COMPETENT PERSON STATEMENT – RESOURCES

Information relating to mineral resources was prepared by Mr. José Antonio Zuazo Osinaga, Technical Director of CRN, S.A.; Mr. Jesús Fernández Carrasco, Managing Director of CRN, S.A. and Mr. Manuel Jesus Gonzalez Roldan, Geologist of CRN, S.A. Mr. José Antonio Zuazo and Mr. Jesús Fernández, are licensed professional geologists in Spain, and are registered members of the EUROPEAN FEDERATION OF GEOLOGISTS, an accredited organisation to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX.

Mr. José Antonio Zuazo is the Technical Director of CRN and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a CP as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr. José Antonio Zuazo and Mr. Jesús Fernández consent to the inclusion in the release of the matters based on their information in the form and context in which it appears.

COMPETENT PERSON STATEMENT – RESERVES

Information relating to reserves was prepared by Mr. José Antonio Zuazo Osinaga, Technical Director of CRN, S.A.; Mr. Jesús Fernández Carrasco, Managing Director of CRN, S.A. and Mr. Manuel Jesus Gonzalez Roldan, Geologist of CRN, S.A. Mr. José Antonio Zuazo and Mr. Jesús Fernández, are licensed professional geologists in Spain, and are registered members of the EUROPEAN FEDERATION OF GEOLOGISTS, an accredited organisation to which the Competent Person (CP) under JORC Code Reporting Standards must belong in order to report Exploration Results, Mineral Resources, or Ore Reserves through the ASX.

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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 Limited

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2. Board and Senior Management
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4. The Muga Potash Mine
5. Timeline to Production and Key Milestones
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9. Upside Potential
10. Value Proposition
11. Summary
1. Corporate Summary

**Fully Diluted Equity**
- Ordinary Shares on Issue: 323.0m
- Options & Performance shares: 98.5m
- **Fully Diluted**: 421.5m

**Undiluted Market Cap at A$1.06 (27 April 2017)**: A$342m

**Cash as at 31 March 2017**: ~A$70m

**Enterprise Value**: A$272.4m / US$207.0m

**Average Daily Volume (6 months)**: ~291,000

**Shareholders (Fully Diluted)**
- Spanish in-country management: 11%
- Australian based management: 6%
- EMR Capital: 26%
- Other Shareholders: 57%

**Total**: 100%

---

1) USD:AUD exchange rate 0.76:1.00
2. Board and Senior Management

Board and Senior Management experienced in construction and operations
## 2. Board and Senior Management

### Board of Directors and Senior Management

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience and Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derek Carter</td>
<td>Non Executive Chairman</td>
<td>A geologist with over 40 years experience in exploration and development, including nearly 20 years in management of ASX listed exploration companies including acting as Chief Geologist in Spain for the Shell Group and the Managing Director of Minotaur Resources.</td>
</tr>
<tr>
<td>Peter Albert</td>
<td>Managing Director &amp; CEO</td>
<td>A metallurgist by training, and a Chartered Engineer, he has over 30 years’ experience in project management, construction, operations, stakeholder management and corporate strategy globally. He has held senior leadership roles with a number of large international companies, including most recently CEO of Hong Kong publicly listed companies G-Resources and Jinchuan Group International.</td>
</tr>
<tr>
<td>Michael Norris</td>
<td>Finance Director</td>
<td>A qualified Chartered Accountant with 30 years’ experience, gained almost entirely in the mining industry. Prior to joining Highfield, he was Finance Director for London-listed West African gold producer, Avocet Mining and various positions for Anglo American and Rio Tinto.</td>
</tr>
<tr>
<td>Michael Schlumpberger</td>
<td>Project Director</td>
<td>A qualified Mining Engineer and MBA, with extensive operational mining experience including over 21 years at PotashCorp during which time he had operational responsibility for the expansion and ongoing operations at PotashCorp’s 8Mtpa Lanigan underground potash mine.</td>
</tr>
<tr>
<td>Ricardo Perez</td>
<td>Strategy and Stakeholder</td>
<td>An economist and MBA with over 25 years of experience in banking, pharmaceuticals and private equity where he spent last 14 years of his career as Managing Director of a Spanish PE firm. Mr Pérez has been a director of several companies in his role as private equity investor.</td>
</tr>
<tr>
<td>John Claverley</td>
<td>GM, Geoalcali</td>
<td>A Chartered Engineer with over 30 years’ experience in major construction and infrastructure projects across Europe. He has worked for more than 20 years in Spain in a design, project management and Enterprise Management capacity for international firms in the construction and infrastructure sector.</td>
</tr>
<tr>
<td>Javier Olloqui</td>
<td>Human Resources</td>
<td>Javier Olloqui has over 20 years experience in Human Resources Management, with senior roles in companies including Gamesa Eólica, Faurecia, Grupo Mondragón, 3P Biopharmaceuticals, and, most recently, Aludium. Mr Olloqui has a Bachelor's Degree in Philosophy, a Masters in Human Resources Management, an AMP from IE business school and an MBA from the Atlas Research Foundation of Washington.</td>
</tr>
<tr>
<td>Hayden Locke</td>
<td>Head of Corporate and Strategy</td>
<td>Over 10 years experience in a variety of fields including investment banking, private equity and natural resources. Most recently as Head of Corporate for ASX listed Papillon Resources, which was acquired by TSX listed B2Gold Corporation in 2014.</td>
</tr>
</tbody>
</table>
3. Core Values

“To build a successful, sustainable, potash business with respect for stakeholders and the environment”

Respect
To act and communicate collaboratively with transparency, sincerity and an understanding of cultural diversity.

Commitment
We are committed to best practices in health and safety, the environment, and the communities in which we operate.

Excellence
To seek to continuously improve through a cycle of goal-setting, accountability, evaluation and innovation, resulting in enhanced value creation.

Attitude
To uphold the highest standards in regards to ethical performance, honesty, integrity, fairness and equality with all stakeholders.
4. The Muga Potash Mine

Muga - Highfield’s most advanced, low capex, high margin potash development project

Summary

- Located in Northern Spain, within 150km of key Atlantic Port near San Sebastian (Port of Pasajes)
- Project Optimisation Study completed in November 2015
- Detailed engineering and design underway, long lead items ordered and deposits paid
- Expected to produce 1.08Mtpa of granular K60 MOP per annum at full production, initial mine life of 47 years life
- Staged project capex including contingency:
  - Phase 1 – €267 million delivering 540ktpa
  - Phase 2 – €145 million delivering an additional 540ktpa
- Substantial mine life upside potential
- All-in-sustaining Cash Cost to Port – €122 / tonne of MOP
- Unlevered, post tax, NPV₁₀ – US$1.46 billion (NPV₈ – US$2.04 billion)
- MOUs signed with two Atlantic Coast ports for long term logistics solution
- MOUs signed with three traders for the sale of MOP, discussions underway with fertiliser offtakers

Source: ASX Announcement dated 17 November 2015
4. The Muga Potash Mine

Relatively simple, proven technology with first rate access to end markets

- **Simple Mining**
  - Decline access to shallow mineralisation
  - Underground room and pillar mining

- **Simple Processing**
  - Sylvinite ore
  - Simple flotation process flowsheet

- **First Class Infrastructure**
  - Direct connection to national electricity grid
  - Close to port, no road or rail upgrades

- **Proximity to Local Markets**
  - Located in a potash consuming region
  - Good access to the large Brazilian and US markets
## 5. Timeline to Production and Key Milestones

Construction ready program, two years from commencement of construction to production

<table>
<thead>
<tr>
<th>Item</th>
<th>Pre-Development Stages</th>
<th>Month of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detailed Engineering and Design</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Long Lead Items Ordered</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Electricity Connection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site Preparation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Site</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste Dumps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brine / Salt Ponds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underground:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Box Cut</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drifts and Conveyors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aboveground:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage Buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process Plant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drying, Compacting and Glazing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Commissioning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Production</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 6. Muga Capital and Operating Costs

**Lowest project capital cost potash project globally on a $ / tonne of production basis**

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount (€ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underground Installations</td>
<td>69.0</td>
</tr>
<tr>
<td>Above Ground Civil Works</td>
<td>26.8</td>
</tr>
<tr>
<td>Process Plant</td>
<td>33.0</td>
</tr>
<tr>
<td>Storage and Conveyors</td>
<td>19.9</td>
</tr>
<tr>
<td>Buildings</td>
<td>5.4</td>
</tr>
<tr>
<td>Instrumentation and Control</td>
<td>1.5</td>
</tr>
<tr>
<td>Plant Equipment</td>
<td>45.6</td>
</tr>
<tr>
<td>Utilities</td>
<td>16.1</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>33.8</td>
</tr>
<tr>
<td>Contingency</td>
<td>15.9</td>
</tr>
<tr>
<td><strong>Total incl. Contingency</strong></td>
<td><strong>267.0</strong></td>
</tr>
</tbody>
</table>

- Negotiations continue with Acciona for a fixed price lump sum contract for project delivery
- No major aquifer unit allows simple decline access
- Decline access to mineralisation significantly lowers capital cost relative to most potash peers
- Clean ore allows flotation processing without crystallisation step, flotation process flow sheet is lower cost
- Grid electricity connection lowers capital and operating cost
- No port upgrades, rail spurs or other infrastructure expenditure
- First class roads and motorways and access to site
- Phase 1 Capital Cost delivers 540Ktpa production
- Only €145 million capex to double production
6. Muga Capital and Operating Costs

Low delivered cost to customer positions Muga to be a high margin potash mine

<table>
<thead>
<tr>
<th>Muga - Operating Cost</th>
<th>Amount (€ / tonne MOP)</th>
<th>Amount (US$ / tonne MOP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>55.1</td>
<td>61.2</td>
</tr>
<tr>
<td>Processing</td>
<td>45.1</td>
<td>50.1</td>
</tr>
<tr>
<td>Transport (FOB Pasajes)</td>
<td>17.4</td>
<td>19.4</td>
</tr>
<tr>
<td>Direct Cash Operating Cost</td>
<td>117.6</td>
<td>130.7</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>7.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Sustaining Capital</td>
<td>5.0</td>
<td>5.6</td>
</tr>
<tr>
<td>Royalties</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>All-in-Sustaining Cash (AISC) Cost (FOB Pasajes)</td>
<td>122.6</td>
<td>136.2</td>
</tr>
</tbody>
</table>

- Muga is expected to deliver bottom quartile all-in-sustaining cash (AISC) cost delivered to Europe, Brazil and the USA
- Muga benefits strongly from:
  - No brine inflow management costs
  - Proximity to domestic customers (< 200km)
  - Proximity to export port (< 150km)
  - No royalties or government levies
  - Low sustaining capital cost
  - Low ongoing SG&A cost due to location

Source: Argus FMB Consulting Services
Note: Argus cash cost to FOB curve is not on an all-in-sustaining basis and excludes SG&A and sustaining capital costs

Cost to fob $/t  
Cash Cost to FOB Export Port  

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7. Stakeholder Engagement

Highfield is committed to sustainable development, supporting the local community.

- **Safety**
  - Developing a strong safety first culture within our workforce.
  - Focus on minimising harm to both workers and surrounding environment.

- **Minimise Environmental Impact**
  - Core focus on minimising risk and impact on environment surrounding the project area.
  - ESIA completed in compliance with industry best practice, Spanish legislation and IFC’s Equator Principles.
  - Implement robust and appropriate ongoing monitoring and response plans.

- **Sustainable Economic Development**
  - Creating quality employment with a preference for local employees and contractors.
  - Become a significant employer in the region.

- **Social Development**
  - Creating an industry for the long term.
  - Continue to invest in community initiatives surrounding the project.
Highfield is actively participating in the community through its Geoalcali Foundation

Geoalcali Foundation

- Established in September 2014
- Over 70 community projects to date
- Visible statement of Company’s intent to actively support the community
8. Permitting

Permitting process moving towards conclusion

- Company’s ESIA submitted to central environmental permitting authority (MAPAMA, previously known as MAGRAMA) – November 2015
- MAPAMA requested various referral authorities to provide analysis and commentary on Company’s ESIA – April/May 2016
  - All reports submitted to MAPAMA – October 2016
- MAPAMA reviewed and requested the Company respond to its questions within 3 months from 19 December 2016
  - No new items raised or areas of concern for the Company
  - On 8 March 2017 MAPAMA provided extension of submission date until 2 May 2017
- Revised environmental submission made to MAPAMA on 28 April 2017 including answers to all queries raised by referral authorities and MAPAMA and additional technical work completed by Highfield
- Compilation process coordinated by Spanish consultancy TYPSA, which has been involved with over 200 EIA and Declaración de Impacto Ambientals in Spain
- Continued close engagement with local communities who remain extremely supportive

- Following the positive Environmental Declaration (Declaración de Impacto Ambiental - DIA) the Department of Mines, can consider the award of the Mining Concession (CE)
- The Company continues to remain confident of receiving its DIA and mining concession for Muga
### 9. Upside – Muga Expansion & K62 Project

Highfield has a number of near term value creation opportunities

<table>
<thead>
<tr>
<th>Muga Expansion Project</th>
<th>K62 Crystallisation Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Upfront investment at Muga will allow cost effective expansion, post Phase 2 development</td>
<td>• Crystallisation plant to process slimes and tailings from Muga Potash Mine to produce K62 MOP and high purity vacuum salt</td>
</tr>
<tr>
<td>• Second decline allows conveyor capacity to double</td>
<td>• Scoping Study released May 2015</td>
</tr>
<tr>
<td>• Requires investment in underground mining equipment to increase ore production</td>
<td>• Initial Capital Cost of US$124 million including contingency</td>
</tr>
<tr>
<td>• Process plant is modular, expansion relatively simple</td>
<td>• NPV\textsubscript{10} of US$222 million (NPV\textsubscript{8} – US$285 million)</td>
</tr>
<tr>
<td>• Surface space set aside for future expansions</td>
<td>• Study contemplated production of 135ktpa of K62 MOP and 260ktpa of high purity vacuum salt</td>
</tr>
<tr>
<td>• Expected to have similar cost metrics to Muga Phase 2 development</td>
<td></td>
</tr>
</tbody>
</table>

Source: ASX Announcement dated 19 June 2015
9. Upside – Other Projects

Control of basin of projects with shared characteristics of Muga Potash Mine
9. Upside – Other Projects

**Muga Extension**
- Exploration target of 127 to 255 million tonnes at 12% to 16% K₂O
- Target based on geophysical surveys confirming continuation of evaporite from Muga Potash Mine
- High level of confidence in exploration target

**SOP Project**
- Scoping Study complete for 500ktpa SOP Mannheim facility
- Total capex US$147 million
- Lowest quartile cash cost to customer
- MOUs signed with acid suppliers, HCl customers and ports
- Good access to US market, strong implied margins to Highfield

**Sierra del Perdón**
- Scoping Study completed April 2015
- Decline access to underground conventional with flotation processing
- Total Capex – US$233 million
- 520ktpa of K60 MOP with initial mine life of 20 years
- Unlevered, post tax, NPV₁₀ – US$527 million (NPV₈ – US$662 million)
9. Upside – Other Projects

Control of basin of projects with shared characteristics of Muga Potash Mine

**Pintanos**
- Current Exploration Target of 127m to 255m tonnes at 12 to 16% K₂O covering 7.1km²
- Additional northern extension identified covering 2.8km²
- Upside potential equal to current Muga Project Resource and Mine Reserve
- Potential to be Highfield’s second mine

**Vipasca**
- Exploration Target of between 320 million and 1,2 billion tonnes at 12% to 16% K₂O
- TDEM and gravimetric surveys show strong continuity of evaporite horizon
- Permit contiguous with Muga and shares many characteristics

**Izaga**
- Grass roots exploration tenement
- Clear continuation of evaporitic sub basin
- Historical drilling encounter potash horizons within evaporite
- Historical drilling not able to be used for resource purposes
10. Value Proposition - Highfield

Independent verification that Muga Mine would have made Highfield the highest margin producer

Average margin $/t

Margin Curve

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Estimated margin of each producer based on a weighted average of sales to different markets

* Prices are 2015 whole-year averages

— Argus
10. Value Proposition – Potash Market

Many experts believe potash prices have reached the marginal cost of production.

Have we seen the start of a recovery for potash prices?

Source: Argus FMB, PotashCorp, Company websites and releases

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**Solid Demand Fundamentals**

**Producer Discipline Returning**

- **2015 Production Capability**: 65 million tonnes
- **2016 Closures and Supply Reductions**: 5.9 million tonnes
- **2016 Operating Capability**: 60 million tonnes
- **2016/17 Consensus Demand**: 60 million tonnes
- **Potential Under Supply**: 0.9 million tonnes

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**Graphs**

- **N = CAGR 1.7%**
- **P2O5 = CAGR 1.5%**
- **K2O = CAGR 3.4%**

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10. Value Proposition

Potash companies command premium multiples relative to diversified mining companies

When in full production Muga will deliver:

- Unlevered, post tax, \( NPV_{10} \) – US$1.46 billion (\( NPV_{8} \) – US$2.06 billion)

- Potash producing peers average EV/EBITDA multiple of 9.7x

- Muga forecast to make Highfield the highest margin potash producer globally

- Forecast US$200 million per annum in EBITDA at today's potash prices

- Highfield EV at 1Mtpa MOP US$1.94 billion at today's potash prices

- AUD$2.69 billion at current exchange rates

- Post tax NPV to Pre Production Capex Ratio > 5.0x

- Currently trading at 0.20x of \( NPV_{10} \)

Note: Optimisation study released 17 November 2015
HFR Share Price – A$1.10 / share

1) Fully diluted shares on issue of 421.5 million and A$70 million in cash; USD : AUD – 0.76; NPVs calculated at 1.08Mtpa of production
10. Value Proposition - Highfield

Low capex, low risk, high margin potash development with majority of its funding in place

- Low Capital Cost
- High Margin
- Lower Risk
- Well funded

Outstanding Investment Metrics

- Lowest capital cost to production
- Bottom quartile delivered cost to customer
- Over A$65 million in cash
- Muga NPV$_{10}$ – US$1.46bn
- First world jurisdiction
- Clear path to export markets
11. Summary

- Outstanding portfolio of projects with Muga the flagship
  - Lowest capital cost to production
  - Lowest quartile delivered cash cost to customer
  - $NPV_{10} = US$1.46 billion ($NPV_8 > US$2 billion)

- Experienced team of mine builders and operators
  - Peter Albert has over 30 years’ experience in building and operating mines globally
  - Mike Schlumpberger, was GM of PotashCorp’s largest underground potash mine in Canada
  - Jim Dietz (NED) was COO of PotashCorp for more than 10 years

- Well funded
  - Over A$65 million in the bank
  - Project finance syndicate with credit approvals for facility to support construction

- Processing environmental and then development permits to commence construction
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Dulwich SA 5065
Australia

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