

Progress Update on Completion of Agreement with Yankuang

Highfield Resources Limited (ASX: HFR) (**Highfield** or the **Company**) provides an update on the progress towards completion of the binding agreements (together, the **Agreement**) entered into with Yankuang Energy Group Co., Ltd (**Yankuang Energy**), Beijing Energy International Co., Ltd (**BEI**) and Singapore Taizhong Global Development Pte. Ltd. (**Taizhong**) (refer to the ASX announcement dated 24 September 2024, “Creation of a New Globally Diversified Potash Company”).

Regulatory Approvals

Completion under the Agreement is subject to relevant governmental regulatory clearances. As of today, the FIRB approvals for the interests in the Company that both Yankuang Energy and BEI will acquire have been received. The Company has also received no notice under applicable sections of Investment Canada Act (**ICA**) and thus the ICA clearance condition to acquire Yancoal Canada Resources Co., Ltd under the Agreement has been satisfied.

The regulatory review decision under the Spanish foreign direct investment laws is expected in due course.

Additionally, the Company is working closely at the highest levels with the Spanish government to resolve the Goyo permit administrative matter.

Debt Facilities

The Company submitted a formal request to its lenders under the Senior Secured Project Finance Facility (the **Facilities Agreement** or the **Facility**) to amend certain terms and seek waivers in respect of certain clauses of the Facilities Agreement, including to waive the change of control provisions in the Facility in connection with the transactions contemplated by the Agreement (and in satisfaction of the condition precedent in the Agreement relating to the Facility (**Facility Condition**)) (refer to the ASX announcement dated 28 January 2025, “Update on Facilities Agreement and Project Financing”). As part of this process, the Company confirms that the Facility will be amended so that Societe Generale, BNP Paribas, and Natixis will exit the Facility. Highfield acknowledges and appreciates their past support in advancing the Muga Project.

The Company is working with its financial advisor, DBS Securities, with the continuing lenders (ING, HSBC and Caja Rural) under the Facility, and with potential lenders to replace exiting lenders under the Facility. The Company will also seek input from Yankuang Energy to ensure that the amended Facility and updated syndicate of lenders aligns with the evolving needs of the Muga Project and the Company's new shareholding following the completion of the transaction contemplated by the Agreement and that the Facility Condition remains capable of satisfaction.

The Company remains confident that this transition will lead to a financing arrangement that is best suited to supporting the successful development of the Muga Project.

Highfield is also renegotiating the equipment operating lease facility with Macquarie Specialised Asset Services Ltd. (**Macquarie**). The total facility originally amounted to a total of €25million which recently expired. This renegotiation involves an interim lease contract for the acquisition of four shuttle cars from Komatsu for the



value of US\$4.7 million, which has already been signed with Macquarie. Additionally, the Company will look to extend the tenor of the interim lease and increase the total lease facility once the proceeds from the equity raise have been received.

The Company will review the new equipment lease facility to ensure it is aligned with the evolving needs of the Muga Project and the Company's new shareholding following the completion of the transaction.

Progress of Cornerstone Placement

Under the Agreement, Yankuang Energy, BJEI and Taizhong have agreed to subscribe for up to US\$90 million, for US\$50 million, and for US\$30 million, respectively, for a total of US\$170 million. Completion under the Agreement is inter-conditional with securing commitments for, and completing, no less than US\$220 million in aggregate. Recent progress has been positive with several potential investors under confidentiality agreements. Advanced negotiations to subscribe the remainder amount of no less than US\$50 million are in progress.

Cash Management

The Company continues to maintain a disciplined and prudent approach in managing its cash flow while progressing the Agreement to completion. All non-essential expenditure has been postponed or cancelled. As part of this process management proposed and staff agreed to implement a furlough scheme from 1 March 2025. This arrangement is equivalent to 20% to 50% of total salaries.

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

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