)
A Conventional Mine with Tier-One Infrastructure

350m

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

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

First class infrastructure and access to new road systems

National Electricity Grid Substation is in close proximity to mine site
Significant Logistical Competitive Advantage

Extremely competitive and versatile export options

~1,750km from mines to port

~6,800 nautical miles

~8,700 nautical miles

Low freight cost to Brazil, a key potash market

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

Excellent existing infrastructure

Easy access to premium southern European market where product can be competitively trucked directly to customers in France and Spain

<table>
<thead>
<tr>
<th>Country of departure</th>
<th>Time to port</th>
<th>Destination (Shipping Days)</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Brazil</td>
</tr>
<tr>
<td>Spain</td>
<td>~2h</td>
<td>18</td>
</tr>
<tr>
<td>Germany</td>
<td>~3h</td>
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<tr>
<td>Russia/Belarus</td>
<td>~2-3 days</td>
<td>26</td>
</tr>
<tr>
<td>Canada West Coast</td>
<td>~3 days</td>
<td>43</td>
</tr>
</tbody>
</table>

Port of Tarragona

Puerto de Bilbao 220 Km

Puerto de Pasajes 138 Km

~220km from mine to port
Top Quartile Margins in the Industry

FOB Cost curve forecast for 2024 (real US$)

- European prices continue to trade at a premium to other markets
- Mine location provides exposure to significantly lower potash delivery rates to European market, meaning higher netbacks at mine gate
- C1 cash costs of €82/t, including salt by-product credit will be one of the lowest cost mines

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

Source: Highfield Resources, ASX Release 14 October 2019, ASX Release 21 November 2019

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.
Strong Project Economics, Lower Capex Intensity

Project updated with **Phase 1 capex of €368 million** and Phase 2 capex of €208 million

Muga will be about **half the capex intensity** per tonne of potash compared to other potash producers

Compelling financials, with an **NPV₈ of €1.97 billion**, **IRR 25%** and **EBITDA of €310 million** per annum at full production

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Strong Financial Position and Equity Markets Support

- **EMR Capital**, strong supporter and Highfield’s largest shareholder at 30%
- **Australian Super**, supportive shareholder with 5% holding
- Several **financing options** available through debt and equity
- **Cash of A$28.7 million** as at 30 June 2020
- **Debt credit of €185 million** previously approved by key European banks – new approval to be sought

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The Company is at the final stage of the permitting process which is well advanced.

- **Environmental Approval awarded**
  - Awarded June 2019

- **Water permit and Power permit submitted Q4 2019**
  - Power permit Received Sep 2020

- **Mining Concession documentation submitted Q1 2020**
  - Public exposition ended 29 August 2020
  - Continued work on remaining construction permits

- **Construction**
  - Estimated to begin in H1 2021

- **Water permit**
  - Received Sep 2020

- **Mining Concession**
  - Documentation submitted Q1 2020

- **Public exposition**
  - Ended 29 August 2020

- **Construction**
  - Estimated to begin in H1 2021
Key Technical Work Completed Continues to De-risk Muga

Key project characteristics validated

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

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

De-risking project technical work

Engineering and process specialists Hatch, GEA Messo GmbH and K-Utec Salt Technologies have helped develop the enhanced flow sheet using further laboratory scale and pilot plant testing, and engineering simulations.
Based on these improvements, Grupo IDP and IDON are advancing well with basic design of the process plant and surface facilities and detailed design is ongoing

Operational owner’s team implemented and Acciona as contractor reduce construction and Project delivery risk

*Competent Persons Statements found at the start of presentation

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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.
## Strong Board with global mining industry experience and robust governance processes

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Background and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Richard Crookes</strong></td>
<td>Independent Non-Executive Director Chairman</td>
<td>Has over 30 years of experience in the resources sector. Worked as Chief Geologist and Mining Manager for Ernest Henry Mining in Australia (now Glencore). Has been Executive Director for the Energy Metals Division of Macquarie Bank and Investment Director for EMR Capital.</td>
</tr>
<tr>
<td><strong>Pauline Carr</strong></td>
<td>Independent Non-Executive Director</td>
<td>Has over 30 years of resources sector experience. Occupied senior and executive positions for Newmont Asia Pacific and Normandy Mining Limited and has worked for a number of years in the petroleum and gas sector with Exxon Mobil.</td>
</tr>
<tr>
<td><strong>Isaac Querub</strong></td>
<td>Independent Non-Executive Director</td>
<td>Was the CEO of Glencore Spain, and Partner of Andria Real Estate Investments, Incogas and Moka Consulting. Member of the Board of Asturiana de Zinc and currently a member of the board of various European mining companies.</td>
</tr>
<tr>
<td><strong>Roger Davey</strong></td>
<td>Independent Non-Executive Director</td>
<td>Has over 40 years of experience in the fertiliser industry. Was Senior Mining Engineer in the project finance team for NM Rothschild Mining and Metals. Experienced in operating in Spain as Chairman of Atalaya Mining and has considerable knowledge of start-up mines around the world.</td>
</tr>
<tr>
<td><strong>Jim Dietz</strong></td>
<td>Independent Non-Executive Director</td>
<td>Has over 40 years of experience in the fertiliser industry. Was Chief Operating Officer of Potash Corporation Saskatchewan, ('Potash Corp'), the largest fertiliser company in the world. Was also the President of PCS Nitrogen.</td>
</tr>
<tr>
<td><strong>Brian Jamieson</strong></td>
<td>Independent Non-Executive Director</td>
<td>Was on the Board of Oxiana for 10 years and assisted Owen Hegarty in developing that company into a major mining house. 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.</td>
</tr>
</tbody>
</table>
Experienced and capable management team

Ignacio Salazar
Chief Executive Officer
Ignacio 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 12 years with Orosur Mining Inc. including seven years as CEO.

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

Ricardo Pérez
External Relations & Permitting
Ricardo has over 20 years of experience in the management of investment firms, leading investment processes in companies, fundraising and strategic consulting. He is an 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
Javier 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
Leonardo is a mining engineer with more than 20 years’ experience in project management 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 2 years working on the Muga.

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.

Olivier Vadillo
Investor Relations
Olivier has more than 15 years professional experience in strategic consultancy. He has worked for companies such as Wood Mackenzie and Deloitte where he developed business strategies and financial models. Previously he was Head of Metals and Mining Research Asia for Wood Mackenzie in Sydney.
ESG is a Key and Important Area of Focus

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 incidences 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
- Adherence to rigorous ASX and EEU disclosure and reporting obligations
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”

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

**Member of Ecodes’ Climate Action initiative**

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

**Reconcilia certificate**
Work Life Balance Award

**Blue Stamp/Seal**
For Health and Safety
Strong Market Fundamentals
Arable land per person has been steadily decreasing, leading to approximately 25% increase in global potash demand (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.

Key forecasts indicate strong, long-term demand for potash.
Global demand for 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.

World’s population will rise to 9.7 billion by 2050 and industrialisation 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.
Proposed Sales Strategy

Sales & Marketing Strategy well advanced
A high level of interest in the mine with MOUs signed for more than phase 1 production
Salt sales will convert potential environmental liability into commercial opportunity
Africa & Brazil provide key future growth areas for potash demand

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

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

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

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

- **Africa:**
  - ~50 kt MOP

**Potash MOUs signed**

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<th></th>
<th>GMOP</th>
<th>SMOP</th>
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<tr>
<td>Ameropa</td>
<td>175,000 tpa</td>
<td>75,000 tpa</td>
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<tr>
<td>Keytrade</td>
<td>250,000 tpa</td>
<td>50,000 tpa</td>
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**Salt MOUs signed**

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<tr>
<th></th>
<th>Vacuum</th>
<th>De-icing</th>
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<tbody>
<tr>
<td>Cargill</td>
<td>-</td>
<td>1,000,000 tpa</td>
</tr>
<tr>
<td>Maxisalt</td>
<td>400,000 tpa</td>
<td>100,000 tpa</td>
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Tight local supply due to mine closures and high-cost local producers, have maintained Europe’s price premium, even during the COVID-19 pandemic.

Given the location, a large part of the regional premium will be captured at the mine.

Weakness in the potash prices has been followed by a response from the market with:

- K+S cutting production by 300,000t
- Uralkali reduced output by 350,000t – 500,000t
- Nutrien reduced production by 700,000t
- Mosaic closes Colonsay mine removing 400,000t
- ICL Spanish Sallen mine of 500,000t closes permanently

Prices in Europe are performing better than other markets.

Source: Argus Media, Highfield Resources
An Investment Opportunity in the Next Major European Potash Mine
Key Takeaways

Potash: Commodity with strong market fundamentals and forecasted growth

High quality high profitable project:
- shallow mineralization, no aquifer; conventional mining method,
- World class existing infrastructure
- located in the heart of an intensive agriculture region with potash deficit

Low capex intensity: Less money to build the mine

Resulting in impressive economics and significant potential for revaluation by moving project to production

Timing: Final stage in the permitting process, and move to construction

Strong financial position and support from committed shareholders to do it

Experienced management team and strong board to make it happen
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Australia

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