

Highfield Secures Additional Financial Support from EMR Capital

Highfield Resources Limited (ASX: HFR) (**Highfield** or the **Company**) is pleased to announce it has secured a stand-by loan facility of up to €1.15 million from its strategic investor, EMR Capital Resources Fund III, LP (**EMR**), as well as the extension of the maturity date of its convertible loan notes, to support operations at, and the strategic direction of, the Company.

The loan facility, which remains subject to definitive documentation, will provide working capital flexibility during a key strategic transition period for the Company as it continues to make progress towards completion of the transaction with Yankuang Energy Group Co., Ltd (**Yankuang Energy**) (refer to the ASX announcement dated 24 September 2024, “Creation of a New Globally Diversified Potash Company”) (including progress towards a binding term sheet is entered into with Qinghai Salt Lake Industry Co., Ltd. (**Qinghai Salt Lake**), an entity listed on the Shenzhen Stock Exchange and a subsidiary of China Minmetals Corporation (refer to the ASX announcement released today, “Following the Transaction with Yankuang Energy, Highfield Signs Letter of Intent with a subsidiary of China Minmetals for US\$300 Million Equity Subscription”)) (together, the **Transaction**). The loan is intended to cover working capital needs, as well as general and administrative costs.

The key terms of the loan facility, which is unsecured, include a fixed coupon at market rates, a maturity date which is 6 months from first drawdown (or earlier upon the occurrence of specified events including an equity raise and the completion of the Transaction) and a principal amount of €0.65 million (which can increase to €1.15 million in limited circumstances if certain milestones are achieved).

EMR has also agreed, subject to definitive documentation, to extend the maturity date of its convertible loan notes (refer to the ASX announcements dated 23 May 2023, “Highfield secures a key strategic investment of A\$25m from EMR Capital and Tectonic Investment Management”, and dated 22 December 2023, “Highfield Secures US\$6M to Advance Muga Potash Mine Toward Construction”) to the earlier of (i) 31 July 2025 (subject to automatic extension by 75 days if a binding term sheet is entered into with Qinghai Salt Lake Industry Co., Ltd. by 30 June 2025) and (ii) the date on which the Transaction terminates.

Highfield continues to progress with negotiations and other actions to progress towards completion of the Transaction. These discussions remain active and constructive, with the objective of securing a long-term strategic partnership that enhances the value of the Muga Project.

Commenting on the developments, Highfield Chairman, Mr Paul Harris, said:

“The support from EMR reflects its commitment to Highfield and the strategic value of the Muga Project. The Company is undergoing a natural evolution as it moves closer to securing the right partnership structure for development.”

Further updates will be provided as discussions and documentation progress.

-ENDS-

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

ASX ANNOUNCEMENT



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Highfield Resources is an ASX listed potash company which is planning on commencing full scale construction of its flagship high margin, low capex Muga Project in Spain having finalised the initial site preparatory work and having received all permits and key licences. Muga's Mining Concession was granted in 2021, the ramp construction licence in Aragón in 2022 and the process plant construction licence in Navarra in 2023.

In mid-2024, the Company announced a transformative transaction to finance Muga and create a new globally diversified potash company with Yankuang Energy Group Co., Ltd and a number of strategic investors to raise US\$220 million of equity capital and acquire the Southey potash project in Saskatchewan, Canada. The transaction is subject to shareholder approval and country regulatory approvals.

FIGURE 1: LOCATION OF MUGA-VIPASCA, PINTANOS, AND SIERRA DEL PERDÓN TENEMENT AREAS IN NORTHERN SPAIN.

