

ASX Release
9 August 2021

Equity Raising of up to A\$19 Million to Fund Pre-Construction Activities at Muga

Overview

- Firm commitments received from institutional investors to raise A\$15 million via a single-tranche placement
- Issue price of A\$0.52 per share represents an 8% discount to the last closing price of A\$0.565 per share
- Equity raising proceeds to fund the purchase of long-lead items and other site infrastructure including power supply at the Company's flagship Muga Potash Project
- Strong cornerstone demand for the oversubscribed placement received from existing shareholders and new institutional investors
- Share Purchase Plan of up to A\$4 million will be offered to eligible retail shareholders on the same pricing terms as the institutional placement

Highfield Resources Limited ("**Highfield**" or "**Company**") is pleased to announce that the Company has received firm commitments from institutional investors for the placement of approximately 28.8 million ordinary shares of the Company at an issue price of A\$0.52 per share to raise gross proceeds of A\$15 million ("**Placement**").

The Placement was oversubscribed with strong support by existing and new institutional investors. Proceeds of the Placement will provide a runway to pursue project finance and other strategic alternatives to complete the construction funding and will be used to fund pre-construction activities at the Muga Potash Project ("**Muga**" or the "**Project**"), including:

- Advancing the purchase of long-lead items and other site infrastructure including power supply; and
- General working capital and corporate costs

In addition to the Placement, the Company intends to offer eligible retail shareholders the opportunity to participate in the equity raising through a Share Purchase Plan ("**SPP**") to raise up to an additional \$4.0 million by subscribing for up to A\$30,000 each at the same price as the Placement. Several directors of the Company intend to participate in the SPP.

Managing Director Ignacio Salazar commented:

"We are pleased to announce the completion of the Placement which was well supported by existing and new institutional investors. We welcome all new shareholders to the Company and thank existing shareholders for their ongoing support."

Highfield Resources Limited
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Issued Capital
329.6 million shares
19.82 million options

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Highfield is now well-funded and following the recent award of the critical mining concessions, the Company has a solid platform for development with a view to starting early works at Muga in Q4 2021.”

HFR’s major shareholder, EMR Capital Chairman Owen Hegarty commented:

“EMR is pleased with the outcome of the equity raising and progress made by Highfield management in recent months at the project level, amidst the positive MOP market backdrop. We continue to see significant long-term value in Muga and remain fully supportive in seeing the Company into production.”

Muga Potash Project

The Company's flagship Muga Project will be the next major European potash mine. Muga is a unique project with shallow mineralization and no aquifers above it and therefore there is no need to build a shaft. There is quality and readily accessible infrastructure already in place in the region and importantly it is located in the heart of a European agricultural region which has a clear deficit in potash supply. It is expected to be a relatively low cost and low capex potash mine.

Having recently received the Mining Concession, the last remaining Government permit needed, the Company has been continuing to progress the pre-construction phase of its flagship project.

Placement Details

The 28.8 million new shares to be issued under the Placement will be allotted in a single tranche on Monday, 16 August 2021 pursuant to the Company’s existing 15% placement capacity under Listing Rule 7.1.

The Placement price of A\$0.52 per share represents a discount of:

- 8.0% to Highfield’s last closing price of A\$0.565 per share on 4 August 2021;
- 9.6% to Highfield’s 5-day VWAP of A\$0.575 per share; and
- 10.1% to Highfield’s 10-day VWAP of A\$0.578 per share;

Canaccord Genuity (Australia) Limited and Foster Stockbroking Pty Limited acted as Joint Lead Managers and Joint Bookrunners to the Placement. Aitken Murray Capital Partners Pty Ltd acted as Co-Manager.

Share Purchase Plan

In addition to the Placement, and to provide the Company’s existing shareholders with the opportunity to increase their investment in the Company at the same price as shares issued under the Placement, the Company will be making an offer to all eligible shareholders at the Record Date to participate in the SPP to raise up to a further \$4 million.

The Shares offered under the SPP will be priced at the same \$0.52 per share price as the Placement. Eligible shareholders under the SPP offer may apply for additional shares up to the maximum A\$30,000 limit.

Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer booklet to be dispatched to eligible shareholders.

Indicative Timetable

The indicative key dates for the Placement and SPP are outlined below:

Event	Date
Record Date for SPP (7.00pm AEST)	Friday, 6 August 2021
Announcement of Placement and SPP	Monday, 9 August 2021
Issue and quotation of shares under Placement	Monday, 16 August 2021
Lodge share plan booklet with ASX and dispatch to eligible shareholders	Tuesday, 17 August 2021
SPP offer opens	9.00am (Melbourne time) on Tuesday, 17 August 2021
SPP offer closes	5.00pm (Melbourne time) on Friday, 27 August 2021
Allotment Date (i.e the date of the issue of Shares under the share plan Offer)	Wednesday, 1 September 2021
Issue and quotation of shares under SPP and despatch of holding statements	Thursday, 2 September 2021

**These dates are indicative only. The Company reserves the right to vary the dates without notice.*

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

Highfield Resources Limited

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About Highfield Resources:

Highfield Resources is an ASX listed potash company which focuses on the construction of its flagship low cost, low capex Muga Project in Spain having been granted the Mining Concession in July 2021.

Muga is a unique project with shallow mineralization with no aquifers above it and therefore there is no need to build a shaft. There is quality and readily accessible infrastructure already in place in the region and importantly, the Muga Project is located in the heart of a European agricultural region which has a clear deficit in potash supply.

Highfield’s potash tenements (Muga-Vipasca, Pintanos, and Sierra del Perdón) are located in the Ebro potash producing basin in Northern Spain, covering an area of around 262km².

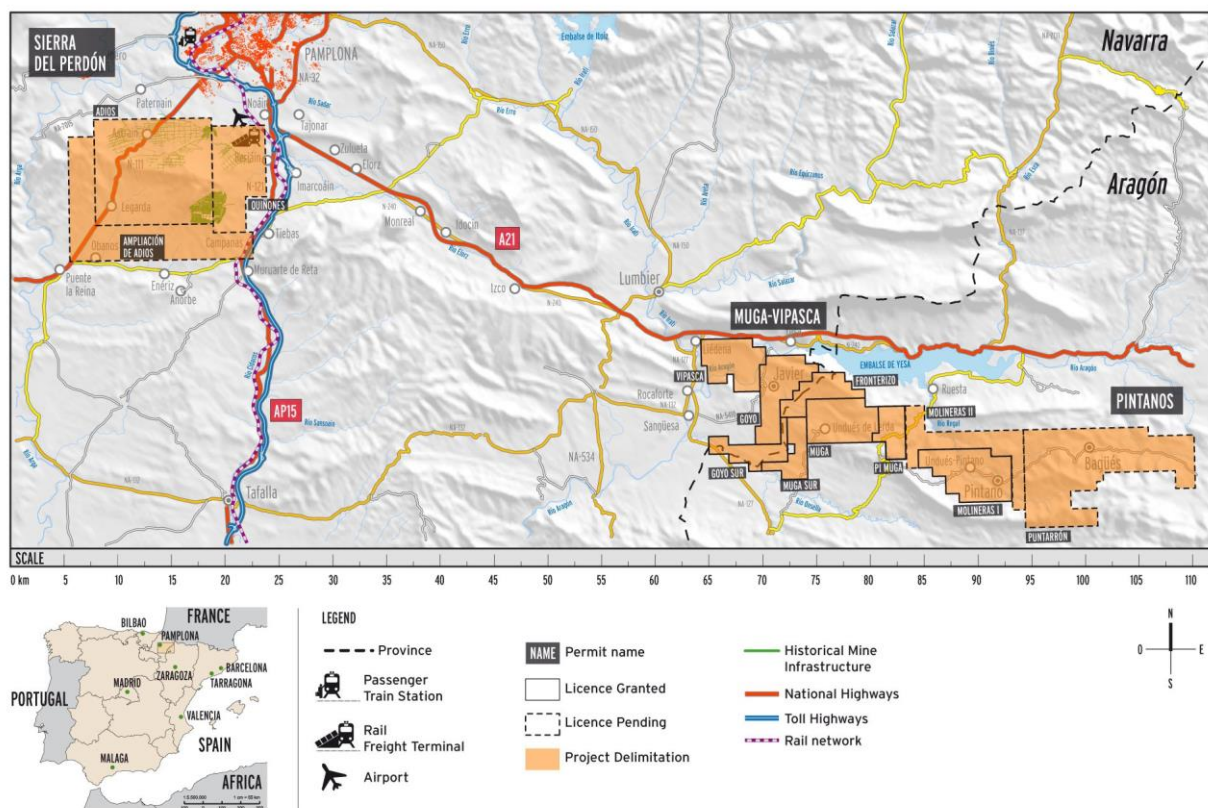


Figure 1: Location of Highfield’s Muga-Vipasca, Pintanos and Sierra del Perdón Tenement Areas in Northern Spain