

December 2025 Quarterly Activities Report

HIGHLIGHTS

- Highfield Resources Limited ("Highfield" or the "Company") secured a A\$10 million investment from existing strategic shareholders, funds managed by EMR Capital Management Limited, Tectonic Investment Management and from another existing investor, together with an extension of the maturity date of the Company's existing convertible notes (*refer ASX announcement dated 14 October 2025, "Highfield Secures A\$10M of Financial Support"*).
- Investor presentations undertaken in Australia (*refer ASX announcement dated 27 October 2025, "Investor Presentation – October 2025"*).
- All resolutions to give effect to the A\$10 million investment were approved by shareholders at the Extraordinary General Meeting held during the quarter (*refer ASX announcement dated 1 December 2025, "Results of Extraordinary General Meeting"*).
- Goyo permitting appeal update provided (*refer ASX announcements dated 27 October 2025 "Investor Presentation – October 2025" and 1 December 2025, "Company Update"*). As at the release date of this quarterly report no ruling has been received from the Supreme Court of Spain on this matter.
- The disciplined approach to cash management continued throughout the quarter, with non-essential expenditures postponed or cancelled. The staff and consultant furlough program (implemented on 1 March 2025, equivalent to 20% to 50% of total salaries) has now been extended through 2026.
- A\$3.47 million cash at bank at 31 December 2025.

European potash developer, Highfield Resources Limited (ASX:HFR) ("Highfield", or the "Company") provides 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 31 December 2025.

PROJECT UPDATE

Permitting update

As previously communicated (*refer ASX announcement dated 28 August 2025, "Positive Support from Government of Navarra and Goyo Update"*), the Company had originally anticipated that the Supreme Court of Spain would decide in October or November 2025 whether to admit the appeal relating to the administrative ruling on the Goyo permit. This estimate was provided by legal advisers and was based on timelines observed in similar past cases. There are no fixed dates or defined schedules for the various administrative processes for such matters in the Spanish judicial system (*refer ASX announcement dated 1*

December 2025, "Company Update").

As at the 31 December 2025, and as at the date of the release of this quarterly report, no decision has yet been communicated by the Court. The Company awaits the outcome of the appeal admission process and will apprise shareholders upon receipt of a decision or material developments.

In parallel, Highfield continues to actively engage with relevant authorities in both Pamplona (Navarra) and Madrid (Spain) to ensure that, once the judicial process advances, all necessary steps can be taken to achieve a swift resolution of the matter. The Company remains committed to resolving the issue in a timely and constructive manner and to advancing the Muga Project without delay.

POTASH MARKET

Global underlying potash supply-demand fundamentals have not changed substantially, although ongoing geopolitical tensions are persisting, demand for MOP in the last quarter has been stable with granular MOP prices in Europe have remained around the €380 per tonne range.

During the quarter the United States eased sanctions on three Belarussian potash companies in December 2025 in exchange for the release of prisoners held in Belarus. However sanctions imposed by the European Union on the export of fertilizers from Belarus remain in place. In the adjacent country of Lithuania, its prohibition on the transit of Belarussian fertilizer exports through Lithuania remains in place.

EXPLORATION

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

CORPORATE

Finance update

Following a period of voluntary suspension in trading (refer ASX announcement dated 2 October 2025, "Voluntary Suspension Request"), Highfield 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, as well as to reengage with strategic partners in relation to its flagship Muga Potash Project (the "Project") and for working capital (refer ASX announcement dated 14 October 2025, "Highfield Secures A\$10M of Financial Support").

Investment overview

The Lenders 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) are 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 Spanish Supreme Court 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 cost controls and the 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**”).

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 (i.e. 12 months after the date of issuance of the New Notes).

All resolutions with regards to the investment were approved by shareholders at the Extraordinary General Meeting held during the quarter (refer ASX announcement dated 1 December 2025, “Results of Extraordinary General Meeting”).

The Company has maintained its stringent approach to cash management by postponing or cancelling non-essential expenditures.

In addition, the furlough scheme (ERTE), introduced on 1 March 2025, has been extended through to 2026 with the support of staff. Headcount has also been reduced by approximately 20% over recent months and collectively, these measures have delivered a 30% reduction in monthly payroll and related expenses for the quarter.

ASX ANNOUNCEMENT

27 January 2026

Highfield
Resources



ASX:HFR

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\$232k and relates to salaries and fees paid to executive and non-executive Directors during the quarter.

Q1 2026 ACTIVITIES

- Pending the receipt of the Spanish Supreme's Court ruling, advance the solution to the Goyo mining concession administrative matter.
- Advance the construction readiness plan for Muga.
- Progress the value realisation plan and pathways for shareholders and noteholders.

-ENDS-

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

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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")

31 December 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(982)	(2,795)
(e) administration and corporate costs	(3,527)	(8,699)
1.3 Dividends received (see note 3)		
1.4 Interest received	11	98
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)	70	637
1.9 Net cash from / (used in) operating activities	(4,428)	(10,759)

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)	(845)	(3,121)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	1,853	1,853
	(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	1,008	(1,268)

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	3,060	3,060
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	3,060	3,246

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,895	11,960
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,428)	(10,759)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,008	(1,268)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,060	3,246

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(60)	296
4.6	Cash and cash equivalents at end of period	3,475	3,475

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	3,475	3,895
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)	3,475	3,895

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**

232

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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)	43,644	36,704
7.4 Total financing facilities	43,644	36,704
7.5 Unused financing facilities available at quarter end	2,100	
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.		
<p>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.</p> <p>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.</p> <p>A 18% per annum default interest has been applied since the termination of the Senior Loan Facility (refer ASX 11 September 2025, "Project Finance Facility update").</p> <p>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.</p> <p>On 13 May 2025, EMR and the noteholders agreed to extend the maturity of its convertible loan notes, originally due to mature in June 2025, with further amendments made on 31 July 2025 to allow extensions contingent on the then ongoing funding transaction with a Chinese investor.</p> <p>On 11 September 2025, the noteholders agreed to provide a further period of forbearance relating to the enforcement of their security interests until 31 October 2025.</p> <p>Following a period of voluntary suspension in trading (refer ASX 2 October 2025, "Voluntary Suspension Request"), additional funding was secured through the execution of a new (third) issuance of convertible notes maturing 12 months after Financial Close (refer ASX 14 October 2025, "Highfield secures A\$10M of financial support"). The new convertible notes have a conversion price equal to the lower of A\$0.06, a 25% discount to the price implied by a change of control transaction involving the Company, or a 10% discount to the price of any future equity capital raising undertaken by the Company, subject to a floor price of A\$0.03. The notes bear interest at 18% per annum, with additional default interest of 4% per annum while an event of default subsists, with all interest payable in kind by capitalisation to the loan amount. The new notes are secured by the same security granted in September 2023, including a share pledge over all shares in, and shareholder loans to, Geoalcali S.L.U.</p> <p>As at the date of this report, 326 new notes with a total value of A\$3.06 million have been issued. Of the A\$10.0 million convertible note facility executed in October 2025, A\$3.06 million had been drawn as at 31 December 2025. A further A\$2.1 million is contractually committed and available to be drawn, with the remaining A\$4.8 million subject to lender conditions and not yet available at quarter end.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,428)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(845)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(5,273)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,475
8.5 Unused finance facilities available at quarter end (Item 7.5)	2,100
8.6 Total available funding (Item 8.4 + Item 8.5)	5,575
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.06

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

- 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: The Group does not anticipate that operating cash outflows will remain at current levels over the coming quarters. This expectation is underpinned by the cash flow forecast provided to the Company's strategic shareholders in connection with the A\$10 million funding agreement (refer ASX 14 October 2025, "Highfield secures A\$10M of financial support"). Highfield continues to exercise strict cash discipline, reducing all non-essential expenditure in accordance with its detailed operating cash flow budget, while progressing the resolution of the Goyo concession administrative matter.

- 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: As noted above, Highfield has secured an A\$10 million investment from existing strategic shareholders, including funds managed by EMR Capital Management Limited, Tectonic Investment Management, and another existing investor, providing funding runway through at least Q1 2027. As per the Convertible Note signed Deed, the unconditional component of the funding (A\$2.1 million) will be drawn in March 2026, while the conditional components (worth A\$4.8 million) are envisaged to be drawn between May 2026 and September 2026.

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

Answer: The Company expects to continue operating as a going concern and to meet its current and future liabilities as they fall due, while maintaining uninterrupted business operations.

Compliance statement

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

Date: 27 January 2026

Authorised by: the Board of Highfield Resources Limited

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

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

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.