Termination of Agreement with Yankuang

Highfield Resources Limited (ASX: HFR) ("Highfield" or "the Company") announces that it has received notice from Yankuang Energy Group Co., Ltd ("Yankuang Energy") terminating the implementation agreement (and the associated equity subscription agreement) between Yankuang Energy and the Company (refer to the ASX announcement dated 24 September 2024, "Creation of a New Globally Diversified Potash Company").

Receipt of that notice has the effect of automatically terminating the equity subscription agreements between the Company and each of Beijing Energy International Co., Ltd and Singapore Taizhong Global Development Pte. Ltd. (which were entered into at the same time as the implementation agreement).

The Board acknowledges Yankuang Energy's decision and notes that the transaction announced on 24 September 2024 will no longer proceed. The termination of these agreements removes the exclusivity provisions previously in place and provides Highfield with the ability to actively pursue a wider range of strategic options as it progresses its funding strategy.

Highfield remains committed to progressing its flagship Muga Potash Project and continues to actively review alternative funding options that align with the Company's strategic objectives. In particular, HFR is currently in active discussions regarding a potential capital raising and will make an ASX announcement once these discussions are finalised. The Company also continues its focus on prudently managing working capital and minimising expenses across the Group as it works towards the best outcome possible for shareholders and major stakeholders.

-ENDS-

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

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About Highfield Resources

Highfield Resources is an ASX listed potash company which is planning on commencing full scale construction of its flagship high margin, low capex Muga Project in Spain having finalised the initial site preparatory work and having received all permits and key licences. Muga's Mining Concession was granted in 2021, the ramp construction licence in Aragón in 2022 and the process plant construction licence in Navarra in 2023.

Muga is a unique project – with shallow mineralization and no aquifers above it there is no need to build a shaft. There is high quality and readily accessible infrastructure already in place in the region and importantly, the Muga Project is located in the heart of a European agricultural region which has a clear deficit in potash supply.

Highfield's potash tenements (Muga-Vipasca, Pintanos, and Sierra del Perdón) are located in the Ebro potash producing basin in Northern Spain, covering an area of around 250km^2.

FIGURE 1: LOCATION OF MUGA-VIPASCA, PINTANOS, AND SIERRA DEL PERDÓN TENEMENT AREAS IN NORTHERN SPAIN.