



June 2025 Quarterly Activities Report

HIGHLIGHTS

- Highfield entered into a non-binding Letter of Intent (LOI) with Qinghai Salt Lake Industry Co. Ltd., a subsidiary of China Minmetals Corporation, for a proposed US\$300 million equity subscription. The proceeds are intended to advance the Muga Project and other strategic opportunities. This follows the transformative transaction announced in September 2024 with Yankuang Energy and other strategic investors.
- The Company secured a €1.15 million stand-by loan facility from strategic investor EMR Capital Resources Fund III, LP, and agreed to an extension of the maturity date of its convertible loan notes, bolstering operational and strategic flexibility.
- Highfield submitted a formal request to its lenders under the Senior Secured Project Finance Facility to amend key terms and seek waivers (see ASX release 28 January 2025). As part of this restructure, Societe Generale, BNP Paribas, and Natixis exited the Facility, and Highfield acknowledges their support to date in advancing the Muga Project.
- Mr Carles Aleman, the Company's Head of Plant Construction & HSE for the Muga Project, was appointed to fulfill the CEO duties (officially Director General of Geocali). Mr Olivier Vadillo, previously Head of Marketing and Investor Relations, has been appointed to the new role of Head of Corporate Strategy and Business Development. These changes were implemented following the resignation of former CEO and Managing Director, Mr Ignacio Salazar.
- All resolutions at the AGM were passed.
- In line with its disciplined approach to cash management, the Company has continued to postpone or cancel non-essential expenditure. Furthermore, the furlough scheme implemented on 1 March 2025, equivalent to 20% to 50% of total salaries was extended with staff support.
- A\$6.4 million cash at bank at 30 June 2025

European potash developer, Highfield Resources Limited (ASX:HFR) (**Highfield**, or the **Company**) is pleased to provide the market with an update on its activities in progressing the development of its world class Muga Potash mine (**Muga**), located in northern Spain for the quarter ended 30 June 2025.

PROJECT UPDATE

Strategic Financing Update

During the quarter, Highfield entered into a non-binding Letter of Intent (LOI) with Qinghai Salt Lake Industry Co., Ltd. (**Qinghai Salt Lake**), a subsidiary of China Minmetals Corporation, for a proposed US\$300 million



equity subscription (the **QSL Cornerstone Placement**). Qinghai Salt Lake is China's largest potash producer and part of one of China's largest state-owned enterprises, specialising in global metals and mineral development. The proposed investment is intended to support the advancement of Highfield's Muga potash project in Spain as well as other strategic opportunities. (refer ASX, 13 May 2025, "LoI for Cooperation on Strategic Investment").

The LOI follows the transformative transaction (the Transaction) announced on 24 September 2024 with Yankuang Energy Group Co., Ltd. (**Yankuang**) and other strategic investors, and is also supported by shareholders associated with EMR Capital. The QSL Cornerstone Placement is conditional on the completion of Highfield's acquisition of the Southey potash project in Saskatchewan, Canada, from Yankuang, and would result in Qinghai Salt Lake becoming Highfield's largest shareholder as well as providing operational expertise.

Following the end of the quarter, Highfield formally amended the LOI with Qinghai Salt Lake and Yankuang to extend the exclusivity period relating to QSL Cornerstone Placement (refer ASX, 18 July 2025, "Update on LoI & Progress of Proposed Cornerstone Placement"). The amended LOI now provides that the exclusivity period will expire on the earliest of: (i) 15 September 2025, (ii) the signing of binding documentation, or (iii) Qinghai Salt Lake's decision not to proceed.

Under the updated terms, Qinghai Salt Lake will continue its due diligence and has agreed to notify Highfield and Yankuang of its intention to proceed by 15 August 2025. If it elects to move forward, the parties will work to agree on key commercial terms and finalise definitive transaction documents before the exclusivity period ends.

This update reinforces the parties' commitment to advancing a strategic transaction that would support Highfield's long-term goal of becoming a globally diversified potash producer. Highfield remains focused on progressing both the QSL Cornerstone Placement and the proposed Southey Vend-in acquisition in close collaboration with all stakeholders. The proposed transaction is expected to accelerate construction at Muga, enable the future development of Muga Phase 2, and facilitate the advancement of the Southey project, strengthening Highfield's strategic positioning as a globally diversified potash producer.

Senior Loan and Lease Facility

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 a waiver of 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 confirmed that the Facility will be amended so that Societe Generale, BNP Paribas, and Natixis exit the Facility (refer ASX, 1 April 2025, "Progress Update on Completion of Agreement with Yankuang"). Highfield acknowledges and appreciates their past support in advancing the Muga Project.

The Company continues to work closely with the remaining lenders under the Facility (ING, HSBC, and Caja Rural) to optimise its cash position and assess whether the Facility remains fit for purpose. Discussions are ongoing in the context of broader financing plans and potential changes to the lender group.

POTASH MARKET

Global potash prices have continued their upward trend, with granular MOP prices in Europe increasing to



the €360 to €375 per tonne range. While the underlying supply-demand fundamentals remain broadly unchanged from the previous quarter, ongoing geopolitical tensions are contributing to sustained market uncertainty.

EXPLORATION

There were no significant exploration works during the quarter. The current priority for the Company remains the development and construction of the Muga Potash mine.

CORPORATE

Team update

During the quarter, Highfield announced a leadership change (*refer ASX, 16 May 2025, "Highfield Announces Leadership Changes at Geoalcali"*).

Mr Carles Aleman, previously the Group's Head of Plant Construction & HSE for the Muga Project, was appointed to assume the duties of Chief Executive Officer—officially known in Spain as Director General - of Geoalcali. Mr Aleman has over 30 years of international leadership experience in the chemical and mining industries, including executive roles at BASF, CIBA-GEIGY, and Pymag-Curtin, where he served as Managing Director. Prior to joining Geoalcali in 2023, he held the position of President of ICL Iberia from 2017. He holds degrees in Business Sciences, Chemistry, and Pharmacy, a Masters in Chemistry, and an MBA from ESADE Business School in Barcelona. Mr Aleman is based in the Pamplona office and leads all local operations and maintains close engagement with Spanish national and regional government stakeholders.

In a further strengthening of the leadership team, Mr Olivier Vadillo, previously Head of Marketing and Investor Relations, was appointed to the newly created role of Head of Corporate Strategy and Business Development. Mr Vadillo holds a degree in Mathematics from the University of Edinburgh and a Masters from the London School of Economics and brings over 15 years of strategic advisory experience in the global commodities and energy sector. He has held leadership roles at Wood Mackenzie (as Head of Metals Research in Sydney) and Deloitte, and is fluent in English, French, Spanish, and Polish. Mr Vadillo has been an integral part of the Company's stakeholder engagement, corporate strategy development as well as its international financing initiatives.

These leadership changes followed the resignation of former CEO and Managing Director of Highfield, Mr Ignacio Salazar, and reflect the Company's focus on delivering the Muga Project and enhancing its capabilities to engage effectively with local, national, and international stakeholders. Under the continued guidance of the Board and with the support of the executive team based in Spain, Highfield continues to advance its strategic and financing objectives as it prepares for the next stage of Muga's development. (*refer ASX, 9 May 2025, "Resignation of CEO and Managing Director"*)

Finance update

During the quarter, Highfield secured a stand-by loan facility of up to €1.15 million from its strategic investor, EMR Capital Resources Fund III, LP (EMR), providing additional financial flexibility during an important strategic phase for the Company. The loan facility will support the Company's ongoing working capital requirements and general administrative costs as it advances key corporate initiatives.

The key terms of the unsecured loan facility include:

- A principal amount of €0.65 million, with the potential to increase to €1.15 million upon the achievement of defined project or transaction-related milestones;



- A fixed market-rate coupon;
- A maturity date six months from first drawdown, subject to earlier repayment if specified events occur, such as a successful equity raise or completion of the Transaction.

In addition to the facility, EMR also agreed to extend the maturity date of its existing convertible loan notes. The maturity has been extended to the earlier of:

- 31 July 2025, with a further automatic 75-day extension if a binding term sheet is entered into with Qinghai Salt Lake by 30 June 2025; or
- the date on which the Transaction terminates.

These arrangements reflect EMR's continued support for the Company and reinforce the aligned interest of Highfield's major strategic stakeholders as the Company navigates a period of corporate and operational transformation.

Cash as at 30 June 2025 was A\$6.4 million, a reduction of A\$1.9 million from the previous quarter. The bulk of the cash outflow related to G&A and Working Capital with cash outflows being reduced to A\$0.65 million per month while the funding process advances towards successful completion.

The Company continues to maintain a disciplined and prudent approach to cash flow management while progressing the Transaction towards completion. Operating expenditure for the quarter was further reduced by 3.6% compared to the previous quarter, driven by the postponement or cancellation of non-essential spending. As part of these measures, the furlough scheme implemented on 1 March 2025, involving salary reductions of 20% to 50%, remained in place throughout the quarter with the continued support of staff. This cost control program has played a key role in preserving cash during a strategically important period for the Company.

Annual General Meeting

All resolutions considered by the Company's shareholders at the Annual General Meeting held on 30 May 2025 were passed. (*refer ASX 30 May 2025, "Results of Annual General Meeting"*). Shareholder approval was sought and obtained for all resolutions which included

- 1) Adoption of Remuneration Report
- 2) Re-election of Ms Pauline Carr as Director
- 3) Re-election of Mr Paul Harris as Director
- 4) Approval of 10% Placement Facility
- 5) Renewal of Proportional Takeover Provisions

PAYMENTS TO RELATED PARTIES

As outlined in section 6 of the attached Appendix 5B, payments to related parties of the entity and their associates, totals A\$255k, relate to salaries and fees paid to executive and non-executive Directors during the quarter.

Q3 2025 ACTIVITIES

- Finalise Qinghai Salt Lake's due diligence process
- Finalise the strategic financing process
- Advance the construction readiness plan

ASX ANNOUNCEMENT

23 July 2025

Highfield
Resources



ASX:HFR

-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.

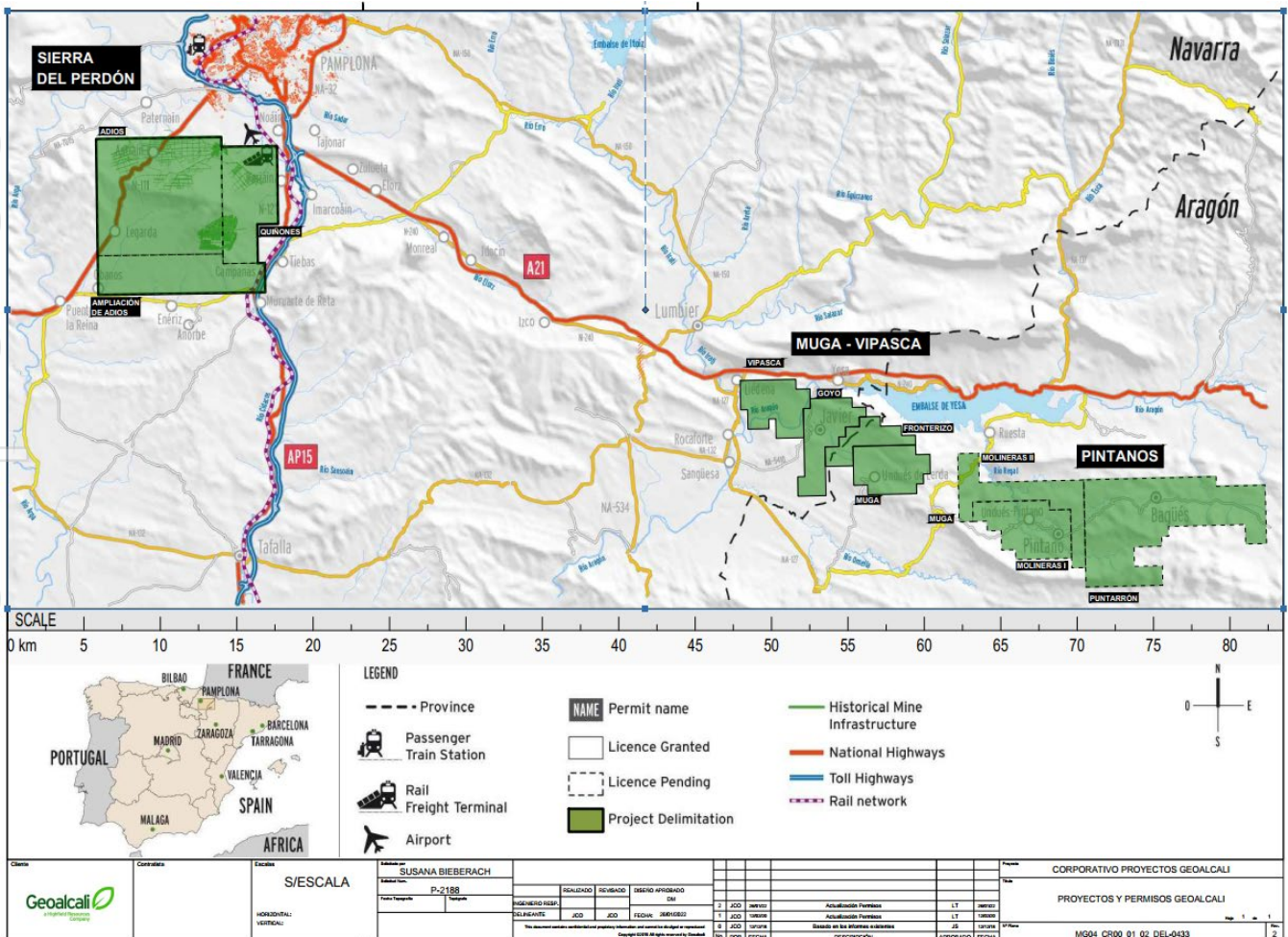
Muga is a unique project – with shallow mineralization and no aquifers above it there is no need to build a shaft. There is high quality and readily accessible infrastructure already in place in the region and importantly, the Muga Project is located in the heart of a European agricultural region which 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.



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HIGHFIELD RESOURCES LIMITED

ABN

51 153 918 257

Quarter ended ("current quarter")

30 June 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production		
(d) staff costs	(716)	(1,463)
(e) administration and corporate costs	(1,622)	(3,487)
1.3 Dividends received (see note 3)		
1.4 Interest received	34	75
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST/VAT refunded)	188	565
1.9 Net cash from / (used in) operating activities	(2,116)	(4,310)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation (if capitalised)	48	(1,789)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	48	(1,789)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		8,001
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(126)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		(7,689)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		186
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,292	11,960
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,116)	(4,310)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	48	(1,789)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		186

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	208	385
4.6	Cash and cash equivalents at end of period	6,432	6,432

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,432	8,292
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,432	8,292

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

255

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The above payments relate to salaries paid to executive directors and fees paid to non-executive Directors during the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	33,644	33,644

7.5 **Unused financing facilities available at quarter end**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Other financing facilities refer to the convertible note formalised in two tranches in May 2023 and December 2023 (refer ASX 23 May 2023, "Key Strategic Investment of A\$25m Secured" and ASX 22 December 2023 "Highfield secures US\$6 million to advance Muga potash mine toward construction", respectively) and subscribed by EMR Capital Management Ltd., Tectonic Investment Management and another institutional investor as the lenders.

The debt will accrue interests (at a 14% per annum) that will be paid in kind via addition to the convertible notes amount and will mandatorily be converted into fully paid ordinary shares in the Company before the first drawdown of the senior loan facility secured with a group of international banks to fund the Muga Project.

The notes are secured by a share pledge over all the shares in and shareholder loans to, the Spanish subsidiary, Geoalcali, S.L.U. which owns and is developing the Muga Project.

8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,116)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	48
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(2,068)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	6,432
8.5	Unused finance facilities available at quarter end (Item 7.5)	
8.6	Total available funding (Item 8.4 + Item 8.5)	6,432
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.11

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 July 2025

Authorised by: the Board of Highfield Resources Limited

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.