

Update on Facilities Agreement and Project Financing

Highfield Resources Limited (ASX: HFR) (**Highfield** or the **Company**) would like to provide an update on the Senior Secured Project Finance Facility signed in December 2022 (the **Facilities Agreement** or the **Facility**) (refer ASX 22 December 2022, "Project Financing - Definitive Documentation Signed").

In line with the Company's commitment to continue advancing the Muga Project, Highfield has also submitted a formal request to its lenders under the Facilities Agreement to amend some terms and seek waivers within the context of the binding agreement (the "Agreement") entered into with Yankuang Energy Group Co., Ltd (refer to ASX 24 September 2024, "Creation of a New Globally Diversified Potash Company") and commencing construction of the Muga Project.

These requests focus on:

- 1) Extension of Key Project Milestones that were agreed with the banks in the Facility signed in December 2022:
 - Adjustments to the timelines for Muga project completion, repayment schedules, and other associated dates to align with the updated construction and financing timelines.
 - The construction at Muga is expected to start in the first half of 2025.
- 2) Repayment Schedule Updates
 - Revision of the repayment instalments and schedules under the Facilities Agreement to reflect the above changes.
- 3) Waiver of the change of control provisions related to the ongoing strategic investment transactions.
 - In light of the Agreement, the strategic investment transactions are likely to trigger the change of control provisions pursuant to the Facility Agreement, for which the Company is seeking a waiver from the lenders.
- 4) Temporary waiver of the payment obligations of commitment fees subject to and until Completion of the Agreement, with accrued fees payable upon Completion.

Furthermore, given it is also expected that the syndicate composition will need to be amended, the Company is already working with its financial advisor DBS Securities towards amending the bank syndicate to better align it with the Agreement.

Highfield believes the relevant amendments and waivers will allow for a Facility and bank syndicate which better reflect the current stage of the Muga Project and the evolving needs of its financing and operational requirements. The Company is confident that these adjustments will result in an agreement that is better fit for the business development and strategy of the Company and to effectively support the successful completion of the Muga Project.

-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 low cost, 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 addition to Muga's secure southern European location, since February 2022 events in Russia and Belarus have heightened the awareness of the strategic value of the Muga Project for both Spain and the European Union.

Highfield's potash tenements (Muga-Vipasca, Pintos, 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.

