

HIGHFIELD RESOURCES LIMITED
ACN 153 918 257

NOTICE OF EXTRAORDINARY GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting

Monday, 1 December 2025

Time of Meeting

4pm (Adelaide, Australia time)

Place of Meeting

The Meeting will be held virtually by the online platform accessible at investor.automic.com.au.
Registration will open online from 3.30pm (Adelaide, Australia time)

THE DIRECTORS UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS VOTE IN FAVOUR OF THE RESOLUTIONS PROPOSED IN THIS NOTICE OF EXTRAORDINARY GENERAL MEETING

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE GRANTING AND AMENDING OF THE NOTE SECURITY REFERRED TO IN RESOLUTION 3, ON THE TERMS SET OUT IN THIS NOTICE OF EXTRAORDINARY GENERAL MEETING IS FAIR AND REASONABLE TO THE NON-ASSOCIATED SHAREHOLDERS.

The business of the Meeting affects your shareholding and your vote is important.

This Notice and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from a professional advisor prior to voting.

The Company strongly encourages all Shareholders to lodge a directed proxy vote prior to the cut-off date for proxy voting as set out in the Notice of Meeting. To lodge your proxy, please follow the directions on your personalised proxy form, delivered to you by email or post (depending on your communication preferences).

Should you wish to discuss the matters in this Notice of Meeting, please contact the Company Secretary on kadams@hlbsa.com.au.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the shareholders of Highfield Resources Limited (**Meeting** or **EGM**) will be held at 4pm (Adelaide, Australia time) on Monday, 1 December 2025. The Meeting will be held virtually and is accessible online at investor.automic.com.au.

AGENDA

The Explanatory Memorandum and Proxy Form, which accompany and form part of this Notice of Meeting, include defined terms and describe in more detail the matters to be considered. Please consider this Notice of Meeting, the Explanatory Memorandum and the Proxy Form in their entirety.

ORDINARY BUSINESS

Resolution 1: Approval of issue of securities to the Institutional Note Subscribers and the Existing Non-Associated Noteholders

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

'That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given:

- (i) for the Company to issue 816 New Notes, in aggregate, to the Institutional Note Subscribers and to issue ordinary shares to holders of such New Notes on conversion of those New Notes; and*
- (ii) to increase the number of ordinary shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders,*

in each case, on the terms and conditions described in the Explanatory Memorandum accompanying the Notice of Meeting.'

Resolution 2: Approval of issue of securities to the EMR Note Subscribers and the Existing EMR Noteholders

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given:

- (i) for the Company to issue 204 New Notes, in aggregate, to the EMR Note Subscribers and to issue ordinary shares to holders of such New Notes on conversion of those Notes; and*
- (ii) to increase the number of ordinary shares which may be issued on conversion of the Existing Notes held by the EMR Existing Noteholders,*

in each case, on the terms and conditions described in the Explanatory Memorandum accompanying the Notice of Meeting.'

Resolution 3: Approval for the grant of the Note Security to the EMR Note Subscribers, the Existing EMR Noteholders and Tectonic

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for:

- (i) the granting of security over (i) all of the shares and shareholder loans in the Company's indirect wholly-owned subsidiary Geoalcali that are held by the Company's wholly owned subsidiary KCL and (ii) all of the assets of KCL, in connection with the issue of the New Notes to the EMR Note Subscribers and Tectonic; and*
- (ii) the amendment of the terms of the Existing Notes and the Note Security, which was initially granted in September 2023, to the extent that such amendments benefit the Existing EMR Noteholders and Tectonic as secured parties, disadvantage the Company and/or are otherwise inconsistent with the terms of the waiver granted to the Company by the ASX on 12 September 2023,*

in each case, on the terms and conditions described in the Explanatory Memorandum accompanying the Notice of Meeting."

Independent Expert's Report: In accordance with ASX Listing Rule 10.5.10, the Company has engaged Grant Thornton to provide an independent expert's report in respect of Resolution 3. Shareholders should carefully consider the Independent Expert's Report at Schedule 1 of the Explanatory Memorandum. The Independent Expert's Report comments on the fairness and reasonableness of the Note Security. Grant Thornton has determined that the granting and amending of the Note Security **is fair and reasonable** to the Non-associated Shareholders in the absence of a superior alternative proposal emerging.

**DATED 31 OCTOBER 2025
BY ORDER OF THE BOARD
HIGHFIELD RESOURCES LIMITED**



**Katelyn Adams
COMPANY SECRETARY**

NOTES ON MEETING ATTENDANCE AND VOTING:

Attending the Meeting

The Meeting is being held virtually.

Shareholders and proxyholders can participate in the Meeting virtually via the online platform accessible at investor.automic.com.au and will have the ability to ask questions during the Meeting and to hear all of the discussion, subject to the connectivity of their device. Shareholders are encouraged to create an account prior to the start of the Meeting to ensure there is no delay in attending virtually.

To vote and ask questions during the Meeting you will need to follow the instructions available in the Automic Virtual Meeting Guide available at the following link <https://www.automicgroup.com.au/virtual-agms>.

Shareholders attending the Meeting virtually will be able to view a live webcast of the Meeting, ask questions online and submit their votes in real time. If that Shareholder or proxyholder voted online prior to the Meeting, the vote during the Meeting will override the pre-Meeting vote.

If you wish to participate in the Meeting online you will need to register to participate. Registration will open 30 minutes prior to the Meeting. You can register to participate in the Meeting by following the instructions below:

1. Open your internet browser and go to investor.automic.com.au.
2. Login with your username and password or click “**register**” if you haven’t already created an account. Shareholders are encouraged to create an account prior to the start of the Meeting to ensure there is no delay in attending the Meeting online.
3. After logging in, a banner will appear at the bottom of your screen when the Meeting is open for registration. Click “**Register**”. Alternatively, select Meetings from the left-hand menu.
4. Click on “**Join Meeting**” and follow the prompts.
5. When the Chair of the Meeting declares the poll open, select the “**Voting**” dropdown menu on the right-hand side of your screen.
6. Select either the “**Full**” or “**Allocate**” option to access your electronic voting card.
7. Follow the prompts to record your voting direction for each resolution and click “**Submit votes**”. For allocated votes, the number of votes submitted must not exceed your remaining available units. **Important:** *Votes cannot be amended once submitted.*

Technical difficulties

Technical difficulties may arise during the course of the Meeting. The Chair of the Meeting has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the Chair will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a directed proxy even if they plan to attend the Meeting online. Should you have any difficulties, you can contact the registry by telephone on 1300 288 664 (within Australia) and +61 2 9698 5414 (outside Australia).

Voting Information

The Chair intends to put all Resolutions set out in this Notice of Meeting to a poll. Upon a poll, every Shareholder who is present in person or by proxy, representative or attorney will have one vote for each Share held by that Shareholder. Results of the voting on the Resolutions will be announced to the ASX as soon as practicable after the Meeting is closed.

Determination of entitlement to attend and vote

For the purposes of determining an entitlement to vote at the Meeting, Shares will be taken to be held by the persons who are registered as Shareholders at 7pm (Adelaide, Australia time) on Saturday, 29 November 2025.

Proxies

A Shareholder entitled to attend the virtual Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the virtual Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the virtual Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

To record a valid vote, a Shareholder will need to take the following steps:

- cast the Shareholder's vote online by visiting <https://investor.automic.com.au/#/loginsah> or, if using a mobile device, by scanning the QR code on the Shareholder's Proxy Form and entering the Shareholder's registered postcode; or
- complete and lodge a validly completed and signed paper Proxy Form at the Share Registry, Automic Registry Services:

(a) in person at the following address:

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000

OR

(b) by post at the following address:

Automic Registry Services
GPO Box 5193
Sydney NSW 2001

OR

(c) by facsimile to +61 2 8583 3040 (within Australia);

so that it is received no later than 4pm (Adelaide, Australia time) on Saturday, 29 November 2025.

A proxy has the same rights as a Shareholder to speak using the online platform at the virtual Meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll.

Where a Shareholder appoints an attorney to act on his/her behalf at the Meeting or a Proxy Form is signed under power of attorney, such appointment must be made by a duly executed power of attorney. The power of attorney (or a certified copy) must be given to Automic Registry Services, the

Share Registry, by 4pm (Adelaide, Australia time) on Saturday, 29 November 2025, unless it has previously been provided.

Where more than one joint holder votes, the vote of the holder whose name appears first in the register of Shareholders shall be accepted to the exclusion of the others.

The Company encourages all Shareholders who submit proxies to direct their proxy whether to vote for or against, or to abstain from voting on, each Resolution.

The Chair of the Meeting intends to vote all undirected proxies in favour of all of the Resolutions.

If a Shareholder appoints the Chair as their proxy, expressly or by default, and they do not direct the Chair on how to vote on a Resolution, by completing and returning the Proxy Form, they will be expressly authorising the Chair to exercise the proxy and vote as the Chair sees fit on a Resolution.

Corporate Representatives

A body corporate which is a shareholder or which has been appointed as a proxy may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should provide the Share Registry with evidence of his or her appointment prior to the Meeting, including any authority under which it is signed, unless it has previously been provided to and been accepted by the Share Registry. If such evidence is not received prior to the commencement of the Meeting, then the individual will not be permitted to act as the Shareholder's representative or representative of the Shareholder's proxy.

Questions from Shareholders

You may ask questions at the Meeting about any of the Resolutions being considered at the Meeting. Shareholders and proxyholders will be given an opportunity to ask questions at the Meeting through the online platform accessible at investor.automic.com.au. To ensure all Shareholders are given a reasonable opportunity to participate, Shareholders will be limited to asking two questions per item of business, or one question and one follow-up comment. The Chair retains ultimate discretion to ensure equitable participation by all Shareholders.

The Company will endeavour to answer as many of the more frequently raised relevant questions as possible during the course of the Meeting. However, there may not be sufficient time available at the Meeting to address all of the questions raised. Please note that individual responses will not be sent to Shareholders.

In addition, Shareholders may submit written questions prior to the Meeting. If you would like to ask a question, please email your question to kadams@hlbsa.com.au. To allow time to collate questions and prepare answers, you must submit any questions by 5.00pm (Adelaide, Australia time) on Monday, 24 November 2025

Voting Exclusion Statements

Resolution 1

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- *each Institutional Note Subscriber and each Existing Non-Associated Noteholder;*
- *any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of New Notes to the Institutional Note Subscribers or increase in the number*

of ordinary shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders (except a benefit solely by reason of being a holder of ordinary securities in the Company); or

- *any associates of an Institutional Note Subscriber, an Existing Non-Associated Noteholder or any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of New Notes to the Institutional Note Subscribers or increase in the number of ordinary shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders (except a benefit solely by reason of being a holder of ordinary securities in the Company).*

However, this does not apply to a vote cast in favour of Resolution 1 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with directions given to the proxy or attorney to vote on Resolution 1 in that way; or*
- *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the Chair to vote on Resolution 1 as the Chair decides; or*
- *an Institutional Note Subscriber or an Existing Non-Associated Noteholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the Institutional Note Subscriber or the Existing Non-Associated Noteholder (as the case may be) that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 1; and*
 - *the Institutional Note Subscriber or the Existing Non-Associated Noteholder (as the case may be) votes on Resolution 1 in accordance with directions given by the beneficiary to such Institutional Note Subscriber or Existing Non-Associated Existing Noteholder (as the case may be) to vote in that way.*

Resolution 2

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- *each EMR Note Subscriber and each Existing EMR Noteholder;*
- *any person who will obtain a material benefit as a result of, the proposed issue of New Notes to the EMR Note Subscribers or increase in the number of ordinary shares which may be issued on conversion of the Existing Notes held by the Existing EMR Noteholders (except a benefit solely by reason of being a holder of ordinary securities in the Company); or*
- *any associates of an EMR Note Subscriber, an Existing EMR Noteholder or any person who will obtain a material benefit as a result of, the proposed issue of New Notes to the EMR Note Subscribers or increase in the number of ordinary shares which may be issued on conversion of the Existing Notes held by the Existing EMR Noteholders (except a benefit solely by reason of being a holder of ordinary securities in the Company).*

However, this does not apply to a vote cast in favour of Resolution 2 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with directions given to the proxy or attorney to vote on Resolution 2 in that way; or*

- *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with a direction given to the Chair to vote on Resolution 2 as the Chair decides; or*
- *an EMR Note Subscriber or an Existing EMR Noteholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the EMR Note Subscriber or the Existing EMR Noteholder (as the case may be) that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 2; and*
 - *the EMR Note Subscriber or the Existing EMR Noteholder (as the case may be) votes on Resolution 2 in accordance with directions given by the beneficiary to such EMR Note Subscriber or Existing EMR Noteholder (as the case may be) to vote in that way.*

Resolution 3

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any:

- *each EMR Note Subscriber, each Existing EMR Noteholder and Tectonic;*
- *any person who will obtain a material benefit as a result of the Note Security (except a benefit solely by reason of being a holder of ordinary securities in the Company); or*
- *any associates of an EMR Note Subscriber, an Existing EMR Noteholder, Tectonic or any person who will obtain a material benefit as a result of the Note Security (except a benefit solely by reason of being a holder of ordinary securities in the Company).*

However, this does not apply to a vote cast in favour of Resolution 3 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with directions given to the proxy or attorney to vote on Resolution 3 in that way; or*
- *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with a direction given to the Chair to vote on Resolution 3 as the Chair decides; or*
- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 3; and*
 - *the holder votes on Resolution 3 in accordance with directions given by the beneficiary to the holder to vote in that way*

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the Extraordinary General Meeting of Shareholders of Highfield Resources Limited to be held on Monday, 1 December 2025. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider the Resolutions 1 to 3 (inclusive).

1. BACKGROUND TO TRANSACTION

1.1 Overview

The Transaction

On 14 October 2025, the Company announced that it had entered into a binding term sheet (**Binding Term Sheet**) with each of the EMR Shareholders, Tectonic and another existing institutional investor in the Company (together, the **Note Subscribers**), pursuant to which the Company:

- (a) will raise capital of A\$10 million (before costs) by way of issuance of new secured convertible loan notes to the Note Subscribers (**New Notes**); and
- (b) agreed to give effect to amendments to the terms of the existing secured convertible notes which are on issue in the Company (details of which were announced by the Company to the market on 23 May 2023 and 22 December 2023) (**Existing Notes**) to bring the terms of such Existing Notes (including the terms of the Existing Notes relating to maturity date, interest rate, conversion price, undertakings and events of default) into line with the terms agreed in the Binding Term Sheet for the New Notes (**Existing Notes Amendment**),

(the **Transaction**).

Under the Transaction, the Company has agreed to issue 1,020 New Notes (with a face value of A\$10,000 per New Note) to the Note Subscribers (in each case, including New Notes issuable in respect of the Arrangement Fee which has been agreed to be paid by the Company to the Note Subscribers under the Binding Term Sheet (see Item 8 of the table in Section 1.2 below).

The Note Security

The New Notes are proposed to be secured by the same security that was granted in September 2023 in respect of the Existing Notes (i.e. by way of: (1) security (governed by New South Wales law) granted by KCL over the intra-group receivables payable by Geoalcali (which owns the Company's flagship Muga Potash Project located in the provinces of Navarra and Aragon, Spain (**Muga Project**) to KCL and security granted over all of KCL's assets (including its shares in Geoalcali); and (2) a specific security (governed by Spanish law) granted over the shares KCL holds in Geoalcali (together, the **Note Security**)), provided that the terms of the Note Security are amended to remove certain restrictions stipulated in the waiver which the Company received from ASX in May 2023 to allow it to grant the Note Security without the requirement to obtain Shareholder approval for the purposes of ASX Listing Rule 10.1 (**ASX Waiver**).

The amendments which will be made to the Note Security if Resolutions 1, 2 and 3 are passed are:

- the removal of the requirement to obtain Shareholder approval for a disposal of the assets the subject of the Note Security to (i) the Existing EMR Noteholders or Tectonic, or (ii) an Associate of the Existing EMR Noteholders or Tectonic; and
- the removal of the requirement to ensure that if the Existing EMR Noteholders or Tectonic exercise, or appoint a receiver, receiver and manager or analogous person to exercise, any power of sale under the Note Security, the assets are sold to an unrelated third party on arm's length commercial terms,

(together, the **Restrictions**).

As a result of the removal of Restrictions, the Note Subscribers and the Existing Noteholders will have the benefit of security in connection with the New Notes and Existing Notes which does not contain the Restrictions (meaning that the Noteholders, including the Existing EMR Noteholders, the EMR Note Subscribers and Tectonic, could acquire the assets the subject of the Note Security from a receiver, receiver and manager or analogous person (such as, under the component of the Note Security governed by Spanish law, an enforcing notary via a public auction) without further Shareholder approval if the Note Security is enforced).

Dilutionary impact arising from the issuance of New Notes and the making of the amendments to the terms of the Existing Notes

The New Notes and the Existing Notes (following entry the documentation to give effect to the Existing Notes Amendment, and satisfaction of the conditions in that documentation) will convert into Shares at the lower of:

- A\$0.06;
- if a Change of Control Trigger Date occurs, a 25% discount to the implied valuation per Share from the relevant Change of Control transaction (please refer to Item 15 in the table in Section 1.2 below); and
- if the Company undertakes any new issue of Securities (as defined in the convertible note deed entered into with the Existing Noteholders in May 2023, as amended from time to time (**Existing Note Deed**)) other than (i) the New Notes, and (ii) the issue of Shares on exercise of convertible securities on issue in the Company as at the date the parties enter into definitive documentation with respect to the issue of the New Notes (**New Note Deed**), or (iii) an issue which results in an adjustment under Term 8 of the Existing Note Deed (being adjustments arising as a result of, for example, reorganisations of the Company's share capital, bonus issues etc.) (**New Issuance**) prior to the maturity date for the New Notes (being the date which is 12 months after the date on which the New Notes are issued), a 10% discount to the lowest issue price of the new Security in question, provided that:
 - 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 application of such formula or variable feature as if the relevant event had occurred as at the time of issue of the relevant Securities; and
 - if such price is lower than A\$0.03 (**Floor Price**), the conversion price shall be the Floor Price.

This limb can operate on more than one occasion.

If all Notes were converted at an \$0.06 conversion price, the maximum number of Shares that could be issued to the holders of the Notes would be 1,034,688,035 Shares (assuming an AUD:USD exchange rate

of US\$0.65, including capitalised interest on the Existing Notes to 31 December 2025 but excluding conversion of any accrued interest thereafter on the Existing Notes and New Notes).

If the Company does undertake an issue of new Securities (which is the case covered by the third limb above, and such issuance triggers an adjustment to the conversion price (given the operation of the third limb above) which is significantly lower than A\$0.06 subject to a floor price of A\$0.03, this would have a dilutionary impact on Shareholders, as illustrated in the table below (with calculations made in relation to the total amount of Notes of approximately A\$62 million, noting that (i) certain of the Existing Notes are denominated in U.S. dollars and an AUD:USD exchange rate of US\$0.65 has been used to convert the amount outstanding under the Existing Notes to Australian dollars and (ii) this amount includes capitalised interest on the Existing Notes to 31 December 2025).

Share price implied by potential new issue of Securities	Conversion price (A\$)	Shares on issue as at the date of this document	Shares issued on conversion of Notes ¹	Total Shares on issue following conversion of Notes ¹	Dilutionary effect ^{1,2,3,4}
\$0.066	\$0.060	474,077,043	746,606,599	1,221,083,642	-61.1%
\$0.050	\$0.045	474,077,043	1,005,530,773	1,480,007,816	-67.9%
\$0.033	\$0.030 (Floor Price)	474,077,043	1,493,213,197	1,967,690,240	-75.9%

Notes:

1. The above calculations do not include the impact of the new Share issue that would need to occur to trigger a conversion price lower than A\$0.060 nor do they contemplate conversion of any accrued interest as may be payable to the Noteholders on the New Notes nor on the Existing Notes from 31 December 2025 (but does include the capitalisation of the arrangement fee described below). The Company will ensure that any further conversion of accrued interest is conducted in accordance with all applicable laws.
2. The issue of Shares on the conversion of any further accrued interest on the Existing Notes and New Notes from 31 December 2025 will have a further dilutionary effect on Shareholders.
3. The above calculations do not contemplate conversion of existing unquoted options of the Company and assumes no other Shares are issued prior to conversion of them.
4. The above calculations assume that the Notes are all converted in full.

Similarly, if there is a Change of Control and such a transaction triggers an adjustment to the conversion price (given the operation of the second limb above) which is lower than the other limbs' conversion price, this would have a dilutionary impact on Shareholders, as illustrated in the table below (with calculations made in relation to the total amount of Notes of approximately A\$62 million, calculated on the same basis as is noted above).

Share price implied by potential 'change of control' transaction	Conversion price (A\$)	Shares on issue as at the date of this document	Shares issued on conversion of Notes ¹	Total Shares on issue following conversion of Notes ¹	Dilutionary effect ^{1,2,3,4}
\$0.075	\$0.060	474,077,043	746,606,599	1,221,083,642	-61.1%
\$0.056	\$0.042	474,077,043	1,061,840,496	1,536,317,539	-69.1%
\$0.038	\$0.030 (Floor Price)	474,077,043	1,493,213,197	1,967,690,240	-75.9%

Notes:

1. The above calculations do not include the impact of the new Share issue that would need to occur to trigger a conversion price lower than A\$0.06 nor do they contemplate conversion of any accrued interest as may be payable to the Noteholders on the New Notes nor on the Existing Notes from 31 December 2025 (but does include the capitalisation of

the arrangement fee described below). The Company will ensure that any further conversion of accrued interest is conducted in accordance with all applicable laws.

2. The issue of Shares on the conversion of any further accrued interest on the Existing Notes and New Notes from 31 December 2025 will have a further dilutionary effect on Shareholders.
3. The above calculations do not contemplate conversion of existing unquoted options of the Company and assumes no other Shares are issued prior to conversion of them.
4. The above calculations assume that the Notes are all converted in full.
5. To enable comparison with the table above, this conversion price is the same as the floor price for the third limb of the conversion mechanism, despite the absence of a floor price in the case of this second limb being the lowest of the three.

1.2 Key terms of the New Notes

The key terms of the New Notes (and the agreement under which they will be issued) are set out in the below table.

The table below is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Note Subscribers. As set out earlier in this document, it is proposed that the terms of the Existing Notes (including the terms of the Existing Notes relating to maturity date, interest rate, conversion price, undertakings and events of default) will be amended such that they are consistent with the terms for the New Notes set out in the table below.

#	Term	Description
1.	Amount to be raised	<p>A\$10 million comprising A\$2 million from the EMR Note Subscribers, A\$5 million from Tectonic and A\$3 million from an existing institutional investor of the Company (Loan Amount).</p> <p>The Notes are to be issued in tranches, with relevant amounts to be paid in full on the relevant issue date for the Notes of that tranche. There are six tranches, with the first being in November 2025 (or such later date as the Conditions (as defined below) as satisfied) to September 2026, provided that the consent of the Note Subscribers to draw downs of amounts above A\$5.15 million will be required in the event that the Supreme Court of Spain allows an appeal in relation to the Goyo permit (Spanish Proceedings). The Company believes that the A\$5.15 million to be provided by the Note Subscribers 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.</p> <p>The investment by the EMR Note Subscribers is in lieu of the stand-by loan facility announced by the Company to ASX on 13 May 2025 (which was undrawn at the date of the Binding Term Sheet and remains undrawn as at the date of this Notice). That stand-by facility will be cancelled.</p>
2.	Conditions precedent to the issuance of New Notes	<p>The issuance of the New Notes and the Existing Notes Amendment are subject to the following conditions being satisfied (Conditions):</p> <ul style="list-style-type: none"> ▪ 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). Entry into such documentation is expected to occur on or around 1 December 2025; and

#	Term	Description
		<ul style="list-style-type: none"> Shareholders approving the Transaction for the purposes of the ASX Listing Rules. That is, the passage of each of Resolutions 1, 2 and 3 is a Condition to the issuance of the New Notes and the Existing Notes Amendment.
3.	Condition precedent to the grant by the Company of an EMR Note Subscriber's right to convert the New Notes	<p>Receipt of approval from the Foreign Investment Review Board (FIRB) for the issuance of Shares on conversion of the New Notes to EMR Capital Resources Fund III, LP (EMR Fund III).</p> <p>The Company expects that EMR will lodge its FIRB application on or about the date of this Notice of Meeting. EMR has informed the Company that it expects FIRB's decision to be given to it by no later than in Q1 2026 and potentially, before the end of 2025.</p> <p>Until FIRB approval is received, the New Notes issued to EMR Fund III will be cash-settled by the Company. In the event that the New Notes need to be cash settled, it may be necessary for the Company to undertake a capital raising (which may dilute the existing shareholders significantly) in order to meet the obligation to repay the New Notes in order to avert defaulting under the New Notes.</p>
4.	Class and status of security to be issued to Noteholders	<p>Subject to the satisfaction of the Conditions in Item 2 above and Item 5 below, the New Notes will be secured convertible notes which are convertible into Shares, and redeemable, as set out below.</p> <p>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.</p>
5.	Security	Subject to approval of Resolution 3, the New Notes and the Existing Notes will be secured by way of the Note Security.
6.	Use or proceeds	The net proceeds of the Loan Amount will be used by the Company to address the Goyo mining concession administrative matter, to re-engage with strategic partners in relation to the Muga Project and for working capital purposes, with a view to advancing the Muga Project towards development.
7.	Maturity date	The date which is 12 months after the date on which any New Notes are first issued (Maturity Date).
8.	Arrangement fee	The Company will pay 2% of the Loan Amount (in kind via the issue of New Notes) (Arrangement Fee) on the date of issue of the relevant New Notes.
9.	Interest payable	<p>Each New Note will bear interest at the rate of 18% per annum provided that additional default interest of 4% per annum will be payable while an Event of Default (defined in Item 17 below) subsists (together, the Interest Rate).</p> <p>Interest will:</p> <ul style="list-style-type: none"> accrue at the relevant Interest Rate(s) from the date of issue of the New Notes 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 New Notes on a quarterly basis; and

#	Term	Description
		<ul style="list-style-type: none"> be payable on conversion or redemption (to the extent not already paid).
10.	Redemption	Repayment in full of any outstanding amount owing (Redemption Amount) must be made at the Maturity Date, provided that a Note Subscriber has not elected to convert the New Notes it holds (or notified the Company of its intention to do so) prior to the Maturity Date.
11.	Conversion of New Notes	Subject to Item 12 below, the Note Subscribers 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 owing on its New Notes has been repaid in full.
12.	Restrictions on conversion of New Notes	<p>If all or some of a conversion of New Notes issued to the EMR Note Subscribers is not possible for regulatory reasons (including FIRB approval not having been received and the EMR Note Subscribers 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 Note Subscribers will receive the equivalent value in cash that they would have realised if Shares had been issued to the EMR Note Subscribers on conversion of their New Notes at the Conversion Price (defined at Item 13 below) and sold immediately at the applicable Conversion Price, provided that, in such circumstances, the EMR Note Subscribers may only voluntarily convert on an Event of Default (defined at Item 17 below), a Change of Control (defined at Item 15 below) or on the Maturity Date (Conversion Restriction). In the event that the New Notes need to be cash settled, it may be necessary for the Company to undertake a capital raising (which may dilute the existing shareholders significantly) in order to meet the obligation to repay the New Notes in order to avert defaulting under the New Notes.</p> <p>The Conversion Restriction will not apply if the EMR Note Subscribers do not have sufficient Creep Capacity but Chapter 6 Approval (defined below) has been obtained. The EMR Note Subscribers 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 Notes into Shares under item 7 of section 611 of the Corporations Act.</p>
13.	Conversion price	<p>The conversion price will be equal to the amount owing on the New Notes being converted divided by the lower of:</p> <ul style="list-style-type: none"> A\$0.06; if a Change of Control (defined at Item 15 below) occurs, a 25% discount to the implied valuation per Share from the relevant Change of Control transaction; and if the Company undertakes any New Issuance between the date of issue of the New Notes and the Maturity Date, a 10% discount to the lowest issue price or exercise price (as applicable) of the new Securities in question, provided that:

#	Term	Description
		<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 application of such formula or variable feature as if the relevant event had occurred as at the time of issue of the relevant Securities; and • if such price is lower than A\$0.03 (Floor Price), the conversion price shall be the Floor Price, (the Conversion Price).
14.	Adjustment provisions	The New Notes contain standard adjustment provisions to the Conversion Price to deal with rights issues, placements buybacks, share splits or consolidations, and other corporate events.
15.	Change of Control	<p>If a Change of Control Trigger Date occurs, the Note Subscribers 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 the amount owing on their New Notes.</p> <p>Change of Control means among other things (i) the Company ceases to own, indirectly, at least 50% of Geoalcali; and/or (ii) ceases to own at least 50% of the Muga Project; and/or (iii) any person acquires a relevant interest of more than 50% in the Shares.</p> <p>Change of Control Trigger Date means (a) if the Change of Control involves a takeover bid for Shares, when the person publicly proposes to make the takeover bid and (i) the takeover bid has become unconditional or subject only to a condition or conditions relating to one or more events or circumstances referred to in section 652C(1) or (2) of the Corporations Act; and (ii) the relevant person has acquired a relevant interest in or become the holder of more than 50% of the Shares; (b) if the Change of Control involves a compromise or arrangement approved by a court under Part 5.1 of the Corporations Act, when the orders of the court become effective in accordance with section 411(10) of the Corporations Act; or (c) in all other circumstances (to the extent the dates in the following clauses (i) and (ii) are different), either: (ii) the date on which the Change of Control occurs or is implemented; and (iii) the date on which a document is signed, or a transaction or arrangement is entered into, which, if completed or implemented, would result in the Change of Control occurring.</p>
16.	Covenants	<p>The terms of the New Notes will include undertakings which are substantially similar 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 Note Subscribers; and ▪ the Note Subscribers will have access to all reasonable financial and other information about the Company, Geoalcali

#	Term	Description
		and their businesses, subject to customary terms regarding access to information and executives, confidentiality, insider trading acknowledgements and conflict and legal privilege protocols.
17.	Events of default	<p>Events of default include:</p> <ul style="list-style-type: none"> ▪ payment defaults under the Convertible Note Terms (as defined in the Existing Note Deed) or another Transaction Document (as defined in the Existing Note Deed); ▪ insolvency of the Company, KCL or Geoalcali; ▪ material breach (after relevant cure period exhausted) of other obligations under the Existing Note Deed; ▪ cross default of any financial indebtedness of the Company or its subsidiaries where the amount owed under the financial indebtedness exceeds US\$1,000,000 (or its equivalent); ▪ any Authorisation (as defined in the Existing Note Deed) in respect of the Muga Project permit is revoked, cancelled, terminated, suspended or deemed invalid, and a unified mining concession to address any of the aforementioned circumstances is not granted by 31 December 2026. For the avoidance of doubt, neither the allowance nor the denial of an appeal in the Spanish Proceedings shall constitute an event of default; ▪ the Company takes any action that is designed to have the effect of terminating its listing on ASX; ▪ the Company, Geoalcali or both make a final decision to discontinue the Muga Project; ▪ the Company receives any written notification from ASX that ASX is contemplating terminating its listing; ▪ an Issuer Group Member (as defined in the Existing Note Deed) breaches in a material respect any representation or warranty given in a Transaction Document (as defined in the Existing Note Deed) and the circumstances giving rise to the misrepresentation are not remedied to the satisfaction of the EMR Noteholders within 15 business days of notice by any Noteholder to do so; ▪ a Transaction Document is or becomes void or unenforceable in any material respect; ▪ compulsory acquisition of all or a material part of the assets of the Company by a government agency; and ▪ any event or circumstance occurs which has or would have a Material Adverse Effect (as defined in the Existing Note Deed), <p>(the Events of Default).</p>
18.	Quotation	The New Notes will not be listed on ASX.
19.	Voting rights	The New Notes will not confer the right to vote at any Board or Shareholder meeting of the Company.
20.	Participation	The New Notes do not confer a right on the holder of the New Notes to participate in any issue of securities of the Company.

#	Term	Description
21.	Variations	Amendments to the terms of the New Notes will require the prior written consent of holders of at least 80% of the New Notes outstanding by accrued value (i.e. face value plus accrued interest) (which approved amendments will bind all holders of the New Notes), but the EMR Note Subscribers will retain sole rights and decision-making power in respect of enforcement of the Note Security and decisions in connection with the same.
22.	Transfers of New Notes	The New Notes will be freely transferable.

1.3 **Other information**

By way of further background to the commercial rationale for the issuance of the New Notes and for the Existing Notes Amendment, the Company notes the following

Item	Details
Why the Company needs to issue the New Notes and give effect to the Existing Notes Amendment on the terms described in this Explanatory Memorandum	The Company requires finance in order to address the Goyo mining concession administrative matter, to re-engage with its strategic partners in relation to the Muga Project and for working capital purposes, with a view to advancing the Muga Project towards development.
The alternative funding raising options (if any) that were considered by the Company before it decided to enter into the Transaction	The Company considered raising equity by way of an offering of its Shares (by way of a placement, share purchase plan or entitlement offer) and non-convertible debt.
If alternative funding raising options were considered, the reasons why the New Notes were determined by the Company to be preferable to other funding options	In the Company's view, any equity raising (i) may not have been successful as there has been little demand for the Company's securities having regard to the current capital structure of the Company and, if an equity raising were possible, it would likely have involved an unattractive discount, (ii) may have been challenging in circumstances where the Existing Notes had reached their maturity and (iii) would not have been underwritten and so involve a degree of uncertainty. Accordingly, the New Notes, under which financial accommodation is being provided by the Note Subscribers and the extension of the maturity date of the Existing Notes (by way of the Existing Notes Amendment), is considered to be preferable to an equity raising because of the certainty of the commitment of funds and the fact that the most likely scenario involves conversion at the current market price, meaning that dilution is minimised as the Note Subscribers will not receive the benefit of conversion at a discount.

2. **RESOLUTION 1: APPROVAL OF ISSUE OF SECURITIES TO INSTITUTIONAL NOTE SUBSCRIBERS AND EXISTING NON-ASSOCIATED NOTEHOLDERS**

2.1 **Overview**

As set out in Section 1 above, the Transaction involves:

- the issue of 816 New Notes (inclusive of the New Notes the subject of the Arrangement Fee) to the Institutional Note Subscribers for aggregate consideration of A\$8 million;

- amendments to the terms of the Existing Notes held by the Existing Non-Associated Noteholders which would see the conversion price of the Existing Notes amended to reflect the Conversion Price, the effect of which would be to increase the maximum number of Shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders (**Non-Associated Existing Noteholder Share Increase**).

Resolution 1 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 and for all other purposes for the issue of the New Notes to the Institutional Note Subscribers and for the increase to the number of Shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders.

If Resolution 1 is not passed, the Company will not be able to proceed with the issuance of the New Notes to the Note Subscribers or give effect to the Existing Notes Amendment and, as a result, the Company will not receive the A\$10 million investment from the Note Subscribers pursuant to the Transaction. If this occurs, the Company will need to give consideration to what other options are available to it to fund its ongoing operations. If no viable options exist, the Company may need to be placed into voluntary administration.

If Resolution 1 is passed, and provided that Resolutions 2 and 3 are also passed by Shareholders, the Company will be able to proceed with the issuance of the New Notes to the Institutional Note Subscribers and to give effect to the Existing Notes Amendment.

2.2 **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12month period.

By approving this Resolution 1, the issue of the New Notes to the Institutional Note Subscribers and the increase to the number of Shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders will be approved for the purposes of ASX Listing Rule 7.1.

Accordingly, this Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 816 New Notes to the Institutional Note Subscribers and for the increase to the number of Shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders.

2.3 **Information required by ASX Listing Rule 7.3**

ASX Listing Rule 7.3 sets out a number of items which must be included in a notice of meeting proposing an approval for an issue of securities under ASX Listing Rule 7.1. The following information is provided in accordance with ASX Listing Rule 7.3:

- Name of person to whom the entity will issue the securities or the basis upon which those persons were or will be identified or selected:* The New Notes are proposed to be issued to the Institutional Note Subscribers and Existing Notes are held by the Existing Non-Associated Noteholders (meaning that the Shares the subject of the Non-Associated Existing Noteholder Share Increase would be issued to the Existing Non-Associated Noteholders on conversion of those Existing Notes (assuming no transfers of those Existing Notes)). In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that no related parties of the Company, members of the Company's key management personnel, substantial holders

of the Company, advisers of the Company or an Associate of any of these parties will be allocated securities pursuant to this Resolution 1.

- (b) *The number and class of securities the entity will issue:* The number of:
- (i) New Notes that are proposed to be issued to the Institutional Note Subscribers, in aggregate, is 816 New Notes. Assuming, the Conversion Price for the New Notes is \$0.06, the maximum number of Shares which may be issued were the New Notes to be converted in full would be 136,000,000 Shares (excluding conversion of any accrued interest); and
 - (ii) additional Shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Existing following the Existing Notes Amendment is 288,723,367 Shares (assuming the conversion price for the Existing Notes is \$0.06, an AUD:USD exchange rate of US\$0.65, and including capitalised interest on the Existing Notes to 31 December 2025 but excluding conversion of any accrued interest thereafter on the Existing Notes and New Notes).
- (c) *If the securities are not fully paid ordinary securities, a summary of the material terms of the securities:* In respect of:
- (i) the New Notes, the material terms are set out in Section 1.2 above the Shares; and
 - (ii) the Existing Notes, the terms of the Existing Notes (including the terms of the Existing Notes relating to maturity date, interest rate, conversion price, undertakings and events of default) will be amended such that they are consistent with the terms for the New Notes. The Shares the subject of the Non-Associated Existing Noteholder Share Increase are fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares with effect on and from their date of issue.
- (d) *The dates or dates on or by which the entity will issue the securities:* In respect of:
- (i) the New Notes, the Company will ensure that the New Notes are issued to the Institutional Note Subscribers, as soon as practicable after the date of this Meeting (and in any event no later than three months from the date of this Meeting), assuming Shareholders approve this Resolution 1; and
 - (ii) the Existing Notes Amendment, this will be effected as soon as practicable after the date of this Meeting (and in any event no later than three months from the date this Meeting), assuming Shareholders approve this Resolution 1.
- (e) *The price or other consideration the entity will receive for the issue of the securities:* In respect of:
- (i) the New Notes, the face value of each New Note issued is A\$10,000 and therefore the Company will receive A\$8 million in aggregate (before costs but after the Arrangement Fee has been paid) from the issue of the New Notes to the Institutional Note Subscribers; and
 - (ii) the consideration for the Existing Notes Amendment is the agreement to provide funding by way of the New Notes.
- (f) *The purpose of the issue, including the use or intended use of any funds raised by the issue:* The net proceeds of the Transaction will be used by the Company to address the Goyo mining concession administrative matter, to re-engage with strategic partners in relation to the

Muga Project and for working capital purposes, with a view to advancing the Muga Project towards development.

- (g) *If the securities are being issued under an agreement, a summary of the material terms of the agreement:* The New Notes to be issued to the Institutional Note Subscribers will be issued pursuant to the New Note Deed. The terms on which such New Notes will be issued are set out in Section 1 above. The increase to the number of Shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders will be effected by way of entry into a deed between the Existing Noteholders and the Company which gives effect to the Existing Notes Amendment.
- (h) *If securities are being issued under, or to fund, a reverse takeover, information about the reverse takeover.* The New Notes being issued to the Institutional Note Subscribers and the Shares the subject of the Non-Associated Existing Noteholder Share Increase are not being issued under, or to fund, a reverse takeover.

A voting exclusion statement for Resolution 1 is included in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

The Chair intends to vote undirected proxies in favour of Resolution 1.

3. **RESOLUTION 2: APPROVAL OF ISSUE OF SECURITIES TO EMR NOTE SUBSCRIBERS AND EXISTING EMR NOTEHOLDERS**

3.1 **Overview**

As set out in Section 1 above, the Transaction involves:

- the issue of 204 New Notes (inclusive of the New Notes the subject of the Arrangement Fee) to the EMR Note Subscribers for aggregate consideration of A\$2 million; and
- amendments to the terms of the Existing Notes held by the Existing EMR Noteholders which would see the conversion price of the Existing Notes amended to reflect the Conversion Price, the effect of which would be to increase the maximum number of Shares which may be issued on conversion of the Existing Notes held by the Existing EMR Noteholders (**EMR Existing Noteholder Share Increase**).

Resolution 2 seeks Shareholder approval for the purposes of ASX Listing Rule 10.11 and for all other purposes for the issue of the New Notes to the EMR Note Subscribers and for the increase to the number of Shares which may be issued on conversion of the Existing Notes held by the Existing EMR Noteholders.

If Resolution 2 is not passed, the Company will not be able to proceed with the issuance of the New Notes to the Note Subscribers or give effect to the Existing Notes Amendment and, as a result, the Company will not receive the A\$10 million investment from the Note Subscribers pursuant to the Transaction. If this occurs, the Company will need to give consideration to what other options are available to it to fund its ongoing operations. If no viable options exist, the Company may need to be placed into voluntary administration.

If Resolution 2 is passed, and provided that Resolutions 1 and 3 are also passed by Shareholders, the Company will be able to proceed with the issuance of the New Notes to the EMR Note Subscribers and to give effect to the Existing Notes Amendment.

3.2 **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a company must not issue or agree to issue equity securities to a related party or an associate of a related party unless it obtains the approval of its shareholders.

As the EMR Note Subscribers are substantial (10%+) holders of Shares in the Company and given that the EMR Note Subscribers, in the six months prior to the date of this document, had a nominee Director on the Board, the EMR Note Subscribers will be regarded by the ASX as persons in a position of influence over the Company for the purposes of ASX Listing Rule 10.11.3. As a result, each of the issue of the New Notes to the EMR Note Subscribers and the giving of effect to the EMR Existing Noteholder Share Increase without first obtaining Shareholder approval are prohibited under ASX Listing Rule 10.11 as they do not fall within any of the exceptions to that rule as set out in ASX Listing Rule 10.12. The issuance of the New Notes to the EMR Note Subscribers and the giving of effect to the EMR Existing Noteholder Share Increase therefore require approval of Shareholders under ASX Listing Rule 10.11.

The issue of the New Notes to the EMR Note Subscribers and the giving of effect to the EMR Existing Noteholder Share Increase do not require Shareholder approval under ASX Listing Rule 7.1 (as the issuance and the increase are being approved by Shareholders for the purposes of ASX Listing Rule 10.11). If Shareholder approval is obtained under ASX Listing Rule 10.11 for the issue of the New Notes to the EMR Note Subscribers and the giving of effect to the EMR Existing Noteholder Share Increase, that issue and increase will fall within an exception to ASX Listing Rule 7.1 set out in ASX Listing Rule 7.2 and will not reduce the Company's placement capacity under ASX Listing Rule 7.1.

3.3 **Information required by ASX Listing Rule 10.13**

ASX Listing Rule 10.13 sets out a number of items which must be included in a notice of meeting proposing an approval for an issue of securities under ASX Listing Rule 10.11. The following information is provided in accordance with ASX Listing Rule 10.13:

- (a) *Name of person to whom the entity will issue the securities and which category in ASX Listing Rules 10.11.1 – 10.11.5 the entity falls within and why:* The New Notes are proposed to be issued to the EMR Note Subscribers and Existing Notes are held by the Existing EMR Noteholders (meaning that the Shares the subject of the EMR Existing Noteholder Share Increase would be issued to the Existing EMR Noteholders on conversion of those Existing Notes (assuming no transfers of those Existing Notes). As stated above, the EMR Note Subscribers and Existing EMR Noteholders, will be regarded by the ASX as persons in a position of influence over the Company for the purposes of ASX Listing Rule 10.11.3.
- (b) *The number and class of securities the entity will issue:* The number of:
 - (i) New Notes that are proposed to be issued to the EMR Note Subscribers, in aggregate, is 204 New Notes. Assuming, the Conversion Price for the New Notes is \$0.06, the maximum number of Shares which may be issued were the New Notes to be converted in full would be 34,000,000 Shares (excluding conversion of any accrued interest); and
 - (ii) additional Shares which may be issued on conversion of the Existing Notes held by the Existing EMR Noteholders following the Existing Notes Amendment is 574,289,311 Shares assuming the conversion price for the Existing Notes is \$0.06, an AUD:USD exchange rate of US\$0.65, and including capitalised interest on the Existing Notes to 31 December 2025 but excluding conversion of any accrued interest thereafter on the Existing Notes and New Notes.
- (c) *If the securities are not fully paid ordinary securities, a summary of the material terms of the securities:* In respect of:
 - (i) the New Notes, the material terms are set out in Section 1.2 above; and

- (ii) the Existing Notes, the terms of the Existing Notes (including the terms of the Existing Notes relating to maturity date, interest rate, conversion price, undertakings and events of default) will be amended such that they are consistent with the terms for the New Notes. The Shares the subject of the EMR Existing Noteholder Share Increase are fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares with effect on and from their date of issue.
- (d) *The dates or dates on or by which the entity will issue the securities:* In respect of:
 - (i) the New Notes, the Company will ensure that the New Notes are issued to the EMR Note Subscribers, as soon as practicable the date of this Meeting (and in any event no later than one month from the date this Meeting), assuming Shareholders approve this Resolution 2; and
 - (ii) the Existing Notes Amendment, this will be effected as soon as practicable the date of this Meeting (and in any event no later than one month from the date this Meeting), assuming Shareholders approve this Resolution 2.
- (e) *The price or other consideration the entity will receive for the issue of the securities:* In respect of:
 - (i) the New Notes, the face value of each New Note issued is A\$10,000 and therefore the Company will receive A\$2 million in aggregate (before costs but after the Arrangement Fee has been paid) from the issue of the New Notes to the EMR Note Subscribers; and
 - (ii) the consideration for the Existing Notes Amendment is the agreement to provide funding by way of the New Notes.
- (f) *The purpose of the issue, including the use or intended use of any funds raised by the issue:* The net proceeds of the Transaction will be used by the Company to address the Goyo mining concession administrative matter, to re-engage with strategic partners in relation to the Muga Project and for working capital purposes, with a view to advancing the Muga Project towards development.
- (g) *If the person is (a) a director and therefore a related party under ASX Listing Rule 10.11.1, or (b) an associate of, or person connected with, a director under ASX Listing Rules 10.11.4 or 10.11.5, and the issue is intended to remunerate or incentivise the director, details of the director's current total remuneration package:* The securities the subject of this Resolution 2 are not proposed to be issued to a Director.
- (h) *If the securities are being issued under an agreement, a summary of the material terms of the agreement:* The New Notes to be issued to the EMR Note Subscribers will be issued pursuant to the New Note Deed. The terms on which such New Notes will be issued are set out in Section 1 above. The increase to the number of Shares which may be issued on conversion of the Existing Notes held by the Existing EMR Noteholders will be effected by way of entry into a deed between the Existing Noteholders and the Company which gives effect to the Existing Notes Amendment.

A voting exclusion statement for Resolution 2 is included in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

4. **RESOLUTION 3: APPROVAL FOR THE GRANT OF THE SECURITY TO NOTE SUBSCRIBERS**

4.1 Overview

As set out in Section 1 above, the Transaction involves the issue of the New Notes to the Note Subscribers and amendments to the terms of the Existing Notes to bring them into line with the terms of the New Notes. The Transaction also involves the amendment of the Note Security initially granted in September 2023 to remove the Restrictions

ASX Listing Rule 10.1 provides that a listed entity must ensure that neither it, nor any of its child entities, acquires or agrees to acquire a substantial asset from, or disposes of a substantial asset to, amongst other persons:

- a related party of the entity;
- a substantial holder of the entity; or
- an associate of a related party or substantial holder of the entity,

without the prior approval of holders of the entity's ordinary shares.

The Note Security was granted, in connection with the issuance of the first tranche of Existing Notes in September 2023, without the prior approval of Shareholders in reliance on the ASX Waiver. A condition of the ASX Waiver was that the terms of the Note Security include the Restrictions. As noted above, the Transaction also involves the amendment of the Note Security to remove the Restrictions.

The Note Security falls within ASX Listing Rule 10.1.3 given that:

- (a) 'dispose' includes using an asset as collateral (as is the case with the Note Security); and
- (b) pursuant to ASX Listing Rule 10.2, an asset is a 'substantial asset' if its value is equal to 5% or more of the entity's equity interests. The assets the subject of the Note Security exceed 5% of the value of the Company's equity interests.

As:

- the EMR Note Subscribers and the Existing EMR Noteholders benefit from the Note Security and are substantial (10%+) holders of Shares in the Company; and
- Tectonic, if it were to convert all or a portion of the Notes held by it (assuming Resolution 1 is approved by Shareholders), may become a substantial (10%+) holder of Shares in the Company,

Shareholder approval for the amendment of the terms of the Note Security to remove the Restrictions is required to be obtained. Accordingly, Resolution 3 seeks Shareholder approval for the purposes of ASX Listing Rule 10.1 and for all other purposes for the Note Security to the extent that it benefits Tectonic (if Resolution 1 is approved by Shareholders), the EMR Note Subscribers (if Resolution 2 is approved by Shareholders) and the Existing EMR Noteholders.

Shareholder approval is not required for the grant of the Note Security to the extent that it benefits the Institutional Note Subscribers (other than Tectonic) or the Existing Non-Associated Noteholders (other than Tectonic), as such persons and entities do not fall within the category of persons to which ASX Listing Rule 10.1 applies.

If Resolution 3 is not passed, the Company will not be able to proceed with the issuance of the New Notes to the Note Subscribers or give effect to the Existing Notes Amendment and, as a result, the Company will not receive the A\$10 million investment from the Note Subscribers pursuant to the Transaction. If this occurs, the Company will need to give consideration to what

other options are available to it to fund its ongoing operations. If no viable options exist, the Company may need to be placed into voluntary administration.

If Resolution 3 is passed, and provided that Resolutions 1 and 2 are also passed by Shareholders, the Company will be able to proceed with amendment of the Note Security to remove the Restrictions.

4.2 ASX Listing Rule 10.1

As noted above, ASX Listing Rule 10.1 provides that a listed entity must ensure that neither it, nor any of its child entities, acquires or agrees to acquire a substantial asset from, or disposes of a substantial asset to, amongst other persons:

- a related party of the entity;
- a substantial holder of the entity; or
- an associate of a related party or substantial holder of the entity,

without the prior approval of holders of the entity's ordinary shares.

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The Note Security exceeds the value of 5% or more of the equity interests of the Company.

As:

- the EMR Note Subscribers and the Existing EMR Noteholders benefit from the Note Security and are substantial (10%+) holders of Shares in the Company; and
- Tectonic, if it were to convert all or a portion of the Notes held by it (assuming Resolution 1 is approved by Shareholders), may become a substantial (10%+) holder of Shares in the Company,

Shareholder approval for the amendment of the Note Security to remove the Restrictions is required to be obtained. Accordingly, Resolution 3 seeks Shareholder approval for the purposes of ASX Listing Rule 10.1 and for all other purposes for the Note Security to the extent that it benefits Tectonic (if Resolution 1 is approved by Shareholders), the EMR Note Subscribers (if Resolution 2 is approved by Shareholders) and the Existing EMR Noteholders.

4.3 Information required by ASX Listing Rule 10.5

ASX Listing Rule 10.5 sets out a number of items which must be included in a notice of meeting proposing an approval for an issue of securities under ASX Listing Rule 10.1. The following information is provided in accordance with ASX Listing Rule 10.5:

- (a) *Name of person to whom the entity is disposing of the substantial asset:* The Note Security (being a substantial asset of the Company) will benefit all Noteholders, including the EMR Note Subscribers, the Existing EMR Noteholders and Tectonic. As stated above, the EMR Note Subscribers and Existing EMR Noteholders will be regarded by the ASX as persons in a position of influence over the Company for the purposes of ASX Listing Rule 10.1.3 and Tectonic may, on conversion of the Notes held by it (assuming Resolution 1 is approved by Shareholders) may become a substantial (10%) holder of Shares in the Company.
- (b) *Details of the asset being disposed of:* Details of the assets that may be acquired upon enforcement of the Note Security is set out at Section 1.

- (c) *The consideration for the disposal of the asset:* There is no direct consideration provided for the disposal of the assets the subject of the Note Security (which would occur on enforcement of the Note Security). In consideration for the amendment of the Note Security to remove the Restrictions, the Note Subscribers have, however, committed to advance A\$10 million to the Company under the New Note Deed.
- (d) *In the case of a disposal, the intended use of funds (if any) received for the disposal:* The Company will not receive any consideration as a result of the disposal of the assets the subject of the Note Security if the Note Security is enforced by the Note Subscribers or Existing Noteholders (to the extent that the amounts due and payable under the Notes exceeds the value of the assets).
- (e) *The timetable for completing the disposal:* Assuming Shareholders approve the grant of the Note Security the subject of this Resolution 3, the amendment of the Note Security to remove the Restrictions will take effect on the date on which any New Notes are first issued to the Note Subscribers. It is unclear when the disposal of the assets the subject of the Note Security will occur (if at all), as the Note Security only becomes enforceable if the Company is in default under the relevant terms of the Existing Deed (as amended by the Existing Notes Amendment) or the New Note Deed.
- (f) *If the acquisition or disposal is occurring under an agreement, a summary of the material terms of the agreement:* The Note Subscribers and the Existing Noteholders will have the benefit of Note Security which is a pledge over all of the shares and shareholder loans which the Company indirectly holds (via its wholly owned subsidiary KCL) in its wholly-owned subsidiary Geoalcali (which owns the Company's Muga Project).
- (g) *A report on the transaction from an independent expert:* The Company has engaged Grant Thornton to provide a report on the transaction as an independent expert. This Independent Expert's Report is set out at Schedule 1 to this Explanatory Memorandum.

The Independent Expert's Report comments on the fairness and reasonableness of the Note Security. Grant Thornton has determined that the granting and amending of the Note Security is fair and reasonable to the Non-associated Shareholders in the absence of a superior alternative proposal emerging.

A voting exclusion statement for Resolution 3 is included in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.

5. DEFINED TERMS

A\$ means the lawful currency of Australia.

Arrangement Fee has the meaning given to that term in Item 8 in the table in 1.2 of the Explanatory Memorandum.

Associate has the meaning set out in section 12(2) of the Corporations Act

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX.

ASX Waiver has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Automic or **Share Registry** means Automic Group, the Company's Share Registry.

Binding Term Sheet has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Board means the board of Directors of the Company.

Chair means the individual elected to chair the Meeting.

Change of Control has the meaning given to that term in Item 15 in the table in 1.2 of the Explanatory Memorandum.

Change of Control Trigger Date has the meaning given to that term in Item 15 in the table in 1.2 of the Explanatory Memorandum.

Chapter 6 Approval has the meaning given to that term in Item 12 in the table in 1.2 of the Explanatory Memorandum

Company or **Highfield** means Highfield Resources Limited ACN 153 918 257.

Conditions has the meaning given to that term in Item 2 in the table in 1.2 of the Explanatory Memorandum.

Conversion Price has the meaning given to that term in Item 13 in the table in 1.2 of the Explanatory Memorandum.

Conversion Restriction has the meaning given to that term in Item 12 in the table in 1.2 of the Explanatory Memorandum.

Corporations Act means the *Corporations Act 2001* (Cth).

Creep Capacity has the meaning given to that term in Item 12 in the table in 1.2 of the Explanatory Memorandum.

Director or Directors means a director or directors of the Company.

EMR Existing Noteholder Share Increase has the meaning given to that term in Section 3.1 of the Explanatory Memorandum.

EMR Note Subscribers means each of (a) Potash (Muga) Investment Pte. Ltd. (formerly EMR Capital Investment (No.2B) Pte. Ltd.) and (b) EMR Capital GP III Limited as general partner of EMR Capital Resources Fund III, LP.

EMR Shareholders means each of:

- (a) EMR Capital GP Limited as general partner of EMR Capital Resources Fund, LP;
- (b) Potash (Muga) Investment Pte. Ltd.;
- (c) Potash (Muga) and Copper (Patagonia) Holdings Limited (formerly known as EMR Capital Investment (No. 3) Cayman Ltd);
and
- (d) Meritz Securities Co., Ltd.

Event of Default has the meaning given to that term in Item 17 in the table in 1.2 of the Explanatory Memorandum.

Existing EMR Noteholders means the (a) EMR Capital GP III Limited as general partner of EMR Capital Resources Fund III, LP and (b) Potash (Muga) Investment Pte. Ltd.

Existing Non-Associated Noteholders means holders of the Existing Notes other than the EMR Shareholders.

Existing Noteholders means the Existing EMR Noteholders and the Existing Non-Associated Noteholders.

Existing Note Deed has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Existing Notes has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Existing Notes Amendment has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

FIRB means the Foreign Investment Review Board.

Floor Price means A\$0.03.

Geoalcali means GEOALCALI, S.L.U., a Spanish company with registered address at Avda. Carlos III, 13, 1º B, Pamplona/Iruña, Navarra (Spain), which is an indirectly wholly owned subsidiary of Highfield.

Grant Thornton means Grant Thornton Corporate Finance Pty Limited ACN 003 265 987.

IE or Independent Expert means Grant Thornton.

Independent Expert's Report means the report of the Independent Expert in relation to the Proposed Transactions at Schedule 1 A to this Explanatory Memorandum.

Institutional Note Subscribers means Tectonic and an institutional investor.

Interest Rate has the meaning given to that term in Item 9 in the table in 1.2 of the Explanatory Memorandum.

KCL means KCL Resources Limited ACN 150 161 658.

Loan Amount has the meaning given to that term in Item 1 in the table in 1.2 of the Explanatory Memorandum.

Maturity Date has the meaning given to that term in Item 7 in the table in 1.2 of the Explanatory Memorandum.

Meeting or **EGM** means the Extraordinary General Meeting convened by the Notice.

Muga Project has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

New Note Deed has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

New Notes means the new secured convertible loan notes to be issued to the Note Subscribers as described in Section 1.1 of the Explanatory Memorandum.

New Issuance has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Non-Associated Shareholders means Shareholders other than the Existing EMR Noteholders and the EMR Note Subscribers.

Non-Associated Noteholder Share Increase has the meaning given to that term in Section 2.1 of the Explanatory Memorandum.

Note Subscribers means the EMR Note Subscribers and the Institutional Note Subscribers.

Notes means the Existing Notes and the New Notes.

Note Security has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Notice of Meeting or **Notice** means this Notice of Extraordinary General Meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Redemption Amount has the meaning given to that term in Item 10 in the table in 1.2 of the Explanatory Memorandum.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

Restrictions has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Share Register means Highfield's share register.

Shareholders means shareholders of the Company.

Shares means fully paid ordinary shares in the Company.

Tectonic means certain funds managed by Tectonic Investment Management, and certain of its related parties.

Transaction has the meaning given to that term in Section 1.1 of the Explanatory Memorandum.

Highfield Resources Ltd

Independent Expert's Report and Financial Services Guide

28 October 2025

Independent Directors
Highfield Resources Ltd
169 Fullarton Road
Dulwich
Australia

28 October 2025

Grant Thornton Corporate Finance Pty Ltd
Level 26, 225 George Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230
T +61 2 8297 2400

Introduction

All capitalised items in this report are defined in the glossary included in Appendix B.

- 1.1 HRL is an ASX listed company focused on the development of its flagship asset, the Muga Project, located in the provinces of Navarra and Aragón in northern Spain. The Muga Project targets shallow sylvinitic deposits and is designed as a low-cost, conventional underground mine with access via dual declines. HRL holds its 100% interest in the Muga Project through its wholly owned Spanish subsidiary, Geoalcali. As at 24 October 2025, HRL had a market capitalisation of c. A\$28.0 million¹.
- 1.2 HRL is navigating challenging financial circumstances that have placed significant pressure on its liquidity and operational flexibility. The Company's ability to continue as a going concern and to pursue the advancement of the Muga Project is now heavily dependent on securing new sources of funding. Recent disruptions to its financing strategy, including the termination of its project finance facility and the failure to secure a cornerstone investment, have created uncertainty around project timelines and stakeholder confidence. In response, HRL has negotiated short-term measures, including a standstill agreement with the holders of the Existing Notes, providing temporary relief while it seeks a sustainable funding solution. These developments have heightened the importance of cash preservation and proactive engagement with potential investors and financiers. In this context, the H1 FY25 reviewed accounts flag material uncertainty regarding HRL's ability to continue as a going concern.
- 1.3 EMR Capital is a Hong Kong-headquartered private equity firm with a focus on mining and resources, managing investments across commodities like copper, gold, potash, and coal, and is recognised for its operational expertise and global asset portfolio. EMR Shareholders currently have a relevant interest in c. 27% of HRL's shares and the Existing EMR Noteholders hold A\$30.2 million of the Existing Notes as at 30 June 2025.
- 1.4 With this backdrop, on 14 October 2025, HRL announced that it had signed a binding term sheet to raise a total of A\$10 million through the issuance of the New Notes to EMR Note Subscribers (A\$2 million), Tectonic (A\$5 million), and A\$3 million from another institutional investor. As part of the Transaction, HRL also agreed to amend the terms of its Existing Notes to align with the New Notes. The key terms are summarised below (refer to Section 2 and the Explanatory Memorandum for details):

¹ S&P Global

- *Maturity Date*: 12 months after the date of first issuance of the New Notes.
- *Interest Rate*: 18% per annum, paid in kind (added to the loan amount); additional default interest of 4% p.a. if an event of default occurs.
- *Conditions precedent to the issuance of the New Notes*: The issuance of the New Notes and the proposed amendment to the terms of the Existing Notes to bring them in to line with the terms agreed for the New Notes are subject to the satisfaction of two key conditions. First, the parties must enter into definitive documentation reflecting the principal terms outlined in the Binding Term Sheet, including documentation relating to the amendment of the Existing Notes. Second, shareholder approval must be obtained for the Transaction in accordance with the ASX Listing Rules. Specifically, the passing of Resolutions 1, 2, and 3 (described in Section 1.5 below) is a condition precedent to both the issuance of the New Notes and the implementation of the amendments to the Existing Notes.
- *Use of funds* - The funds raised from the New Notes issuance will be drawn in tranches from November 2025 to September 2026, with lender consent required for drawdowns above A\$5.15 million. The funds will be used to address a Goyo concession administrative matter, re-engage with strategic partners to raise capital for the Muga Project, and for working capital purposes in line with an agreed budget. The drawdowns by tranche can be accelerated at the approval of the holders of the New Notes.
- *Note Security* - The New Notes are proposed to be secured by the same security established in September 2023 for the Existing Notes. The Note Security comprises both:
 - a New South Wales law-governed security interest granted by KCL, a subsidiary of HRL, over intra-group receivables owed by Geoalcali, and over all of KCL's assets, including its shares in Geoalcali; and
 - a Spanish law-governed specific security over KCL's shares in Geoalcali.

HRL previously obtained a waiver from ASX Listing Rule 10.1 to grant the Note Security in respect of the Existing Notes without shareholder approval on the basis that the Note Security would be subject to the following Restrictions:

- the requirement for shareholder approval prior to any disposal of the secured assets to Existing EMR Noteholders, Tectonic or their associates; and
- the requirement that any enforcement sale of the secured assets by Existing EMR Noteholders or Tectonic (or their appointed receivers) must be to an unrelated third party on arm's length commercial terms.

1.5 The Transaction, which comprises both the raise of A\$10 million via the New Notes and the amendment of the terms of the Existing Notes, requires HRL Shareholders to vote on the following three resolutions:

- *Resolution 1 - Approval*:
 - (i) for the Company to issue 816 New Notes, in aggregate, to the Institutional Note Subscribers and to issue HRL ordinary shares to holders of such New Notes on conversion of those New Notes, and
 - (ii) to increase the number of HRL ordinary shares which may be issued on conversion of the Existing Notes held by the Existing Non-Associated Noteholders.
- *Resolution 2 - Approval*:

- (i) for the Company to issue 204 New Notes, in aggregate, to the EMR Note Subscribers and to issue HRL ordinary shares to holders of such New Notes on conversion of those New Notes; and
 - (ii) to increase the number of HRL ordinary shares which may be issued on conversion of the Existing Notes held by the EMR Existing Noteholders.
- *Resolution 3 - Approval for:*
 - (i) the granting of security over (i) all of the shares and shareholder loans in the Company's indirect wholly owned subsidiary Geoalcali that are held by the Company's wholly owned subsidiary KCL and (ii) all of the assets of KCL, in connection with the issue of the New Notes to the EMR Note Subscribers and Tectonic; and
 - (ii) the amendment of the terms of the Existing Notes and the Note Security, which was initially granted in September 2023, to the extent that such amendments benefit the Existing EMR Noteholders and Tectonic as secured parties, disadvantage the Company and/or are otherwise inconsistent with the terms of the waiver granted to the Company by the ASX on 12 September 2023.

1.6 The Directors unanimously recommend that HRL Shareholders vote in favour of the aforementioned resolutions proposed.

Purpose of the Report

- 1.7 The Transaction involves issuing New Notes to Note Subscribers and aligning the terms of Existing Notes with those of the New Notes. It also includes an amendment to the Note Security granted in September 2023 to remove previously imposed Restrictions. Under ASX Listing Rule 10.1, shareholder approval is required before a listed entity or its subsidiaries dispose of a substantial asset, among others, to a related party, substantial holder, or their associates. The Note Security was initially granted without prior shareholder approval under an ASX Waiver for the Existing Notes and to be granted on the New Notes and amended in respect of the Existing Notes to remove the Restrictions each qualifies as a disposal under ASX Listing Rule 10.1.3, as it involves using assets as collateral. The assets secured exceed 5% of the HRL's equity interests, meeting the definition of a "substantial asset" under ASX Listing Rule 10.2.
- 1.8 EMR Note Subscribers and Existing EMR Noteholders are substantial shareholders in the Company. Tectonic may become a substantial shareholder upon conversion of its New Notes (subject to shareholder approval).
- 1.9 Accordingly, in relation to Resolution 3, the Directors of HRL have commissioned Grant Thornton Corporate Finance to provide an Independent Expert's Report to assess whether the granting and amendment of the Note Security to, and for the benefits of, EMR Note Subscribers, Existing EMR Noteholders and Tectonic is fair and reasonable to the Non-Associated Shareholders.
- 1.10 Grant Thornton Corporate Finance has not formed an opinion on the issuance of the New Notes or on the conversion of the Existing Notes or the New Notes.

Summary of opinion

- 1.11 The Note Security would only become enforceable following an unremedied event of default by HRL under the Existing Notes and New Notes. Given that HRL is an ASX-listed entity and the Note Security comprises assets held by KCL, a Victoria incorporated entity governed by Australian law, as well as shares in Geoalcali, a Spanish incorporated entity, any enforcement process may require complex cross-border legal actions across Australian and Spanish jurisdictions.

These processes could involve significant timing, cost and uncertainty, and may be subject to local insolvency regimes, creditor priority rules and regulatory approvals in both jurisdictions.

- 1.12 We emphasise that we are not experts in Australian or Spanish insolvency law and have not undertaken independent legal due diligence on enforcement mechanics or creditor rights in either jurisdiction. Our understanding of the enforcement process and associated risks is based solely on representations provided by HRL as well as consulting internally within Grant Thornton's Australian restructuring advisory team. We have relied on these representations without independent verification and express no opinion on the legal enforceability, timing or recoverability of the Note Security. Accordingly, our analysis should not be construed as legal advice and should be read subject to these limitations.
- 1.13 Management have advised that under Australian law, insolvency proceedings need to be conducted with a statutory duty to take "all reasonable care" to sell assets for not less than its market value, or for the best price reasonably obtainable if there is no market value. We have confirmed this is the case with Grant Thornton's Australian restructuring advisory team. The Australian legal system provides several pathways for managing corporate insolvency:
- *Receivership*: Creditors may initiate receivership, typically by appointing a receiver to take control of and sell specific secured assets of the company. A receiver is bound by statute (Section 420A of the Corporations Act) and supported by case law, to take steps to obtain market value for the asset they have been appointed to sell. A secured creditor could seek to have their debt converted to equity, however in keeping with 420A would need to participate in an on-market transaction and be the highest bidder for the shares. Any surplus on sale, debt to equity swap or otherwise, after the repayment of the secured creditors debt, including principal, interest plus costs of enforcement, would go to the owner of the shares.
 - *Voluntary administration*: If the secured creditors also have a security interest over all of the assets of HRL they could seek to appoint a voluntary administrator to HRL pursuant to the Corporations Act to take control of HRL and to restructure or sell the business. If viable, any person can propose a Deed of Company Arrangement, which is a formal agreement between the company and its creditors (and a third party) to restructure debts and potentially allow the business to continue operating. The administrator is responsible for recommending to creditors that the Deed of Company Arrangement proposed is a better outcome for creditors than liquidation.
 - *Scheme of arrangement*: a court-supervised process that enables a company to restructure its obligations with creditor and shareholder approval. This mechanism is often used in more complex restructurings and requires both creditor consent and judicial endorsement.
 - *Liquidation*: Creditors (including secured creditors) could seek to have a liquidator appointed to HRL in any winding up proceeding they initiated or by joining a winding up brought by another creditor. In this process, a liquidator is appointed to wind up the company's affairs, sell its assets, and distribute the proceeds to creditors. Once liquidation is complete, the company is deregistered and ceases to exist. We understand it is uncommon for a secured creditor to take this course of action.
- 1.14 Spain similarly provides for pre-insolvency restructuring, formal insolvency, and out-of-court agreements, with enforcement of pledged assets requiring either judicial or notarial proceedings.
- Judicial enforcement involves a court-supervised public auction of the pledged assets.

- Notarial enforcement tends to offer a faster and more flexible process, with auctions conducted under the supervision of a Spanish notary. Key requirements for notarial enforcement include notary oversight and a public auction (with multiple rounds permitted).

- 1.15 Under Spanish law, we have been advised that creditors are generally prohibited from directly appropriating pledged assets. As discussed above, enforcement must occur through either judicial proceedings or notarial (extrajudicial) processes, both of which can involve significant procedural complexity and timing uncertainty. Direct appropriation is only permitted in very limited circumstances, specifically where no bids are received during the enforcement process and the creditor agrees to waive the entire outstanding debt. This mechanism effectively removes any residual claim, meaning the creditor assumes full market risk on the appropriated asset. We have been advised that should the value of the security to be obtained through direct appropriation be higher than the liabilities owed, the secured party would need to pay any excess of value over the secured amount into court to then be made available to the borrower, subject to the claims of any parties with security granted by the borrower. In any case, from a commercial perspective, if enforcement proceeds to a point where no bids are received, it is reasonable to infer that the market value of the secured assets is unlikely to be materially higher than the debt owed. In a functioning market, any meaningful surplus value would typically attract competitive bids. Accordingly, recoveries under enforcement may be constrained and could fall short of the face value of the Existing Notes and New Notes.
- 1.16 In our view, based on the representations and our research, both the Australian and Spanish legal systems provide reasonable safeguards to ensure that, in the event EMR Noteholders or Tectonic enforce their rights to the Note Security, any resulting transactions would reasonably reflect market value of the underlying assets.
- 1.17 In the event EMR Noteholders or Tectonic enforce their rights to the Note Security, based on the above, in analysing whether or not the granting or amending of the Note Security to EMR Noteholders and Tectonic is fair to the Non-Associated Shareholders, we have considered the amounts EMR Noteholders and Tectonic will receive under the following three alternative scenarios:
- If EMR Noteholders' or Tectonic's share of the realised market value of the Note Security is less than total amount owing to EMR Noteholders or Tectonic under the New Notes and Existing Notes, then EMR Noteholders or Tectonic will receive less than the amount owing to them.
 - If EMR Noteholders' or Tectonic's share of the realised market value of the Note Security is same as total amount owing to EMR Noteholders or Tectonic under the New Notes and Existing Notes, then EMR Noteholders or Tectonic will receive realised market value of the Note Security.
 - If EMR Noteholders' or Tectonic's share of the realised market value of the Note Security is more than total amount owing to EMR Noteholders or Tectonic under the New Notes and Existing Notes, then EMR Noteholders or Tectonic will only receive amount owing to them.
- 1.18 Based on the above considerations, we have assessed the value of the Note Security provided to be less than or equal to the value of the liabilities settled.
- 1.19 **Grant Thornton Corporate Finance has concluded that the granting and amending of the Note Security is FAIR and REASONABLE to the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.**

Reasonableness Assessment

- 1.20 Under RG 111, the Transaction is reasonable if it is fair. Given that our assessment of the granting and amending of the Note Security in relation to the New Notes and Existing Notes is fair it is also reasonable. However, we have identified a number of disadvantages that Non-Associated Shareholders should review carefully before casting their votes on the resolution.

Advantages

Access to critical funding

- 1.21 HRL is currently experiencing financial distress due to a combination of failed funding initiatives, legal complications, and deteriorating liquidity as follows:
- *Terminated project finance facility* - In December 2022, HRL announced the signing of a EUR320.6 million senior secured project finance facility with a syndicate of international lenders, including BNP Paribas, ING Bank, Natixis CIB, and Société Générale. HSBC and Caja Rural de Navarra also joined the syndicate in April 2023 following a syndication process. The facility was intended to assist in the funding of the construction and development of the Muga Project. However, due to unmet conditions precedent and deteriorating financial conditions, HRL entered into discussions to defer or cancel commitment fees. In July 2025, the facility was fully terminated and an agreement was reached with the existing lenders to waive most of the outstanding fees.
 - *Terminated Southey Project acquisition and inter-connected US\$220 million capital raising* - In July 2024, HRL announced a transaction involving the acquisition of the Southey Project in Canada and a US\$220 million capital raising. The capital raising was structured to include cornerstone investments from strategic partners Yankuang Energy and Beijing Energy International, among others. The capital raising was, however, inter-conditional with the completion of the Southey Project acquisition. Despite initial momentum and the execution of binding agreements in September 2024, the transaction was ultimately terminated in September 2025 following the withdrawal of QSL (as to which, see below).
 - *Withdrawal of expression of interest with China Minmetals* - In May 2025, HRL announced a non-binding letter of intent with QSL (a subsidiary of China Minmetals) for a strategic investment, which was intended to complement the Southey Project acquisition and a broader capital raising. Although not legally inter-conditional, the China Minmetals investment was commercially dependent on the successful completion of the Southey Project acquisition. On 18 August 2025, China Minmetals formally withdrew from the proposed investment.
 - *Goyo concession administrative issue* - The Goyo concession administrative issue relates to a procedural error identified by a Spanish court. While the ruling does not affect the project's technical or environmental approvals, it has been appealed to the Spanish Supreme Court, and the outcome could influence the permitting structure but not the project's viability. Despite not impacting project viability, it has exacerbated HRL's financial distress through the incurring of additional legal costs and the risk of delays to the project itself depending on how long the proceedings persist. Management's short-term cash flow forecast assumes that these legal fees will cease by July 2026. However, there is a risk that these legal proceedings may continue beyond this date. While a portion of the New Notes funding is ring-fenced to cover these legal costs, any delays or extensions to the legal proceedings could place additional pressure on HRL's already constrained liquidity. Moreover, delays or extensions to the proceedings will likely lead to additional cost leakage associated with the Muga Project beyond directly related legal costs. The uncertainty surrounding the timing and resolution of these legal matters may also be contributing to challenges HRL is facing in relation to raising capital, as prospective investors may be deterred by the lack of clarity on project timing.

- *Maturity of and standstill agreement in relation to Existing Notes* - In 2023, HRL issued further the Existing Notes and raised approximately A\$34 million, with funding from the Existing EMR Noteholders, Tectonic Investment Management, and other institutional investors. The Existing Notes were secured over HRL's interest in Geocalci and used to advance the Muga Project and support strategic engagement. Maturity extensions were agreed with the Existing EMR Noteholders in May and July 2025, but the Existing Notes remained unpaid. Following their expiry in August 2025, HRL entered into a further standstill agreement with the Existing EMR Noteholders, under which enforcement action to repay the redemption amount is deferred until 31 October 2025 or the occurrence of a further default.
- *Current ratio deficiency*: According to HRL's H1FY25 financial statements, HRL had A\$6.4 million in cash and A\$0.2 million in current other receivables. This compares with trade and other payables and current tax payable of A\$17.5 million and A\$8.9 million respectively for a total liability of A\$26.4 million. The current ratio is a commonly adopted metric to measure a company's working capital and liquidity health and clearly demonstrates HRL's financial distress with its short-term resources being significantly below its short-term obligations.
- *Emphasis of matter on the H1FY25 accounts* - The Independent Auditor's Review Report for HRL's H1FY25 financial statements includes an "Emphasis of Matter" paragraph, highlighting material uncertainty regarding the HRL's ability to continue as a going concern. HRL's accounting policy note confirms the financial statements were prepared on a going concern basis, despite significant losses, negative operating cash flows, a large current ratio deficiency, no revenue-generating activities, and limited cash reserves. The note also identifies the maturity of the Existing Notes and the related standstill agreement as a key going concern consideration, noting HRL's lack of liquidity to meet repayment obligations.
- *Current cash balance and the short-term cash flows requirements* - As at September 2025, HRL had a closing cash balance of EUR2.2 million or A\$3.9 million based on HRL's management accounts. Management's short term cash flow forecasts for HRL to December 2026 anticipate HRL having a closing balance of EUR1.6 million or A\$2.9 million. Management's forecast assumes funding in-flows of the full A\$10 million to be raised from the New Notes.

- 1.22 Based on the discussions above, it is unlikely that HRL will be able to continue as a going concern if the Transaction is not approved and the funding from the New Notes is not obtained by the Company. While the approval of the Transaction may only provide short term reprieve for the business, it is nonetheless an opportunity for Management and Directors to continue to attempt to secure long term and stable funding. The New Notes do not resolve HRL's above funding challenges, but they do provide HRL with a much-needed lifeline to continue to operate, at least in the immediate term. The funding also buys HRL some additional time to resolve the Goyo concession, which is critical to secure long-term funding.

Alternative funding risk

- 1.23 Whilst alternative sources of funding may be available, one needs to consider HRL's challenges experienced historically and the lead time that may be required to secure this funding.
- 1.24 HRL has experienced multiple unsuccessful attempts to secure long-term funding for the Muga Project, including the termination of a EUR320.6 million project finance facility, the termination of a US\$220 million equity raising tied to the Southey Project acquisition, and the withdrawn expression of interest from China Minmetals. Many of these opportunities were pursued and negotiated over several months and were ultimately unsuccessful. In our opinion, HRL may not have sufficient liquidity at this stage to source, negotiate and execute an alternative source of funding. Additionally, the current operational challenges HRL is facing, in our opinion, reduces the attractiveness of HRL as a potential investment relative to when HRL was engaging in the aforementioned funding opportunities. This would lead us to conclude that the likelihood of alternative funding being available to HRL, in its current position is minimal.

- 1.25 We also highlight Management's own opinion as set out in the Explanatory Memorandum that, to the extent that an alternative funding opportunity does present itself, specifically an equity raising, Management appear to consider that the New Notes are likely to offer a more favourable structure. Management consider that an equity issuance would likely have required a significant discount to market price and may not have been underwritten, introducing uncertainty around the availability and timing of funds that HRL requires. In contrast, New Notes provide committed capital, coupled with an extension of the maturity date of the Existing Notes providing greater funding certainty and some potential dilution risk mitigation.

Relationship with EMR Capital

- 1.26 If HRL does not grant and amend the Note Security which would ultimately lead to the New Notes not being issued due to Resolution 3 being a condition precedent on both the issuance of the New Notes and the implementation of the amendments to the Existing Notes, it may create animosity and apprehension in the relationship with EMR Capital which may not necessarily be in the best interests of the Non-Associated Shareholders. HRL is likely to continue to require EMR Capital's co-operation in order to continue as a going concern as an influential shareholder and controlling noteholder of the Existing Notes which the Existing EMR Noteholders have chosen not to enforce the rights of the Existing Noteholders in relation to the maturity of the Existing Notes at this stage and has agreed to enter into a standstill agreement.

Non-related party investors

- 1.27 Should the Transaction proceed, the Note Security will be granted to and amended for the benefit of EMR Noteholders and Tectonic on the same terms as third-party investors. From this perspective, it would not be unreasonable to assess that the security terms offered to EMR Capital and Tectonic are on an arm's length basis.

Disadvantages

HRL's bargaining position in relation to any potential change of control transaction with EMR Noteholders, although already diminished, will be further adversely affected.

- 1.28 The issuance of the New Notes provides short-term liquidity but does not address HRL's broader funding requirements. If the New Notes and the Existing Notes are not converted into equity, HRL will face a significant repayment obligation comprising principal and accrued interest at maturity, which occurs 12 months from first issuance. This obligation coincides with the need to secure substantial additional financing for the development and construction of the Muga Project, a capital-intensive undertaking that remains unfunded.
- 1.29 Commercially, these dynamics create a structural imbalance in negotiating power. EMR Capital's position is reinforced by its dual role as a secured creditor and strategic investor, giving it considerable influence over HRL's future funding options and corporate strategy. In any change of control scenario, EMR Capital would likely negotiate from a position of strength, leveraging its security interests and HRL's reliance on interim funding to maintain operations. This concentration of influence may limit HRL's flexibility in pursuing alternative transactions and could materially affect the terms available to other stakeholders

Dilutory impact arising from the issuance of New Notes and amendments to Existing Notes

- 1.30 The New Notes and Existing Notes (after the amendment to their terms to align them with the New Notes) will be convertible into shares at the lowest of the following three prices, subject to a floor price of A\$0.03: 1) A\$0.06 per share, 2) 25% discount to the price implied by a change of control transaction, 3) 10% discount to the price of any future equity capital raising.

- 1.31 Based on HRL's 5-day VWAP price of c. 0.062 to 24 October 2025, and assuming immediate conversion, the dilutive impact of the conversion would be largely neutral assuming in the absence of a change of control transactions or equity capital raisings. However, depending on HRL's share price at the time of conversion, and the existence of either a change of control transaction or equity capital raising, conversion of the New Notes and Existing Notes may cause material dilution for the Non-Associated Shareholders.
- 1.32 While noteholders are entitled to convert their notes at a 25% discount to the bid price in the event of a change of control transaction, it is possible that a potential acquirer or the Company may seek to renegotiate these terms to enable a less dilutive transaction structure. We note that this occurred in connection with the Southey Project acquisition and inter-connected US\$220 million capital raising, which saw the convertible noteholders agree to the terms of the convertible note being amended, conditional on the completion of that deal, such that the notes would convert at the conversion price in effect at the date that transaction was agreed.

Opportunistic lending by EMR Capital

- 1.33 EMR Shareholders currently have a relevant interest of approximately 27% of HRL's equity, and the Existing EMR Noteholders hold A\$30.2 million of the Existing Notes² and, following completion of the Transaction, an additional A\$2 million in New Notes. This dual position as a significant shareholder and controlling noteholder places the EMR Noteholders in a commercially advantageous position to influence HRL's strategic direction and future outcomes, particularly in circumstances where HRL defaults on its obligations.
- 1.34 When a company is in financial distress, an investor holding both a substantial equity stake and a major debt position can exert considerable influence over its future. The EMR Noteholders have the flexibility to enforce or defer enforcement of repayment and exercise rights over secured assets. It may also influence the initiation and outcome of any restructuring or recapitalisation process. The motivation for such actions typically centres on preserving strategic control, protecting secured interests, and maximising recovery. In certain circumstances, this dual position can enable an investor to acquire assets at a discount or, at a minimum, obtain control without paying the premium for control that is usually required in conventional M&A transactions.
- 1.35 As part of this Transaction, certain restrictions relating to the Note Security and related party transactions are being removed. Previously, under ASX Listing Rule 10.1, if a noteholder was a related party, any sale of secured assets to them or their associates required shareholder approval. Additionally, if a related party or receiver sold the secured assets, the sale had to be to an unrelated third party on arm's length terms, with net proceeds distributed to the related party according to their legal entitlements. The removal of these Restrictions from the Existing Notes provides the EMR Noteholders, as a related party under Listing Rule 10, with greater flexibility and optionality should it choose to exercise its rights over the Note Security.
- 1.36 It is important to note, however, that we have not seen any evidence nor have we been made aware that the EMR Noteholders intend to exercise these rights. Furthermore, based on discussions with Management, there are safeguards within the Australian and Spanish legal frameworks designed to govern restructuring and similar processes.

² As at 30 June 2025

Other factors

Directors' recommendations and intentions

- 1.37 In the absence of a superior proposal and subject to the Independent Expert's opinion that the granting of the Note Security is fair and reasonable, the Directors unanimously recommend that all Non-Associated Shareholders vote in favour of the granting and amending of the Note Security.

Conclusion on the reasonableness

- 1.38 **Based on the qualitative factors identified above, it is our opinion that the granting and amending of the Note Security is FAIR and REASONABLE.**

Overall conclusion

- 1.39 **After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the granting and amending of the Note Security is FAIR AND REASONABLE and hence in the BEST INTERESTS of the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.**

Other matters

- 1.40 Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.
- 1.41 In preparing this IER, we have considered the interests of Non-Associated Shareholders as a whole. Accordingly, this IER only contains general financial advice and does not consider the personal objectives, financial situation, or requirements of individual shareholders.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN

Director



MARK BUTTERFIELD

Director

Financial Services Guide

Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 26, 225 George Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by HRL to provide general financial product advice in the form of an independent expert's report in relation to the Transaction. This IER is included in the Notice of Meeting outlining the Transaction.

Financial Services Guide

This Financial Services Guide has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we provide, information about us, our dispute resolution process and how we are remunerated.

General financial product advice

In this IER, we provide general financial product advice. The advice in this IER does not take into account your personal objectives, financial situation, or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

Remuneration

When providing the IER, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the IER, Grant Thornton Corporate Finance will receive from HRL a fixed fee of A\$55,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the IER. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this IER.

Independence

Grant Thornton Corporate Finance is required to be independent of HRL in order to provide this IER. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112

Independence of expert issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

“Grant Thornton Corporate Finance and its related entities do not have at the date of this IER, and have not had within the previous two years, any shareholding in or other relationship with HRL (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Transaction.

In February 2025, Grant Thornton Corporate Finance prepared an independent expert report in relation to the proposed acquisition of the Southey Project by HRL and the associated capital raising. This work involved an assessment of technical, financial, and market information (with input from SLR Consulting) for the purpose of assessing the fair market value of HRL before and after the proposed transaction. Grant Thornton Corporate Finance does not consider the provision of these services impairs its objectivity and independence for the purposes of this independent expert report.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Transaction, other than the preparation of this IER.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this IER. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the IER will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this IER.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 “Independence of expert” issued by the ASIC.”

Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this IER and FSG. Complaints or questions about the Transaction should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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2. Overview of the Transaction and key terms of the New Notes

Brief overview of the Transaction

- 2.1 HRL has secured a total investment of A\$10 million through the issuance of the New Notes to the EMR Note Subscribers (A\$2 million), Tectonic (A\$5 million), and another existing investor (A\$3 million). The New Notes are secured loan notes that can be converted into fully paid ordinary shares in HRL. As part of the Transaction, HRL's Existing Notes will have their terms amended, to bring them into line with the terms of the New Notes.
- 2.2 The A\$10 million in proceeds from the New Notes will be used by HRL as follows:
- First, to address the Goyo concession administrative matter;
 - Second, to re-engage with strategic partners for its Muga Project; and
 - Finally, for general working capital.
- 2.3 The funds overall are ultimately being used to initially aid with HRL's current financial distress with a view to advance the Muga Project towards development.
- 2.4 The A\$10 million will be drawn in tranches between November 2025 and September 2026. Drawdowns exceeding A\$5.15 million require lender consent should the Supreme Court of Spain permit an appeal regarding the Goyo concession. In October 2024, the Superior Court of Justice of Navarra ruled that the granting of the Goyo concession suffered from a procedural flaw. The governments of Navarra, Aragón, and Spain have since applied to the Spanish Supreme Court for leave to appeal, with a decision expected in late 2025. HRL expects the initial A\$5.15 million to provide sufficient working capital through to October 2026, based on Management's cash flow forecast. Any additional drawdowns are expected to extend funding coverage to Q1 2027.
- 2.5 The New Notes and the Existing Notes will benefit from the Note Security, subject to the approval of the Resolutions. The Note Security was originally granted in connection with the issuance of the first tranche of Existing Notes in September 2023, without prior shareholder approval, pursuant to a waiver granted by the ASX. The ASX waiver imposed certain Restrictions which will be removed if Resolution 3 is approved.

Key terms of the New Notes

- 2.6 The key terms of the New Notes are as follows:
- **Type:** Secured convertible notes, convertible into fully paid ordinary shares in HRL.
 - **Total amount to be raised:** A\$10 million (EMR Note Subscribers: A\$2m, Tectonic: A\$5m, another institutional investor: A\$3m).
 - **Maturity Date:** 12 months after the date of first issuance of the New Notes.

- **Drawdown:** Funds to be drawn in tranches from November 2025 to September 2026, with lender consent required for drawdowns above A\$5.15 million should the Supreme Court of Spain allow for an appeal in relation to the Goyo concession.
- **Interest Rate:** 18% per annum, paid in kind (added to the loan amount); additional default interest of 4% p.a. applies if an event of default occurs.
- **Arrangement Fee:** 2% of the loan amount, paid in kind via additional convertible notes.
- **Conversion:** Notes may be converted into ordinary shares at any time at the lower of:
 - A\$0.06 per share,
 - 25% discount to the price implied by a change of control transaction,
 - 10% discount to the price of any future equity capital raising (subject to a floor price of A\$0.03).
- **Note Security:** Subject to approval of Resolution 3, the New Notes and the Existing Notes will be secured by way of the Note Security.
- **Transferability:** Notes are freely transferable.
- **Redemption:** Repayment in full of any outstanding amount at maturity, unless converted.
- **Conditions precedent to the New Notes:** The issuance of the New Notes and the proposed amendment to the Existing Notes are subject to the satisfaction of two key conditions. First, the parties must enter into definitive documentation reflecting the principal terms outlined in the Binding Term Sheet, including documentation relating to the amendment of the Existing Notes. Second, shareholder approval must be obtained for the Transaction in accordance with the ASX Listing Rules. Specifically, the passing of Resolutions 1, 2, and 3 is a condition precedent to both the issuance of the New Notes and the implementation of the amendments to the Existing Notes.
- **Condition precedent to the grant by HRL of an EMR Note Subscriber's right to convert the New Notes:** A condition precedent to the grant by HRL to EMR Note Subscriber's the right to convert the New Notes into equity is the receipt of approval from the FIRB for the issuance of shares to EMR Note Subscriber's upon conversion. Until FIRB approval is obtained, any New Notes that are converted by EMR Note Subscribers will be settled in cash by HRL.
- **Conversion Restrictions:** If the EMR Note Subscribers cannot convert their New Notes into shares due to regulatory reasons, such as not receiving FIRB approval or lacking capacity under the Corporations Act, HRL will instead pay the EMR Note Subscribers the cash equivalent of what they would have received from selling the shares at the conversion price. In these circumstances, the EMR Note Subscribers can only voluntarily convert their New Notes if there is an event of default, a change of control, or at maturity. However, if shareholders approve the conversion, these restrictions do not apply, and the EMR Note Subscribers can convert their notes into shares. The Binding Term Sheet for issuance of the New Notes sets out that any mandatory conversion clauses will be in line with the terms of the Existing Notes which includes for a mandatory conversion of the Senior Loan Facility.

- **Covenants and undertakings:** The New Notes include undertakings that require both HRL and its subsidiary Geocalci to limit cash payments to essential operating items, following the Company's director approval process. Both entities must also manage their businesses according to budgets approved by the noteholders. Additionally, noteholders are granted access to reasonable financial and business information, subject to standard confidentiality and legal protocols.
- **Change of control:** If a Change of Control Trigger Date occurs and the Note Subscribers have not converted all of their New Notes, they may require HRL to repay the outstanding amount by giving at least 15 business days' notice. A Change of Control is defined to include any of the following: (i) HRL ceasing to indirectly hold at least 50% of Geocalci; (ii) HRL ceasing to hold at least 50% of the Muga Project; or (iii) any person acquiring a relevant interest in more than 50% of HRL's shares. The Change of Control Trigger Date depends on the nature of the transaction. For a takeover bid, it is the date the bid is publicly proposed and becomes unconditional, and the bidder acquires more than 50% of the shares. For a court-approved scheme of arrangement, it is the date the court orders become effective. In all other cases, it is the earlier of the date the Change of Control is implemented or the date a binding agreement is entered into that would result in a Change of Control.
- **Events of Default:** The terms of the New Notes will include events of default which are equivalent to the events of default for the Existing Notes.
- **Adjustment Provisions:** Standard adjustments for corporate actions (e.g., rights issues, placements, share splits).
- **Shareholder Approval:** Issuance and amendments are subject to shareholder approval under ASX Listing Rules.

Amendments to the Existing Notes

2.7 When HRL issued its Existing Notes to the Existing EMR Noteholders, it obtained a waiver from the ASX to grant security without obtaining shareholder approval. Whilst this waiver was granted, it included the following restrictions (not exhaustive):

- If any of the noteholders are related parties, the Note Security can only be sold to them or their associates if shareholders approve the sale under ASX Listing Rule 10.1; and
- If a related party or a receiver sells the Note Security, the sale must be to an unrelated third party on arm's length terms, and the net proceeds must be distributed to the related party according to their legal entitlements.

2.8 The intention is for these restrictions to be removed from the Note Security in relation to both the New Notes and Existing Notes.

3. Purpose and scope of the report

Purpose

Chapter 10 of the ASX Listing Rules

- 3.1 Chapter 10 of the ASX Listing Rules requires the approval from the non-associated shareholders of a company if the company proposes to acquire or dispose a substantial asset from a related party or a substantial holder.
- 3.2 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX.
- 3.3 Based on ASX Listing Rule 10.1.3, a substantial holder is a person who has a relevant interest or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company.
- 3.4 Pursuant to ASX Listing Rule 19, the definition of 'dispose' includes using an asset as collateral. As a result, the Note Security pledged against the EMR Noteholders and Tectonic New Notes and Existing Notes, is considered the disposition of material assets to a related party.
- 3.5 Given that EMR Note Subscribers and Existing EMR Noteholders are substantial shareholders, and Tectonic may become one upon conversion of its Notes (subject to shareholder approval), the proposed amendment to remove the Restrictions from the Note Security, and the grant of the Note Security to the holders of the New Notes, requires shareholder approval under ASX Listing Rule 10.1. Additionally, the EMR Note Subscribers, within the preceding six months, had a nominee Director on the Company's Board and are therefore considered a party to which ASX Listing Rule 10.1 applies.
- 3.6 ASX Listing Rule 10.5.2 requires that the notice of meeting and explanatory memorandum for an approval being sought under ASX Listing Rule 10.1 be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.
- 3.7 Accordingly, the Directors of HRL have commissioned Grant Thornton Corporate Finance to provide an Independent Expert's Report stating, whether in its opinion, the granting of the Note Security to EMR Note Subscribers and Tectonic in respect of the New Notes, and the amendment of the Note Security in respect of the Existing Notes for the benefit of the Existing EMR Noteholders and Tectonic, is fair and reasonable to the Non-Associated Shareholders.

Basis of assessment

- 3.8 Grant Thornton Corporate Finance has had regard to RG 111 in relation to the content of independent expert's reports and RG76 in relation to related party transactions. RG76 largely refers to RG111 in relation to the approach to related party transactions.
- 3.9 RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context

of a takeover offer. RG 111 also regulates IERs prepared for related party transactions in clauses 52 to 63. RG 111 notes that an expert should focus on the substance of the related party transaction, rather than the legal mechanism and, in particular where a related party transaction is one component of a broader transaction, the expert should consider what level of analysis of the related party aspect is required.

3.10 We note that RG111 clause 56 states the following:

"Where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Chapter 2E or ASX Listing Rule 10.1), this should not be applied as a composite test— that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information (See Regulatory Guide 76 Related party transactions (RG 76) at RG 76.106–RG 76.111 for further details)."

3.11 Accordingly, in the consideration of the granting and amending of the Note Security, the expert should undertake a separate test of the fairness and then analyse the advantages and disadvantages for the Non-Associated Shareholders.

3.12 RG 111 notes that a related party transaction is:

- Fair, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired.
- Reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote in favour of the transaction.

3.13 We have assessed the fairness of the granting and amending of the Note Security in respect of the New Notes and Existing Notes, respectively, by completing a comparison between the proceeds from the sale of the assets under the New Notes and Existing Notes which would be provided to EMR Noteholders and Tectonic, and the value of the outstanding liability which would be owing to EMR Noteholders and Tectonic in the event of a default.

3.14 In considering whether the granting and amending of the Note Security is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Transaction is fair.
- The implications to HRL and the Non-Associated Shareholders if the Transaction is not approved.
- Other likely advantages and disadvantages associated with the Transaction as required by RG111.
- Other costs and risks associated with the Transaction that could potentially affect the Non-Associated Shareholders.

Independence

- 3.15 Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Transaction with reference to RG 112 issued by ASIC.
- 3.16 Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this IER. Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this IER. The payment of this fee is in no way contingent upon the outcome of the Transaction.
- 3.17 In February 2025, Grant Thornton Corporate Finance prepared an independent expert report in relation to the proposed acquisition of the Southey Project by HRL and the associated capital raising. Their work involved an assessment of technical, financial, and market information (with input from SLR Consulting) for the purpose of assessing the fair market value of HRL before and after the proposed transaction. Grant Thornton Corporate Finance does not consider the provision of these services impairs its objectivity and independence for the purposes of this independent expert report.
- 3.18 In our opinion, Grant Thornton Corporate Finance is independent of HRL and its Directors and all other relevant parties of the Transaction.

Compliance with APES 225 Valuation Services

- 3.19 This IER has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

“An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.”

4. Industry overview

- 4.1 Highfield is expected to produce potash from its projects located in Spain, primarily from the Muga Project, with salt expected to be produced as another product. Below we have analysed the global and Spanish potash and salt industries.

Potash

- 4.2 Potash denotes a variety of salts that contain the element potassium (chemical symbol K) in water-soluble form which are primarily used in agricultural fertilisers.³ Potassium is one of three macronutrients essential in the development and growth of plants by assisting in water retention, reinforcing the roots and cell walls, improving the transfer of nutrients and increasing the resistance to disease and infestation. This ensures that harvested crops are fully formed, of high quality, and have a long shelf life for consumers. According to the International Potash Institute, using a potash fertiliser can improve crop yield and quality by 20% and plant tolerance to pests and disease by 30%.
- 4.3 Limited substitutes exist for potassium as an essential plant nutrient⁴ and whilst potassium naturally occurs in soil, farming has historically depleted this mineral quicker than natural replenishment. As a result, potash has become a critical input in agricultural fertilisers globally to replenish farming soil with potassium and has accelerated in recent decades to service the worlds rapidly growing food demands.
- 4.4 Potash products vary by their availability of nutrient potassium. Below we have briefly summarised the two most common types of potash products:
- MOP – is the most potassium-rich potash product (typically 60% potassium oxide)⁵ and therefore the most widely used, accounting for approximately 90% of the global potash market. It is the simplest source of potassium and features relatively low production costs, mined from cheap sylvinite ores or dry lake salt by simple aqueous processing. MOP is sold as both a SMOP and a GMOP product, the latter produced in a particle size largely for use in blended fertilisers.
 - SOP – is a specialised potash product (typically 50% potassium and 17% sulphur)⁶ mined from complex potassium salts or brines. Whilst suitable for all crops grown in any soil, it has special value for horticultural (or cash) crops where quality is important. As a result, it attracts a premium price. SOP can also be made from MOP by treating it with sulphuric acid.
- 4.5 It is estimated that there are approximately 16 billion tonnes of recoverable potash deposits worldwide (potassium oxide equivalent), which are highly concentrated in certain countries including Canada (46%), Russia (35%) and Belarus (8%)⁷. Potash is most commonly extracted via underground mining

³ According to Canadian Potash Exporters, approximately 95% of global potash is used in agricultural fertilisers.

⁴ Manure and glauconite (greensand) are low-potassium-content materials that can be profitably transported only short distances to crop fields. Glauconite is used as a potassium source for organic farming. See US Geological Survey, Mineral Commodity Summaries, January 2024.

⁵ Sourced from Argus Consulting, generic formulations of commodity potash products.

⁶ Sourced from Argus Consulting, generic formulations of commodity potash products.

⁷ Sourced from Highfield Resources 'Potash: an overview of the commodity and the market' August 2024 presentation.

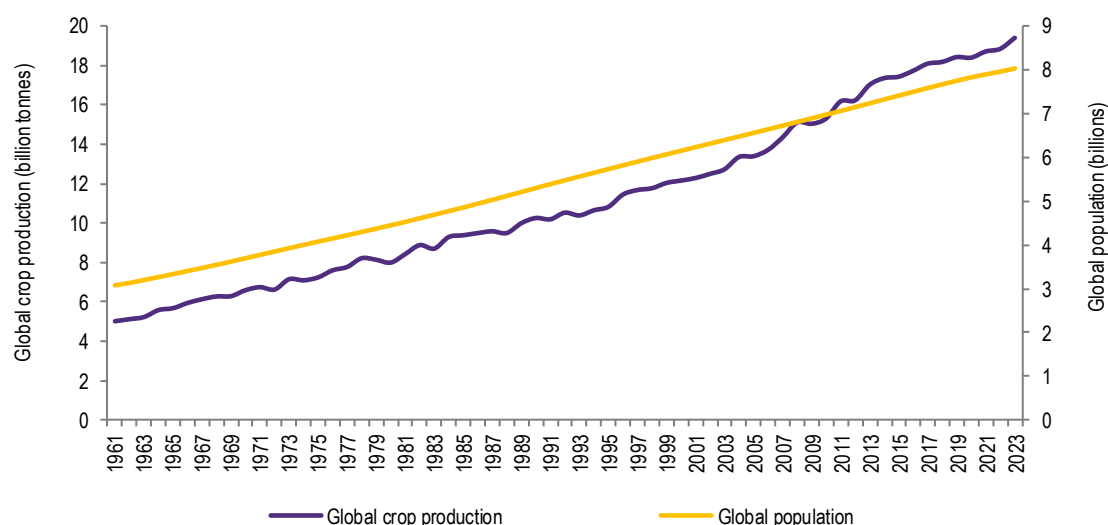
(approximately 80% of global production), with the remainder extracted via solution mining (or in-situ leaching⁸) and the processing/evaporation of natural brines⁹.

Demand drivers

Global population

- 4.6 All things being equal, the demand for potash should grow in line with an increase in global crop production, as a result of an increasing global population. Below we have set out the historical global crop production and population growth.

Figure 11 - Global population and crop growth



- 4.7 As set out in the chart above, crop production has historically been strongly correlated with the global population. According to the United Nations, the world's population is expected to increase from the current 8.2 billion to 9.8 billion by 2050¹⁰.

Arable land

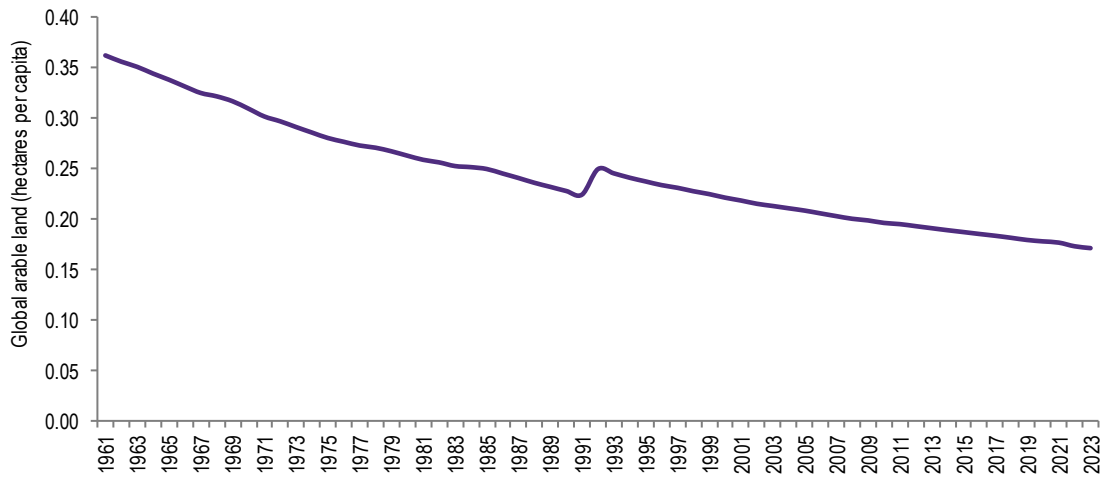
- 4.8 All things being equal, the demand for potash will grow with a reduction in global arable land. Below we have set out the historical global arable land per capita.

⁸ Consists of pumping or injecting a liquid solution (generally water and salt) into a mineral, where the potassium chloride and saline mixtures that form the layers then dissolve. This process forms underground caverns out of which the solution is pumped to the surface where the potassium chloride is crystallised and purified into an end product.

⁹ Refers to natural deposits of salt rich brines pumped from shallow depths beneath the surface and fed into a series of large shallow ponds to form saleable potash via multiple process steps.

¹⁰ Sourced from United Nations: World population projected to reach 9.8 billion in 2050, and 11.2 billion in 2100

Figure 12 - Global arable land (hectares per capita)

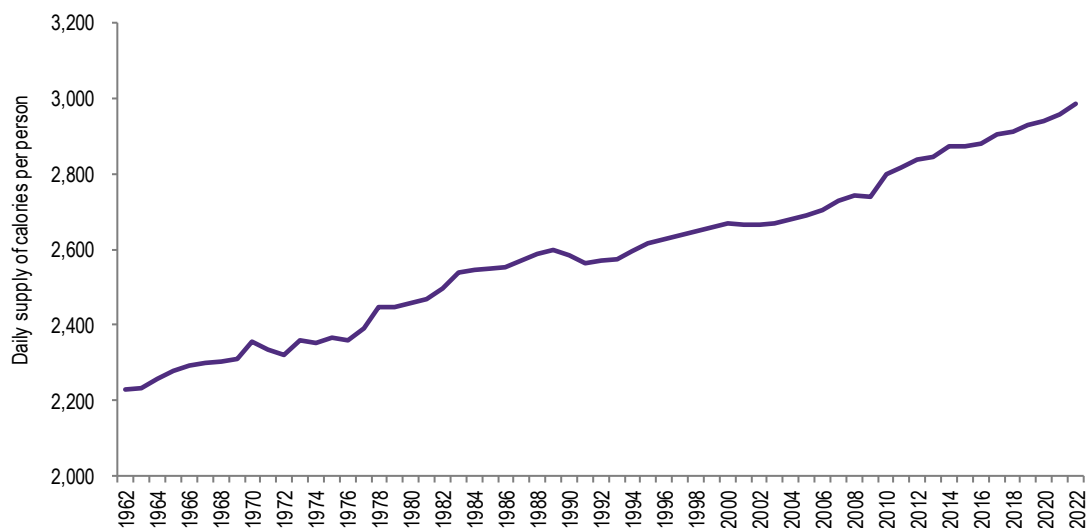


- 4.9 As set out in the chart above, global arable land per capita has steadily declined over time and can be considered constrained. Accordingly, it is expected that majority (90%) of forecast crop production will be facilitated by improvements in yields, as opposed to arable land expansion, which will increase demand for potash products¹¹.

Changing diets

- 4.10 All things being equal, the demand for potash will grow as diets expand and the population consumes more food. Below we have set out the historic global daily supply of calories per person.

Figure 13 - Global daily supply of calories per person from 1962 to 2022



¹¹ Sourced from Argus Consulting, Muriate of Potash and Salt Products Draft Market Study released December 2021.

- 4.11 As set out in the table above, global daily calorie intake per person has grown from c. 2,228 in 1962 to 2,985 in 2022¹². This is largely the result of a higher proportion of diets containing animal products, sugar and vegetable oils. This increases the demand for crop production and thus agricultural fertilisers.

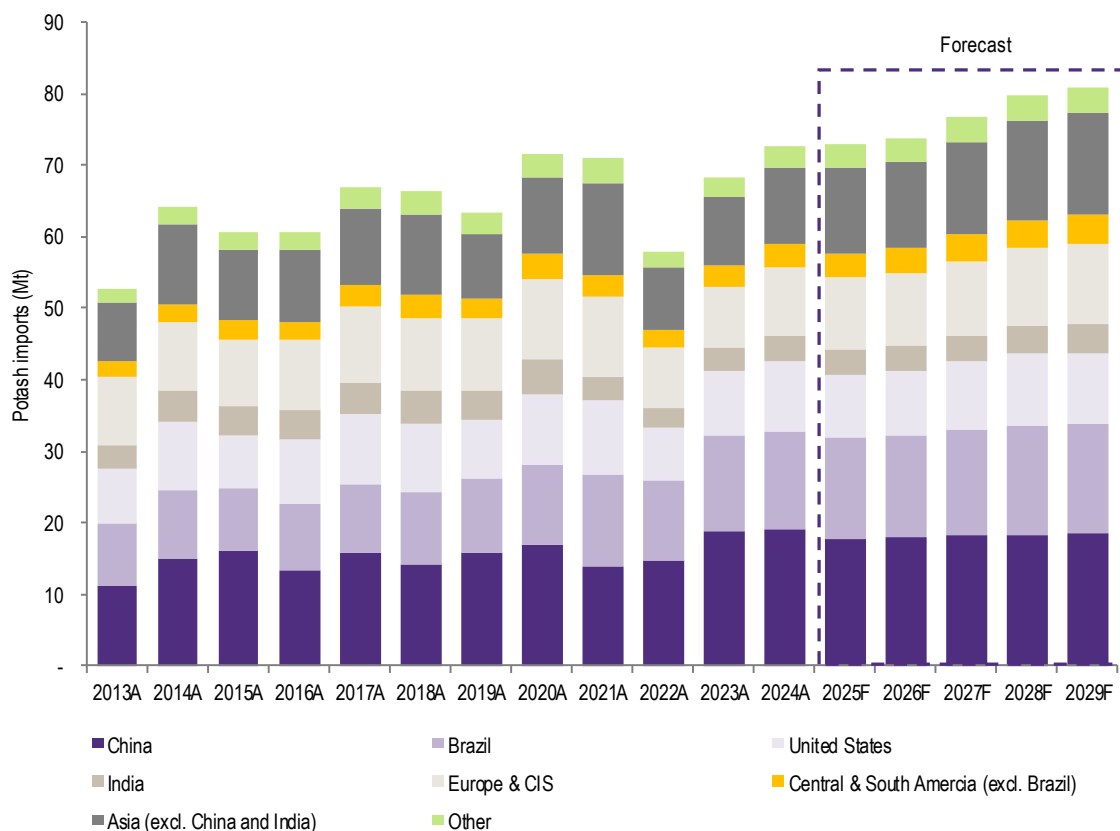
Growth in socioeconomic groups

- 4.12 The United Nations expects the new global middle class in China, India and Brazil to account for nearly half of world consumption of potash by 2050. Overall, this will continue to drive the positive correlation between crop production and global population and promote demand for potash as the need for efficient and high yielding agricultural production becomes more critical to service the growing global food demand.

Geographic demand

- 4.13 The majority of the world are importers of potash due to the concentration of recoverable potash in a few countries. Historically, China, Brazil, India and the United States have been the largest importers of potash. In 2024, these countries collectively imported c. 64% (or 46.2 Mt) of the global annual potash production.
- 4.14 Below we have set out the historical and forecast demand for potash by key country.

Figure 14 - Historical and forecast demand for potash by key country



Sources: CRU, GTCF analysis

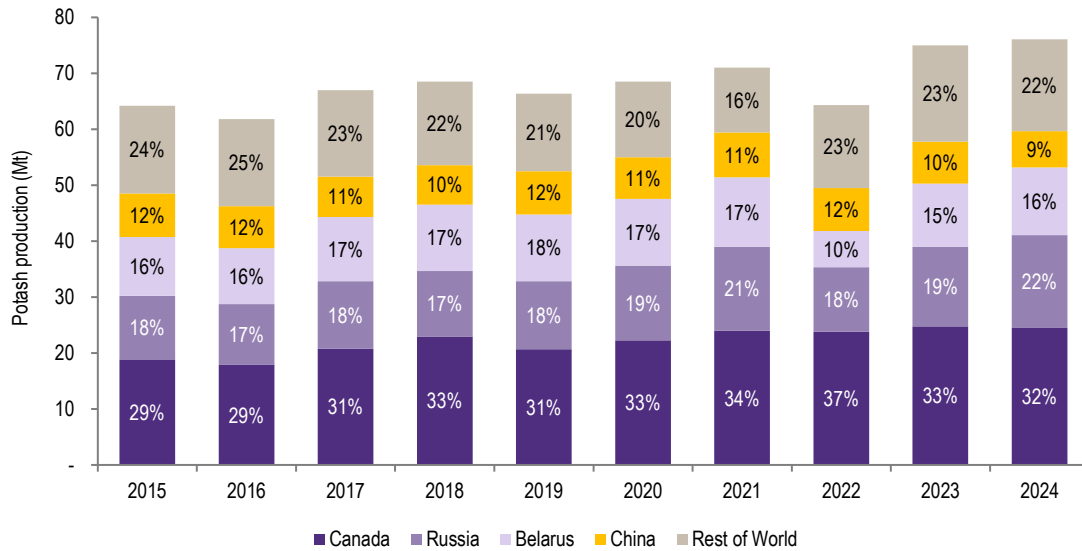
¹² Sourced from FAOSTAT - Food balance sheets

- 4.15 Global demand for potash has grown at a 10-year CAGR of 1.3% from 2014 to 2024. Demand grew c. 13.1% in 2020 to 71.6 Mt largely due to rising concerns over food security amongst governments worldwide following the onset of the COVID-19 pandemic, as well as the recovery of fertilisation application rates after unfavourable weather conditions in the prior year. Demand remained elevated at 71.0 Mt in 2021 as potash supply uncertainty grew throughout the year as a result of the economic sanctions imposed on Belarus (the third largest potash producer globally) by the United States, European Union and Canada for violations of international law. Specifically, these sanctions included a complete ban on engaging in new contracts with Belarusian producers and exporters of potash fertiliser and loss of access to the Belarusian key potash exporting port in Lithuania. In November 2021, the US revised its critical minerals list to include potash.
- 4.16 The Russian-Ukraine invasion in early 2022 heightened this supply uncertainty as countries around the world imposed economic sanctions on Russia. At that time, Russia was particularly significant in the global potash export market, not only as the second largest producer but given it was servicing the majority of the loss export volumes from Belarus. Whilst no sanctions were directly placed on Russia's potash industry, the imposition of potash import quotas coupled with general restrictions on dealings with Russian companies, financial institutions and individuals led to a significant reduction in potash supply from Russia. According to Argus, Russia's MOP exports fell c. 37% in 2022. Of the total European potash imports, 47% (based on a four-year average before sanctions) were supplied by Russia and Belarus.
- 4.17 Overall, this uncertainty on the supply of potash in the global markets, which was already restricted given the impact from Belarus sanctions, led to an influx of precautionary stocking by key importing countries around the globe. Global MOP prices surged to reach record highs in August 2022. Due to these elevated global MOP prices, farmers around the world commenced a significant pull-back in demand for potash and planned to replace potash in the current season with crop residue and manure until global MOP prices normalised. As a result, demand fell substantially in the second half of 2022 and led to full-year 2022 demand for potash falling 18.4% to 58.0 Mt. Global demand subsequently recovered in 2023 as the abovementioned supply constraints eased and global MOP prices began to fall. Further, the Israel-Hamas conflict which commenced in October 2023 added to geopolitical tensions and increased global supply uncertainty.
- 4.18 Global demand for potash is estimated to grow from 72.8 Mt in 2024 to 81.0 Mt in 2029, representing a 5-year CAGR of 2.2%, driven by the continued reduction in supply disruptions and price shocks. Further, this growth will be supported by a large and growing global economy and world population compounded by increasing food security concerns, especially in emerging economies, as rising incomes and wealth in these highly populated regions are expected to lead to an increase in and expansion of diets.

Supply

- 4.19 Below we have set out the historical production of potash by the key producing regions.

Figure 15 - Historical global production of potash by key producing region

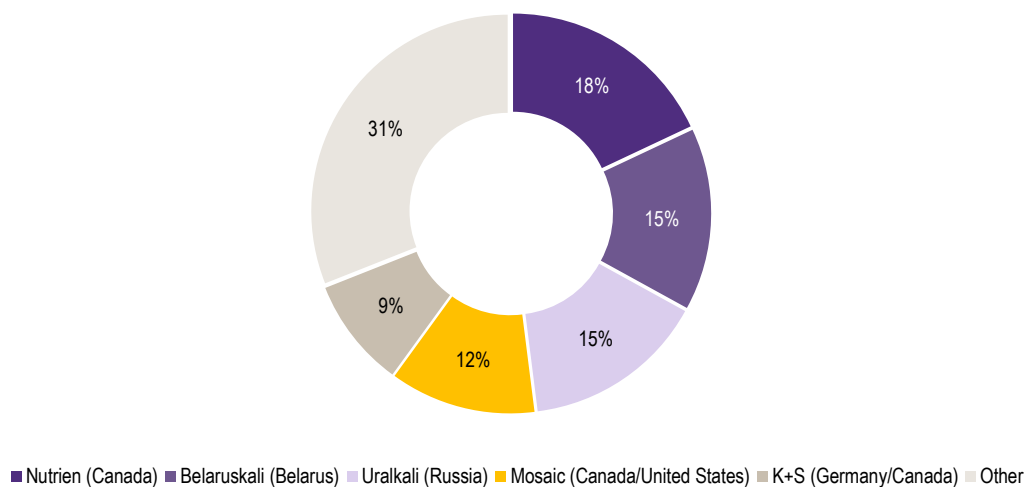


Sources: CRU, GTCF analysis.

4.20 As set out in the chart above, the global production of potash is dominated by Canada, Russia, Belarus and China, which collectively account for approximately 80% of global production. Canada is the standout largest producer of potash globally, representing approximately 30-35% of global production, largely due to its relatively large and high-quality recoverable potash reserve. Russia and Belarus have traditionally held a collective 35-40% share in global potash production. This reduced sharply in 2022 to 28% as the abovementioned imposition of economic sanctions from countries around the world restricted potash export in these markets. Nonetheless, the Belarusian and Russian share of global potash production largely recovered to pre-sanction levels in 2023 (34%) and 2024 (38%).

4.21 The potash industry can be characterised as an oligopoly, dominated by a small number of potash producers. Below we have broken down the potash sales volume in 2024 by key potash producer.

Figure 16 - Global potash sales volume by key potash producer in 2024



Sources: K+S Company Presentation September 2025, GTCF analysis.

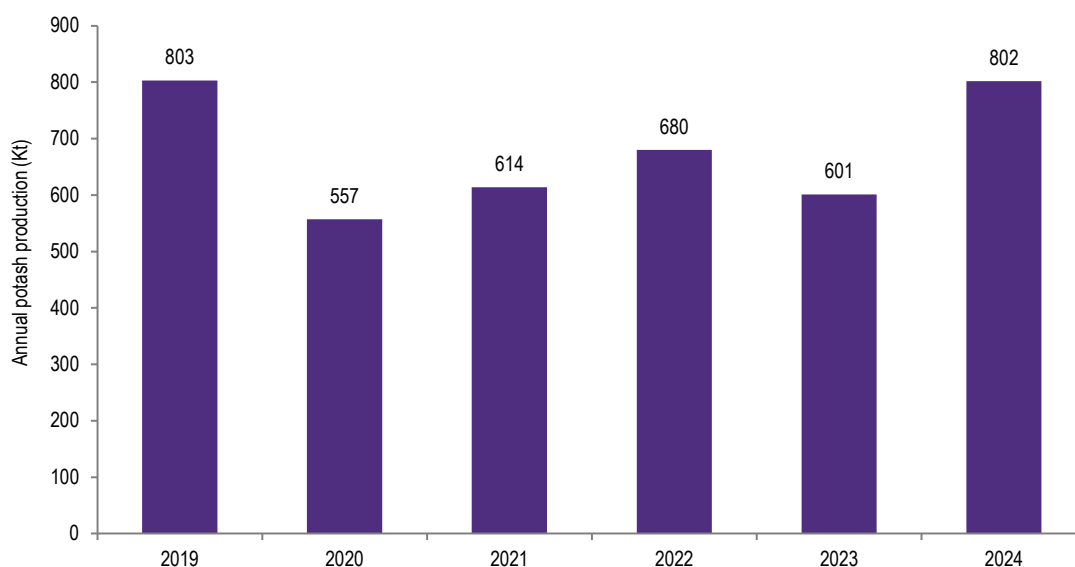
Notes: 1) Nutrien is a Canadian-based potash producer and exporter. 2) Belaruskali is Belarusian potash producer and exporter. 3) Uralkali is a Russian potash fertiliser producer and exporter. 4) Mosaic is a United States-based potash producer and exporter. 5) K+S is a German based potash producer and exporter.

- 4.22 A producers' ability to compete in the potash market is largely determined by factors such as production costs, proximity to production facilities and export infrastructure as well as logistic costs and capabilities. The potash industry can be characterised with relatively high barriers to entry due to the significant investment and time required to establish potash operations and gain appropriate concessions.

Spanish potash industry

- 4.23 Spain is a net exporter of potash despite importing large volumes. Spanish potash exports are solely produced by ICL Iberia. ICL Iberia owns the mining rights for two underground potash mines, Cabanasses and Vilafruns, both located in the region of Catalonia in northern Spain, approximately 60 km northwest of Barcelona. The Cabanasses mine has been in production for over five decades, whilst the Vilafruns mine was placed on care and maintenance in June 2020 as part of a strategic decision for ICL Iberia to consolidate its activity into one site by means of expanding the Suria production site (which houses the Cabanasses mine) and discontinuing activity at the Sallent site (which houses the Vilafruns mine). In addition, in 2021, ICL Iberia completed the excavation of the ramp connecting the Cabanasses mine with the Suria plant, including the installation of operational equipment and infrastructure.
- 4.24 The consolidation of the facilities and the ramp project was estimated to increase the production capacity of ICL Iberia to an expected annual running rate of approximately 1.0 Mt by the end of 2022 and reach up to 1.3 Mt in the future, following the completion of additional adjustments in surface production facilities. In addition, these initiatives were expected to improve production efficiency and lower cost per tonne.
- 4.25 ICL Iberia had JORC resources of approximately 430.8 Mt (378.1 Mt for Cabanasses and 52.7 Mt for Vilafruns) and 95.3 Mt of JORC reserves solely for Cabanasses respectively as at 31 December 2024¹³.
- 4.26 Below we have set out the historical potash production in Spain.

Figure 17 - Historic annual potash production in Spain (ICL Iberia)



Sources: ICL Group Annual Reports, GTCF analysis.

- 4.27 As set out in the chart above, potash production in Spain fell sharply from 803 Kt in 2019 to 557 Kt in 2020 as a result of the Vilafruns mine being placed on care and maintenance in mid-2020. Potash production

¹³ ICL 2024 Annual Report

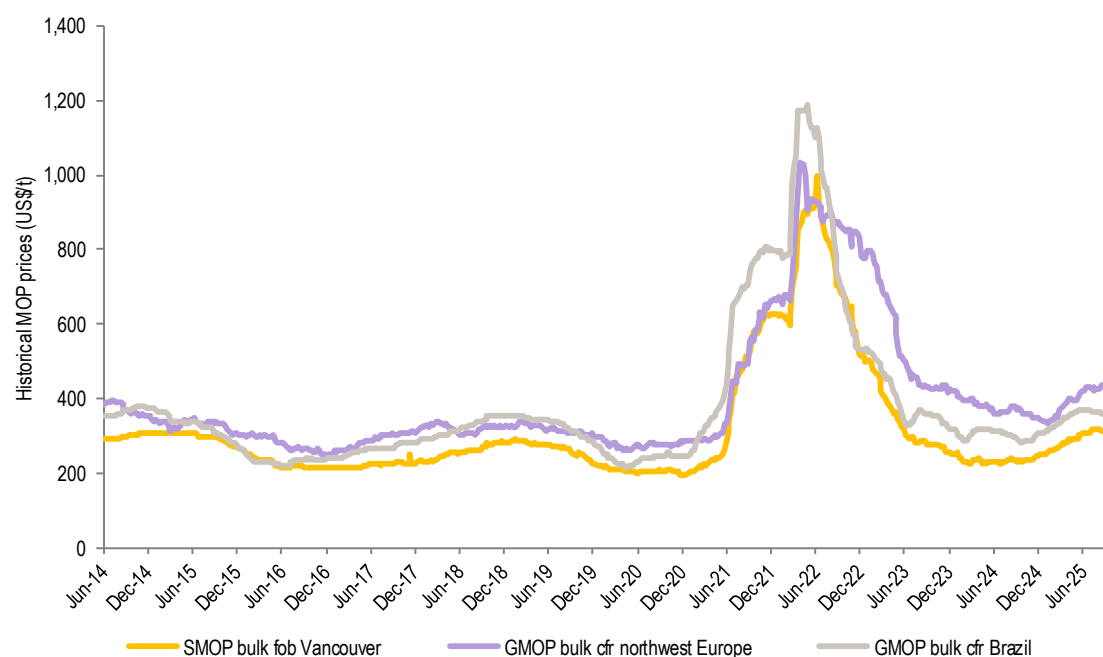
has since grown steadily, although it reduced slightly in 2023 due to a fatal accident that occurred at the Cabanasses mine in March 2023.

- 4.28 Distribution of potash production to local customers and customers in France are facilitated by truck haulage. Potash product destined for overseas destinations are transported by train or truck to ICL Iberia's terminal located at the port of Barcelona where the cargo is loaded onto bulk vessels for shipment. Accordingly, short plant-to-port distances and shorter shipping routes to end destination markets serve as a competitive advantage for potash producers in Spain.
- 4.29 The primary markets for ICL Iberia potash include Brazil, China, Europe, the United States and India and are largely sold via a network of ICL sale offices and agents worldwide. The majority of potash sales are current orders proximate to the export date, with minimal contracts or long-term orders. As a result, the Spanish potash market has a minimal backlog of orders.

Historical potash prices

- 4.30 Given the dominance of Canada in the global potash market, the Vancouver FOB price has become the main potash price reference. Notwithstanding this, global MOP prices have historically moved in unison, with variances between regions largely due to the level of spot trading or temporary region-specific market conditions.
- 4.31 Global MOP prices declined steadily in the second half of the 2010s as significant investment in greenfield and brownfield potash projects in prior years, in anticipation of continuing historically high demand, was faced with more sedate demand levels and led to substantial excess capacity in the industry over this period. As a result, several potash mines globally were deemed not economically viable and were voluntarily idled at this time. Below we have set out the historical global MOP prices since 2014.

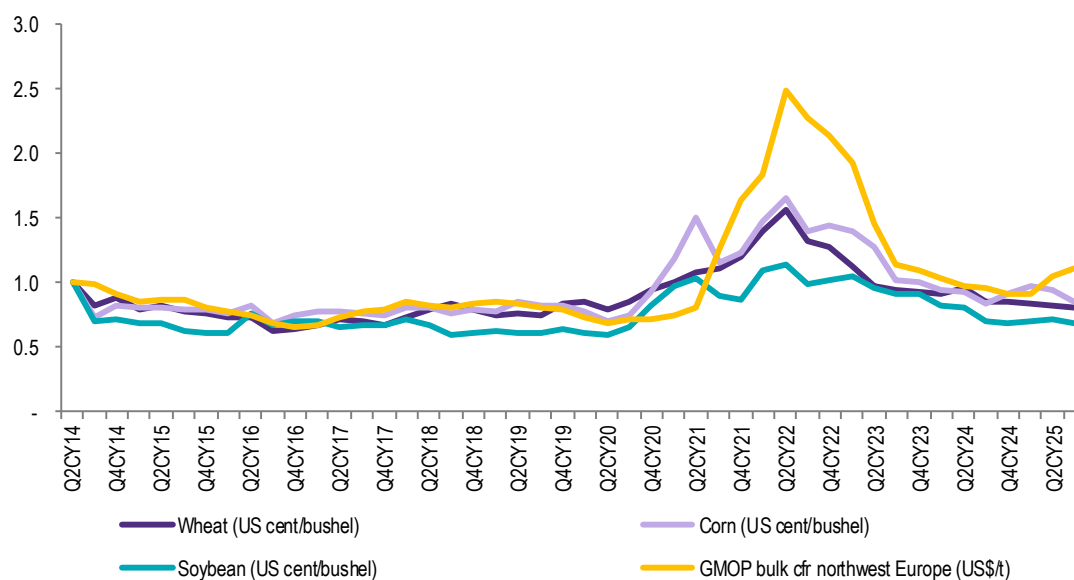
Figure 20 - Historical MOP prices



Source: Management, GTCF analysis.

- 4.32 Demand for potash rebounded strongly in 2021 alongside growing governmental concerns over food security following the onset of the COVID-19 pandemic. This demand significantly outpaced supply as producers were unable to swiftly respond due to the previous idled projects coupled with the pandemic induced mobility restrictions, as a result this placed significant upward pressures on global MOP prices. As prices began to fatigue, global potash supply was further constrained by economic sanctions imposed on Belarus and the loss of access to its key export port in Lithuania, coupled with the commencement of the Russia-Ukraine conflict. The imposition of US and EU sanctions on Russia fuelled this supply uncertainty and prompted precautionary stocking by large buyers including the US and Brazil. Consequently, prices soared over this period and recorded all-time highs in mid-2021.
- 4.33 In response to these historically high global MOP prices, which had rallied almost double that of crop prices, farmers worldwide took a collective stance to halt demand for potash-based fertilisers in the current season and replace the nutrient deficit with crop residues and manures. Accordingly, global demand for potash fell sharply, especially in Brazil, the US and Southeast Asia.
- 4.34 Price growth has been strong in 2025, driven by ongoing supply constraints, geopolitical instability, rising production costs, and growing agricultural demand. Sanctions and export controls, particularly affecting Russian output, which is expected to decline by 10% in 2025, have disrupted global trade flows, contributing to an expected 4% reduction in overall supply¹⁴. Elevated energy prices have also increased the cost of potash production, while expanding agricultural activity across Asia, Africa, and Latin America continues to drive demand for potassium-intensive crops, further supporting price growth.
- 4.35 As set out in the chart below, MOP prices generally move in line agricultural crop prices.

Figure 21 - Historical GMOP European prices rebased to global crop prices (rebased to 1.0)



Source: Management, public information, GTCF analysis

Salt

- 4.36 Salt, also referred to as sodium chloride (chemical formula NaCl), is a 1:1 ratio of sodium and chlorine ions. It is one of the world's most essential inorganic compounds and has many applications across

¹⁴ Sourced from CRU

various industries given its relatively low extraction cost and large abundance including chemical manufacturing, de-icing, water treatment and food flavouring. There is limited economic substitutes or alternatives for salt in most of its applications¹⁵. Salt is a product of the evaporation of seawater (40% of global production), inland brine (35%) as well as the mining of rock salt and brine solutions (25%)¹⁶. Salt is also typically a byproduct of potash mining and processing, due to the fact that the predominant economic potash is sylvite: a KCl usually found with salt to form the rock sylvinite. During the processing of potash into a KCl concentrated brine, which is fed into a crystallisation unit, both vacuum salt and high-grade KCl product are obtained.

- 4.37 Salt has different unique characteristics that make it suitable for specific industrial applications. Below we have briefly summarised the primary types of salt products:
- 4.38 Rock salt – also known as de-icing salt, is naturally occurring salt mined from underground salt deposits. It typically contains impurities and other minerals and is primarily used for de-icing roads.
- 4.39 Vacuum salt – also known as purified rock salt, is a high-quality form of sodium chloride that is free from moisture and impurities such as dirt, dust and other contaminants. It is mainly produced via the byproduct salt of potash. Due to its purity, vacuum salt is often used for chemical manufacturing, food processing and water treatment.
- 4.40 Solar salt – is produced by evaporating sea water in large, shallow ponds using solar heat. It is commonly used in food products, chemical manufacturing and agricultural applications.
- 4.41 World continental resources of salt are vast and the salt content in the oceans is nearly unlimited. As a result, it is too difficult to estimate the global resources and reserves of salt. Nearly every country in the world has salt deposits or solar evaporation operations of various sizes.

Demand

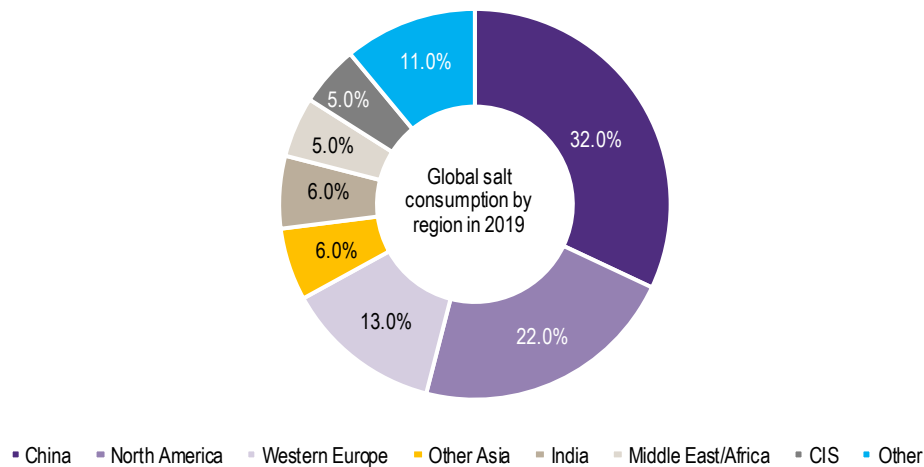
- 4.42 Demand for salt has historically been dominated by three main regions (China, North America and Western Europe), which account for approximately 70% of salt consumption globally. Below we have set out the demand for salt by region in 2019 (we note that these ranking have remained relatively consistent in the past 15 years)¹⁷.

¹⁵ Calcium chloride and calcium magnesium acetate, hydrochloric acid, and potassium chloride can be substituted for salt in anti-icing and de-icing, and certain chemical processes and food flavouring, however, this is at a relatively higher cost point.

¹⁶ Sourced from Tridge 2021 Industry Report: Salt.

¹⁷ According to Argus Consulting.

Figure 22 - Global salt demand in 2019 by key region



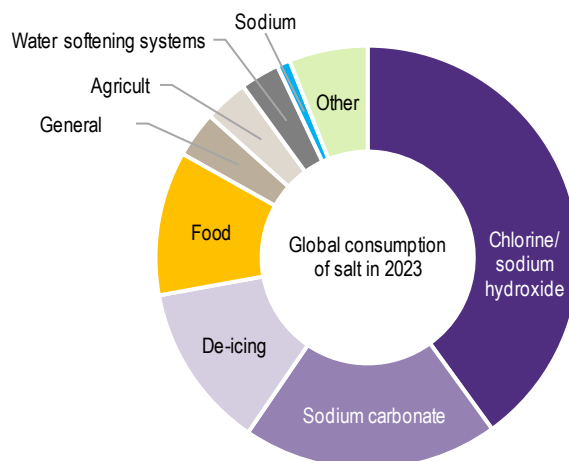
Source: Customs, GTCF analysis.

Notes: 1) CIS stands for the Commonwealth of Independent States and comprises of eleven countries from ex-USSR including Armenia, Azerbaijan, Kazakhstan, Kirghizstan, Moldavia, Uzbekistan, Russia, Tajikistan, Turkmenistan, and Ukraine.

4.43 Illustrated in the chart above, Asia represents nearly half the global salt consumption, of which is primarily contributed by China. Demand in this region is largely driven by the chemical industry which accounts for approximately 75% of Asia's salt consumption, which is higher than the rest of the world (approximately 55%). North America is the second largest consumer of salt, of which is primarily for de-icing purposes (approximately one-third of demand) to maintain the extensive transportation infrastructure of the United States and Canada during the winter season. Western Europe is also a major consumer of salt, primarily for road de-icing, albeit far less than North America, as well as for the chemical, water treatment and food industries. Intensity of salt use in the Middle East and Africa is the lowest in the world, largely due to the region's relatively undeveloped chemical manufacturing industries and nearly non-existent road de-icing market. This region is expected to grow demand in the future alongside an expanding chemical industry, growing food processing requirements and increases in water treatment.

4.44 Below we have set out a breakdown of the consumption uses of salt in 2023.

Figure 23 - Global consumption of salt in 2023 broken down by use



Source: S&P Global Sodium Chloride Report, GTCF analysis.

4.45 As set out in the chart above, chemical production accounts for approximately 60% of salt consumption globally. Salt is a precursor in the industrial process to produce chlorine/sodium hydroxide (via the chlor-alkali process¹⁸) as well as sodium carbonate (via the Solvay process¹⁹), which are in turn used in manufacturing many chemical products. Sodium hydroxide is used in the aluminium, paper and soap industries, chlorine is used in the solvents, disinfectants and PVC industries and sodium carbonate is used to produce dyes, sodium bicarbonate and glass.

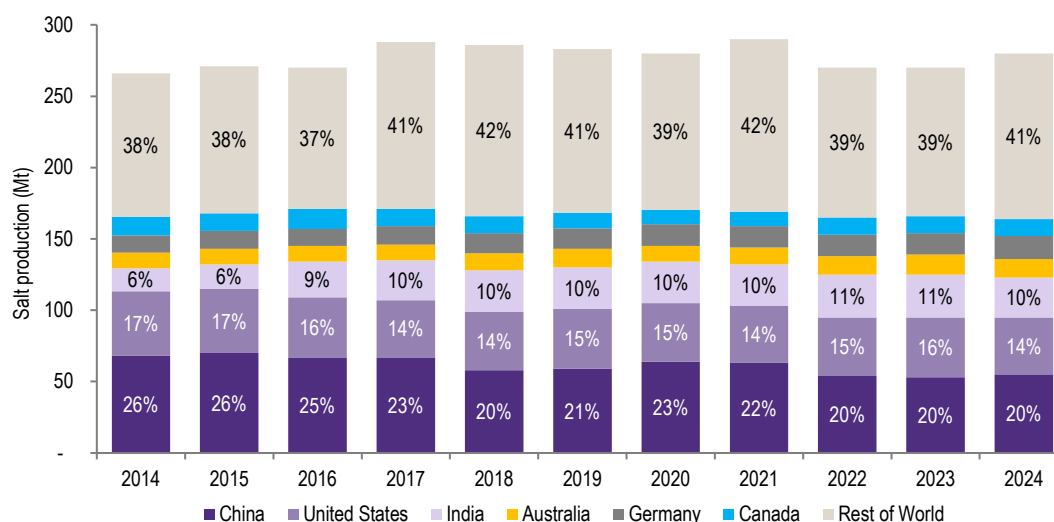
4.46 The second largest consuming segment is rock salt for de-icing, which traditionally represents approximately 10-15% of global salt consumption. Salt consumption for de-icing varies materially from year to year given its high dependence on climatic conditions. The largest rock salt producing countries, including the United States, Canada and Germany, primarily have the largest need for de-icing. Salt consumption for use in food, including household table salt and for preparation and preservation of food, is historically relatively stable and accounts for approximately 12% of global salt consumption.

4.47 Speciality, salt products such as vacuum salts will continue to grow in demand in the future, especially in developed markets, to support rapidly growing pharmaceuticals, chemical manufacturing and water treatment needs alongside global economic, social and demographic trends.

Supply

4.48 Below we have set out the historical global production of salt by key producing country.

Figure 24 - Historical global production of salt by key producing country



Source: United States Geological Survey, GTCF analysis.

Notes: 1) The salt production figures represented in the chart above are sourced from USGS and based on reported and estimated information.

4.49 As set out in the chart above, global salt production has historically remained relatively flat at approximately 280 Mt per annum. Almost half of the global annual production of salt is represented by China, the United States and India. China is the leading salt producer in the world, contributing approximately 20-25% of global salt production. The United States has historically been a clear second largest salt producer, representing approximately 15% of global salt production, however, this standout position has diminished in the last decade following strong salt production growth in India. Specifically,

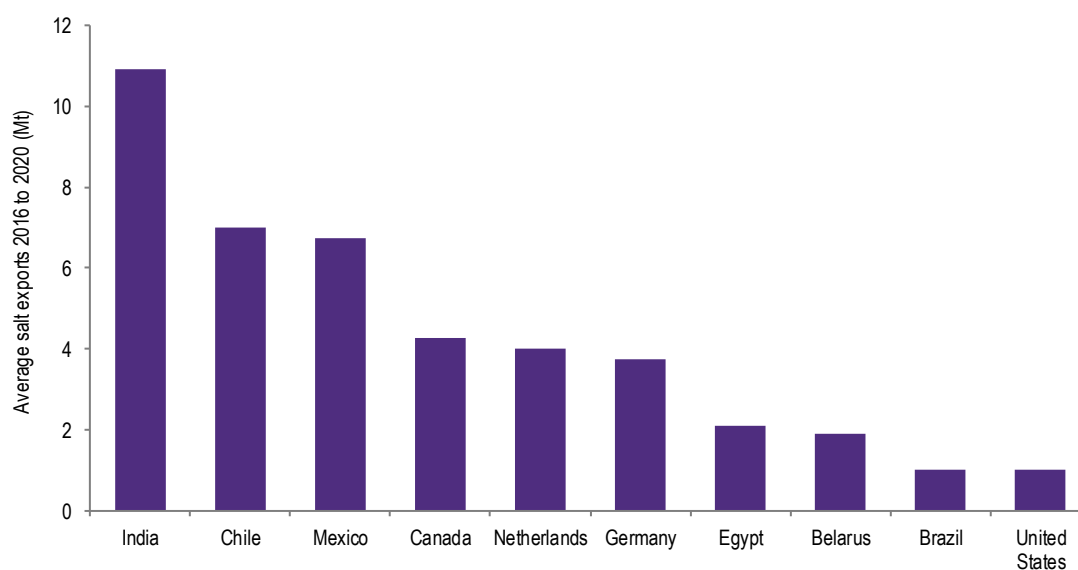
¹⁸ Chlor-alkali process is one in which an electricity is passed through an aqueous solution of sodium chloride (salt) which will decompose to form chlorine/sodium hydroxide.

¹⁹ Solvay process or ammonia-soda process is the major industrial process for the production of sodium carbonate

India has grown its annual salt production at a 10-year CAGR of 5.8% (16 Mt in 2014 to 28 Mt in 2024) over a period where global salt production has been relatively flat (10-year CAGR of 0.5%). This is largely the result of a strategic aim by India to become self-sufficient in its salt production to meet its growing and future needs.

- 4.50 Due to its large mineral resource prevalence throughout the world, coupled with its low price and simple extraction process, the majority of salt exports are restricted to regional markets. Historically, approximately 10% of global salt production is traded over large distances. The primary exporters of salt are countries with climatic and geographical conditions that allow for reliable low-cost production. Below we have set out the 10 largest salt exporting countries in recent years.

Figure 25 - Top ten largest salt exporters (2016-2020 annual average)



Source: Customs, GTCF analysis.

5. Profile of Highfield

Introduction

- 5.1 Highfield is an ASX listed company focused on the exploration and development of potash mining projects, holding a 100% interest in three projects located in Spain's Ebro Potash Basin. The Company's flagship Muga Project is situated near Pamplona, covering approximately 40km² of land. The Muga Project has an updated feasibility study, published on 8 November 2023, which reconfirmed a 30-year LOM and planned capacity of 1 Mtpa.
- 5.2 The Company has all the necessary permits to start the full-scale construction of the Muga Project (Phase 1) including civil works, processing plants and ramps, with the exception of the procedural flaw in the Goyo concession which is discussed below. Pre-production capital costs for Phase 1, which includes the completion of twin declines to access the ore body, to bring the mine to its full operating capacity of approximately 1 Mtpa, is estimated at c. €450 million, including a 10% contingency, however Highfield is yet to raise the necessary funding.
- 5.3 In addition to the Muga Project, the Company owns 100% of two other early-stage potash projects in the same region resulting in Highfield's potash tenements covering a total area of approximately 230km² being:
- The SdP Project which comprises three permits including Quiñones, Adiós and Ampliación de Adiós, covering an approximate area 120km². SdP is a brownfield target which previously hosted two potash mines operating between 1960s and 1990s and which produced 500,000 tonnes of potash per annum,
 - The Pintanos Project which is adjacent to the Muga Project. The Pintanos Project tenement area comprises three permits including Molineras 1, Molineras 2 and Puntarrón, covering an area of 65km².
- 5.4 The Company also owns the Vipasca permit which is adjacent to the western border of the Muga Project. Its geological characteristics make Vipasca's potash unit a natural continuation of the Muga deposit, upgrading its categorisation from Exploration Target to Mineral Resource. During the first quarter of 2022, the Company requested the Government of Navarra to turn the Vipasca investigation permit into a mining concession²⁰, which was the first step in incorporating the Vipasca area into the operations of the Company, which will run parallel with the construction of the Muga Project.

The Muga Project

- 5.5 Highfield's flagship Muga Project targets the relatively shallow sylvinite beds in an area that covers 38.7km² located in the Spanish Provinces of Navarra and Aragón²¹. The Muga Project is located approximately 40km east of the two historical operating potash mines at Sierra del Perdon, which operated almost continuously from 1967 until 1997. The Muga Project is 100% owned by Geoalcali S.L.U, which is a wholly owned by Highfield via interposed entities.
- 5.6 The Muga Project is a unique project that has shallow mineralisation with no aquifers above it, meaning there is no requirement to build a shaft and there is already appropriate infrastructure in place in the

²⁰ A mining concession lasts for a period of 30 years, which can be renewed for a subsequent 30-year period to a maximum of 90 years

²¹ The Muga Project was previously comprised of three tenements, however during Q1 2022 Highfield relinquished the Goyo Sur and Muga P.I. areas due to their lack of geological interest.

region. The area in which the Muga Project is located was previously held by Mina de Potasas de Navarra and Subizia SA, who completed substantial exploratory work including drilling across the primary tenement areas. Since the acquisition in 2012, the Company has completed an additional thirty-six drill holes.

- 5.7 The Company previously had all the necessary permits and land to start the full-scale construction, however, in late 2024, HRL informed shareholders that a procedural flaw was identified regarding the granting of the Goyo mining concession, one of the three concessions underpinning the Muga Project. Although creating a timing issue, this ruling did not question the Muga Project's technical assessment and the validity of the concession itself, and Highfield remained confident that they maintained strong government backing for the Muga project and will be able to achieve a swift resolution of the Goyo permit matter²².
- 5.8 The Governments of Navarra, Aragón, and Spain have demonstrated support for the Muga Project and have applied to the Spanish Supreme Court for leave to appeal the TSJN ruling. A decision as to whether the appeal of the TSJN ruling may proceed is expected to be received later in 2025, however, there is no guarantee that this timeline will not be extended by the Court²³. Should the appeals not be admitted, we understand that the subsequent step would be to obtain the Goyo concession from the Central Government or to unify the concession through the Central Government.
- 5.9 We have set out below a summary of the Muga-Vipasca and Muga Project permits:

Figure 27 - Highfield Tenement Schedule

Highfield Schedule of Tenements									
Project	Region	Permit Name	Permit Type	Applied	Granted	Ref#	Area Km ²	Holder	Structure
Muga-Vipasca	Navarra	Vipasca	Investigation	6/11/2013	11/12/2014	35900	14.10	Geolacli SLU	100%
Muga-Vipasca total							14.10		
Muga	Navarra	Goyo ¹	Concession	19/07/2011	1/07/2021	35780	15.30	Geolacli SLU	100%
Muga	Aragón	Fronterizo	Concession	21/06/2012	1/07/2021	3502	9.00	Geolacli SLU	100%
Muga	Muga	Muga	Concession	29/05/2013	1/07/2021	3500	14.40	Geolacli SLU	100%
Muga total							38.70		
Total							52.80		

Source: Highfield CY24 annual report.

Notes: (1) A procedural flaw has been identified for the Goyo concession. The relevant Government bodies have applied to appeal the ruling, however, a decision as to whether the appeal may proceed is pending. See paragraph 5.7 for further details on the status of the concession.

Ore Reserves and Mineral Resources

- 5.10 Below we provide an overview of total Ore Reserves and Mineral Resources estimates for the Muga Project as at 31 December 2024.

²² Sourced from Highfield ASX announcement on 31 January 2025.

²³ Sourced from Highfield ASX announcement on 28 August 2025

Figure 28 - Muga Project Ore Reserves and Mineral Resources

Highfield Ore Reserves and Mineral Resources Summary				
	Million Tonnes	Grade %K2O	K20 (Mt) ¹	KCl (Mt) ²
Muga Project Ore Reserves Summary				
Proved	45.3	10.5%	4.8	7.5
Probable	59.0	10.0%	5.9	9.3
Total Proved & Probable	104.3	10.2%	10.7	16.9
Muga Project Mineral Resources				
Measured	103.2	12.3%	12.7	20.1
Indicated	134.1	11.7%	15.7	24.8
Total Measured & Indicated	237.3	12.0%	28.4	44.9
Inferred	44.9	10.8%	4.8	7.7
Total Mineral Resources	282.2	11.8%	33.2	52.6

Source: Highfield CY24 annual report, Updated Feasibility Study 2023, GTCF analysis

Notes) (1) K20 Mt is calculated based on the Mt of resources at each project multiplied by their respective K20% grade. (2) We have calculated the KCl (Mt) by multiplying the K20 (Mt) resources of each respective project by a conversion rate of 1.58303 (as sourced from Highfield ASX announcements). (3) Data as at 31 December 2024.

- 5.11 On 23 November 2021, the Company released an updated MRE that included the Muga Project as a result of the independent technical review undertaken by SRK. The updated MRE reported an expansion from an initial 163.2 million tonnes within the inferred Resource category in 2014, to 237.3 million tonnes of Measured and Indicated Resources in 2021. The Company considers these estimates to remain valid as at the date of this Report. A maiden Ore Reserve for the Muga Project was derived as part of the Definitive Feasibility Study released on 30 March 2015. On 23 November 2021, the Company released an updated Ore reserve for the Muga Project of 104.3 million tonnes. The Ore Reserve was audited by SRK and the company considers it to remain valid as at the date of this Report.
- 5.12 The current mine plan for the Muga Project is based on two main mining zones, with each zone using a slightly different technique to extract potash depending on the dip of the potash mines. Development will first occur in the western development of the mine.

Updated Feasibility Study

- 5.13 On 8 November 2023, the Company completed an update of its Feasibility Study for the Muga Project, previously completed in November 2022, which reflected a more refined approach to certain mining and processing technical assumptions and reconfirmed the economic viability of the Muga Project.
- 5.14 We have detailed some of the key highlights of the feasibility study below, **however we note that the Company has not been able to secure the funding necessary for the development of the Muga Project, so there are uncertainties on whether or not it will be able to pursue this opportunity.**
- A 30-year LOM with production planned over two phases to produce up to 1 Mtpa of MOP.
 - A competitive C1 cash cost estimate of €108/t post salt product revenue.
 - Pre-production construction capital requirement for Phase 1 of €449 million, and €286 million for Phase 2, which is approximately 11% higher than the total capex of €735 report in the 2022 Feasibility Study. There was an improved level of confidence in capex estimates, with 93% of capex based on contracts plus firm offers, compared to 76% in the 2022 Feasibility Study.

- The feasibility study was supported by external parties including IGAN Consulting Group (technical mine planning support), SLR Consulting (supporting Ore Reserves) and SYSTRA Subterra S.L. (engineering mine support).

- 5.15 The capital cost estimate for Phase 1 is for the construction of a treatment and processing plant, to produce approximately 500,000 tonnes of MOP per annum. Total construction works including plant commissioning for Phase 1 will occur over 30 months, with an 8 month ramp up period to achieve the plant nameplate capacity.
- 5.16 Phase 2 of the project will be an extension of the treatment plant, with a compacting and glazing unit to achieve an additional 500,000 tonnes of MOP per annum, yielding average MOP production for the rest of the LOM of nearly 1 million tonnes after Phase 2 development.
- 5.17 Below we provide a breakdown of capex estimates for Phase 1 of the Muga Project based on the latest estimates.

Figure 29 - Muga Project Capex Breakdown

Phase 1 Capex Breakdown € million	Sep-22	Nov-23
Underground capex	98.6	107.7
Aboveground civil works	54.3	56.4
Facilities building	5.8	4.9
Process plant capex	175.1	169.5
Dewatering and backfilling plant	55.3	65.4
Utilities	15.8	15.1
Indirect costs	21.4	20.00
Pre-production costs	9.7	9.8
Total	436.1	448.8

Source: Highfield Updated Feasibility Study 2023

- 5.18 During 2023, the Company updated its marketing plan to meet the newest developments introduced in the updated 2023 feasibility study, including the production of SMOP in Phase 1 and GMOP in Phase 2.
- 5.19 Highfield also continues to engage with three nearby ports. It has previously signed MOUs within the North of Spain and South of France to effectively build the Company's transport and logistics strategy. Low logistics cost is a key part of a potash producer's competitive advantage and immediate access to ports will provide the Company with links to other key potash markets such as North America, where demand for potash is high and global consumers are facing growing difficulties in sourcing MOP. Potash supply is required following the disruptions caused by the Russia-Ukraine conflict with global supply being rewritten, placing the focus on local supply sources such as the Muga Project. The Company plans to conduct a tender process for its logistics once the project is fully financed.
- 5.20 Highfield already has multiple offtake agreements in place for the sale of MOP from the Muga Potash Mine. For example, during 2019 as part of its sales and marketing strategy, the Company announced the signing of a non-binding offtake MOU with Ameropa AG, for the sale of 250,000 tonnes of MOP from the Muga Potash Mine. The product will be a combination of both standard and granular MOP with Highfield having the option to increase to 300,000 metric tonnes per annum. During 2020, the Company also announced the signing of a non-binding MOU offtake with Keytrade AG and Geoalcali, Highfield's wholly owned Spanish subsidiary. Under the MOU Highfield can provide Keytrade AG up to 300,000 metric

tonnes per annum of MOP. The company continues to engage in ongoing offtake discussions with other wholesale customers for the full production capacity of the Muga Project.

- 5.21 The mine is also designed to allow production of vacuum and de-icing salt for sale and during 2023 the Company significantly progressed its salt sales and marketing plan. During Q4 2023, the Company signed a take-or pay offtake agreement with Maxisalt for a minimum of 50,000 tonnes per annum with the option to sell up to 75,000 tonnes per annum of vacuum salt for the first 5 years of production. This represents 20-30% of the expected high-grade salt production in Phase 1 of the Muga Project.

Funding

- 5.22 HRL needs to raise significant funding in order to be able to develop the Muga Project. The Company's previously secured project finance facility has been terminated, and multiple attempts to raise equity capital have been unsuccessful. At present, HRL only has access to short-term funding both of which are limited in their size and purpose and it is not in a position to pursue the development of the Muga Project. We have summarised HRL's recent key funding events below.

- *Terminated project finance facility* - HRL originally announced the signing of a senior secured project finance facility in December 2022 for EUR320.6 million, with a syndicate of international lenders including BNP Paribas, ING Bank, Natixis CIB, and Société Générale. The facility was structured to include a EUR300 million senior debt facility and a EUR20.6 million cost overrun facility, both intended to fund the construction and development of the Muga Project. In April 2023, additional lenders HSBC and Caja Rural de Navarra joined the syndicate. However, as HRL's financial position deteriorated and broader market conditions tightened, the Company entered into discussions with the lenders to defer or cancel certain commitment fees payable under the facility, which had become burdensome given that no funds had been drawn due to unmet conditions precedent. Ultimately, in September 2025, the facility was fully terminated after the final remaining lenders, ING, HSBC, and Caja Rural de Navarra, agreed to exit. HRL elected to terminate the facility to avoid incurring further commitment fees and to preserve cash in light of the financial distress it was facing.
- *Terminated equity raising* - HRL first announced the proposed Southey Acquisition and US\$220 million capital raising in July 2024, initially through a non-binding Letter of Intent with Yankuang and a group of strategic investors. The transaction was formalised in September 2024 through binding agreements and was described as a transformational deal to fully fund the Muga Project and establish Highfield as a globally diversified potash company. The transaction involved:
 - The acquisition of the Southey Potash Project in Saskatchewan, Canada, from Yankuang Energy for US\$286 million, to be paid in new Highfield shares.
 - A US\$220 million cornerstone equity placement to strategic investors including Yankuang Energy, Beijing Energy International, and Singapore's Taizhong Global Development, at A\$0.50 per share.
 - A two-tranche institutional placement and share purchase plan to raise additional short-term working capital.

Importantly, the capital raising was inter-conditional with the completion of the Southey Acquisition, meaning neither could proceed without the other.

On 11 September 2025, HRL confirmed that the transaction had been terminated, following the withdrawal of a key potential cornerstone investor QSL (as to which, see below). This marked the collapse of what had been positioned as the Company's primary long-term funding solution for the Muga Project.

- Withdrawal of expression of interest with China Minmetals* - The proposed strategic investment by QSL (a subsidiary of China Minmetals) was first announced in May 2025 when QSL signed a non-binding letter of intent. The strategic investment by QSL was part of a planned coordinated strategic partnership involving Yankuang Energy and the other investor, involved with the aforementioned Southey Acquisition and US\$220 million capital raising. Whilst not legally inter-conditional, the QSL placement was dependent on the successful completion of the Southey Acquisition and the associated capital raising. In July 2025, Highfield announced that it had extended the exclusivity period granted to QSL under the letter of intent to allow QSL to complete its due diligence investigations and to continue negotiations. Ultimately, on 18 August 2025, QSL formally withdrew from the proposed investment.
- Maturity of and standstill agreement in relation to Existing Notes* - In May 2023, HRL raised approximately A\$25 million through the issuance of secured convertible notes. The funding was provided by two investors: EMR Existing Noteholders who contributed US\$12 million (approximately A\$18 million) and Tectonic Investment Management, which invested A\$7 million. These notes were fully drawn by December 2023 and were used to advance the development of the Muga Project, support pre-construction activities, and facilitate ongoing engagement with potential strategic investors. In December 2023, HRL raised a further A\$8.9 million through the issue of a second tranche of secured convertible notes. The notes were issued to the Existing EMR Noteholders and Tectonic, along with an additional institutional investor. As with the notes issued in May 2023, these notes were secured over all the shares in and shareholder loans to the Company's indirect wholly owned subsidiary Geoalcali, as well as the assets in KCL, Geoalcali's immediate holding company. On 13 May 2025, the Company entered into an agreement with the Existing EMR Noteholders to extend the maturity date of both tranches of its convertible notes. A second deed of amendment was executed on 31 July 2025 to further extend the maturity dates. However, the notes remained unpaid, and on 11 September 2025, the Company announced that it had entered into a standstill agreement with the Existing EMR Noteholders, the controlling noteholder, following the maturity of both tranches in August 2025. Under the standstill agreement, the Existing EMR Noteholders, and therefore, the other noteholders, agreed not to enforce, initiate enforcement action, or instruct the enforcement of any security interest held until the earlier of 1) 31 October 2025, or 2) the occurrence of a further default event under the terms of the notes.

Financial Information

Financial Performance

- 5.23 The table below illustrates Highfield's statements of comprehensive income for the financial years ended 31 December 2023, 31 December 2024 and the half-year ended 30 June 2025.

Figure 1 - Highfield's consolidated statements of financial performance

Consolidated statements of financial performance A\$	CY23 Audited	CY24 Audited	1H CY25 Reviewed
Continuing operations			
Gain/(Loss) on foreign exchange	(34,600)	42,935	(12,580)
Listing and share registry expenses	(135,727)	(204,306)	(59,429)
Professional and consultant's fees	(1,928,608)	(4,685,661)	(2,974,770)
Director and employee costs	(3,274,134)	(3,498,501)	(1,462,219)
Share-based payments expense	(319,469)	(328,625)	(24,116)
Donations	(81,862)	(31,440)	-
Depreciation	(26,274)	(19,493)	(2,755)
Impairment - exploration	-	(910,848)	-
Other expenses	(1,593,084)	(1,899,238)	(1,370,497)
Fair value on convertible note	(1,210,184)	8,468,461	5,478,414
Net interest (paid)/received	(3,511,380)	(16,167,362)	(4,518,827)
Other financial expenses	-	-	(45,278,538)
Loss before income tax	(12,115,322)	(19,234,078)	(50,225,317)
Income tax expense	-	-	-
Net loss for the period	(12,115,322)	(19,234,078)	(50,225,317)
Other comprehensive income			
Exchange differences on translation of foreign operations	4,241,079	4,348,953	12,320,438
Total comprehensive loss for the period	(7,874,243)	(14,885,125)	(37,904,879)

Source: Highfield annual reports, Highfield half-year reports, GTCF Analysis.

- 5.24 Highfield's financial performance reflects the early-stage exploration and development of the underlying assets with no revenue being generated and costs mainly relating to professional and consultant's fees, and director and employee costs.
- 5.25 The Company recorded an impairment expense of A\$0.9 million in CY24 relating to deferred exploration and evaluation expenditure. The impairment expense was identified after a thorough review of the carrying balance of Muga and mainly related to consultant's costs incurred in prior years.
- 5.26 Other expenses relate primarily to insurance costs which were A\$0.3 million in half-year ended 30 June 2025 and A\$0.7 million in CY23 and CY24. The Company also recorded a loss on the sale of deferred E&E assets in the half-year ended 30 June 2025 totalling A\$0.5 million.
- 5.27 Net interest paid primarily refers to the payment in kind on the convertible notes issued in May 2023 via addition to the face value. The Company also earns a small amount of interest income from cash positions held by in both Spanish and Australian institutions.
- 5.28 In the half-year ended 30 June 2025, the Company recorded other financial expenses of c. A\$45.2 million, primarily relating to an impairment expense for transaction costs previously capitalised as deferred costs. These costs included upfront bank fees, commitment fees, and legal expenses associated with the previous senior secured project finance facility. In line with the Company's announcement on 11 September 2025, which informed shareholders that the facility had been terminated, this impairment was recognised following the exit of all syndicate banks.

Financial position

- 5.29 The table below illustrates Highfield's consolidated statements of financial position as at 31 December 2023, 31 December 2024 and 30 June 2025.

Figure 2 - Highfield's consolidated statements of financial position

Consolidated statements of financial position A\$	31-Dec-23 Audited	31-Dec-24 Audited	30-Jun-25 Reviewed
Current Assets			
Cash and cash equivalents	14,083,844	11,959,572	6,432,542
Other receivables	28,181,863	39,120,297	191,348
Total Current Assets	42,265,707	51,079,869	6,623,890
Non-Current Assets			
Other receivables	1,208,422	1,311,542	1,010,256
Property, plant and equipment	13,127,954	13,579,883	14,529,512
Deferred exploration and evaluation expenditure	147,313,513	155,102,389	165,285,062
Total Non-Current Assets	161,649,889	169,993,814	180,824,830
Total Assets	203,915,596	221,073,683	187,448,720
Current Liabilities			
Trade and other payables	16,896,675	10,427,949	17,541,148
Tax payable	-	8,210,619	8,880,006
Short term bank debt	9,889,127	7,499,087	1,055,612
Loans and borrowings	-	40,386,901	44,984,117
Derivative financial liability	-	5,478,414	-
Total Current Liabilities	26,785,802	72,002,970	72,460,883
Non-Current Liabilities			
Loans and borrowings	22,790,641	-	-
Derivative financial liability	8,017,843	-	-
Other non-current liabilities	3,026,635	3,787,536	248,137
Total Non-Current Liabilities	33,835,119	3,787,536	248,137
Total Liabilities	60,620,921	75,790,506	72,709,020
Net Assets	143,294,675	145,283,177	114,739,700

Source: Highfield annual reports, Highfield half-year reports, GTCF Analysis.

- 5.30 Movements in cash and cash equivalents are primarily driven by payments related to exploration and evaluation activities, with a significant portion attributable to the development of the Muga Project. Additional cash outflows include project financing fees and general working capital requirements.
- 5.31 The Company does not currently generate revenue and is therefore reliant on financing activities to fund its operations. These financing activities have historically included the issuance of securities and proceeds from convertible notes. However, this has been limited in 1H CY25, resulting in a decrease in cash and cash equivalents at 30 June 2025.
- 5.32 The current portion of other receivables experienced a significant decrease from c. A\$39.1 million as at 31 December 2024 to c. A\$0.2 million as at 30 June 2025. This was primarily due to a reduction of prepaid expenses which reflected the transactions costs relating to the financing for the Muga Project. As

described in analysis of financial performance, an impairment expense was incurred in relation to these costs following the termination of the Company's senior secured project finance facility.

- 5.33 Capitalised exploration and evaluation expenditure exclusively relates to the Muga Project and costs have been capitalised on the basis it is expected to be recouped through future successful development or alternatively a sale of the respective mining areas.
- 5.34 Trade and other payables consist of trade payables, provisions and accruals which are non-interest bearing. This includes a provision for land expropriation of c. A\$6.3 million and a provision for payment of employee incentives of c. A\$1.1 million, which have both been deferred until either the full capital funding of Muga is completed or additional adequate funding is obtained.
- 5.35 A significant portion of the tax payable at December 2024 and June 2025 (and included in trade and other payables at December 2023) relates to a construction tax payable to the Town Hall of Sangüesa. This was requested following the permit it approved in 2023, however, has not yet been invoiced. Geoalcali, a wholly owned subsidiary of the Company, has appealed the proposed quantum of the tax, requesting suspension of payment. The appeal is still pending resolution²⁴.
- 5.36 Other non-current liabilities include a restoration provision, which accounts for the present value of the company's legal obligation to dismantle and remove certain items of property, plant, and equipment and to restore and rehabilitate the land on which they were situated.
- 5.37 Short term bank debt refers to commitment fees payable to the bank syndicate that participate in the financing of the Muga Project.
- 5.38 As at 30 June 2025, the Company has total current loans and borrowings of c. A\$45.0 million which relate to the value of existing convertible notes. A total of 2,652 notes were issued across two tranches, with the notes carrying an annual interest rate of 14%. A breakdown of these notes is provided below.

²⁴ HRL half-year report 30 June 2025

Figure 3 - HRL existing convertible notes as at 30 June 2025

HRL existing convertible notes			
	Issue date	Number of notes	Debt value (A\$)
Tranche 1			
Existing EMR Noteholders	22-May-23	1,224	24,636,895
Tectonic	22-May-23	714	9,413,347
Total - Tranche 1		1,938	34,050,242
Tranche 2			
Existing EMR Noteholders	21-Feb-24	306	5,580,235
Tectonic	25-Jan-24	306	3,690,653
Institutional investor	29-Dec-24	102	1,662,989
Total - Tranche 2		714	10,933,876
Combined			
Existing EMR Noteholders		1,530	30,217,129
Tectonic		1020	13,103,999
Institutional investor		102	1,662,989
Total - combined		2,652	44,984,117

Source: Management, GTCF analysis

Notes: Figures converted to AUD at a foreign exchange rate of 0.6550.

5.39 Further details regarding the terms of these notes are described below.

Convertible notes

5.40 On 22 May 2023, HRL entered a convertible note deed with the Existing Noteholders and Tectonic. The deed resulted in the issuance of 1,938 notes bearing an interest rate of 14% annually and having a 24-month maturity (Tranche 1). The notes were secured over all the shares in and shareholder loans to the Company's indirect wholly owned subsidiary Geoalcali, as well as all of the assets of KCL, Geoalcali's immediate holding company²⁵. The deed allowed the Existing Noteholders and Tectonic to convert all or some of the notes into HRL Shares at any time. However, if the notes remained outstanding at the time of the first drawdown under the project finance facility, the outstanding notes would mandatorily convert into HRL Shares. The conversion price for the notes was the lower of:

- 1) A\$0.515 being the VWAP of Highfield shares traded over the 20 days prior to convertible note deed issued;
- 2) If a change of control occurs, a 25% discount to the implied valuation per share from the transaction; and
- 3) If Highfield issues any new securities between the issuance of the convertible notes and their maturity (being 22 May 2025), a 10% discount to the lowest issue price or exercise price (subject to a floor of A\$0.2575).

5.41 On 22 December 2023, HRL entered into a further convertible note deed under which 714 convertible notes were issued to the Existing EMR Noteholders, Tectonic and another institutional investor. (Tranche 2). The total raised was US\$6 million (c. A\$8.9 million) with the convertible notes bearing an interest rate

²⁵ Sourced from HRL ASX announcement on 23 May 2023

of 14% (paid via payment in kind) and secured over all of the shares in and shareholder loans to Geoalcali, as well as all of the assets of KCL, Geoalcali's immediate holding company²⁶. In a similar way to Tranche 1, the deed allowed the Existing EMR Noteholders, Tectonic and the other institutional investor to convert all of some of the notes into HRL Shares at any time. However, if the notes remained outstanding at the time of the first drawdown under the project finance facility, the outstanding notes would mandatorily convert into HRL Shares. The conversion price for the notes was the lower of:

- 1) A\$0.3147 (VWAP of HRL Shares traded over the 20 days prior to convertible note deed issued);
- 2) If a change of control occurs, a 25% discount to the implied valuation per HRL Share from the Transaction; and
- 3) If Highfield issues any new securities between the issuance of the convertible notes and their maturity (being 22 June 2025), a 10% discount to the lowest issue price or exercise price (subject to a floor of A\$0.1574).

5.42 On 13 May 2025, the controlling noteholder, the Existing EMR Noteholders, agreed to extend the maturity date of both the Tranche 1 and Tranche 2 convertible notes. The revised maturity date was set as the earlier of:

- 31 July 2025 (subject to an automatic extension of 75 days if a binding term sheet with QSL was executed by 30 June 2025), or
- The date on which the proposed transaction was terminated by QSL.

5.43 Subsequently, on 31 July 2025, the Company executed a second deed of amendment with the Existing EMR Noteholders. This extended the maturity date to the earliest of:

- 15 August 2025, or
- 31 August 2025, provided QSL had confirmed in writing its intention to proceed with the transaction, or
- The date of termination of the proposed transaction by QSL.

5.44 Following this, on 11 September 2025, the Company announced that it had entered into a standstill agreement with the Existing EMR Noteholders, who, as controlling noteholder, have the ability to amend the terms of all notes and agree waivers unilaterally for all noteholders. Under the standstill agreement, the Existing EMR Noteholders and, therefore, the other noteholders, had agreed not to enforce, take any enforcement action or instruct enforcement of any security interest it held in connection with the maturity of both Tranche 1 and Tranche 2 of the notes until the earlier of:

- 31 October 2025, or
- The occurrence of a further default event under the terms of the notes (such as an event of insolvency or the appointment of an administrator).

²⁶ Sourced from HRL ASX announcement on 22 December 2023

5.45 The convertible notes were assessed to comprise two components being a host debt and a conversion option. As at 30 June 2025, the fair value of the conversion option was determined to be nil, reflecting the fact that the notes had matured on 15 August 2025 and, as at 30 June 2025, the conversion option was deeply out of the money, with effectively no probability of execution. Consequently, the carrying value of the conversion option was reversed through the statement of financial performance, resulting in a fair value gain of c. A\$5.5 million for the half-year ended 30 June 2025.

5.46 The host debt component now represents the contractual obligation to repay the noteholders at maturity, with the redemption amount payable calculated as the face value of the notes plus accrued interest, compounded annually at the contractual rate of 14% per annum over the two-year term. As at 30 June 2025, the value of the host debt component was calculated at c. A\$45.0 million.

Cash flows

5.47 The table below illustrates Highfield's consolidated statements of cash flows for the financial years ended 31 December 2023, 31 December 2024 and the half-year ended 30 June 2025.

Figure 4 - Highfield's consolidated statements of cash flows

Consolidated statement of cash flow A\$	CY23 Audited	CY24 Audited	1H CY25 Reviewed
Cash flows from operating activities			
Payments to suppliers and employees	(10,872,634)	(9,673,143)	(4,950,154)
Interest (paid)/received	152,816	89,461	74,789
Other receipts including GST/VAT received	810,702	777,750	565,486
Net cash used in operating activities	(9,909,116)	(8,805,932)	(4,309,879)
Cash flows from investing activities			
Purchase of plant and equipment	(951,307)	(108,738)	-
Payments for exploration and evaluation expenditure	(8,610,752)	(5,146,088)	(1,788,515)
Net cash used in investing activities	(9,562,059)	(5,254,826)	(1,788,515)
Cash flows from financing activities			
Proceeds from issue of securities	-	17,015,224	8,001,281
Payments for share issue costs	-	(472,515)	(125,803)
Payments of project finance fees	(11,566,518)	(12,619,942)	(7,689,179)
Proceeds from convertible notes	26,070,098	7,574,218	-
Payments for convertible note	(154,036)	-	-
Net cash provided by financing activities	14,349,544	11,496,985	186,299
Net (decrease)/increase in cash	(5,121,631)	(2,563,773)	(5,912,095)
Cash at the beginning of the period	19,446,084	14,083,844	11,959,572
Effect of exchange rate fluctuations on cash	(240,609)	439,501	385,065
Cash at the end of the period	14,083,844	11,959,572	6,432,542

Source: Highfield annual reports, Highfield half-year reports, GTCF analysis.

5.48 Net cash used in investing activities is primarily related to payments for exploration and evaluation expenditure, which has experienced a decrease from CY23 onwards. Exploration and evaluation expenditure relates to each separate area of interest and includes costs associated with the rights to explore, studies, exploratory drilling, trenching and sampling and associated activities.

5.49 The Company does not currently generate revenue and is therefore reliant on financing activities to fund its operations. These financing activities have historically included the issuance of securities and proceeds

from convertible notes. However, the Company has faced challenges in raising sufficient funding during 2025 due to the ongoing challenges associated with the uncertainty in relation to the Goyo concession. This has resulted in a substantial decline in net cash inflows from financing activities to just A\$0.2 million in 1H CY25 and resulting in cash flow challenges.

5.50 Below we have detailed the movement in HRL Shares on issue since CY22:

- 21,612,904 HRL Shares were issued during the year ended 31 December 2022 via a A\$13.4 million institutional placement at a price per HRL Share of A\$0.62. The issue of HRL Shares included 10,806,434 unlisted free options to investors exercisable at \$0.93 per option that matured on 16 June 2024.
- During CY22, 1,000,000 HRL Shares were issued upon conversion of unlisted options exercisable at A\$0.81.
- During CY23, the company issued 5,140,942 HRL Shares to settle the success fees charged by the Company's financial advisor following the execution of the Senior Debt Facility Agreement.
- During CY24, 50,034,205 HRL Shares were issued as part of the Unconditional Placement and 6,891,936 were issued as part of the SPP.
- On 17 January 2025, 24,967,169 HRL Shares were issued as part of the Conditional Placement.

Share capital structure

5.51 As at the date of this IER, the capital structure of HRL comprised the following securities:

- 474,077,043 HRL Shares
- 11,136,037 unlisted options with an exercise price ranging between A\$0.47 and A\$0.94 and a weighted average exercise price of A\$0.83. Vesting of the options are subject to continued employment of employees as various dates.

5.52 We have detailed below the key terms of HRL's existing options including the number of options, exercise price and expiry date of the options.

Figure 5 - HRL unlisted options

Highfield unlisted options			
Option	Number of options	Exercise Price (A\$)	Expiry date
1	1,051,106	\$0.81	31/12/2025
2	333,334	\$0.47	31/12/2025
3	1,439,678	\$0.87	31/12/2025
4	1,298,553	\$0.87	31/12/2026
5	640,723	\$0.94	31/12/2025
6	640,722	\$0.94	31/12/2026
7	640,715	\$0.94	31/12/2027
8	736,440	\$0.94	31/12/2025
9	1,671,434	\$0.79	31/12/2026
10	791,666	\$0.79	31/12/2027
11	891,666	\$0.79	31/12/2028
12	1,000,000	\$0.67	30/06/2027
Total	11,136,037		

Sources: Management, GTCF analysis.

Top Shareholders

5.53 The top HRL Shareholders as at 14 July 2025 are set out below:

Figure 6 - Top HRL Shareholders

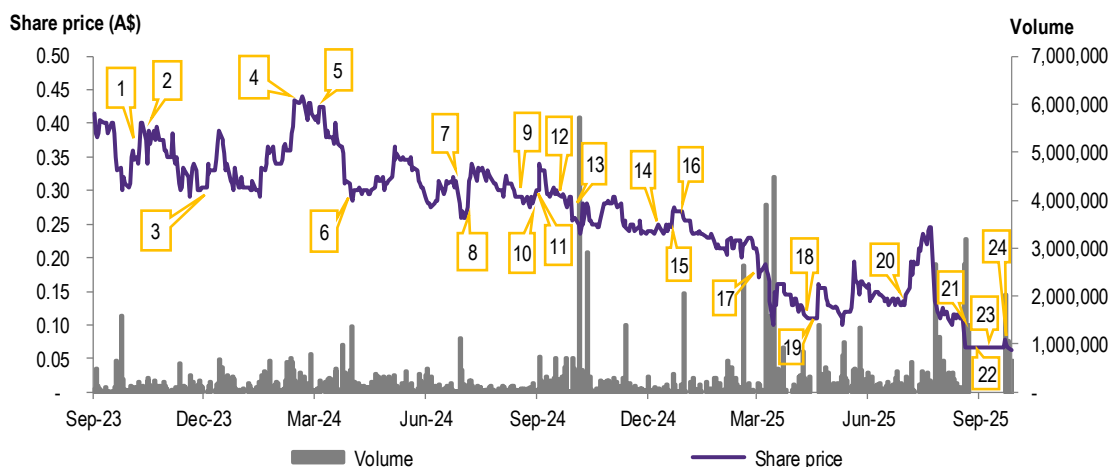
Top five shareholders of Highfield		
Shareholder	No. of shares	Interest (%)
EMR Shareholders	129,006,044	27.2%
WWB Investments Pty. Ltd.	34,620,000	7.3%
Regal Funds Management Pty Ltd.	23,702,902	5.0%
Boutique Capital Pty Ltd	18,022,859	3.8%
Benjamin Haan	10,991,466	2.3%
Top five shareholders total	216,343,271	45.6%
Total remaining shares	257,733,772	54.4%
Total shares	474,077,043	100.0%

Source: Management, GTCF analysis

Share price movements

5.54 Below we have analysed the daily movements in HRL's share price and volumes since September 2023.

Figure 7 - Historical trading prices and volume of HRL Shares



5.55 Figure 8 illustrates the key events that may have impacted the share price and volume movements in HRL Shares since 24 September 2023 shown in Figure 7 above.

Figure 8 – Key announcements of HRL since September 2023

Event	Date	Comment
1	1-Nov-23	Highfield announced it had signed a binding take-or-pay offtake with Padira Premium S.L.U./Maxisalt for up to 75kt per annum, of high-grade vacuum salt per annum, representing 20-30% of the expected annual vacuum salt production in Phase 1 of the Project. The contract is for the first 5 years of production of high-grade salt at the Muga Project.
2	8-Nov-23	Highfield released a 2023 update to the Muga Project Feasibility study, announcing the following: <ul style="list-style-type: none"> NPV of €1.82 billion and 24% IRR (post-tax) EBITDA of approximately €340 million per annum at full production 30 year Life of Mine with planned production over 2 phases to produce up to 1 Mpta of Muriate of Potash Pre-production construction capital requirement of €449 million for Phase 1 and €286 million for Phase2, including 10% contingency. C1 cash cost estimate of €108/t post salt product revenue
3	22-Dec-23	The Company announced it had secured a US\$6 million investment from existing strategic shareholders funds managed by EMR Capital Management Limited, Tectonic Investment Management, and from another institutional investor. The investment will be in the form of convertible notes.
4	12-Mar-24	The company announced it had signed a contract for the declines and underground mining infrastructure with the Portuguese/Spanish joint venture, EPOS_TUNELAN. The contract value is aligned to the estimated construction cost of the decline included in the 2023 Updated Muga Feasibility Study. The value of the decline contract is €48 million which represents 11% of the phase 1 capex of €449 million.
5	27-Mar-24	Highfield released its Annual Report for FY23, announcing the following: <ul style="list-style-type: none"> The Muga Project has been significantly de-risked from the permitting angle with all the relevant licenses, authorizations, and permits having been obtained. Net loss for FY23 of A\$12.1 million Cash and cash equivalents of A\$14.1 million. The company continues to engage with the three nearby ports it has previously signed MOUs with – Pasajes and Bilbao (North of Spain) and Bayonne (South of France)
6	30-Apr-24	The Company announced it had signed a contract with Acciona Construcción S.A. for the Muga Project's Civil Works. The contract value is a lump sum contract with a value of €56.9 million which is in line with the estimated cost included in the 2023 updated Muga Feasibility Study. The contract accounts for a third of the construction budget. After signing with Acciona, Muga is ready to start building upon completion of funding.
7	19-Jul-24	Highfield announced it has entered into a non-binding letter of intent for Cooperation with Yankuang Energy Group, Co., Ltd (Yankuang Energy) and a number of strategic investors, in relation to a proposed

Event	Date	Comment
		<p>strategic cooperation, that would transform Highfield into a globally diversified potash company and deliver the remaining funding (US\$220 million of equity capital) for Phase 1 of the Muga potash project.</p> <p>The proposed cooperation would also entail the inter-conditional acquisition from Yankuang Energy of the Southey potash project in Saskatchewan, Canada by way of direct or indirect acquisition of 100% of the shares in Yancoal Canada.</p> <p>Highfield announced the key highlights of the proposed transaction as:</p> <ul style="list-style-type: none"> • Muga is expected to be fully funded from completion of the proposed transaction. • Establishing a pure play potash company with a diversified portfolio of projects in tier-1 jurisdictions. • Expected combined production capacity of 3.8Mtpa (assuming completion of the Proposed Transaction).
8	23-Jul-24	Highfield released a retraction statement in relation to the announcement in relation to the Southey project, specifically the mine life and planned annual production capacity. The Company emphasised that investors should not place reliance on these statements, as results cannot currently be reported under the JORC (2012) Code.
9	9-Sep-24	<p>The Company released its Half Yearly accounts for FY24, announcing the following:</p> <ul style="list-style-type: none"> • A net loss for the half year ended 30 June 2024 of \$6.2 million. • The company has worked closely with the Mine Departments of Navarra and Aragon and the Townhalls of Sanguesa and Undues de Lerda to maintain the good standing of permits until full construction starts. • Value of construction contracts awarded, align with estimates in the updated Muga Feasibility Study of 7 November 2023. • Cash and cash equivalents of A\$10.2 million for half year ended 30 June 2024.
10	24-Sep-24	<p>Highfield announced that it had entered into binding agreements with Yankuang Energy Group Co., Ltd and a number of strategic investors including Beijing Energy International Holding Co., Ltd and Singapore Taizhong Global Development Pte. Ltd. In relation to a transaction to transform Highfield into a diversified potash company and deliver the remaining funding for Phase 1 of the Muga potash project.</p> <p>The transaction comprises the raising of US\$220 million in equity capital by Highfield from Yankuang Energy and the strategic investors and the inter-conditional acquisition from Yankuang Energy and the Strategic investors and the inter-conditional acquisition from Yankuang Energy of the Southey potash project in Saskatchewan, Canada by way of the direct or indirect acquisition of 100% of the shares in Yancoal Canada Resources.</p>
11	26-Sep-24	Highfield announced the completion of the unconditional component of its institutional placement of new fully paid ordinary shares in Highfield. The unconditional component of the placement raised US\$6 million (equivalent to A\$8.9 million), with the US\$5.0 million (equivalent to A\$7.5 million) committed by the EMR Capital (or its nominee) being subject to shareholder approval.
12	17-Oct-24	Highfield confirmed the completion of its share purchase plan together with the completion of the issuance of a further US\$4.0 million (equivalent to c. A\$6.0 million) worth of new ordinary shares in the Company at an offer price of A\$0.2989, under the conditional component of its institutional placement.
13	28-Oct-24	Highfield released an update in relation to the Goyo mining concession, stating that the court identified a procedural flaw in the internal administrative coordination process in relation to the granting of the mining concession.
14	30-Dec-24	Highfield provided an update on the issue of new ordinary shares in Highfield as contemplated by Resolution 2 to be put to Highfield shareholders at the Company's extraordinary general meeting to be held on 30 December 2024.
15	14-Jan-25	Highfield announced that it received a statement of no objection from Australia's Foreign Investment Review Board in relation to Yankuang Energy's proposed subscription for up to US\$376 million worth of ordinary shares in Highfield at A\$0.50 per share.
16	17-Jan-24	Highfield announced that it could proceed with the issuance of 24,967,169 new ordinary shares for US\$5.0 million, in Company to Meritz as the issuance of such shares to Meritz was approved by the Company's shareholders at the Company's extraordinary general meeting held on the 30 December 2024.
17	28 Mar-25	<p>The Company released its CY24 accounts, announcing the following:</p> <ul style="list-style-type: none"> • A net loss for the full year ended 31 December 2024 of \$19.2 million. • Cash and cash equivalents of A\$12.0 million for full year ended 31 December 2024.

Event	Date	Comment
		<ul style="list-style-type: none"> The independent auditor's report highlighted the existence of a material concern for HRL's capabilities to continue as a going concern.
18	9 May 2025	Highfield announces suspension from quotation as the company prepares to announce its latest funding arrangements. Suspension from quotation lasted until 13 May 2025.
19	13-May-25	Highfield announces the Company has secured a stand-by loan of up to c. €1.15 million from EMR Capital Resources Fund III.
20	12-Sep-25	<p>The Company released its Half Yearly accounts for FY25, announcing the following:</p> <ul style="list-style-type: none"> A net loss for the half year ended 30 June 2025 of \$50.2 million, a c. 44 million decline since 30 June 2024. This increase in net loss was mostly driven by the impairment of capitalised transaction costs relating to the senior secured project finance facility that Highfield had terminated in preparation to the impending change of control anticipated as part of the announced transaction with Yankuang Energy. Cash and cash equivalents of A\$6.4 million for half year ended 30 June 2024.
21	18-Jul-25	Highfield announces non-binding letter of intent for co-operation between Highfield and QSL. Under the terms of the letter, QSL will advance negotiations for the proposed c. US\$300 million equity subscription in Highfield.
22	16-Sep-25	Highfield announces that Yankuang Energy has terminated the implementation agreement with the Company announced 24 September 2024.
23	18-Sep-25	Highfield requested ASX to grant an immediate voluntary suspension in the trading of the Company's ordinary shares for the purposes of accommodating ongoing negotiations with investors regarding a potential capital raising. This voluntary suspension was subsequently approved by the ASX and lasted until 14 October 2025.
24	14-Oct-25	Highfield announces that it has entered into a binding term sheet with EMR Noteholders and Tectonic, and another existing investor for an investment of A\$10 million in the form of convertible notes.

Source: ASX announcements, S&P Global.

5.56 The monthly share price performance of HRL since September 2024 and the weekly share price performance of HRL over the last 16 weeks is summarised below.

Figure 9 – Highfield monthly share price

Highfield Resources Limited	Share Price			Average
	High	Low	Close	weekly volume
	\$	\$	\$	000'
Month ended				
Sep 2024	0.340	0.275	0.330	580
Oct 2024	0.330	0.235	0.280	2,781
Nov 2024	0.290	0.245	0.275	1,290
Dec 2024	0.280	0.225	0.235	751
Jan 2025	0.295	0.235	0.235	953
Feb 2025	0.240	0.190	0.225	678
Mar 2025	0.235	0.170	0.190	2,069
Apr 2025	0.180	0.100	0.130	2,251
May 2025	0.170	0.100	0.120	1,276
Jun 2025	0.220	0.095	0.150	1,927
Jul 2025	0.195	0.125	0.195	818
Aug 2025	0.265	0.105	0.110	2,199
Sep 2025	0.125	0.059	0.067	1,925
Week ended				
04 Jul 2025	0.155	0.135	0.145	508
11 Jul 2025	0.150	0.130	0.130	471
18 Jul 2025	0.140	0.125	0.140	1,155
25 Jul 2025	0.145	0.130	0.145	804
01 Aug 2025	0.195	0.135	0.190	959
08 Aug 2025	0.235	0.190	0.235	687
15 Aug 2025	0.265	0.215	0.245	956
22 Aug 2025	0.170	0.105	0.110	5,838
29 Aug 2025	0.125	0.110	0.110	1,751
05 Sep 2025	0.125	0.100	0.115	1,004
12 Sep 2025	0.120	0.060	0.066	6,060
19 Sep 2025	0.067	0.059	0.067	1,409
26 Sep 2025	-	-	0.067	-
03 Oct 2025	-	-	0.067	-
10 Oct 2025	-	-	0.067	-
17 Oct 2025	0.081	0.061	0.067	3,937

Sources: S&P Global, GTCF analysis.

6. Note Security

6.1 The assets which underpin the Note Security fall at various levels within HRL's ownership structure relating to the Muga Project. Geoalcali, a Spanish entity, owns the Muga Project directly. KCL, an Australian entity, owns 100% of Geoalcali, and KCL itself is a wholly owned subsidiary of HRL.

6.2 As set out in the NoM, the Note Security includes the following:

- *Intra-group receivables* - KCL grants security over receivables payable by Geoalcali to KCL, governed by New South Wales law.
- *All Assets of KCL* - Security over all of KCL's assets, including its shareholding in Geoalcali, governed by New South Wales law.
- *Shares in Geoalcali* - Specific security governed by Spanish law over KCL's shares in Geoalcali.

All assets of KCL, including intra-group receivables

6.3 Below we set out KCL's latest balance sheet which includes net assets of A\$54,545. This is primarily comprised of a A\$73.9 million investment in Geoalcali and a A\$146.4 million loan to Geoalcali, which are offset by a A\$220.3 million loan from HRL.

Figure 10 - Financial position of KCL

KCL statement of financial position	30-Sep-25
A\$	Management
Non-Current Assets	
Investment - Geoalcali	73,866,066
Intercompany loan to Geoalcali	146,438,899
Intercompany loan from HRL	(220,250,419)
Total Non-Current Assets	54,545
Total Assets	54,545
Total Liabilities	-
Net Assets	54,545

Source: Management, GTCF analysis

Shares in Geoalcali

6.4 Below we have summarised the most recent balance sheet of Geoalcali's which includes net assets of EUR 10.8 million. These net assets are primarily comprised of EUR 90.4 million in capitalised exploration and evaluation expenditure associated with the Muga Project, EUR 8.1 million in property, plant and equipment, and EUR 1.9 million in cash and cash equivalents. These assets are offset by EUR 77.0 million in intercompany loans payable to KCL, which forms part of the intra-group receivable security held by KCL as described above. The remainder of Geoalcali liabilities consists of EUR 13.2 million in trade payables, accruals, and other operating obligations.

Figure 11 - Financial position of Geoalcali

Geoalcali statement of financial position	30-Sep-25
EUR	Management
Current Assets	
Cash and cash equivalents	1,917,350
Other receivables	50,335
Other current assets	400
Total Current Assets	1,968,085
Non-Current Assets	
Intercompany loan from KCL	(77,029,081)
Property, plant and equipment	8,096,035
Deferred exploration and evaluation expenditure - Muga Project	90,422,951
Other non-current assets	562,976
Total Non-Current Assets	22,052,880
Total Assets	24,020,965
Current Liabilities	
Trade and other payables	5,564,535
Accruals	3,406,362
Short-term bank debt	588,250
Land expropriation accrual	3,496,969
Total Current Liabilities	13,056,115
Non-Current Liabilities	
Other non-current liabilities	138,277
Total Non-Current Liabilities	138,277
Total Liabilities	13,194,392
Net Assets	10,826,573

Source: Management, GTCF analysis

7. Valuation methodologies

Introduction

7.1 In accordance with our adopted valuation approach set out in section 3, our fairness assessment involves comparing the potential proceeds from the sale of the assets pursuant to the Note Security which would be provided to EMR Noteholders and Tectonic and the value of the outstanding liability which would be owing to EMR Noteholders and Tectonic in the event of a default under the New Notes and the Existing Notes.

7.2 Grant Thornton Corporate Finance has assessed the value using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

7.3 Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

Valuation methodologies

7.4 RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders in an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine schemes received by the target for any business units or assets as a basis for valuation of those business units or assets.

7.5 Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

7.6 RG 111 does not prescribe any of the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question, and the availability of relevant information.

Selected valuation methods

Granting of the security

- 7.7 RG 111 states that a proposed transaction with a related party or a substantial shareholder is 'fair' if the value of the financial benefit to be provided by the entity to the related party or substantial shareholder is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 7.8 In this case, the consideration attributable to EMR Noteholders and Tectonic are the proceeds from sale of the shares and shareholder loans in Geoalcali S.L.U as well as the assets of KCL, being the security granted against the New Notes and amended in respect of the Existing Notes, in the event of HRL's default on the New Notes or the Existing Notes.
- 7.9 The granting and amending of the Note Security is 'fair' if the proceeds provided to EMR Noteholders and Tectonic are equal or less than the value of HRL's liabilities, owed to EMR Noteholders and Tectonic, at the time of default.

8. Fairness of granting the Note Security

- 8.1 Refer to the discussion in the executive summary.

Sources of information, disclaimer and consents

Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- HRL annual reports for CY23, CY24 and half-year report for 1H CY25.
- HRL ASX announcements.
- Monthly Management accounts and short-term forecasts.
- Management accounts for Geoalcali and KCL.
- Draft NoM.
- Management presentations and CFO reports.
- Access to other relevant documents provided by Management.
- Transaction databases such as S&P Global Capital IQ and Mergermarket.
- Other publicly available information.
- In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from Management of Highfield and its advisers.

Limitations and reliance on information

This report and opinion are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This Report has been prepared to assist the Directors in advising the Non-Associated Shareholders in relation to the Transaction. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Transaction is fair and reasonable to the Non-Associated Shareholders.

HRL has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the explanatory memorandum to be sent to the Non-Associated Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the Company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the Company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the Company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Glossary

\$ or A\$	Australian Dollar
1H or 2H	First half or respective second half the relevant financial/calendar year
AFSL or AFS Licence	Australian Financial Services license
APES 225	Accounting Professional and Ethical Standard 225 "Valuation Services"
Aragon	A major Spanish province
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Beijing Energy International	Beijing Energy International Holding Co., Ltd
Binding Term Sheet	The binding term sheet that HRL has entered into with EMR Capital, Tectonic and an another existing institutional investor as announced by the Company on 14 October 2025
BNP or BNP Paribas	BNP Paribas S.A.
Board or Board of Directors	The Board of Directors of Highfield
CAGR	Compound annual growth rate
Capex	Capital expenditure
Capital IQ or CapIQ or S&P Global	S&P Global
Chapter 10	Chapter 10 of the ASX Listing Rules which governs transactions with related parties, requiring shareholder approval to be obtained for acquisitions or disposals for substantial asset deals and director-related benefits
Corporations Act	Corporations Act 2001 (Cth)
CY	Calendar year
DCF	Discounted Cash Flow valuation methodology
DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
Directors	The Directors of Highfield
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EMR Capital	EMR Capital Management Limited
EMR Noteholders	The EMR Note Subscribers and the Existing EMR Noteholders
EMR Note Subscribers	Each of (a) Potash (Muga) Investment Pte. Ltd. (formerly EMR Capital Investment (No.2B) Pte. Ltd.) and (b) EMR Capital GP III Limited as general partner of EMR Capital Resources Fund III, LP
EMR Shareholders	Each of (a) EMR Capital GP Limited as general partner of EMR Capital Resources Fund, LP, (b) Potash (Muga) Investment Pte. Ltd., (c) Potash (Muga) and Copper (Patagonia) Holdings Limited (formerly known as EMR Capital Investment (No. 3) Cayman Ltd) and (d) Meritz Securities Co., Ltd.
EPOS-TUNELAN	A joint venture for Highfield's Muga potash project
EUR	Euros
Existing EMR Noteholders	Each of (a) EMR Capital GP III Limited as general partner of EMR Capital Resources Fund III, LP and (b) Potash (Muga) Investment Pte. Ltd.
Existing Non-Associated Noteholders	Holders of the Existing Notes other than the EMR Shareholders
Existing Notes	The existing convertible notes which are on issue in the Company (as announced by the Company to the ASX on 23 May 2023 and 22 December 2023), forming part of its senior secured financing package
FIRB	Foreign Investment Review Board
FSG	Financial Services Guide
FY	Financial Year
Geocali	Geocali S.L.U, HRL's wholly-owned Spanish subsidiary that has ownership interest in the Muga Project
GMOP	Granular Muriate of Potash
Goyo or Goyo Concession	A key mining permit for HRL's Muga Potash Project in Spain, currently under administrative review
GST	Goods and Services Tax
GTCF, Grant Thornton or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
HRL Shares and HRL Shareholders	The ordinary shares of HRL, with shareholders being the holders of such shares
HRL, Highfield or the Company	Highfield Resources Limited, trading on the ASX under the ticker ASX:HFR
HSBC	HSBC Bank
ICL	ICL Group Ltd
ICL Iberia	ICL Iberia Suria & Sallent
IDOM	An independent Spanish professional services firm
IER or Independent Expert's Report	The Independent Expert Report that Grant Thornton has been commissioned to produce on behalf of Highfield
IGAN	IGAN Consulting Group
ING or ING Bank	ING Bank N.V.
Institutional Note Subscribers	Tectonic and an institutional investor
IRR	Internal Rate of Return
JORC	Joint Ore Reserves Committee
KCI	Potassium chloride
KCL	KCL Resources Limited, a wholly-owned subsidiary of HRL
Keytrade AG	Ketrade AG is Highfield's Muga potash offtake partner, supporting global distribution and commercialisation strategy
LOM	Life of Mine
Management	Management of Highfield

Maxisalt	Padira premium S.L.U./Maxisalt
MOP	Muriate of Potash (most potassium-rich potash product)
MOU	Memorandum of Understanding
MRE	Mineral Resource Estimate
Muga or Muga Project	Highfield's flagship Potash mine in northern Spain
Navarra	A major Spanish province
New Notes	Additional convertible notes to be issued by Highfield Resources, to expand or restructure Highfield's financing for the Muga Project
Non-Associated Shareholders	Shareholders of the Company other than the Existing EMR Noteholders and the EMR Note Subscribers
Note Security	The security that was granted in September 2023 in respect of the Existing Notes and is to be amended and extended to the New Notes (i.e. by way of: (1) security (governed by New South Wales law) granted by KCL over the intra-group receivables payable by Geoalcali to KCL and security granted over all of KCL's assets (including its shares in Geoalcali); and (2) a specific security (governed by Spanish law) granted over the shares KCL holds in Geoalcali).
NoM	The notice of meeting to which this IER has been included in
NPV	Net Present Value
Options	The options exercisable into Highfield Shares
PVC	Polyvinyl chloride
QSL	Qinghai Salt Lake Industry Co., Ltd
Quoted Security Pricing Method	Quoted price for listed securities, where there is a liquid and active market
Report	This IER
Restrictions	The restrictions placed on the granting of the Note Security on the Existing Notes being (1) the requirement for shareholder approval prior to any disposal of the secured assets to Existing EMR Noteholders, Tectonic, or their associates; and (2) the requirement that any enforcement sale of the secured assets by Existing EMR Noteholders or Tectonic (or their appointed receivers) must be to an unrelated third party on arm's length commercial terms
RG	Regulatory Guide
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
SdP	Sierra del Perdón Project
Section 640	Section 640 of the Corporations Act requires a target to include an independent expert report if the bidder is connected to the target, such as having 30% voting power or shared directorships, to assess whether the offer is fair and reasonable
SLR	SLR Consulting
SMOP	Standard Muriate of Potash
SOP	Sulphate of Potash (specialised potash product)
Southey Project or Southey Potash Project	A feasibility stage potash mine in Canada that was been abandoned by HRL
SPP	The Share Purchase Plan of Highfield
Taizhong Global Development	Singapore Taizhong Global Development Pte. Ltd
Tectonic	Tectonic Investment Management and related parties
Tranche 1	The first tranche of convertible notes issued to EMR Capital and Tectonic under a convertible note deed dated 22 May 2023
Tranche 2	The second tranche of convertible notes issued to EMR Capital, Tectonic and another institutional investor under a convertible note deed and announced by the Company on 22 December 2023
Transaction or The Transaction	The transaction, as disclosed in the Binding Term Sheet, to which the Company will raise capital of A\$10 million (before costs) by way of issuance of New Notes and amendments to the terms of the Existing Notes to bring the terms of such Existing Notes into line with the terms agreed in the Binding Term Sheet
TSJN	Superior Court of Justice of Navarra
Vipasca or Vipasca permit	HRL's strategic potash exploration permit adjacent to Muga
VWAP	Volume weighted average price
WACC	Weighted Average Cost of Capital
Yancoal Canada	Yancoal Canada Resources Co., Ltd, a subsidiary of Yancoal
Yankuang Energy	Yankuang Energy Group Co., Ltd
YTD	Year to date

Your proxy voting instruction must be received by **4:00pm (ACDT) on Saturday, 29 November 2025**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 - APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of Key Management Personnel.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automicgroup.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE:

<https://automicgroup.com.au>

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

