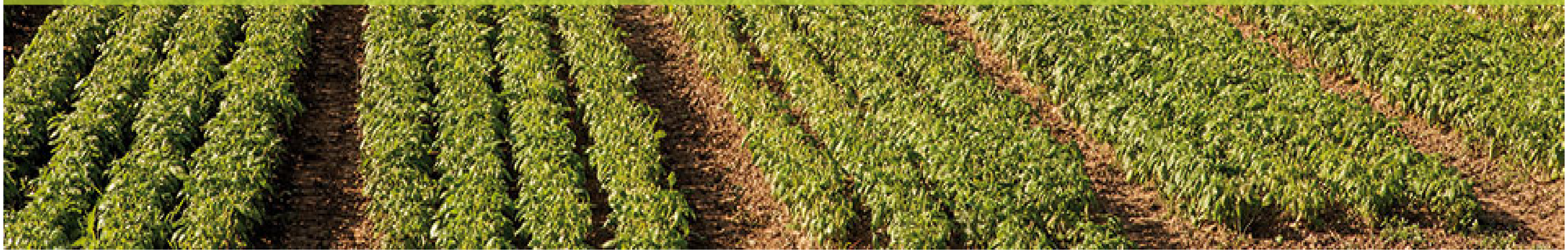
Highfield Resources

# AGM Presentation

May 2019



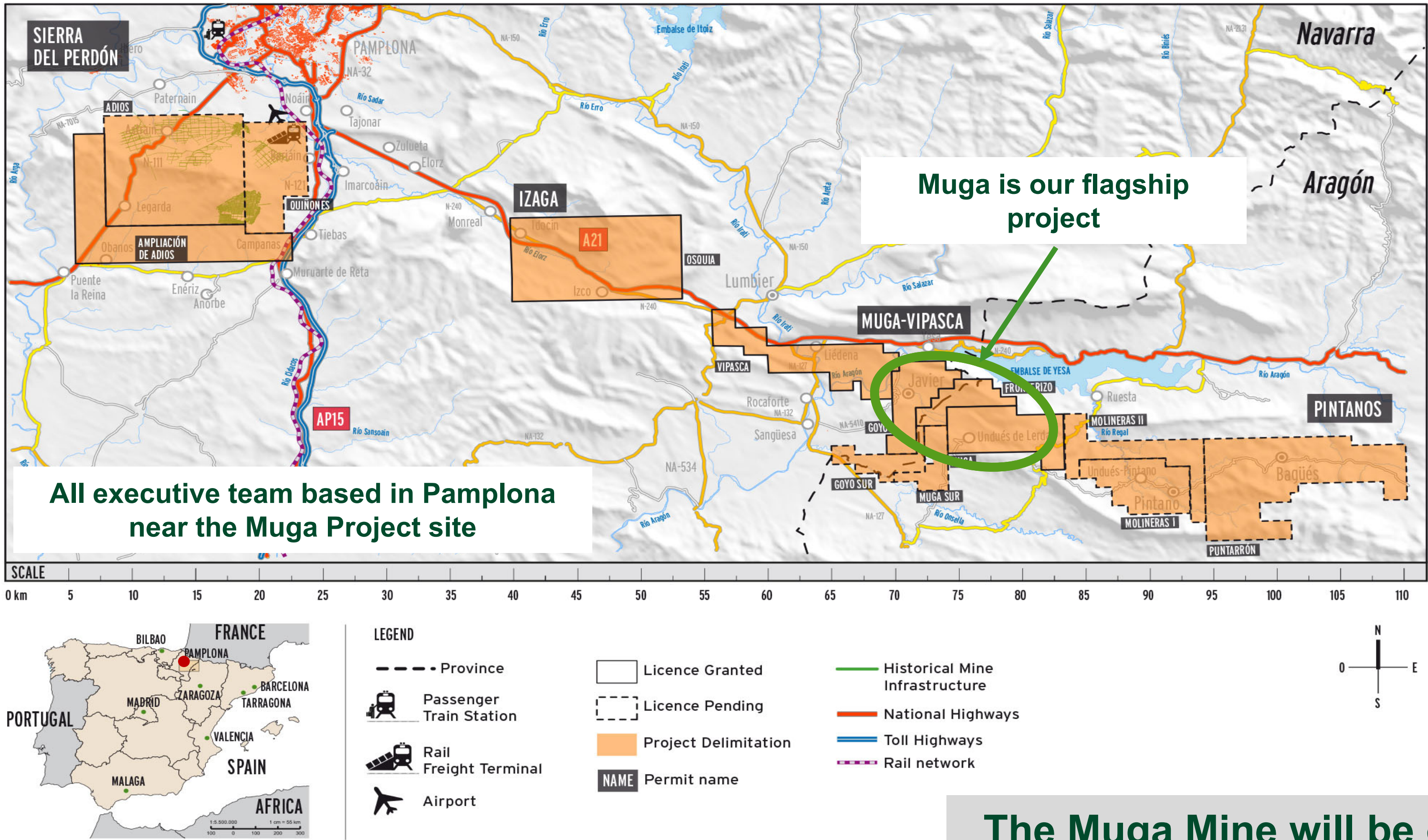
**FORWARD LOOKING STATEMENTS**

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 overview

- Muga Mine will be a high margin potash mine located favourably for premium local Southern European market and international export, in a commodity vital to sustaining food supply to a growing global population




**The Muga Mine will be one of only two potash mines in the premium Southern European market**

- Key significant shareholders EMR Capital and Australian Super
- Cash as at 31 March 2019 of A$50.2m

# The Muga Mine – Environmental Approval

## Recent achievement

- All work, reports and submissions in relation to the Environmental Approval completed
- Continuous dialogue with the Environmental Authority in recent weeks, multiple meetings and exchanges of information
- Advice from the authority is that the Company has provided all that is required and that it is finalising the determination and the conditions that would come with the environmental permit.

## Next steps

Award of positive Environmental Approval

Mining Concession

Timeline: estimated 3-6 months after Environmental Approval

Construction Permits

Timeline: estimated 6-12 months after Mining Concession award

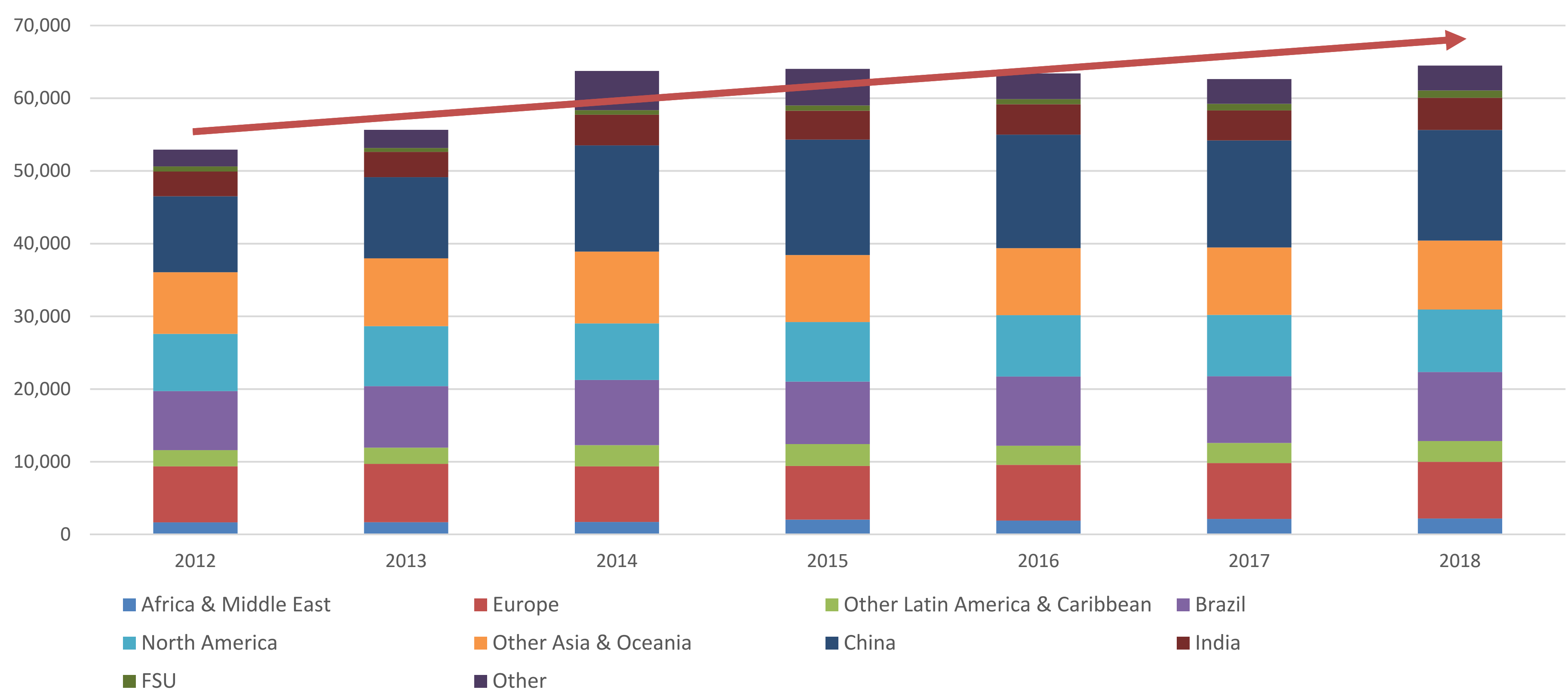
Construction

Timeline: estimated 2 years

At full production the mine will be producing **1Mtpa** in a global market of around 65Mtpa

# Potash demand steadily increasing

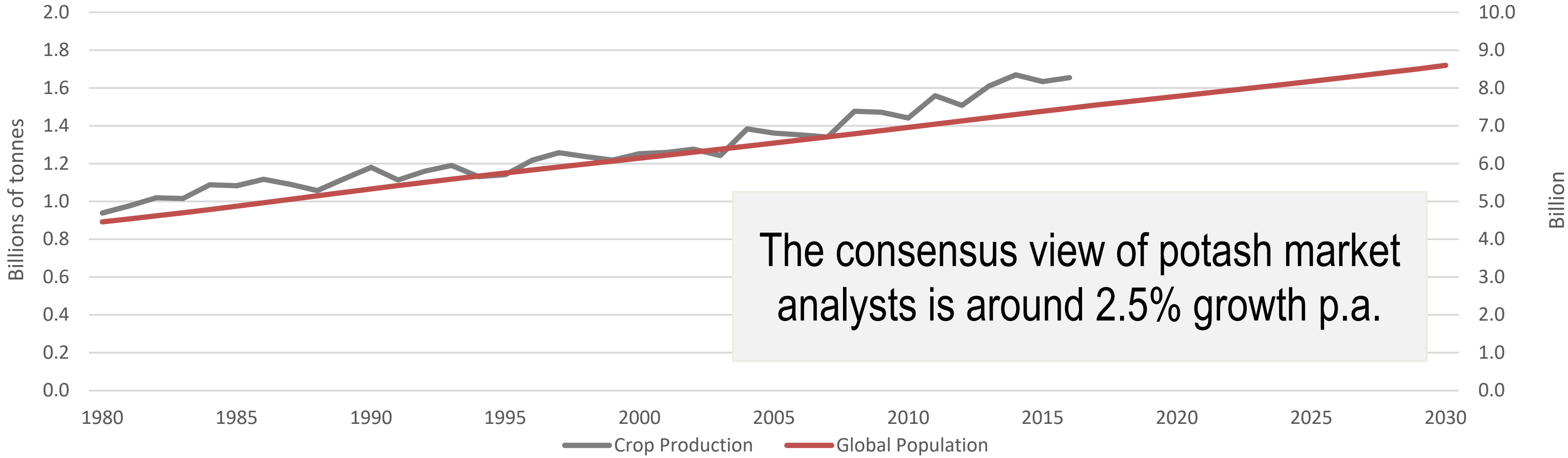
## 22% increase in global demand since 2012




*Source: Argus Media, Highfield Resources*

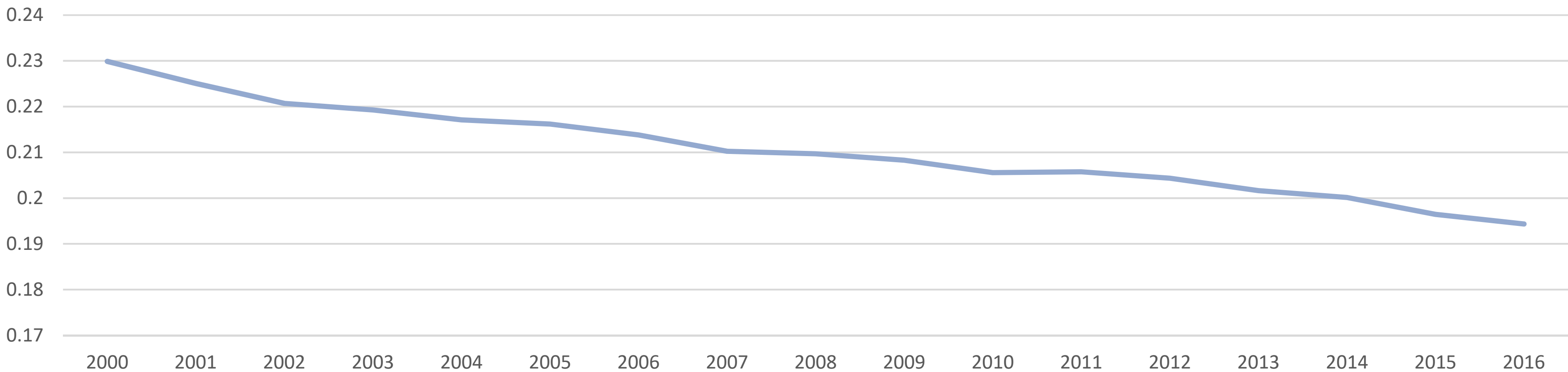
# The future for potash demand looks positive

## Crop production and population growth



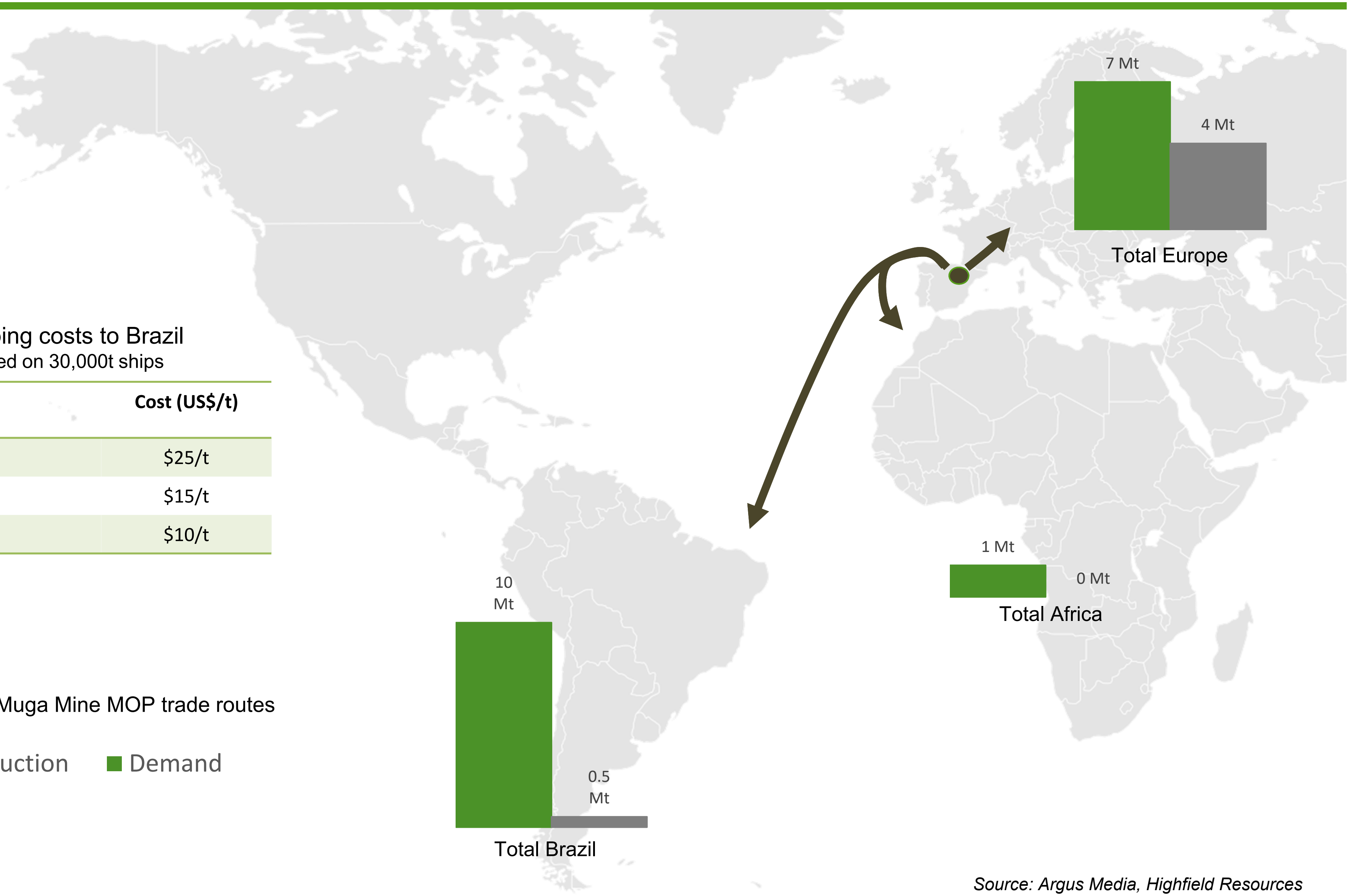

**Source: Food and Agriculture Organization of the UN**

## Arable land (hectare per person)




**Source: The World Bank**

# Muga's location is one of its major attributes




Shipping costs to Brazil
Based on 30,000t ships

| Loading | Cost (US$/t) |
|---|---|
| Canada | $25/t |
| Russia | $15/t |
| Spain | $10/t |

Muga Mine MOP trade routes

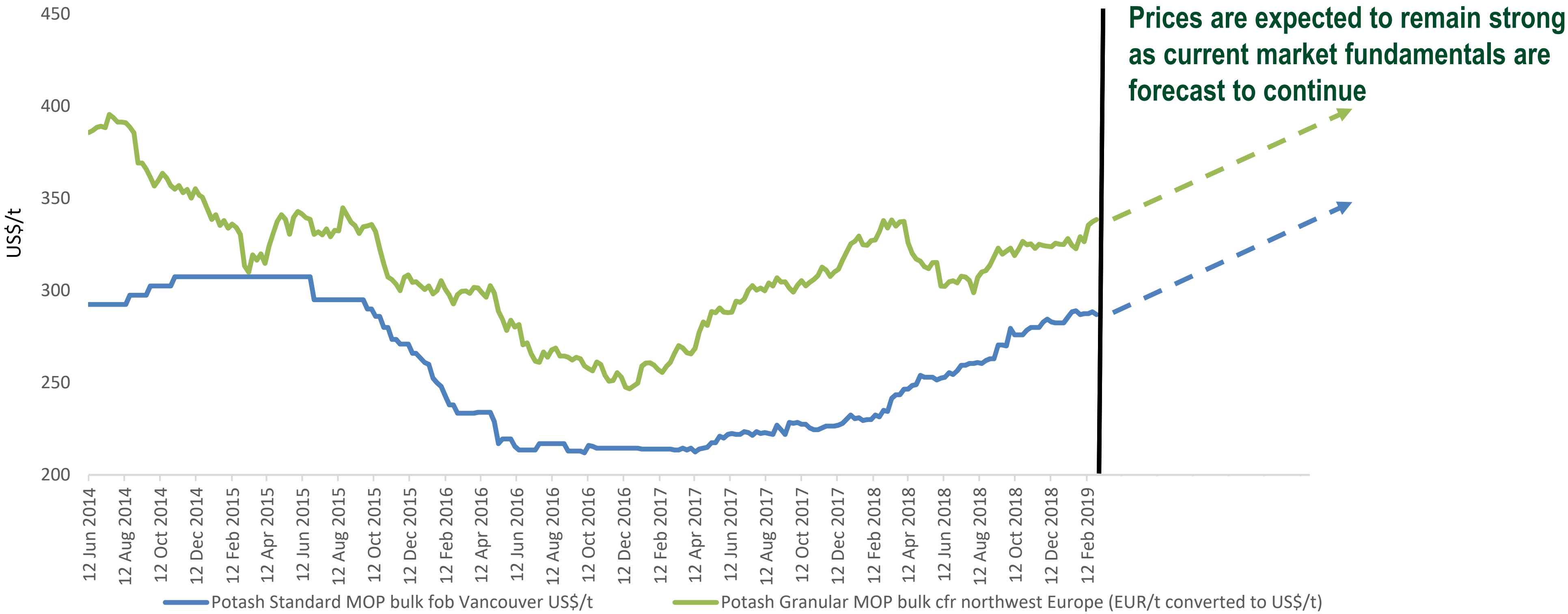
Production Demand

*Source: Argus Media, Highfield Resources*

# Potash price recovery

## European prices have maintained a premium to other prices

**Tight local supply due to mine closures and high cost local producers have maintained the European price premium**




**Source: Argus Media, Highfield Resources**

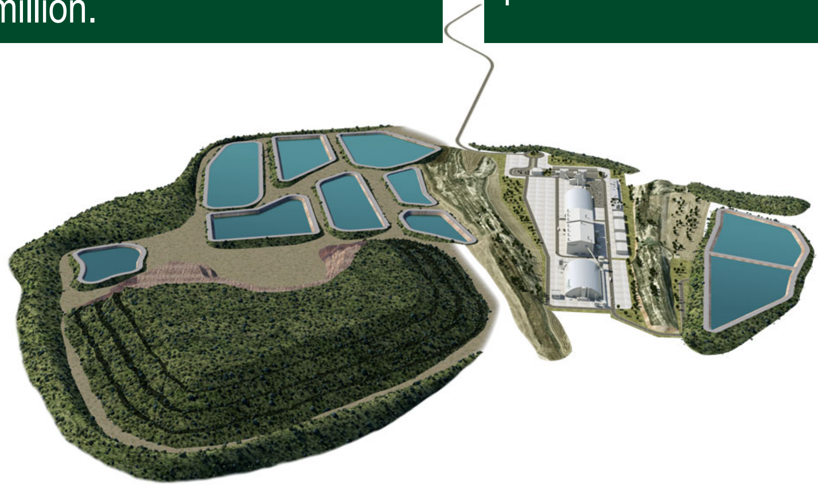
# The Muga Mine – Recent achievements

## Recent key milestones

- Completed mine design optimisation including work by specialist consultant, SRK Consulting
- Recently updated Mineral Resources estimate and Ore Reserves estimate
- Muga project update, with updated capex, opex and financial outcomes
- Updated MOU signed with Acciona, one of Spain’s largest construction companies

# Muga Mine Competitive Position

| | | | |
|---|---|---|---|
| Two phase mine development | Approximately 500,000 tpa of MOP for phase 1 and 1,000,000 tpa post phase 2. | Updated MRE of 234.75 Mt at 12.3% K2O* | Updated Ore Reserve Estimate of 108.7 Mt of Proved and Probable Reserves at 10.2% K2O* |
| 27 year mine life | Phase 1 capex of €342 million with additional Phase 2 capex of €199 million. | Competitive C1 cash cost of €104/t, including salt by-product credit. | Updated MOU with Acciona, one of Spain's largest construction companies |



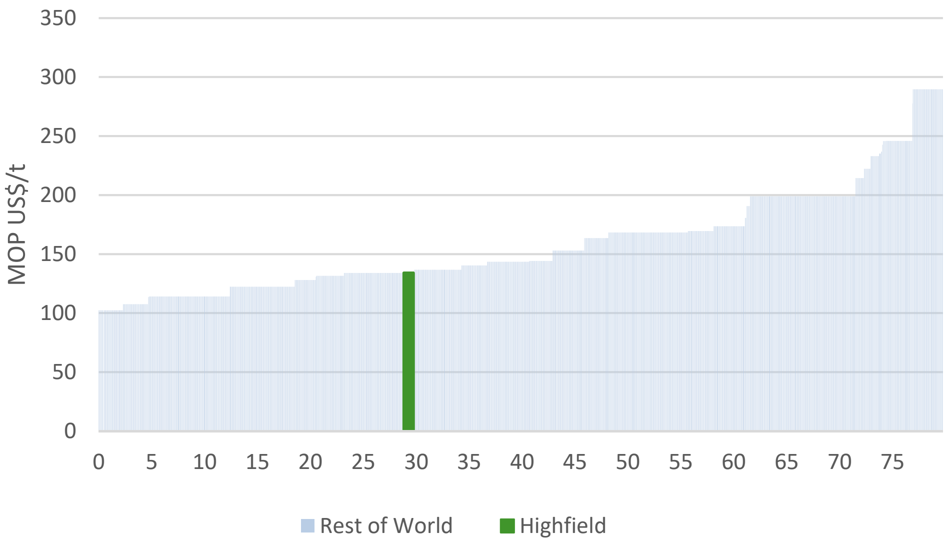
*Competent Persons Statements found at the end of presentation

*The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on the 15th October 2018 (refer ASX release "Muga Project Update"), 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*

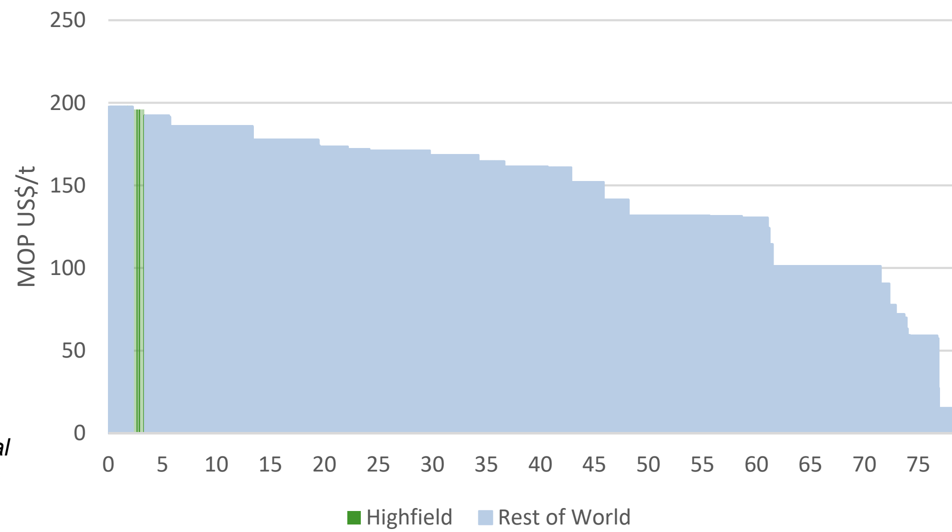
# Muga's competitive position against world peers

## FOB Cost curve forecast for 2024 (real US$)




| C1 Costs Components | Euros/tonne of MOP |
|---|---|
| Mining | 38.15 |
| Processing | 47.74 |
| Salt treatment | 3.53 |
| Waste and backfilling | 4.85 |
| Environmental & Other | 3.23 |
| **Sub Total** | **97.51** |
| G&A | 7.79 |
| Sustaining Capital | 9.99 |
| Net By-Product Credit | -11.72 |
| **Total C1 Costs** | **103.57** |
| C2 Costs Components | |
| Depreciation | 23.60 |
| C1 Costs | 103.57 |
| **Total C2 & C3 Costs** | **127.16** |

## Margin curve forecast for 2024 (real US$)




The updated costs and forecasted revenues position the mine as potentially one of the **highest margin potash mines globally**

*The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on the 15th October 2018 (refer ASX release "Muga Project Update"), continue to apply and have not materially changed.*

*Source: Argus Media 2024 cost forecasts (Q3 2018 dataset), Highfield Resources., ASX Release 15 Oct. 2018*

# Summary – Highfield Resources

- Significant long term upside
- Muga Project Update data confirms low capital cost to production
- Very strong community and local government support
- High margin driven by technical factors and project location
- Experienced team of mine builders and operators
- Experienced board and management team
- Advancing environmental and development permits to commence construction
- Potash market demand and price increasing year-on-year
- Very positive short term and long term market fundamentals


**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**

**Peter Albert** Managing Director T +34 628 590 109
**Olivier Vadillo** Investor Relations T +34 609 811 257

# Competent Persons Statements

**COMPETENT PERSONS STATEMENT FOR MUGA POTASH PROJECT**

This presentation was prepared by Mr Peter Albert, Managing Director 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 report 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 report of the matters based on her information in the form and context in which it appears.

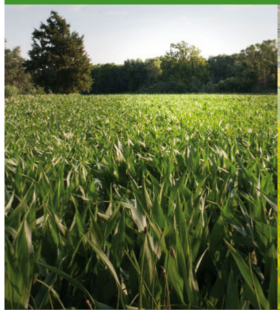
**COMPETENT PERSONS STATEMENT FOR MINERAL RESOURCES AND EXPLORATION TARGETS OTHER THAN MUGA MINERAL RESOURCES.**

This presentation was prepared by Mr Peter Albert, Managing Director 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.



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