



HIGHFIELD SECURES A\$10M OF FINANCIAL SUPPORT

HIGHLIGHTS

- Highfield Resources Limited (“Highfield” or the “Company”) is pleased to announce that it has secured a A\$10 million investment from existing strategic shareholders funds managed by EMR Capital Management Limited (“EMR Capital”), Tectonic Investment Management (“Tectonic”) and from another existing investor, and an extension of the maturity date of the Company’s existing convertible notes.
- This new investment will be in the form of convertible notes issued on terms summarised in this announcement.
- Funds will be used by Highfield to seek to address the administrative matter in the Spanish legal system with the Goyo permit, to reengage with strategic partners in relation to its flagship Muga Potash Project (“Project”) and for working capital, with a view to advancing the Project towards development.
- The Company is planning an investor roadshow to Australia later in October 2025 at which it will provide further granularity as to the strategic rationale for the transaction.

Highfield Resources Limited (ASX: **HFR**) is pleased to announce that it has entered into a binding term sheet (the “**Binding Term Sheet**”) with each of EMR Capital, Tectonic and an another existing investor (together, the “**Lenders**”) for an investment of A\$10 million in the form of convertible notes (the “**New Convertible Notes**” or “**New Notes**”) and amendments to, including an extension to the maturity date of, the terms of the convertible notes announced by Highfield in May and December 2023 (the “**Existing Convertible Notes**” or “**Existing Notes**” and, together with the New Notes, the “**Notes**”) to bring them into line with the terms of the New Notes. The Company will use the net proceeds of this investment to address the Goyo mining concession administrative matter, to reengage with strategic partners in relation to its flagship Muga Potash Project and for working capital.

Investment Overview

The Lenders have agreed to make the investment by way of the New Notes, which are limited security loan notes, convertible into fully paid ordinary shares in the Company. Key terms for the New Notes set out in the Binding Term Sheet include:

- EMR Capital to invest A\$2 million, Tectonic A\$5 million and another investor A\$3 million (in aggregate, the “**Loan Amount**”). The investment by EMR Capital is in lieu of the stand-by loan facility announced by Highfield on 13 May 2025 (refer to the ASX announcement of that date, “Highfield Secures Additional Financial Support from EMR Capital”) (which was undrawn at the date of the Binding Term Sheet);
- A maturity date of 12 months after the date of issuance of the New Notes (“**Maturity Date**”);
- The Loan Amount will be drawn down in tranches during the period November 2025 (or such later date as the Conditions (as defined below) as satisfied) to September 2026, provided that the consent of the Lenders to draw downs of amounts above A\$5.15 million will be required in the event that the Supreme

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Court of Spain allows an appeal in relation to the Goyo permit. The Company believes that the A\$5.15 million to be provided by the Lenders will provide it with sufficient working capital to carry on its operations through to October 2026, given the robust and conservative budget which it has put in place for its working capital needs for the next 12 months. The remainder of the Loan Amount, if received by the Company, will provide the Highfield group with sufficient funding through to Q1, 2027;

- The Lenders may choose to convert all or some of the total amount outstanding New Convertible Notes into fully paid ordinary shares in the Company ("**Shares**") at any time;
- The conversion price for the New Convertible Notes is the lower of (i) A\$0.06, (ii) a 25% discount to the price implied by a change of control transaction relating to the Company and (iii) a 10% discount to the price of any future equity securities capital raising undertaken by the Company (subject to a floor of A\$0.03 ("**Floor Price**"));
- Each New Note will bear interest at the rate of 18% p.a. provided that additional default interest of 4% p.a. will be payable while an event of default subsists. Interest on the investment will be paid in kind via addition to the Loan Amount; and
- The New Convertible Notes are secured by the same security that was granted in September 2023 for the previous investment, including a share pledge over all of the shares in and shareholder loans to, the Company's indirect wholly owned subsidiary Geoalcali S.L.U. ("**Geoalcali**") (which owns the Project), provided that such security will be amended to remove the restrictions set out in paragraphs 1.3.3 and 1.3.4 of the waiver obtained from ASX from Listing Rule 10.1 ("**Waiver**") (refer to the ASX announcement of 12 September 2025, "Highfield secures ASX waiver") ("**Notes Security Amendment**") (noting that the Company will seek the approval of holders of Shares in the Company ("**Shareholders**") under ASX Listing Rule 10.1 in connection with such security.

The Binding Term Sheet also provides that the terms of the Existing Notes will be amended to be consistent with the New Notes (including the terms of the Existing Notes relating to maturity date, interest rate, conversion price, undertakings and events of default) ("**Existing Notes Amendment**"). Accordingly, the maturity date of the Existing Notes will be the Maturity Date (ie 12 months after the date of issuance of the New Notes).

Further detail on the terms of the New Convertible Notes is set out in Annexure A to this announcement. The issuance of the New Convertible Notes and Existing Notes Amendment is subject to the following conditions being satisfied ("**Conditions**"):

- entry into definitive documentation reflecting the key terms set out in the Binding Term Sheet (including entry into definitive documentation in respect of the Existing Notes Amendment);
- the Shareholders approving the transaction for the purposes of the ASX Listing Rules, including approving (i) the Notes Security Amendment for the benefit of EMR Capital for the purposes of ASX Listing Rule 10.1 (and, for clarity for the Existing Notes and the New Notes as the Company no longer intends to rely on the Waiver) and (ii) the issuance of the other New Convertible Notes and the Existing Notes Amendment to the other Existing Notes for the purposes of ASX Listing Rule 7.1 ("**Shareholder Approval**");
- the Lenders approving cash flow budgets for Highfield and Geoalcali; and
- entry into payment plans acceptable to the Lenders by Highfield and Geoalcali with their major creditors.



The issuance of the New Convertible Notes, the Existing Notes Amendment and the Notes Security Amendment remain subject to and conditional upon receipt of Shareholder Approval at an extraordinary general meeting of the Company to be held by mid December 2025, pursuant to a notice of meeting to be despatched by the Company as soon as practicable after this announcement. If Shareholder Approval is granted, the New Notes will be issued, and the Existing Notes Amendment and the Notes Security Amendment will take effect, following that meeting. In addition, the convertibility of the Convertible Notes issued to EMR Capital is subject to EMR Capital receiving approval from the Foreign Investment Review Board (**FIRB**). If FIRB approval is not received, the Notes issued to EMR Capital will be cash-settled by the Company on conversion.

Use of Funds

The net proceeds of the investment will be used by the Company to address the Goyo mining concession administrative matter, to reengage with strategic partners in relation to its flagship Muga Potash Project and for working capital, with a view to advancing the Project towards development.

The Company continues to prudently manage its working capital requirements (including securing the support of its major creditors in relation to the timing for repayment of amounts owed). The Group remains committed to working towards the best outcome possible for investors and other stakeholders. In particular, the Company continues to tightly manage cash with most payments requiring Board approval.

Compliance Statement

The Company provides the following information for the purposes of section 4 of ASX Compliance Update No. 05/20, and ASX Compliance Update No. 05/23:

- the Company has negotiated the New Convertible Notes, the Existing Notes Amendment and the Notes Security Amendment at arm's length, including with sophisticated and professional investors who are independent of the Company;
- the Company considers that the issue of the New Convertible Notes and the taking effect of the Existing Notes Amendment and the Notes Security Amendment are an appropriate and commercial solution to provide working capital to enable to Company to support its ongoing activities and operations;
- prior to entering into the Binding Term Sheet, the Company considered other available fund-raising options, such as a traditional equity raising and other types of equity-linked debt instruments, to meet the Company's funding requirements. The Company was of the view that the other options available were not on the same commercial terms and were therefore not in the best interests of shareholders of the Company; and
- while the New Notes and the Existing Notes (as they will be amended) benefit from security granted by the Highfield group, the Company has not agreed to issue 'collateral shares' to holders of Notes.

The Company confirms that it has sought legal advice from MinterEllison regarding the suitability of the terms of the New Convertible Notes, the Existing Notes Amendment and the Notes Security Amendment and was advised that the terms in the Binding Term Sheet were market standard and do not contain any of the features noted in section 5.9 of ASX Guidance Note 21, based on the reasons set out below:

- the adjustment of the conversion price of the New Convertible Notes and the Existing Notes (following the Existing Notes Amendment) based on future equity raises is subject to a floor price; and
- there are other convertible notes on similar terms in the marketplace.



-ENDS-

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

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ASX ANNOUNCEMENT

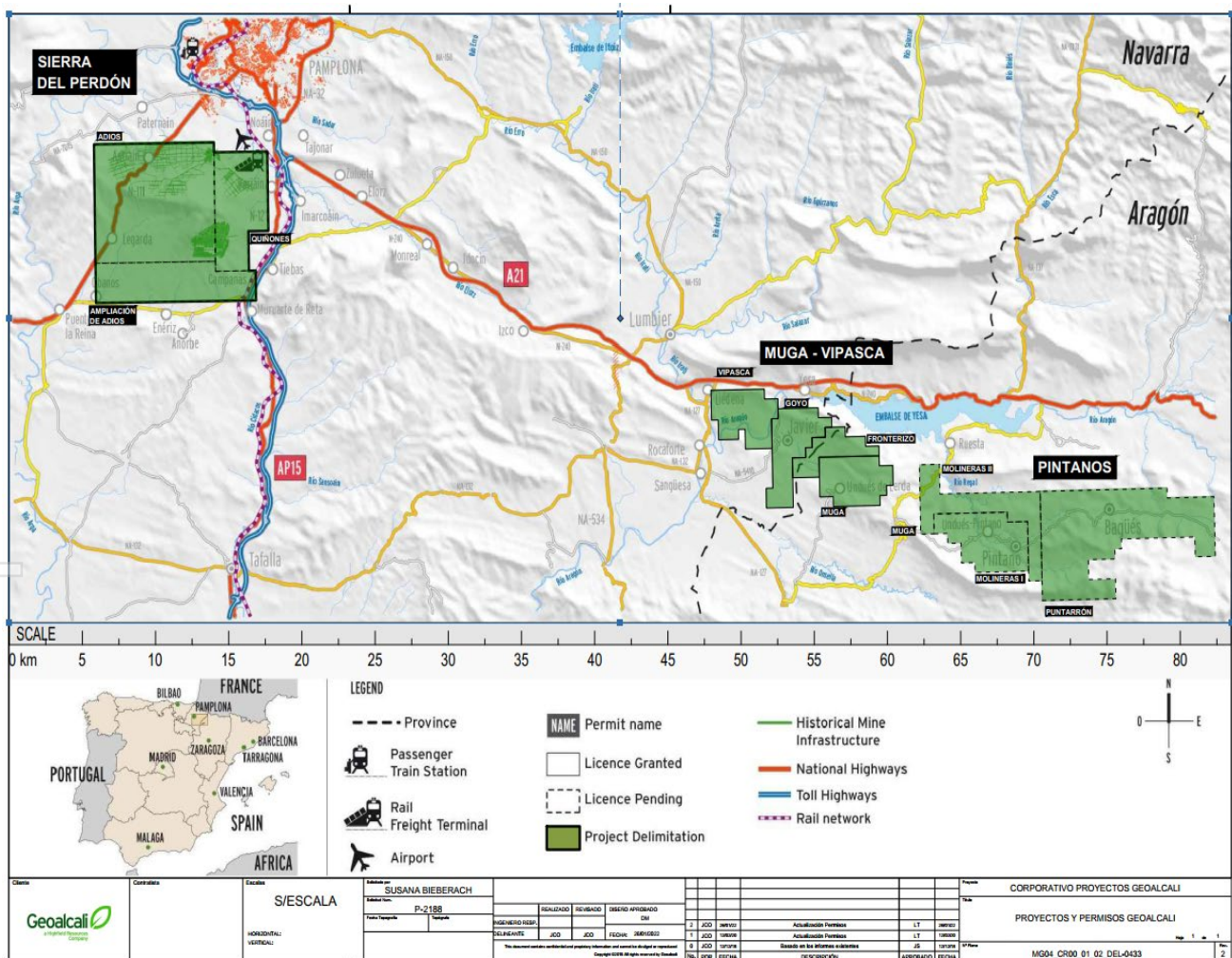
About Highfield Resources

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.

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.





Annexure A – Convertible Notes - Key Terms

The key terms of the New Notes are as set out in the announcement to which this Annexure A is annexed and those set out below. The Existing Notes will be amended to be consistent with the New Notes (including the terms of the Existing Notes relating to maturity date, interest rate, conversion price, undertakings and events of default).

Item	Term	Description
1.	Class and status of security to be issued to the Noteholders	Subject to receipt of Shareholder Approval and satisfaction of the applicable Conditions, the New Notes will be issued as secured convertible notes which are convertible into Shares, and redeemable, as set out below. Shares issued on conversion of the New Notes will be fully paid and will rank pari passu in all respects with the Shares on issue in the Company as at the date of conversion.
2.	Security	The New Notes are secured by way of the pledge, granted in September 2023, over all of the shares and shareholder loans which the Company indirectly holds (via its wholly owned subsidiary KCL Resources Limited ACN 150 161 658 (KCL)) in its wholly-owned subsidiary Geoalcali (which owns the Project located in the provinces of Navarra and Aragon, Spain).
3.	Arrangement fee	The Company will pay 2% of the Loan Amount (in kind via the issue of more New Notes) on the date of issuance of the relevant New Notes.
4.	Coupon	Each New Note will bear interest at the rate of 18% p.a. provided that additional default interest of 4% p.a. will be payable while an Event of Default (described in Item 11 below) subsists (together the Interest Rate). Interest will: <ul style="list-style-type: none"> ■ accrue at the relevant Interest Rate(s) from the issue date up to and including the date on which the New Notes are converted or redeemed; ■ be calculated and capitalised and added to the total amount outstanding by the issue of the New Notes on a quarterly basis; and ■ be payable in kind on conversion or redemption (to the extent not already paid).
5.	Redemption	Repayment in full of any Outstanding Amount owing must be made at the Maturity Date, provided that the New Note holders have not elected to convert the New Notes (or notified the Company of its intention to do so) prior to the Maturity Date.
6.	Conversion of New Notes	Subject to Item 7 below, the New Note holders may choose to convert all or some of their New Notes into Shares at any time from the date of issue of the New Notes until the Outstanding Amount has been repaid in full.

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Item	Term	Description
7.	Restrictions on conversion of Notes	<p>If all or some of a conversion of New Notes issued to the EMR Parties is not possible for regulatory reasons (including FIRB approval not having been received and the EMR Parties not being able to rely on the 'creep' provisions in item 9 of section 611 of the Corporations Act) (Creep Capacity), that part of a conversion will be cash-settled by the Company such that the EMR Parties will receive the equivalent value in cash that it would have realised if Shares had been issued to the EMR Parties on conversion of their New Notes at the Conversion Price (defined at Item 8 below) and sold immediately at the applicable Conversion Price, provided that, in such circumstances, the EMR Parties may only voluntarily convert on an Event of Default (described at Item 11 below), a Change of Control (as defined in the terms of the Existing Notes) or on the Maturity Date (Conversion Restriction).</p> <p>The Conversion Restriction will not apply if the EMR Parties do not have sufficient Creep Capacity but Chapter 6 Approval (defined below) has been obtained. The EMR Parties may at any time request that the Company seek Chapter 6 Approval and the Company will convene a meeting of its Shareholders to seek such approval.</p> <p>Chapter 6 Approval means approval by Shareholders of the conversion of the New Notes into Shares under item 7 of section 611 of the Corporations Act.</p>
8.	Conversion price	<p>The conversion price will be equal to the Outstanding Amount attributable to the Notes being converted divided by the lower of:</p> <ul style="list-style-type: none"> ■ A\$0.06; ■ if a Change of Control Trigger Date (described at Item 9 below) occurs, a 25% discount to the implied valuation per Share from the relevant Change of Control Trigger Date transaction; and ■ if the Company undertakes a new issuance of securities, a 10% discount to the lowest issue price or exercise price (as applicable) of any Security issued in the new issuance provided that: <ul style="list-style-type: none"> ○ if such price is to be determined by reference to the application of a formula or other variable feature then the issue price will be determined by the application of such formula or variable feature or as if the relevant event had occurred as at the time of issue of the relevant Securities; and ○ if such price is lower than the Floor Price, the conversion price shall be the Floor Price. <p>This limb can operate on more than one occasion, (the Conversion Price).</p>
9.	Change of Control	<p>If a Change of Control Trigger Date (as defined in the terms of the Existing Notes) occurs, the New Note holders may (if they have not converted all of their New Notes prior to then), by not less than 15 business days' notice to the Company require repayment of Outstanding Amount.</p>

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Item	Term	Description
10.	Covenants and undertakings	<p>The terms of the New Notes will include undertakings which are equivalent to the undertakings for the Existing Notes, as well as the following:</p> <ul style="list-style-type: none"> ■ Each of the Company and Geoalcali only make cash disbursements and payments for essential operating items in accordance with the current director sign off approval process; ■ The Company and Geoalcali must manage their business in accordance with the budgets approved by the Noteholders. ■ The Noteholders will have access to all reasonable financial and other information about the Company, Geoalcali and their businesses, subject to customary terms regarding access to information and executives, confidentiality, insider trading acknowledgements and conflict and legal privilege protocols.
11.	Events of default	<p>The terms of the New Notes will include events of default which are equivalent to the events of default for the Existing Notes.</p>
12.	Adjustment provisions	<p>Standard adjustment provisions to the Conversion Price to deal with rights issues, placements, buybacks, share splits or consolidations, and other corporate events included in the terms of the New Notes.</p>
13.	Transfer of Notes	<p>The New Notes will be freely transferable.</p>

In addition to the above, Highfield expects that the terms of the New Notes relating to quotation, voting rights and participation in new issues will be substantially similar to those for the Existing Notes.

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