

# Chairman's Address



ASX: HFR

26 May 2022

Dear Shareholders,

On behalf of Board of Directors, it is my pleasure to welcome you to the 2022 Annual General Meeting of Highfield Resources.

As the newly appointed Chairman of Highfield, I am very excited to be addressing you all today after a very busy, exciting, and rewarding few months. Shortly after joining the Board, I had the opportunity to attend a Non-Deal Roadshow in Australia in April where I met several of our shareholders whilst also sharing our story with potential institutional and retail investors. With my background in strategy, mergers & acquisitions, and capital markets for mining companies I cannot express my enthusiasm more highly in chairing Highfield at a time of such renewed interest in potash markets and our Muga Project (“Muga” or “the Project”).

Last week I again joined our Managing Director, Ignacio Salazar, in presenting to and meeting with institutions in the UK and Europe on a non-deal roadshow. In addition to the attractive state of the global potash markets, all were very upbeat and buoyed on the progress and economics of the Muga project.

The geopolitical backdrop in Europe continues to evolve following the Russia / Ukraine conflict and the world is currently experiencing unprecedented disruption in a range of global commodity markets, including a significant impact in the global potash sector. The introduction of broad economic sanctions against Russia and Belarus (which combined account for ~38% of global potash production) has placed additional upward pressure on Muriate of Potash (“MOP”) prices whilst also forcing parties seeking MOP offtake to publicly express their urgency in seeking new supply sources.

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**Highfield**  
Resources

This recent price pressure adds to the ongoing global supply disruptions created by COVID-19. These factors, along with the continual de-risking of the Project, have combined to increase the strategic importance and recognition of Muga as an important long term and secure source of supply for the European and global markets.

Over the past year the Company's executive team lead by Ignacio, has achieved several key milestones on the pathway to further de-risking Muga. These include securing the Mining Concession for the Project, the signing of additional purchase contracts required to support construction, the finalization of the pre-production logistics strategy and the signing of a mandate letter for a € 312 million senior secured project financing package with a consortium of major European banks. The Company is also advancing the preparation for construction with key contractors and is making positive progress towards the finalization and the granting of the construction licenses for both the Muga mine and process plant.

On that note I was fortunate to last week meet in Spain several of the key community stakeholders of the Muga mine including the President of Navarra who is very supportive of the Project. Whilst in Spain I also had the pleasure (along with our UK based Director, Roger Davey) of meeting with Highfield's teams in Geology, Mining, Processing, Finance, Sustainability and Marketing. We have a high-class group in Pamplona and are in an excellent position to move into construction and begin to look towards the next phase of the business in optimization of the mine and plant for phase 2 whilst also focusing on growth opportunities.

I would like to thank all our shareholders for their loyalty and continued support. I also wish to thank my fellow Board members, the management team, and our dedicated employees for their efforts during what was another pandemic-challenged year. They have clearly made a positive impact on the capitalization of the Company. I would like to extend a special thank you to Richard Crookes, the former Chairman, who left the Company exceptionally well-positioned to advance Muga into construction then production. We wish Richard all the success in his new business venture.

**Paul Harris**

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

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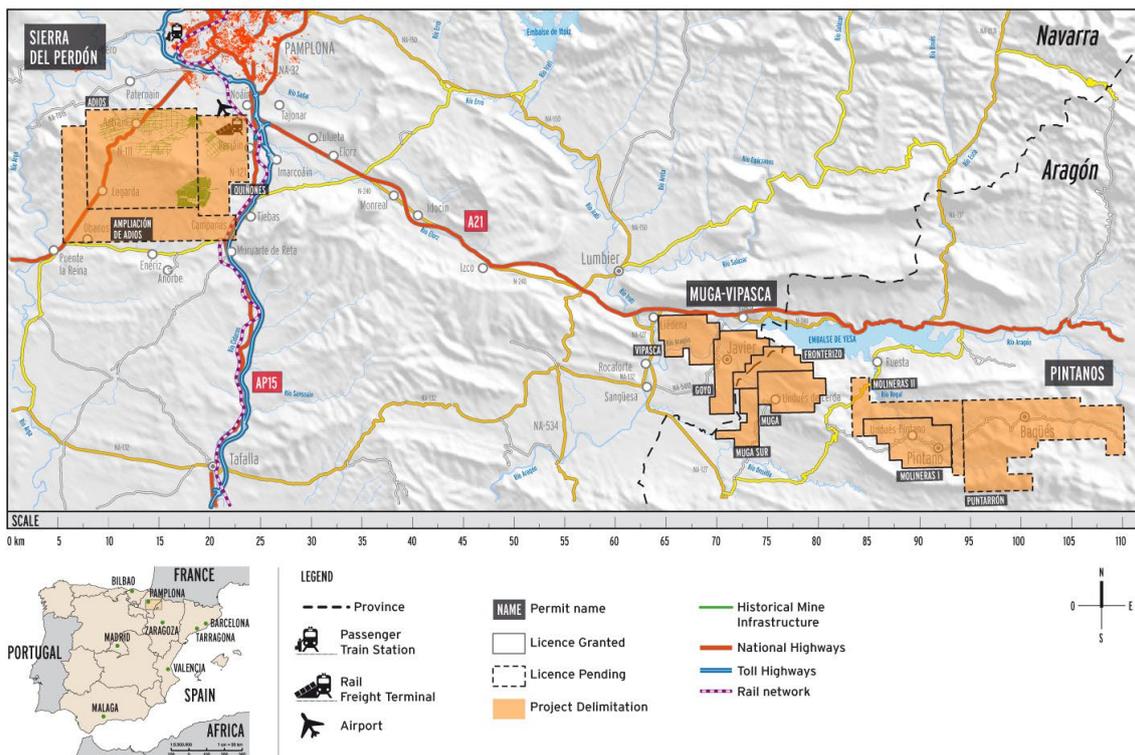
## About Highfield Resources

Highfield Resources is an ASX listed potash company which is focussing 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 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. In addition to its secure southern European location, recent events in Russia and Belarus have increased the awareness of the strategic value of the Muga project for both Spain and the European Union.

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 250km<sup>2</sup>.

### LOCATION OF MUGA-VIPASCA, PINTANOS, AND SIERRA DEL PERDÓN TENEMENT AREAS IN NORTHERN SPAIN.



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