

Progress of Proposed QSL Cornerstone Placement

Highfield Resources Limited (ASX:HFR) (**Highfield** or the **Company**) is pleased to provide an update on the status of the proposed US\$300 million equity subscription (the **QSL Cornerstone Placement**) by Qinghai Salt Lake Industry Co., Ltd. (**Qinghai Salt Lake**), a subsidiary of China Minmetals Corporation (**China Minmetals**), under the non-binding letter of intent for co-operation between Highfield, Qinghai Salt Lake and others (**LOI**) (refer to the ASX announcement dated on 13 May 2025, “LoI for Cooperation on Strategic Investment”).

Following the exclusive due diligence rights granted by Highfield to Qinghai Salt Lake under the LOI, Qinghai Salt Lake has made substantial progress in its due diligence, and intends to continue the current process regarding the potential QSL Cornerstone Placement. In view of the ongoing progress, the parties agree that Qinghai Salt Lake shall be availed the opportunity to proceed with further due diligence investigations on the target assets for the transaction.

LOI Extension in Progress

To allow for the completion of the remaining due diligence and continued negotiations toward a binding agreement, Highfield, Qinghai Salt Lake and Yankuang Energy Group Co., Ltd. (**Yankuang**) are in the process of seeking a formal extension of the LOI exclusivity period.

IMPORTANT

It is important to note that while substantial progress have been in furtherance of the potential QSL Cornerstone Placement Transaction and the Southey Vend-in following signing of the LOI, due diligence and discussion on commercial terms remain ongoing and no binding agreement or commitment of any kind has been reached at this stage. There is no assurance that any binding transaction will be entered into, or that any such transaction will proceed. Investors should not make assumptions regarding the outcome of these processes and discussions. Highfield will continue to update shareholders in accordance with its continuous disclosure obligations.

-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 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.

Muga is a unique project – with shallow mineralization and no aquifers above it there is no need to build a shaft. There is high 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 mid-2024, the Company announced a transformative transaction to finance the construction of the Muga potash project and create a new globally diversified potash company. This transaction involved **Yankuang Energy Group Co., Ltd** and several strategic investors, and included the **proposed acquisition of the Southey potash project** in Saskatchewan, Canada, alongside the **raising of US\$220 million in equity capital**. The transaction remains subject to shareholder and regulatory approvals.

Following this, in May 2025, the Company signed a non-binding **Letter of Intent** with **Qinghai Salt Lake Industry Co., Ltd**, a subsidiary of **China Minmetals Corporation**, for a proposed **US\$300 million equity subscription**. This proposed QSL Cornerstone Placement represents a significant evolution of the original deal structure and is intended to accelerate the development of Muga and Southey while strengthening Highfield's long-term strategic positioning through the support of China's largest potash producer.

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.

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

