



Update on Proposed Strategic Investment

Highfield Resources Limited (ASX:HFR) (**Highfield** or the **Company**) advises that China Minmetals Corporation (**CMC**) and its subsidiary Qinghai Salt Lake Industry Co., Ltd. (**QSL**) have informed the Company of their decision not to proceed with the proposed strategic transaction contemplated under the non-binding Letter of Intent (**LOI**), details of which were announced to ASX on 13 May 2025, 4 July 2025 and 18 July 2025.

Highfield confirms that QSL's decision means that the convertible notes issued by the Company to Potash (Muga) Investment Pte. Ltd and EMR Capital GP III Limited in its capacity as general partner of EMR Capital Resources Fund III, LP (together, **EMR**) and others have matured (refer to the ASX announcement dated 31 July 2025 'Amendment to Convertible Note Terms' for further details). EMR reserves all of its rights under the convertible notes while it continues to engage constructively with Highfield on future options.

Highfield further confirms that as at the date of this announcement, the Implementation Agreement¹ has not been terminated (but continues to remain terminable by either party at any time). Highfield remains committed to the strategic objectives that have underpinned recent transaction discussions, with a focus on delivering long-term value to shareholders.

Highfield will continue to keep the market informed as these discussions progress.

The Company will host a conference call on Tuesday, 19 August 2025, to discuss the recent update.

Call details

Event: Highfield Resources Limited – Shareholder Call
Date: Tuesday, 19th August 2025
Time: 4.30pm (AEST)
Participant Registration Link: <https://s1.c-conf.com/diamondpass/10049739-gj98u7.html>

-ENDS-

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

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¹ Refer to the ASX announcement dated 24 September 2024, "Creation of a New Globally Diversified Potash Company".

ASX ANNOUNCEMENT



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.

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.

