



ASX: HFR

12 September 2023

Highfield secures ASX waiver

Highfield Resources Limited (“Highfield” or the “Company”) refers to its announcement on 23 May 2023 (“Capital Raising Announcement”) in relation to a key strategic investment of approximately A\$25 million from EMR Capital and Tectonic by way of limited security loan notes, convertible into fully paid ordinary shares in the Company (the “Convertible Notes” or “Notes”). Terms that are defined in the Capital Raising Announcement have the same meaning when used in this announcement.

The Company confirms that it has received a waiver from ASX from the requirement under Listing Rule 10.1 (“ASX Waiver”) to obtain shareholder approval in respect of the grant of a pledge over all of the shares and shareholder loans which the Company indirectly holds (via its wholly owned subsidiary KCL Resources Limited ACN 150 161 658) in its wholly-owned subsidiary Geocalci S.L.U. (which owns the Muga Muriate of Potash Project in the provinces of Navarra and Aragon, Spain) (“Security”).

Paragraphs 1.1 and 1.2 of the ASX Waiver require the Company to provide additional information to the market, which is the purpose of this announcement.

Paragraph 1.1 Requirements

In respect of paragraph 1.1 of the ASX Waiver, the Company notes that the material terms of the transaction were outlined in the Capital Raising Announcement and the notice under section 708A(12C)(e) of the Corporations Act 2001 (Cth) also released on 23 May 2023. The Company further advises that the substance of the ASX Waiver is included as an annexure to this announcement.

Paragraph 1.2 Requirements

The notice of extraordinary general meeting issued by Highfield on 25 May 2023 contains a description of the reasons why the Company chose to obtain the financial accommodation from the 10.1 party (as defined in the ASX Waiver) rather than a lender that is not a 10.1 party. In order to satisfy itself that the Notes transaction was being entered into on arm’s length terms and was fair and reasonable from the perspective of the holders of Highfield’s ordinary securities, Highfield took into account that a portion of the Notes were taken up by non-10.1 parties on the same terms as the Notes taken up by the 10.1 party.

The Company also confirms that the documentation for the Security contains the terms set out in paragraph 1.3 of the ASX Waiver and that it otherwise complies with the requirements of paragraph 1.4 of the ASX Waiver.

-ENDS-

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



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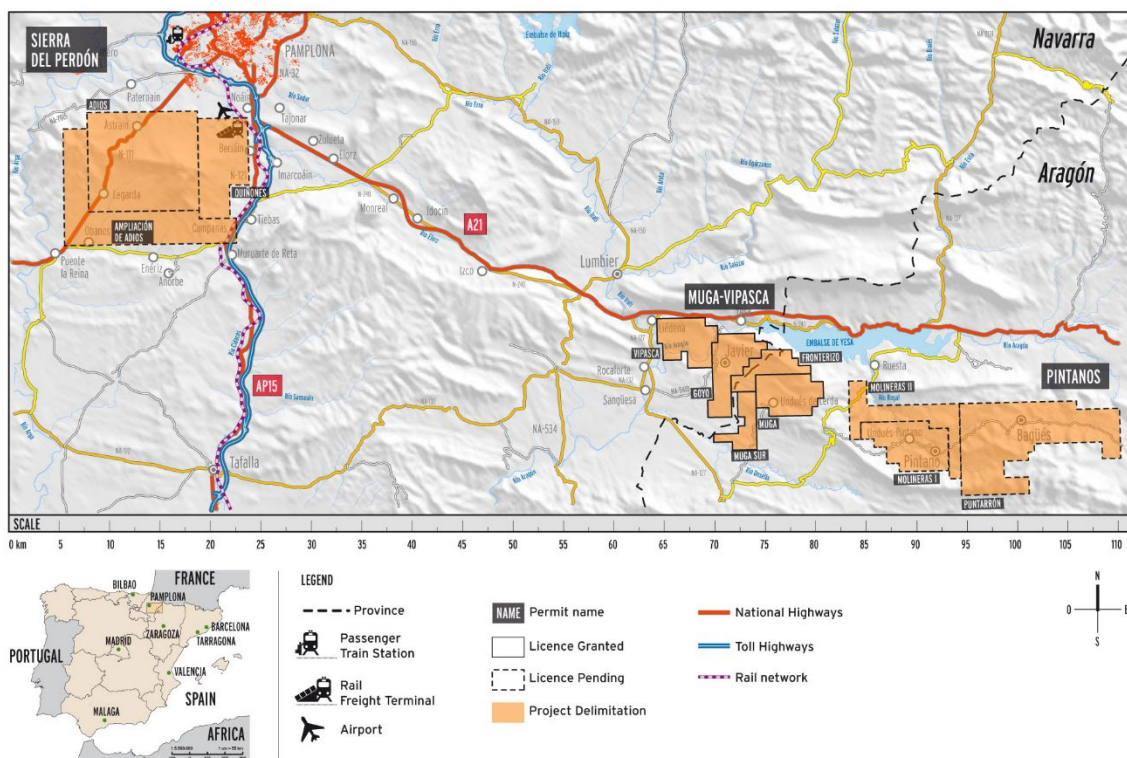
About Highfield Resources

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 now received all permits and key licences needed. With the Mining Concession being granted in July 2021, the ramp construction licence in Aragón in June 2022 and the process plant construction licence in Navarra in March 2023. Following the finalisation of the initial site preparatory work of the mine gate and decline area, full scale construction is expected to commence in the second half of 2023.

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 Muga's secure southern European location, since February 2022 events in Russia and Belarus have heightened 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 250km².

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





Annexure

Waiver Decision

1. Based solely on the information provided, ASX Limited ('ASX') grants the Company a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over the shares and shareholder loans which the Company holds (via its wholly owned subsidiary KCL Resources Ltd) in its wholly-owned subsidiary Geoalcali S.L.U (the 'Security') to EMR Capital Investment (No. 2B) Pte Ltd, and EMR Capital GP III Ltd in its capacity as general partner of EMR Capital Resources Fund III LP (the 'Lenders'), to be held by Global Loan Agency Services Australia Nominees Pty Ltd on the Lenders behalf, in order for the Company to secure its obligations under the convertible note agreements for up to \$18 million without obtaining shareholder approval, on the following conditions:
 - 1.1 the material terms of the transaction and of the waiver are announced to the market;
 - 1.2 the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the 10.1 party rather than a lender that is not a 10.1 party and the steps the entity has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;
 - 1.3 the Security documents expressly provide that:
 - 1.3.1 the Security is limited to the funds due under the financial accommodation;
 - 1.3.2 the Security will be discharged when the funds due under the financial accommodation have been repaid in full;
 - 1.3.3 in the event the Security is enforced, the assets can only be disposed of to the 10.1 party or an associate of the 10.1 party if the disposal is first approved by the entity's security holders under Listing Rule 10.1; and
 - 1.3.4 otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the 10.1 party in accordance with their legal entitlements.
 - 1.4 any variation to the terms of the financial accommodation or the Security which:
 - 1.4.1 advantages the 10.1 party in a material respect;
 - 1.4.2 disadvantages the entity in a material respect; or
 - 1.4.3 is inconsistent with the terms of the waiver,must be subject to security holder approval under Listing Rule 10.1; and
2. ASX has considered Listing Rule 10.1 only and makes no statement as to the Company's compliance with other Listing Rules.