

Update on Exclusivity Extension and Progress of Proposed Cornerstone Placement

Highfield Resources Limited (ASX: HFR) (**Highfield** or the **Company**) is pleased to announce that, following constructive engagement among the parties, the non-binding letter of intent for co-operation (**LOI**) between Highfield, Qinghai Salt Lake Industry Co., Ltd (**Qinghai Salt Lake**), a subsidiary of China Minmetals Corporation, and Yankuang Energy Group Co., Ltd (**Yankuang**) (refer to the ASX announcement dated on 13 May 2025, “LoI for Cooperation on Strategic Investment”), has been formally amended.

Under the terms of the amended LOI, the parties have agreed to extend the exclusivity period afforded to Qinghai Salt Lake in the original LOI to allow additional time for Qinghai Salt Lake to complete its due diligence and advance negotiations on the key commercial terms of Qinghai Salt Lake's proposed approximately US\$300 million equity subscription in Highfield (the **QSL Cornerstone Placement**). The exclusivity period will now expire on the earliest to occur of (i) 15 September 2025, (ii) the date on which the parties have entered into binding documentation for the QSL Cornerstone Placement, or (iii) the date on which Qinghai Salt Lake notifies the Company that it has decided not to proceed with the transaction (as to which see below).

The amended LOI provides that:

- Subject to satisfactory cooperation from each other party to the LOI, Qinghai Salt Lake will continue to use all reasonable endeavours to substantially complete its due diligence and will notify Highfield and Yankuang as to whether it wishes to continue pursue the transaction by 15 August 2025.
- If Qinghai Salt Lake elects to proceed with the transaction, the parties intend to work towards agreeing the key commercial terms of the QSL Cornerstone Placement and to finalize the definitive transaction documentation for the QSL Cornerstone Placement prior to the expiry of the exclusivity period.

This update reflects the status of the ongoing process among Highfield, Qinghai Salt Lake and Yankuang and underlines the shared intent to pursue a strategic transaction that supports Highfield’s long-term vision of becoming a globally diversified potash producer.

Highfield remains focused on working closely with Qinghai Salt Lake and Yankuang to progress the proposed QSL Cornerstone Placement and the proposed acquisition by Highfield of the Southey potash project of Yancoal Canada Resources Co., Ltd. in Saskatchewan, Canada (**Southey Vend-in**) in collaboration with all stakeholders.

Highfield will continue to keep the market informed of material developments in respect of the QSL Cornerstone Placement and Southey Vend-in in accordance with its continuous disclosure obligations.

IMPORTANT

It is important to note that while substantial progress have been in furtherance of the potential QSL Cornerstone Placement 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.

