Constructing the Next European Potash Mine

AGM Presentation | May 2021

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 of 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.

Welcome

Welcome to the Annual General Meeting of Highfield Resources Limited

Mr Richard Crookes - Chairman

Highfield Resources Board and CEO

Richard Crookes, Chairman

Pauline Carr, Non-Executive Director

Roger Davey, Non-Executive Director

Brian Jamieson, Non-Executive Director

Isaac Querub, Non-Executive Director

Ignacio Salazar, CEO

Questions

Questions to the Board or the Company's auditor- Mr Andrew Forman, regarding the financial report or specific to the resolutions being presented today will be addressed throughout the formal section of the meeting.

All other general questions will be addressed after the corporate presentation.

When submitting questions, please state the registered shareholding name, and if appropriate, the specific resolution the question is relating to.

Voting – online poll

The real-time online poll is now open.

Voting on the poll will remain open until after the Corporate Presentation has concluded.

Ordinary business

To consider the Financial Statements for the financial year ended 31 December 2020 and accompanying reports of the Directors and Auditor.

Resolution 1 :
Adoption of the Remuneration Report

To consider and, if thought fit, pass, with or without amendment, the following resolution as a non-binding ordinary resolution:

'That the Company adopt the Remuneration Report for the year ended 31 December 2020 as set out in the Company's Annual Report for the year ended 31 December 2020.'

For: 145,403,625 (99.46%) Against: 306,680 (0.21%) Abstain: 119,254 (N/A) Open: 483,527 (0.33%)

Resolution 2 :
Re-election of Mr Roger Davey as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

‘That Mr Roger Davey, having voluntarily retired in accordance with clause 12.11.1 of the Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the Meeting.’

For: 145,695,159 (99.60%) Against: 9,000 (0.01%) Abstain: 25,400 (N/A) Open: 574,276 (0.39%)

Resolution 3 :
Re-election of Mr Brian Jamieson as Director

Highfield Resources

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

'That Mr Brian Jamieson, having voluntarily retired in accordance with clause 12.11.1 of the Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the Meeting.'

For: 145,693,159 (99.60%) Against: 11,000 (0.01%) Abstain: 25,400 (N/A) Open: 574,276 (0.39%)

Resolution 4 :
Re-election of Mr Isaac Querub as Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

'That Mr Isaac Querub, having voluntarily retired in accordance with clause 12.11.1 of the Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the Meeting.'

For: 145,692,699 (99.60%) Against: 11,000 (0.01%) Abstain: 25,400 (N/A) Open: 574,736 (0.39%)

Resolution 5 : Approval of 10% Placement Facility

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

'That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.'

For: 145,507,228 (98.12%) Against: 2,141,471(1.46%) Abstain: 60,400 (N/A) Open: 603,987 (0.41%)

Corporate Presentation

Ignacio Salazar, CEO

Olivier Vadillo, Head of Investor Relations

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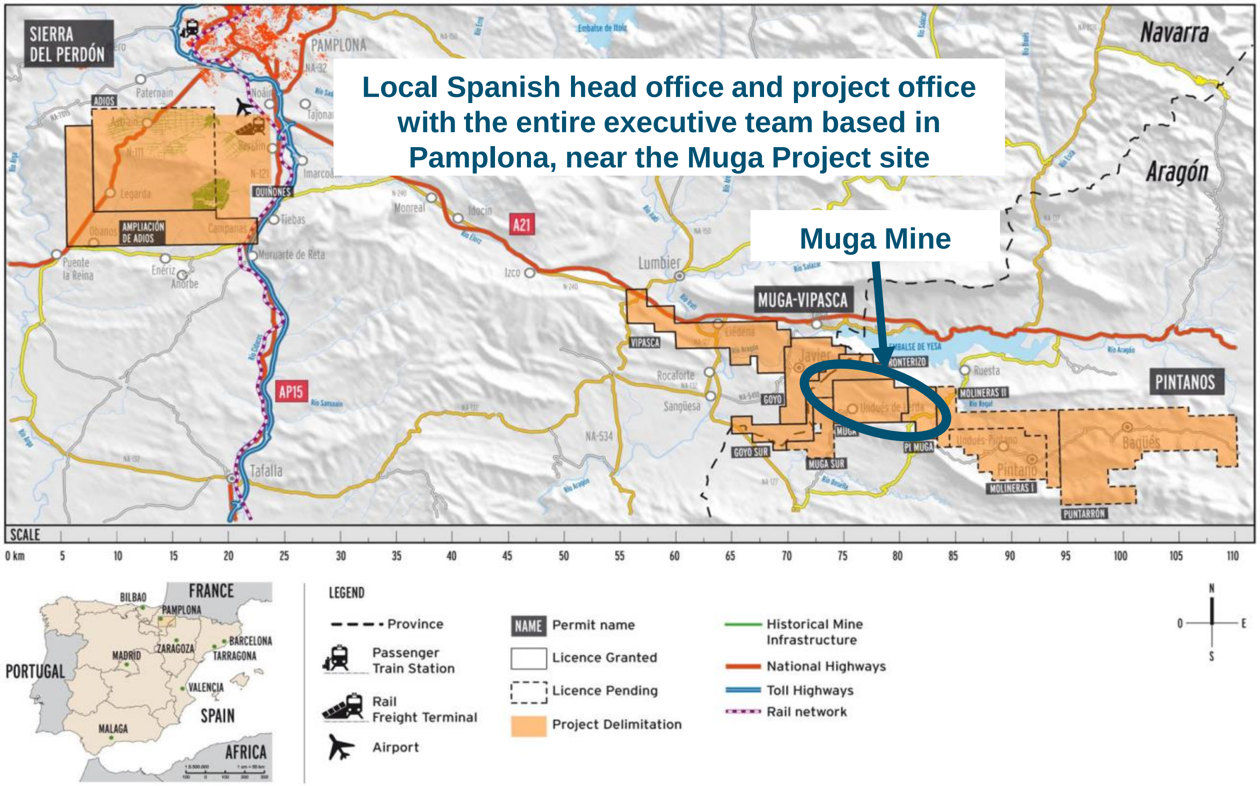
Highfield Resources and the Muga Project

Highfield Resources



A potash developer listed on the ASX (HFR) with projects in Northern Spain

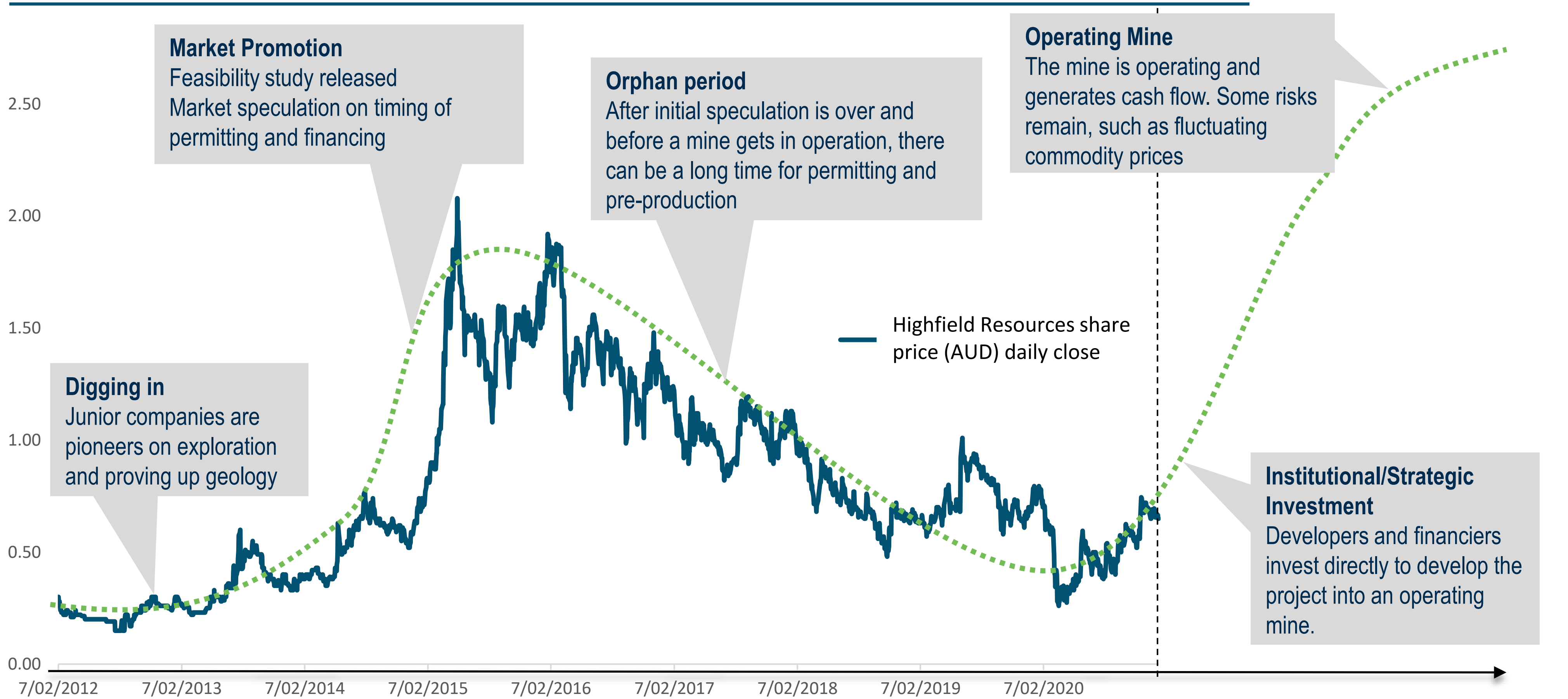
The flagship Muga Project covers about 60km2 in the Provinces of Navarra and Aragón

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

Muga is close to receiving the Mining Concession

Muga is Moving along the Project Life Cycle



Discovery
- Initial drilling
- Global resource definition

Feasibility
- Engineering
- Cost estimates
- Optimization
- Reserve calculations

Development
- Financing
- Engineering
- Permitting
- Construction

Production
- Start-up
- Ramp up
- Nameplate operation

Current Status: Pre-Construction ready

Permitting	• All Mining Concession documentation has been reviewed with no red flags raised • Mining Concession Document with Government lawyer for final review and signing • This is the final step in the Mining Concession approval process
Engineering	• 15 December 2020: all engineering consultancy firms have provided the detailed design to Highfield Resources • Highfield's construction partner, Acciona, is ready to finalise the construction agreement and the project implementation once Mining Concession is received
Sales and Marketing	• Non-binding MOUs representing more than Phase-1 production capacity for potash and salt have already been signed
Corporate	• Endeavour Financial appointed • Maintain the temporary reduction of 50% of all Board members, management and staff's salaries until the Mining Concession is granted

Next Steps

Pre-Construction

- Tendering and planning construction
- Contract with construction partner

Financing

- Debt credit approval
- Finalise equity financing

Townhall Licences

- Power
- Plant
- Mine gate

CONSTRUCTION, COMMISSIONING & HAND-OVER

OPERATIONAL READINESS

Highfield Resources

Why Highfield Resources?

Shallow Mineralization, Conventional Mining, with Tier-One Infrastructure in Place

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

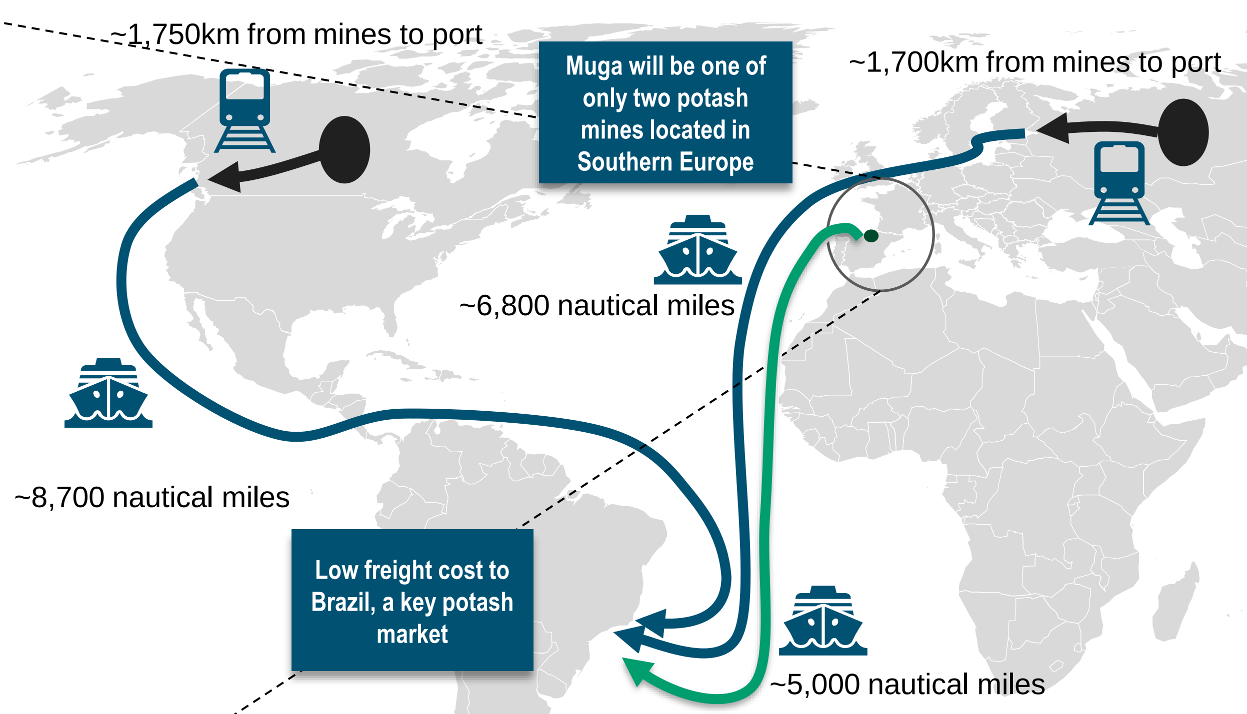
Close to the Port of Bilbao (~220km), Spain's largest port

First class infrastructure and access to new road systems

National Electricity Grid Substation is in close proximity to mine site

Significant Logistical Competitive Advantage

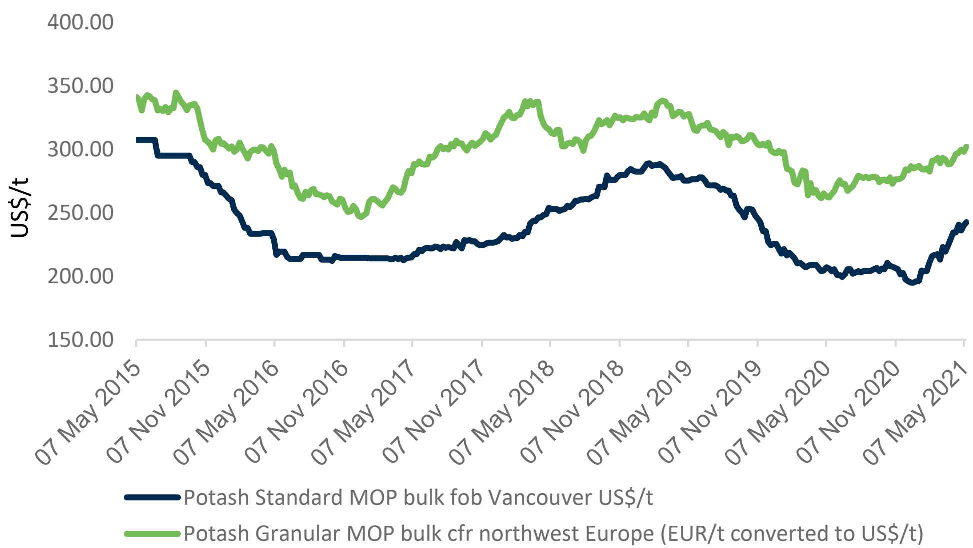
Extremely competitive and versatile export options



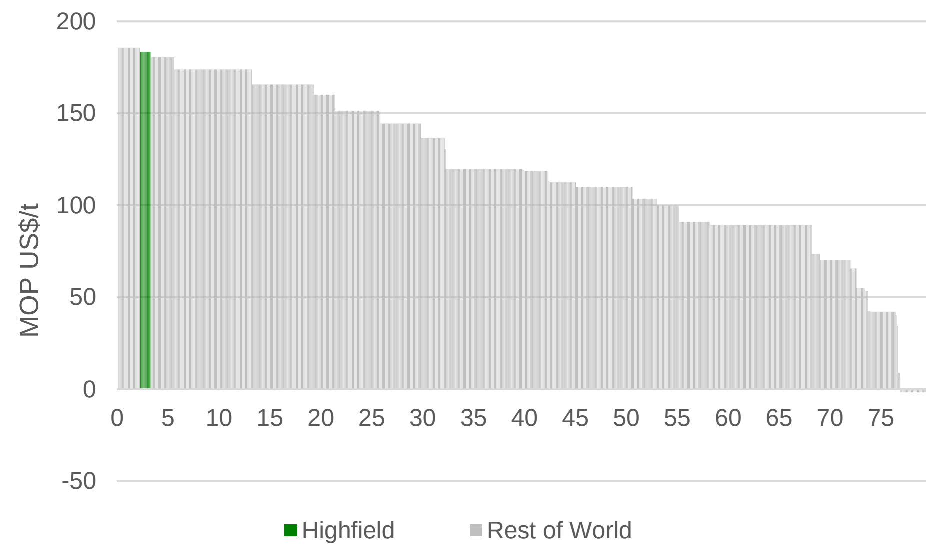
Country of departure	Time to port	Destination (Shipping Days) Brazil	West Europe
Spain	**~2h**	**18**	**-**
Germany	~3h	21	-
Russia/Belarus	~2-3 days	26	5
Canada West Coast	~3 days	43	35

Top Quartile Margins in the Industry

European prices continue to trade at a premium to other markets



Margin curve forecast for 2024 (real US$)



Mine location provides exposure to significantly lower potash delivery rates to European market, meaning higher netbacks at mine gate

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

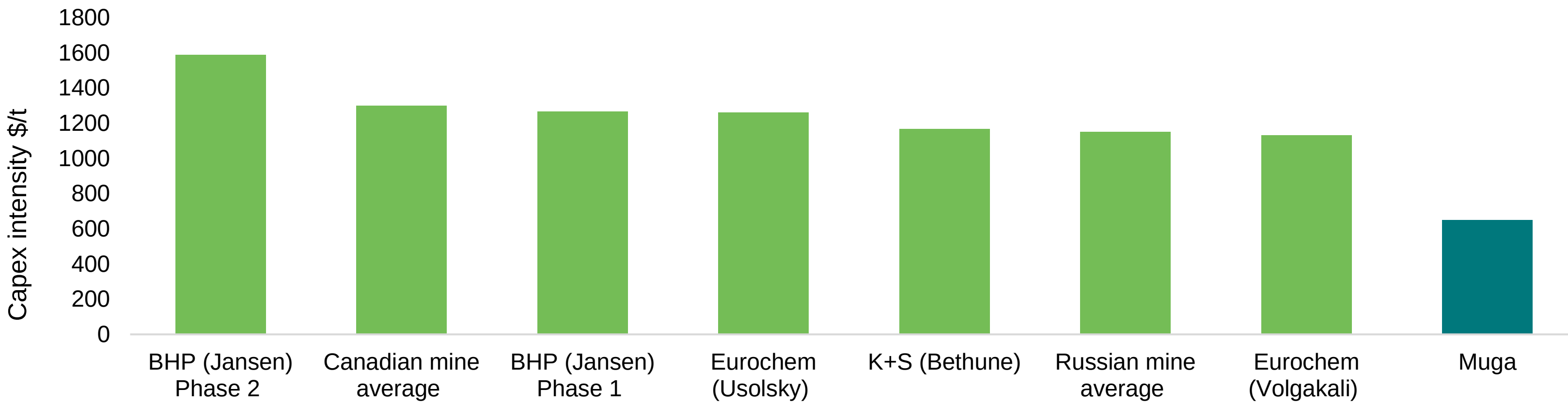
Source: Argus Media, CRU, Highfield Resources., ASX Release 14 October 2019

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.

Low Capex Intensity and Strong Project Economics

Phase 1 capex of €368 million plus Phase 2 capex of €208 million

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



Source: Company Websites, Highfield Resources

Compelling financials, with an **NPV_8 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

Cash of **A$15.8 million** as at 31 March 2021

EMR Capital, strong supporter and Highfield's largest shareholder at 30%

Australian Super, supportive shareholder with 5% holding

Debt credit of €185 million previously approved by key European banks

Work ongoing with **Endeavour financial** for new debt package

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Industry Leading ESG Credentials

Environmental Factors

- Environmental compliance and commitment through DIA award
- Progressively rehabilitate mine: Backfilling and salt sales
- Muga will be the only mine not to leave residue on the surface after production

Social Factors

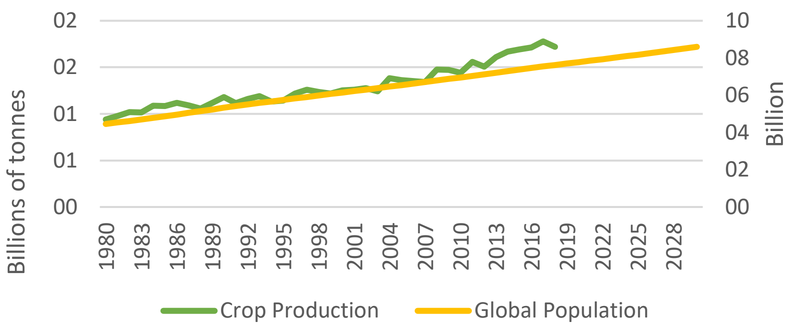
- Strong local support (+90% of the local community in favour of the Muga Project)
- Qualified and available local labour market (+4000 CVs received)
- 100+ foundation initiatives already invested in the community

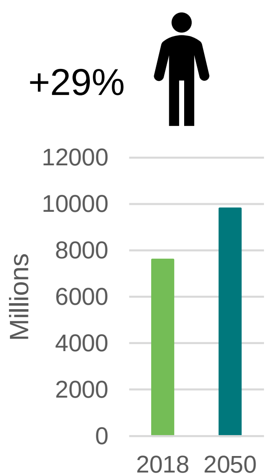
Governance Factors

- Robust governance and strong focus on responsibility and ethics
- Admitted as a signatory to the UN Global Compact initiative
- Adherence to rigorous ASX and EU disclosure and reporting obligations

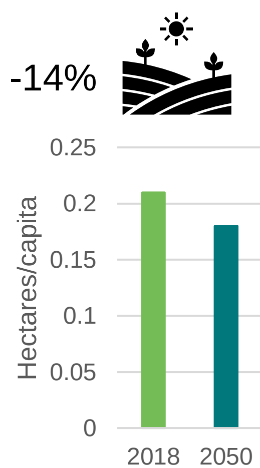
Global Potash Prices on the Move at the Right Time

Strong market fundamentals





World population

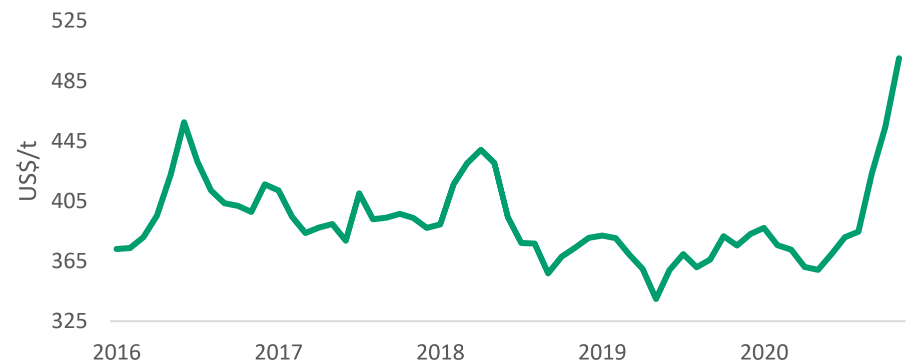


Arable land per capita

Source: UN FAO

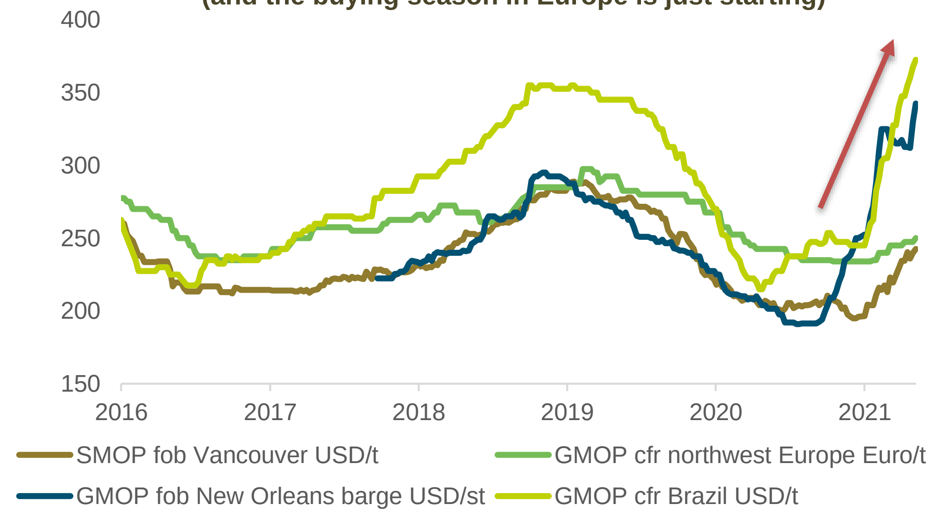
Upward price forecasts

Soybean prices are the highest in 5 years



Potash prices are increasing rapidly

(and the buying season in Europe is just starting)



Source: Argus Media

An Investment Opportunity in the Next Major European Potash Mine

Muga Potash Mine

- Strong market fundamentals
  Global potash prices on the move
- Location is a major strategic advantage
  Shallow mineralization
  Infrastructure in place
- Low capex intensity per tonne
- Forecast to be one of the highest margin potash mines globally
- Moving up in project life cycle

Highfield Resources

- Strong financial position and financial markets support
- Experienced Management and Board
- Strong local support
- Top environmental credentials
- Upside growth opportunities

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

Ignacio Salazar CEO T: +34 948 050 577
Olivier Vadillo Investor Relations T: +34 609 811 257

www.highfieldresources.com.au