Highfield Resources

Constructing the Next European Potash Mine

Corporate Presentation

December 2021

ASX: HFR

COMPETENT PERSONS STATEMENT FOR MUGA ORE RESERVES, MUGA MINERAL RESOURCES and EXPLORATION TARGET

This update was prepared by Mr. Ignacio Salazar Director of Highfield Resources. The information in this update that relates to Ore Reserves is based on information prepared under the direction of Dr Mike Armitage, a Corporate Consultant with SRK Consulting (UK) Limited. Dr. Mike Armitage CEng, CGeol. is the Competent Person who assumes overall professional responsibility for the reported Ore Reserve. The information related with the review of the Life of Mine (“LOM”) that underpins the Ore Reserves has been prepared by Mr Chris Bray, who is a full-time employee of and Principal Consultant (Mining) at SRK. The information in this update that relates to Mineral Resources is based on information prepared by Ms Anna Fardell, a Senior Consultant at SRK Consulting (UK) Limited.

Dr Mike Armitage 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 Stock 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 update of the matters based on this information in the form and context in which it appears.

Mr Chris Bray BEng, MAusIMM (CP) is taking responsibility for the review of the LOM plan, as reported by the Company. Mr Bray is a full-time employee and Principal Consultant (Mining) at SRK. He is a Member of and Chartered Professional in the Australasian Institute of Mining and Metallurgy. He is a Mining Engineer with 24 years’ experience in the mining and metals industry, including operational experience in underground mines as well as mine planning and review experience on underground potash, salt, lithium and borate projects, and as such qualifies as a CP as defined in the JORC Code. He has also been involved in the reporting of Ore Reserves on various properties internationally for over 10 years.

Ms Anna Fardell is a Senior Resource Geologist employed by SRK, and has over 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 Fardell takes responsibility for the Mineral Resource Statement and Exploration Target presented here.

Ms Anna Fardell consents to the inclusion in this update 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.

Cautionary Statement

The production target set out in this update is derived from Proved and Probable Ore Reserves and Measured, Indicated and Inferred Mineral Resources from the Muga-Vipasca tenement as well as the Exploration Target at the Vipasca and Muga Sur tenement. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. 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. The technical parameters underpinning the Mineral Resource in the market announcement dated 30 March 2021 and the Exploration Target in the market announcement dated 23 November 2021 continue to apply and have not materially changed.

INTRODUCTION

An Investment Opportunity in the Next Major European Potash Mine

Highfield Resources

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

Milestones Achieved

Permitting

Mining concession received on 1 July 2021

Documentation submitted for construction licences

Engineering

Detailed design **engineering prepared and ready**

85% of the process plant equipment has been contracted

Sales and Marketing

Signed non-binding **MOUs representing more than Phase-1 production** capacity for potash and salt

Corporate

Endeavour Financial appointed, **finalising financing strategy**

A$18.1 million raise completed in Sep 21

Updated feasibility study reconfirms **Muga's strong economics**

Updated Feasibility Study Reconfirms Muga's Strong Economics

NPV8 of €1.89 Billion
25% IRR

More advanced engineering reconfirming a **30-year mine life**[1]

Updated capex numbers with higher degree of accuracy:
phase 1 €398 million
phase 2 of €209 nillion

At full production, **EBITDA** of around **€400 Million** pa

At current spot price
NPV8 of €2.8 billion
IRR of 42%

Debt sizing is expected to be around EUR300m.

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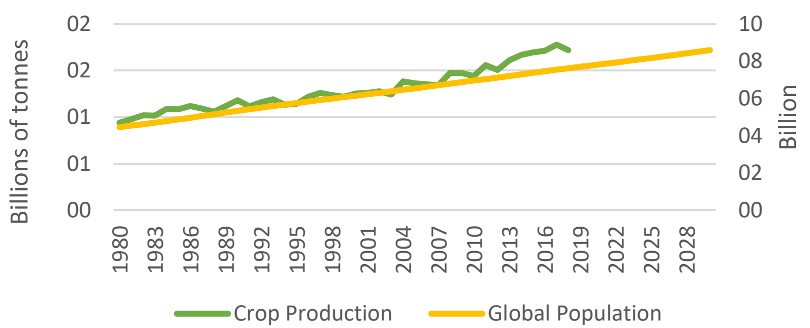
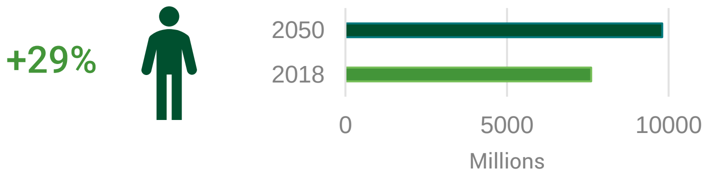
The Company confirms that all material assumptions underpinning these figures, in-line with the initial public report released on 8 December 2021 (refer ASX release "Muga Project Updated Feasability Study"),continue to apply and have not materially changed.

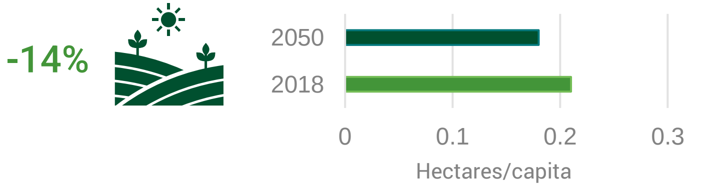
Muga Moving to Construction

Global Potash Prices on the Move at the Right Time

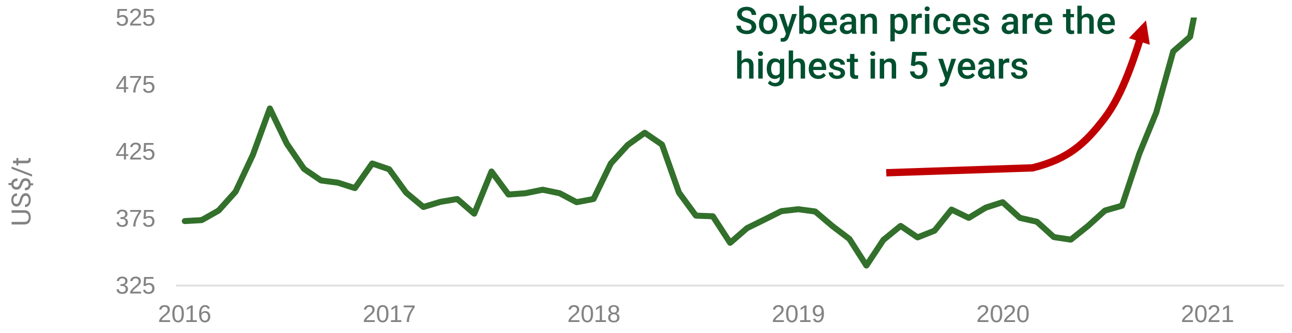
Strong market fundamentals

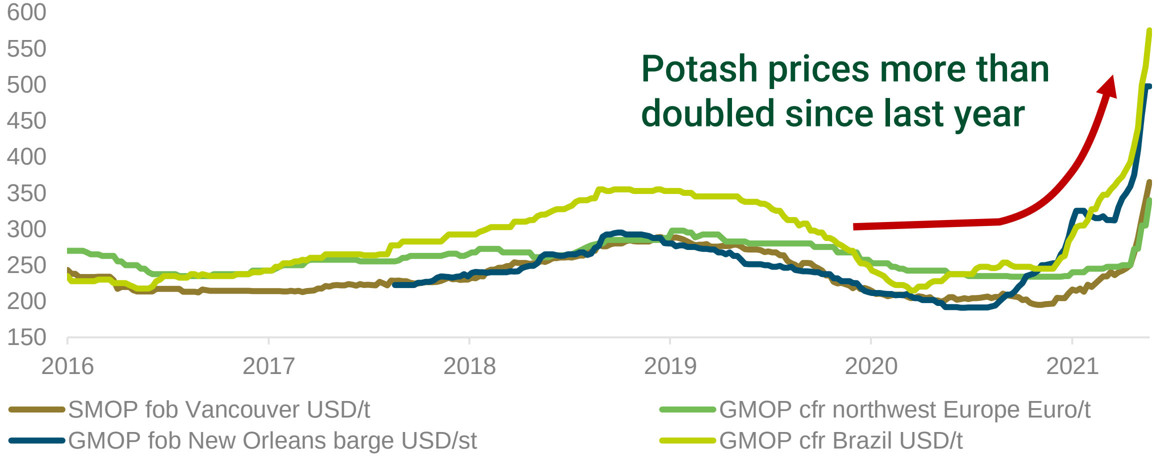






Upward price forecasts





Highfield Resources

MUGA PROJECT OVERVIEW

Highfield Resources and the Muga Project

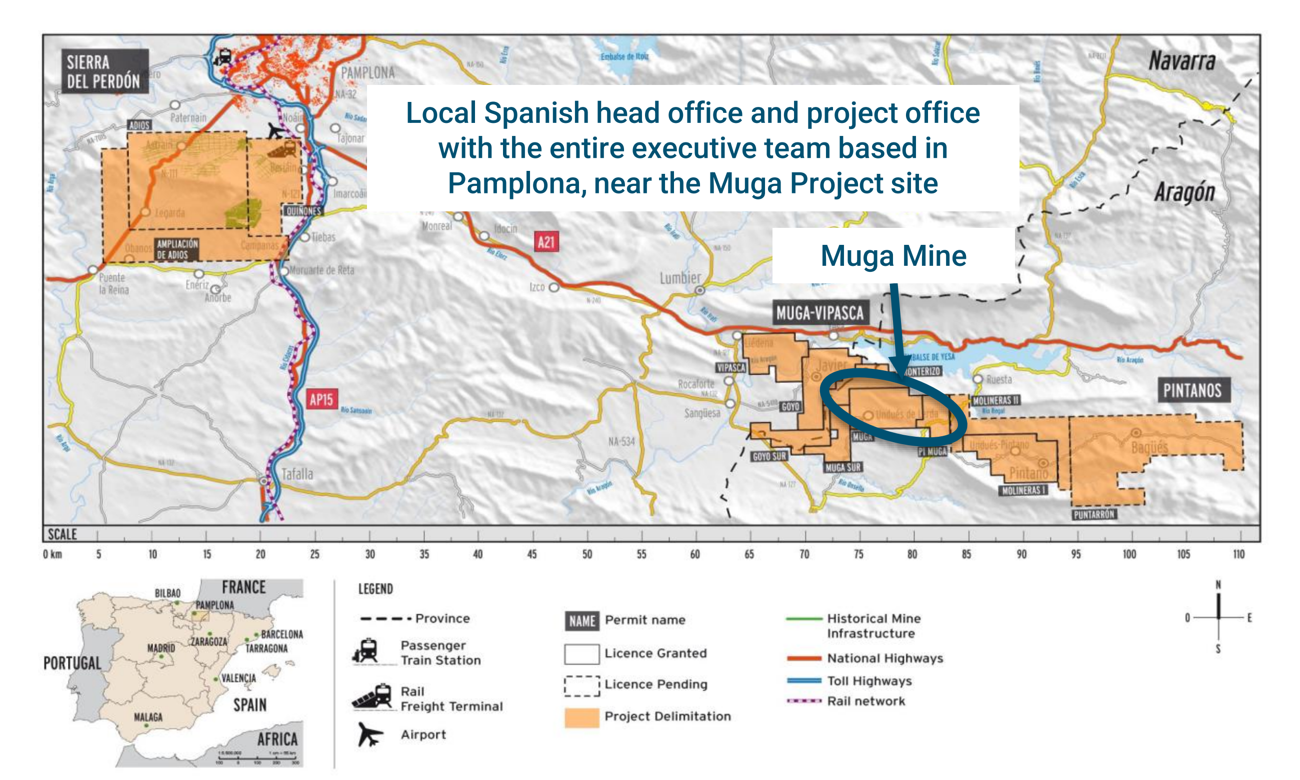
A potash developer listed on the ASX (HFR) with projects in Northern Spain

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

Conventional Underground Room and Pillar mining. Declines accessing shallow mineralisation

Conventional Flotation and Crystallisation processing

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

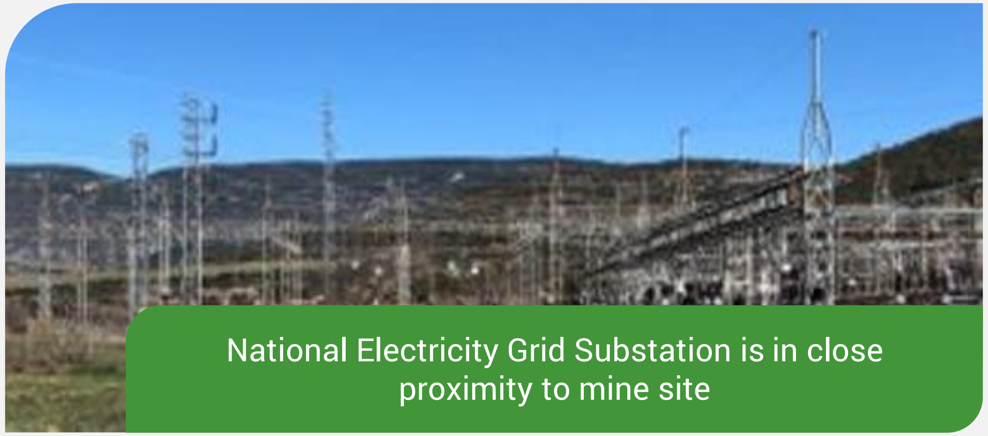


Shallow Mineralization, Conventional Mining, with Tier-One Infrastructure in Place

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

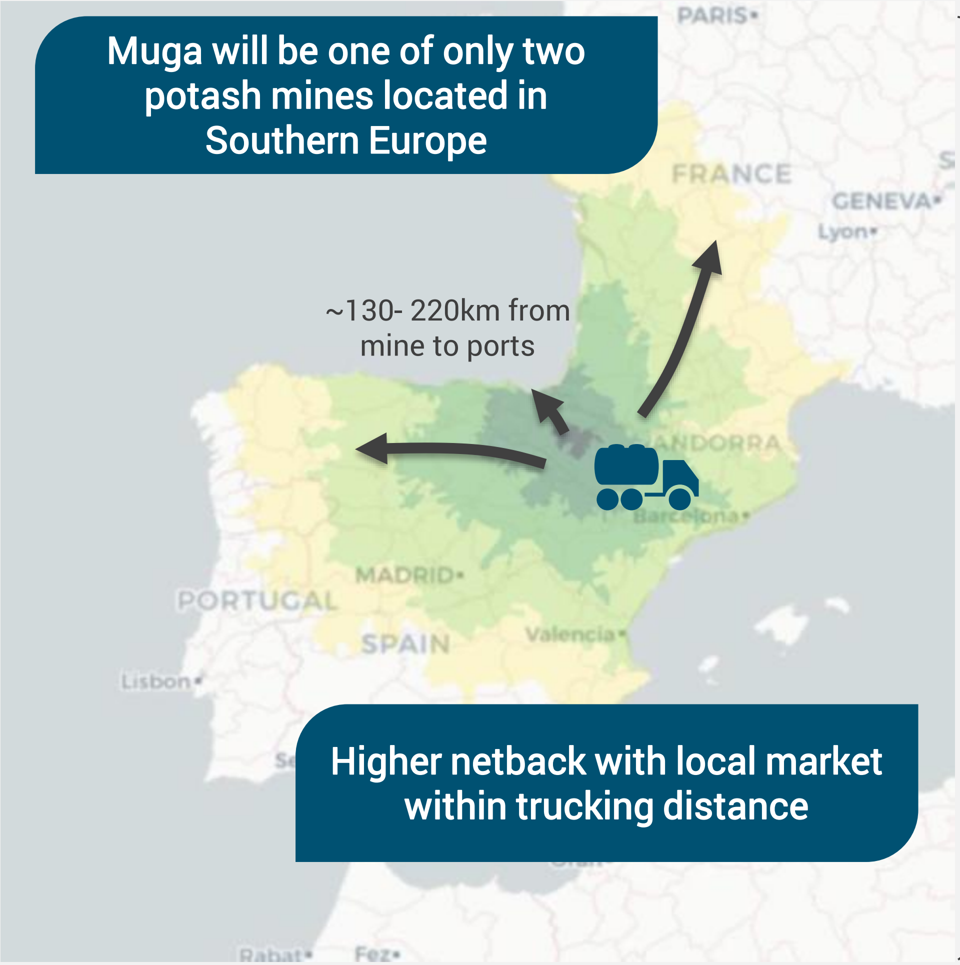

Close to the Port of Bilbao (~220km), Spain's largest port


First class infrastructure and access to new road systems

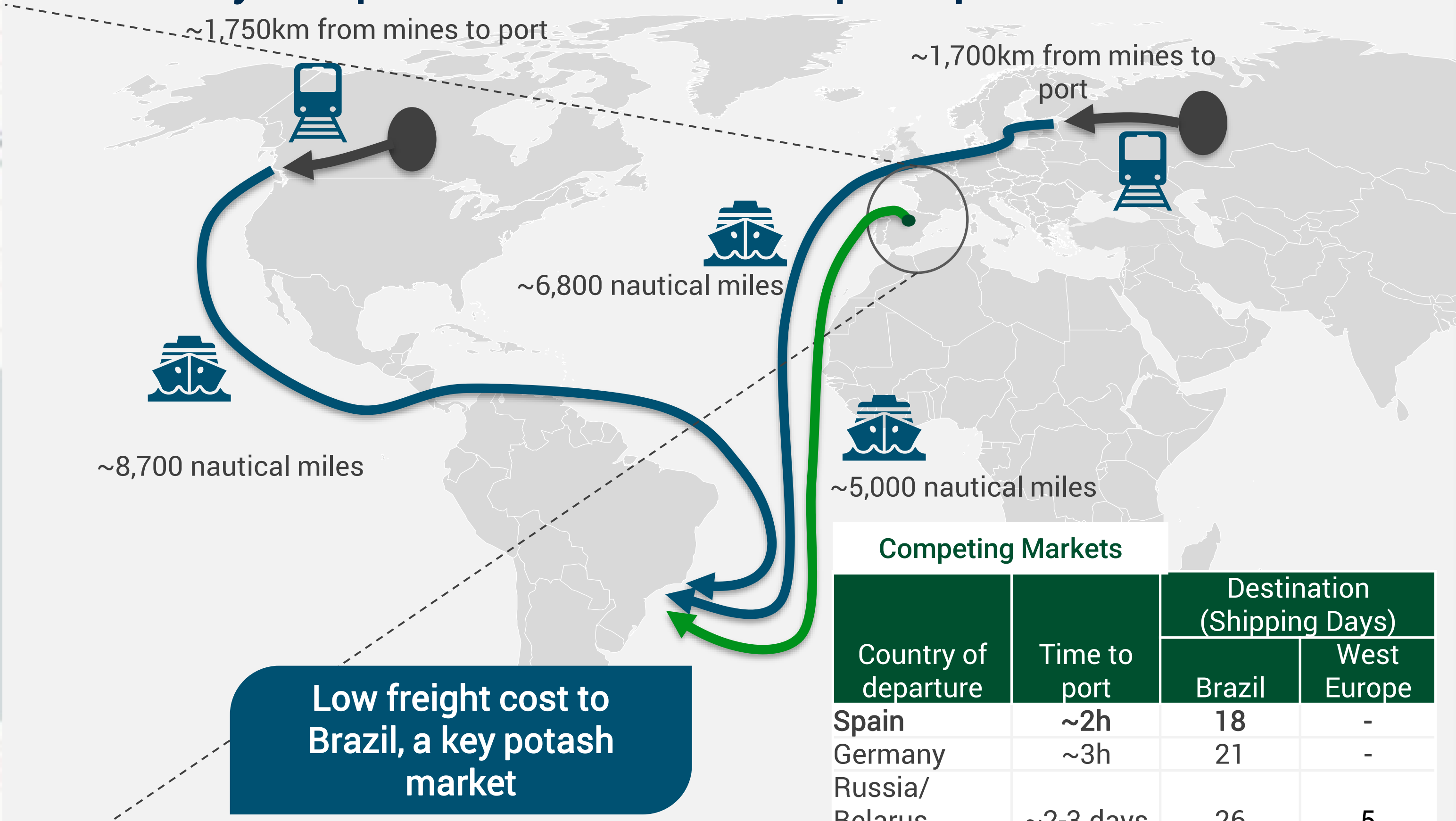

National Electricity Grid Substation is in close proximity to mine site

SALES AND MARKETING

Significant Logistical Competitive Advantage



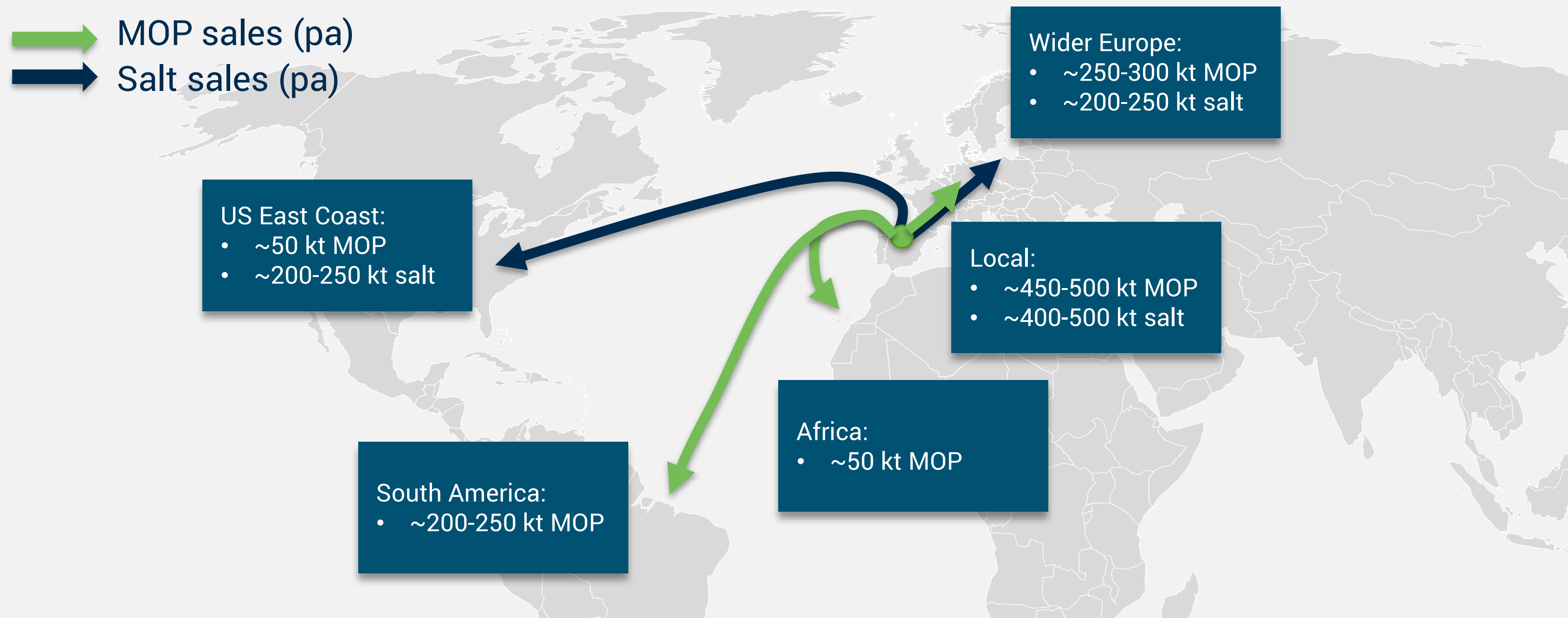
Extremely competitive and versatile export options



Competing Markets

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

MOU signed for more than phase 1 production



Potash MOUs signed	
	MOP
Ameropa	250,000 tpa
Keytrade	300,000 tpa

Salt MOUs signed		
	Vacuum	De-icing
Cargill	-	1,000,000 tpa
Maxisalt	400,000 tpa	100,000 tpa

- ✓ 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 residue management into a commercial opportunity
- ✓ **Africa & Brazil provide key future growth areas** for potash demand

PROJECT ECONOMICS

Muga Mine – Key Physicals and Financials

	2 December 2021
CAPEX phase 1 (500,000 tpa MOP)	€398 million
CAPEX phase 2 (Additional 500,000 tpa MOP)	€209 million
Total CAPEX	**€607 million**
ROM tonnes	173.7 million tonnes
Average plant tonnage feed rate	400 tph
K_2O grade	10.5%
KCl recovery	91%
LOM MOP production[1]	27.5 million tonnes
LOM MOP average potash prices[1]	€440/t
Foreign exchange Euro:USD	1:1.12
De-icing salt production	8.5 Mt
Vacuum salt production	15.9 Mt
C1 cost (€/t)	€76/t
Tax rate (Navarra)	28%
Life of mine	30 years
NPV_8	€1.89 billion
IRR	25%

At current spot price
NPV8 of €2.8 billion
IRR of 42%

1 The production target set out in this update is derived from Proved and Probable Ore Reserves and Measured, Indicated and Inferred Mineral Resources from the Muga-Vipasca tenement as well as the Exploration Target at the Vipasca and Muga Sur tenement. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. 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. The technical parameters underpinning the Mineral Resource in the market announcement dated 30 March 2021 and the Exploration Target in the market announcement dated 23 November 2021 continue to apply and have not materially changed.

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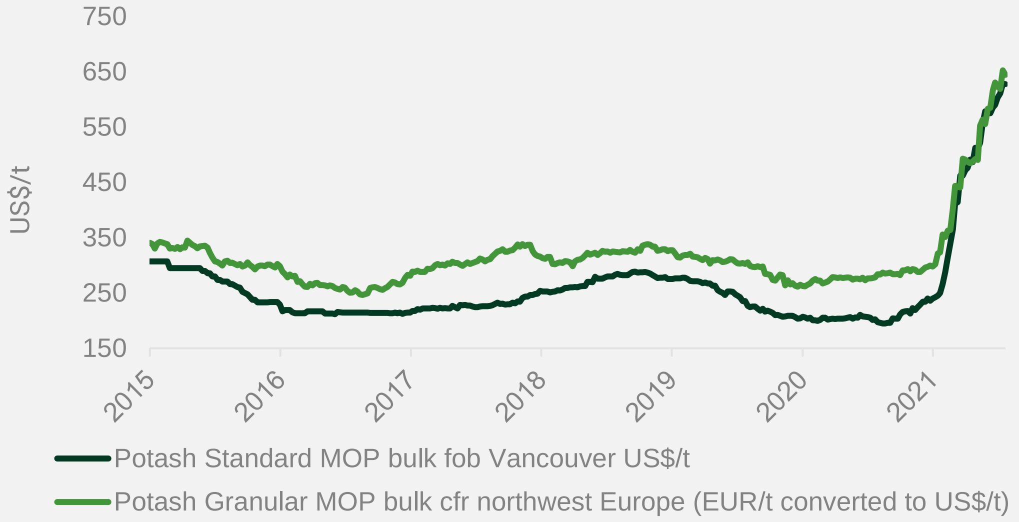
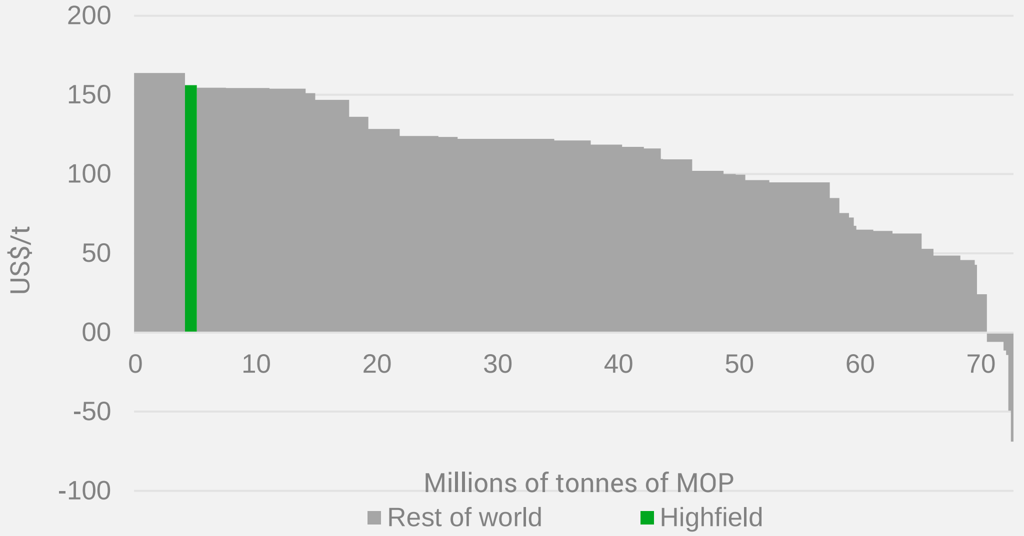
Top Quartile Margins in the Industry

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

Margin curve forecast for 2024 (real US$)



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 8 December 2021

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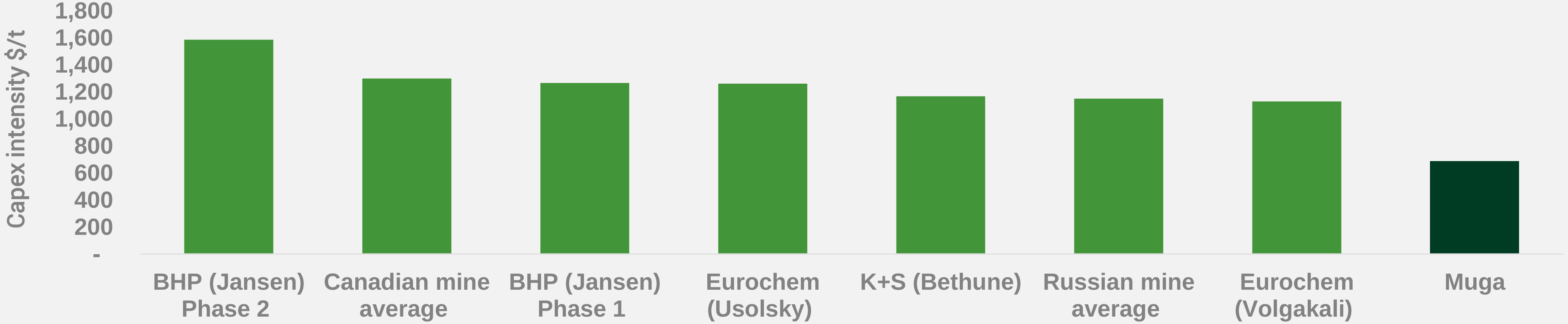
Low Capex Intensity and Strong Project Economics

Phase 1 capex of €398 million + Phase 2 capex of €209 million

MUGA: HALF THE CAPEX INTENSITY OF OTHER GLOBAL DEVELOPMENT PROJECTS (US$ per tonne of potash)



Compelling financials, with an **NPV_8 of €1.89 billion, IRR 25%** and **EBITDA of €400 million** per annum at full production

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CSR AND SUSTAINABILITY

Industry Leading ESG Credentials

Highfield Resources

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 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

Recognition for Commitment to Health, Safety and Social Responsibility

Bonus 2018
A health and safety recognition for having a low accident rate

Member of Ecodes' Climate Action initiative

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

RSA 2021 certificate
Aragón Province Social Responsibility Seal for the fourth consecutive year

Reconcilia certificate
Work Life Balance Award

Blue Stamp/Seal
For Health and Safety

Appendix

Corporate Snapshot

Capital Structure	
Share Price (30 November 2021)	$0.60
Shares on Issue	364.4 million
Options & Performance Rights	-
Market Capitalisation	$219 million
Cash (31 March 2021)	$26.5 million
Drawn Debt*	-
Enterprise Value	$245.5 million

**Note: Debt of €185 million previously approved by leading European banks. Work ongoing with Endeavour financial for updated debt package*

Major Shareholders	%
EMR Capital	27%
Australian Super (subject to BCI minerals shareholder approval being sought on 24 Dec 2021)	7%
WWB Investments	6%
Top 20 Total	59.7%

Strong Board with Global Mining Industry Experience and Robust Governance Processes

Highfield Resources

Richard Crookes
Independent Non-Executive Director
Chairman

Richard 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

Pauline has over 30 years of resources sector experience. She has 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.

Ignacio Salazar
MD & 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.
Ignacio joined HFR as CEO in July 2020.

Brian Jamieson
Non-Executive Director

Brian was on the Board of Oxiana/Oz Minerals 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.

Roger Davey
Independent Non-Executive Director

Roger 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.

Management with strong mining experience and local background

Highfield Resources

Ignacio Salazar
MD and Chief Executive Officer

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.

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.

Olivier Vadillo
Marketing and 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.

Susana Bieberach
Communication and CSR

15 years of experience in communication and CSR field. She began her work experience as a journalist at The Washington Times. She has been a communications and CSR consultant for more than 300 companies, organisations and associations.

Highfield Resources

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