

**HIGHFIELD RESOURCES LIMITED**  
**ACN 153 918 257**

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**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**PROXY FORM**

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**Date of Meeting**

Tuesday 30 May 2023

**Time of Meeting**

3.30 pm (Adelaide time)

**Place of Meeting**

HLB Mann Judd  
Level 1, 169 Fullarton Rd  
ADELAIDE South Australia 5065

via webcast

<https://ccmediaframe.com/?id=xbolGPMf>

**MEETING FORMAT**

The Company will be holding the AGM both in person and virtually. As was the case last year the Company will decide the outcome of voting on the resolutions in the Notice by proxy voting, submitted ahead of the Meeting, and via in-person and online poll 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. To lodge your proxy, please follow the directions on your personalised proxy form which will be enclosed with the copy of the Notice, delivered to you by email or post (depending on your communication preferences).

The Company is happy to answer questions prior to the close of proxy voting via email, such questions should be sent to the following email address [k\\_adams@geoalcali.com](mailto:k_adams@geoalcali.com).

## NOTICE OF ANNUAL GENERAL MEETING

### HIGHFIELD RESOURCES LIMITED ACN 153 918 257

Notice is hereby given that the Annual General Meeting of shareholders of Highfield Resources Limited (**Company**) will be held at HLB Mann Judd Level 1, 169 Fullarton Rd, Adelaide, South Australia 5065 and via webcast at 3.30 pm (Adelaide time) on Tuesday 30 May 2023.

#### Ordinary Business

To consider the Financial Statements for the financial year ended 31 December 2022 and accompanying reports of the Directors and Auditor.

#### Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass, with or without amendment, the following resolution as a non-binding ordinary resolution:

*'That the Company adopt the Remuneration Report for the year ended 31 December 2022 as set out in the Company's Annual Report for the year ended 31 December 2022.'*

#### Resolution 2: Re-election of Mr Brian Jamieson as Director

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

*'That Mr Brian Jamieson, having voluntarily retired in accordance with clause 12.11.1 of the Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the Meeting.'*

#### Resolution 3: Issue of Options to Managing Director – Mr Ignacio Salazar

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

*'That for the purpose of Listing Rule 10.14 and for all other purposes, approval is given to the issue by the Company of 2,639,296 options to Mr Ignacio Salazar under the employee incentive scheme known as 'Highfield Resources Limited Employee Long Term Incentive Plan' on the terms and conditions set out in the Explanatory Memorandum.'*

#### Resolution 4: Approval of Previous Issue of Shares – ASX Listing Rule 7.1

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

*'That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval is given to the previous issue by the Company of 2,119,425 Shares under ASX Listing Rule 7.1 on the terms and conditions described in the Explanatory Statement which is attached to and forms part of this Notice.'*

#### **Resolution 5: Approval of Previous Issue of Shares – ASX Listing Rule 7.1**

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

*‘That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval is given to the previous issue by the Company of 21,612,904 Shares under ASX Listing Rule 7.1 on the terms and conditions described in the Explanatory Statement which is attached to and forms part of this Notice.’*

#### **Resolution 6: Approval of Previous Issue of Options – ASX Listing Rule 7.1**

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

*‘That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval is given to the previous issue by the Company of 10,806,434 Options under ASX Listing Rule 7.1 on the terms and conditions described in the Explanatory Statement which is attached to and forms part of this Notice.’*

#### **Resolution 7: Approval of Employee Long Term Incentive Plan**

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

*‘That for the purpose of Listing Rule 7.2, Exception 13(b) and for all other purposes, the Company approves the issue of securities under the employee incentive scheme known as ‘Highfield Resources Limited Employee Long Term Incentive Plan’, the rules of which are annexed as Annexure C to the Explanatory Memorandum, as an exception to Listing Rule 7.1.’*

#### **Resolution 8: Approval of 10% Placement Facility**

To consider and, if thought fit, pass, with or without amendment, the following resolution as a **special resolution**:

*‘That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.’*

**Resolution 9: Constitution Amendments**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*'That, for the purposes of section 136(2) of the Corporations Act and for all other purposes the Constitution of the Company be amended in the manner described in the Explanatory Memorandum accompanying the notice convening this meeting, with effect from the close of the meeting.'*

**DATED 28 APRIL 2023  
BY ORDER OF THE BOARD  
HIGHFIELD RESOURCES LIMITED**



**Katelyn Adams  
COMPANY SECRETARY**

## NOTES:

### 1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in both this Notice of Annual General Meeting and the Explanatory Memorandum.

### 2. Voting Exclusion Statements

#### Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (i) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (ii) the person is the chair of the meeting and the appointment of the chair as proxy:
  - does not specify the way the proxy is to vote on the resolution; and
  - expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

#### Resolution 3

- For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 if:
  - the person is either:
    - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
    - a Closely Related Party of such a member; and
  - the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and

- the appointment expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.
- For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any :
  - persons referred to in listing rule 10.14.1, 10.14.2 or 10.1.3 who is eligible to participate in the employee incentive scheme in question; or
  - any associates of those persons.

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

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution 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 the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 4**

- For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any:
  - persons who participated in the issue of shares; or
  - any associates of those persons.

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

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution 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 the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 5**

- For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any:
  - persons who participated in the issue of shares; or
  - any associates of those persons.

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

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution 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 the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 6**

- For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any:
  - persons who participated in the issue of options; or
  - any associates of those persons.

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

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

- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution 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 the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 7**

- For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7 if:
  - the person is either:
    - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
    - a Closely Related Party of such a member; and
  - the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
- the appointment expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.
- For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of any :
  - persons who are eligible to participate in the Highfield Resources limited Employee Long Term Incentive Plan; or
  - any associates of those persons.

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

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



- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution 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 the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 3. Proxies

A shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the shareholder at the Meeting. A proxy need not be a shareholder. If the shareholder is entitled to cast two or more votes at the 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:

- 3.1 cast the shareholder's vote online by visiting [www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login) 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
- 3.2 complete and lodge a validly completed and signed paper proxy form at the share registry of the Company, Advanced Share Registry Services:
  - (a) in person at the following address:  
Advanced Share Registry  
110 Stirling Highway  
NEDLANDS WA 6009
  - OR
  - (b) by post at the following address:  
Advanced Share Registry  
PO Box 1156  
NEDLANDS WA 6909
  - OR
  - (c) by facsimile on (08) 6370 4203 (within Australia) or +61 8 6370 4203 (outside Australia); or

- 3.3 for Intermediary Online subscribers only (custodians), cast the shareholder's vote online by visiting [www.advancedshare.com.au/investors.aspx](http://www.advancedshare.com.au/investors.aspx),

so that it is received no later than 3.30 pm (Adelaide time) on Sunday 28 May 2023.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolutions 1, 3, and 7 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolutions 1, 3, and 7 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the chair may change his or her voting intention on any resolution, in which case an ASX announcement will be made.

#### 4. 'Snap Shot' Time

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snapshot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting. The Directors have determined that all shares of the Company that are quoted on ASX as at 7:00 pm (Adelaide time) on Sunday 28 May 2023 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the shares at that time.

#### 5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of shareholders of Highfield Resources Limited to be held on Tuesday 30 May 2023. 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 Resolutions 1 to 9 (inclusive).

### 1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 31 December 2022 contains a Remuneration Report which sets out the remuneration policy of the Company.

An electronic copy of the Annual Report is available to download or view on the Company's website at [www.highfieldresources.com.au](http://www.highfieldresources.com.au). The Annual Report has also been sent by post to those shareholders who have previously elected to receive a hard copy. In addition, the Company has also enabled online voting, details of which are explained on the proxy form.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Section 250R(4) of the Corporations Act prohibits a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, under section 250R(5) of the Corporations Act a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Resolution 1 is an advisory resolution.

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

Please also note that under sections 250U and 250V of the Corporations Act, if at two consecutive annual general meetings of a listed company at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these annual general meetings there must be put to the vote a resolution that another meeting be held within 90 days at which all directors (except the managing director) who were directors at the date the remuneration report was approved at the second annual general meeting must stand for re-election. So, in summary, shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives 'two strikes'. The Remuneration Report did not receive a 'first strike' at the Company's last annual general meeting.

## 2. **RESOLUTION 2: RE-ELECTION OF MR BRIAN JAMIESON AS DIRECTOR**

Clause 12.11.1 of the Constitution requires that at each annual general meeting one-third of the Directors excluding the Managing Director, if their number is not three or a multiple of three, then the number nearest one-third must retire from office. Clause 12.13 of the Constitution provides that a Director retiring at an annual general meeting who is not disqualified by law from being reappointed is eligible for re-election. Accordingly, Mr Brian Jamieson retires as a Director and, being eligible, offers himself for re-election.

A resume for Mr Jamieson follows:

### **Mr Brian Jamieson**

Non-Executive Director, **FCA, FAICD**

Mr Jamieson has over 40 years' experience in the advisory, manufacturing, resources and technology industries in Australia and offshore.

Mr Jamieson was a Non-Executive Director of ASX listed Oxiana/OZ Minerals Limited from 2005 to 2015 and served as Chairman of Audit Risk and Compliance, Nomination and Remuneration, and Due Diligence Committees. He was a Non-Executive Director of Tatts Group Limited from 2005 to December 2017 and served as the Chairman of Audit and Risk Committee, Chairman of the Due Diligence Committee and member of the Remuneration Committee. Mr Jamieson is a Non-Executive Director of IODM Limited, Non-Executive Chairman of ASX listed Energy Technologies Limited., and a Director of the Bionics Institute of Australia.

Mr Jamieson was Chief Executive of Minter Ellison Melbourne from 2002-2005. Prior to joining Minter Ellison, Mr Jamieson was Chief Executive Officer at KPMG Australia from 1998-2000, Managing Partner of KPMG Melbourne and Southern Regions from 1993-1998 and Chairman of KPMG Melbourne from 2001-2002. Prior to the merger of Touche Ross & Co and Peat Marwick Hungerfords to form KPMG, Mr Jamieson was the Managing Partner for Australia for Touche Ross & Co.

He has over 30 years' experience in providing advisory and audit services to a diverse range of public and large private companies. He is also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Resolution 2 is an ordinary resolution.

The Directors (with Mr Jamieson abstaining) recommend that shareholders vote in favour of Resolution 2.

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

### 3. RESOLUTION 3: ISSUE OF OPTIONS TO MANAGING DIRECTOR – MR IGNACIO SALAZAR

#### 3.1 General

The Company has agreed, subject to obtaining shareholder approval, to issue options to its Managing Director as part of his long-term incentive based remuneration package. Resolution 3 seeks shareholder approval for the issue of 2,639,296 options, each to acquire one ordinary share in the Company, under the Highfield Resources Limited Employee Long Term Incentive Plan (**Plan**) to the Managing Director Mr Ignacio Salazar (**Options**) for the financial year 1 January 2023 to 31 December 2023.

Each Option will vest as one share. In order for the Options to vest as shares Mr Salazar must be an employee of the Highfield Group as at the vesting assessment date of the respective tranche (**Vesting Condition**) as shown below:

Tranche 1 879,765 Options – Vesting assessment date 31 December 2023  
Tranche 2 879,765 Options – Vesting assessment date 31 December 2024  
Tranche 3 879,766 Options – Vesting assessment date 31 December 2025

Unless the Board determines otherwise, in the event that the Vesting Condition of any tranche is not met, the Options for that tranche will not vest and, as a result, no new shares will be issued for that tranche.

Once vested, Options will be exercisable at \$0.79 per share (calculated on the VWAP for December 2022, being the month preceding the start of the 2023 financial and LTI Plan year, plus a 25% premium). All of the Options will have a three-year exercise period commencing after the vesting assessment date as shown below:

Tranche 1 Vesting date 31 December 2023. Expiry Date 31 December 2026  
Tranche 2 Vesting date 31 December 2024. Expiry Date 31 December 2027  
Tranche 3 Vesting date 31 December 2025. Expiry Date 31 December 2028

Full details of the terms and conditions of the Options are set out in Annexure A.

Mr Salazar joined the Company as CEO in July 2020 and was appointed to the Board as Managing Director on 28 July 2021. As part of his incentive-based remuneration package, the Board has determined that, subject to shareholder approval, Mr Salazar be issued 2,639,296 unlisted Options in the Company pursuant to the terms of the Plan for the 2023 financial year which commenced on 1 January 2023.

The Options will be granted as a component of Mr Salazar's remuneration in order to retain his expertise and provide an incentive linked to the longer-term performance of the Company relative to the market.

#### 3.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Options to Mr Salazar constitutes giving a financial benefit and Mr Salazar is a related party of the Company by virtue of being a current Director.

The Directors (other than Mr Salazar) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### 3.3 **Listing Rule 10.14**

Listing Rule 10.14 requires shareholder approval for the acquisition of securities by a director (or an associate of a director) of the entity (or a person whose relationship with the entity or the director or associate, is in ASX's opinion, such that approval should be obtained) under an employee incentive scheme.

The approval sought is to grant Mr Salazar 2,639,296 Options under the Plan. Options are relevant securities for the purposes of Listing Rule 10.14.

As the grant of the Options involves the acquisition by a director of the Company of securities under an employee incentive scheme, shareholder approval pursuant to Listing Rule 10.14 is required. It is the view of the Directors that the exceptions set out in Listing Rule 10.15B do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the grant of the Options as approval is being obtained under Listing Rule 10.14. Accordingly, the grant of Options will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of Related Party Options.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of Related Party Options.

### 3.4 **Technical Information required by Listing Rule 10.15**

For the purposes of Listing Rule 10.15 information regarding the proposed Options grant is provided in relation to Resolution 6 as follows:

- Subject to shareholder approval, it is proposed that the Managing Director, Mr Ignacio Salazar, be issued 2,639,296 Options to acquire ordinary shares in the Company, pursuant to the Plan. It is considered appropriate to grant the Options to Mr Salazar as a key component of his remuneration in order to retain his services and provide incentive linked to the performance of the Company.
- Mr Salazar is a Director of the Company and therefore a related party in accordance with Listing Rule 10.11.1
- Mr Salazar's current fixed remuneration package is a gross fixed salary of €468,562 per annum.
- The Options will be issued for nil cash consideration.
- No funds will be raised by the grant of the Options as they are being granted for no consideration. Each Option proposed to be granted entitles Mr Salazar to subscribe for one ordinary share in the Company at the exercise price specified above exercisable during the exercise period specified above. Shares issued on

exercise of the Options will rank equally in all respects with the existing fully paid ordinary shares in the Company. The terms and conditions of the Options are set out in Annexure A.

- Mr Salazar has in previous years received 3,771,053 Options under the Plan since its last approval at the Company's 2020 annual general meeting. These Options were issued for nil cash consideration. Details of prior options issued under the Plan are shown in the Annual Report.
- The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are the current Directors of the Company, however at this time it is intended that only Mr Salazar will receive Options pursuant to the Plan, subject to shareholder approval.
- The options have been valued using the binomial method:

Tranche 1 879,765 Options – Fair Value of \$0.2066 per option  
Tranche 2 879,765 Options – Fair Value of \$0.2412 per option  
Tranche 3 879,766 Options – Fair Value of \$0.2717 per option

Using the following inputs:

Estimated share price at grant: \$0.67  
Exercise Price: \$0.79  
Volatility: 45%  
Risk Free interest rate: 3.19%

- The key terms of the Long-Term Incentive Plan are detailed in Annexure C.
- A voting exclusion statement has been included for the purposes of Resolution 3.
- No loan will be provided by the Company in relation to the grant or exercise of the Options proposed to be provided to Mr Salazar.
- If shareholder approval is obtained, the Options will be granted to Mr Salazar as soon as practicable after the Meeting, but in any event, within 12 months after the Meeting.
- Details of the issue of these options will be published in the annual report for the period to which they relate, along with a statement that approval for the issue was obtained under listing rule 10.14.
- Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who are not named in the notice of meeting will not participate until approval is obtained under that rule.

Resolution 3 is an ordinary resolution.

The Directors (other than Mr Salazar) do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 3 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the

chair to vote for or against or abstain from voting on Resolution 3 by marking the appropriate box on the proxy form.

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

4. **RESOLUTION 4: APPROVAL OF PREVIOUS ISSUE OF SHARES – ASX LISTING RULE 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any 12-month period other than the number which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12-month period (**15% placement capacity**).

ASX Listing Rule 7.4 provides that an issue of securities made without approval under ASX Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of those ASX Listing Rules if shareholders subsequently approve it and the issue did not breach ASX Listing Rule 7.1.

As announced to the ASX on 30 November 2020, the Company appointed Endeavour Financial (“Endeavour”) as the financial advisor to support the project financing of the Company’s flagship Muga Project. Having signed definitive documentation for €320.6 million in project financing (refer ASX announcement 23 December 2022), the Company was obliged to pay Endeavour Financial 80% of the ‘Success Fee’ in accordance with the Company’s agreement with Endeavour Financial, a total of €1,695,540. The Company agreed to settle 50% of the invoice in new Fully Paid Ordinary Shares, with an FX rate of 1.55 AUD/EUR and closing price on ASX on 16 February, 2023 of \$0.62. The calculations and material terms of the agreement are shown below.

On 5 April 2023, the Company announced the proposed issue of 2,119,425 Shares (**Endeavour Shares**) at an issue price of \$0.62 (62 cents) per Share to pay for financial services rendered. The Endeavour Shares were issued on 12 April 2023. All of the Endeavour Shares were issued without Shareholder approval under ASX Listing Rule 7.1.

Accordingly, the Company is seeking Shareholder approval under ASX Listing Rule 7.4 to approve the issue on 12 April 2023 of:

- 2,119,425 Shares issued under the Company’s 15% share issue capacity.

Without Shareholder approval pursuant to ASX Listing Rule 7.4, the issue will be counted towards the Company’s 15% share issue capacity to issue securities in the future without obtaining Shareholder approval.

For the purpose of ASX Listing Rule 7.5 information regarding the Placement Shares is provided as follows:

- 2,119,425 Shares have been issued under the Company’s 15% placement capacity.
- The Shares were issued at \$0.62 (62 cents) per Share.
- The Shares were issued on 12 April 2023
- The terms and conditions of the Shares are the same as the terms and conditions of already issued Shares.
- The Shares were issued to Endeavour Financial to pay for financial services rendered.
- The number of Shares issued was calculated in accordance with the terms of the agreement with Endeavour Financial:



- Total 'Success Fee' calculated on a percentage basis of €320.6 million in senior financing.
- Total 'Success Fee' equates to €2,119,425.
- 80% of 'Success Fee' due on signing of definitive documentation, equating to €1,695,540.
- 50% of €1,695,540 to be settled in new Fully Paid Ordinary Shares, equating to €847,770.
- FX at invoice due date (16 February 2023): 1.55 AUD/Euro.
- Amount due in AUD: \$1,314,044
- Closing price on ASX on due date (16 February 2023): \$0.62.
- Shares issued: 2,119,425.

The purpose of the issue of shares pursuant to Resolution 4 is to pay for financial services rendered by Endeavour Financial.

If Resolutions 4, 5, and 6 are passed, the Company will have the full capacity available under ASX Listing Rule 7.1.

If Resolution 4 is not passed, the issue will be counted towards the Company's 15% placement capacity to issue securities in the future without obtaining Shareholder approval.

A voting exclusion statement has been included for the purposes of Resolution 4.

Resolution 4 is an ordinary resolution.

The Directors do not have an interest in the outcome of Resolution 4 and recommend that Shareholders vote in favour of Resolution 4.

The chair intends to vote undirected proxies in favour of Resolution 4.

## 5. **RESOLUTION 5: APPROVAL OF PREVIOUS ISSUE OF SHARES – ASX LISTING RULE 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any 12-month period other than the number which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12-month period (**15% placement capacity**).

ASX Listing Rule 7.4 provides that an issue of securities made without approval under ASX Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of those ASX Listing Rules if shareholders subsequently approve it and the issue did not breach ASX Listing Rule 7.1.

On 12 December 2022, the Company announced a placement of 21,612,904 Shares (**Placement Shares**) at an issue price of \$0.62 (62 cents) per Share to raise \$13,000,000. The Placement Shares were issued on 19 December 2022. All of the Placement Shares were issued without Shareholder approval under ASX Listing Rule 7.1.

Accordingly, the Company is seeking Shareholder approval under ASX Listing Rule 7.4 to approve the issue on 19 December 2022 of:

- 21,612,904 Shares issued under the Company's 15% share issue capacity.

Without Shareholder approval pursuant to ASX Listing Rule 7.4, the issues will be counted towards the Company's 15% share issue capacity to issue securities in the future without obtaining Shareholder approval.

For the purpose of ASX Listing Rule 7.5 information regarding the Placement Shares is provided as follows:

- 21,612,904 Shares have been issued under the Company's 15% placement capacity.
- The Shares were issued at \$0.62 (62 cents) per Share.
- The Shares were issued on 19 December, 2022.
- The Shares were issued for cash consideration not under an agreement.
- The terms and conditions of the Shares are the same as the terms and conditions of already issued Shares.
- Canaccord Genuity (Australia) Limited and Taylor Collison Limited acted as joint lead managers to the Placement. The allottees of the Shares are institutional, professional and sophisticated investor applicants as determined by the lead managers following a review of the Company's share register and identification of potential new investors, and the running of a bookbuild process. None of the allottees that participated in the issue were;
  - A related party of the Company;
  - A member of the key management personnel of the Company
  - A substantial holder in the Company;
  - An adviser of the Company; or
  - An associate of any of the above
- Funds raised from the issue of the Placement Shares have been and will continue to be used to provide runway to finalise the project finance and other strategic alternatives to complete the construction funding, to fund early work activities at the Muga Potash Mine as well as for general working capital and corporate costs.

If Resolutions 4, 5, and 6 are passed, the Company will have the full capacity available under ASX Listing Rule 7.1.

If Resolution 5 is not passed, the issue will be counted towards the Company's 15% placement capacity to issue securities in the future without obtaining Shareholder approval.

A voting exclusion statement has been included for the purposes of Resolution 5.

Resolution 5 is an ordinary resolution.

The Directors do not have an interest in the outcome of Resolution 5 and recommend that Shareholders vote in favour of Resolution 5.

The chair intends to vote undirected proxies in favour of Resolution 5.

6. **RESOLUTION 6: APPROVAL OF PREVIOUS ISSUE OF OPTIONS – ASX LISTING RULE 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any 12-month period other than the number which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12-month period (**15% placement capacity**).

ASX Listing Rule 7.4 provides that an issue of securities made without approval under ASX Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of those ASX Listing Rules if shareholders subsequently approve it and the issue did not breach ASX Listing Rule 7.1.

On 12 December 2022, the Company announced a placement of 21,612,904 Shares (**Placement Shares**) at an issue price of \$0.62 (62 cents) per Share to raise \$13,000,000. The Placement Shares were issued on 19 December 2022. All of the Placement Shares were issued without Shareholder approval under ASX Listing Rule 7.1 and are subject to shareholder approval under Resolution 5. Participants in the placement were issued one (1) unlisted free attaching option (**Placement Options**) for every two (2) Placement Shares received in the Offer, with a A\$0.93 exercise price and an exercise date 18-months from issue. 10,806,434 Placement Options were issued on 19 December 2022. All of the Placement Options were issued without Shareholder Approval under ASX Listing Rule 7.1.

Accordingly, the Company is seeking Shareholder approval under ASX Listing Rule 7.4 to approve the issue on 19 December 2022 of:

- 10,806,434 Options issued under the Company's 15% placement capacity.

Without Shareholder approval pursuant to ASX Listing Rule 7.4, the issues will be counted towards the Company's 15% placement capacity to issue securities in the future without obtaining Shareholder approval.

For the purpose of ASX Listing Rule 7.5 information regarding the Placement Options is provided as follows:

- 10,806,434 Options have been issued under the Company's 15% share issue capacity.
- The Options were issued for nil consideration as free attaching options to the Placement Shares, not under an agreement.
- The Options were issued on 19 December, 2022.
- The material Terms and Conditions of the Placement Options can be found at Annexure B
- Canaccord Genuity (Australia) Limited and Taylor Collison Limited acted as joint lead managers to the Placement. The allottees of the Options are institutional, professional and sophisticated investor applicants as determined by the lead managers following a review of the Company's share register and identification of potential new investors, and the running of a bookbuild process. None of the allottees that participated in the issue were;
  - A related party of the Company;
  - A member of the key management personnel of the Company
  - A substantial holder in the Company;
  - An adviser of the Company; or

- An associate of any of the above
- Funds raised from the issue of the Placement Securities have been and will continue to be used to provide runway to finalise the project finance and other strategic alternatives to complete the construction funding, to fund early work activities at the Muga Potash Mine as well as for general working capital and corporate costs.

If Resolutions 4, 5, and 6 are passed, the Company will have the full capacity available under ASX Listing Rule 7.1.

If Resolution 6 is not passed, the issue will be counted towards the Company's 15% placement capacity to issue securities in the future without obtaining Shareholder approval.

A voting exclusion statement has been included for the purposes of Resolution 6.

Resolution 6 is an ordinary resolution.

The Directors do not have an interest in the outcome of Resolution 6 and recommend that Shareholders vote in favour of Resolution 6.

The chair intends to vote undirected proxies in favour of Resolution 6.

## 7. **RESOLUTION 7: APPROVAL OF EMPLOYEE LONG TERM INCENTIVE PLAN**

By ordinary resolution passed at the Annual General Meeting of the Company held on 27 May 2020, the Company approved the issue of securities pursuant to a long term incentive plan, known as the Highfield Resources Limited Employee Long Term Incentive Plan (Plan), under which employees, consultants, officers and Directors may be offered the opportunity to receive options, performance rights or deferred share awards (Awards) in order to increase the range of potential incentives available to them, and to strengthen links between the Company and the Plan's participants. In particular the Plan aims to encourage employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all employees. It also aims to encourage employee retention through deferred vesting mechanisms.

The Plan is designed to provide at risk potential long term incentives to employees and, from time to time, consultants and Directors of the Company which are aligned to creation of shareholder value and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that Awards are a cost effective and efficient means of incentivising participants. To enable the Company to secure and retain employees, consultants, officers and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such persons. The Plan is designed to achieve this objective by encouraging continued improvement in performance over time and by encouraging those persons to acquire and retain significant shareholdings in the Company.

Under the Plan, the Board may offer to eligible persons the opportunity to receive such number of Awards in the Company as the Board may decide and on terms set out in the rules of the Plan. Awards granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 contains a number of exceptions to Listing Rule 7.1. In particular, Exception 13(b) of Listing Rule 7.2 provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if within three years before the date of issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

The purpose of Resolution 7 is to seek approval of the issue of securities under the Plan for the purpose of Exception 13(b) of Listing Rule 7.2 and for all other purposes.

If Resolution 7 is passed, the Company may issue Awards under the Plan without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

If Resolution 7 is not passed, the Company may still issue Awards under the Plan but it will reduce, to that extent, the Company's capacity to issue equity securities without shareholder approval under Listing Rule 7.1 for 12 months following the issue.

In accordance with the requirements of Exception 13(b) of Listing Rule 7.2 the following information is provided:

- a copy of the rules of the Plan is contained in Annexure C to this Explanatory Memorandum;
- shareholders have previously approved the issue of securities under the Plan for the purpose of Exception 13(b) of Listing Rule 7.2 at the Annual General Meeting of the Company held on 27 May 2020, and 13,955,805 Awards have been issued under the Plan since this date;
- a maximum number of 20,000,000 Awards are proposed to be issued under the Plan following approval;
- a voting exclusion statement has been included for the purpose of Resolution 7.

Resolution 7 is an ordinary resolution.

As the Directors are excluded from voting on this resolution they do not wish to make a recommendation as to how shareholders ought to vote in respect of the resolution.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 7 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 7 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 7.

## 8. **RESOLUTION 8: APPROVAL OF 10% PLACEMENT FACILITY**

### 8.1 **General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**10% Placement Facility**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. As at the date of this Notice, the Company is an eligible entity for these purposes.

Resolution 8 seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without shareholder approval. The exact number of Equity Securities which may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 8.2(c)).

If Resolution 8 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 8 is not passed, the Company will not be able to access the 10% Placement Facility and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

## 8.2 Description of Listing Rule 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue the following classes of Equity Securities:

- ordinary shares quoted on ASX
- options not quoted on ASX

### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may, during the period of the approval, issue or agree to issue, during the 10% Placement Period (refer to section 8.2(f)), a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of fully paid ordinary securities on issue at the commencement of the relevant period:
- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;

- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

*(Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.)*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

*(Note that **relevant period** has the same meaning in Listing Rule 7.1, namely:*

- *if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or*
- *if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.)*

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 387,042,791 quoted ordinary shares and therefore has a capacity to issue:

- (i) 58,056,418 Equity Securities under Listing Rule 7.1; and
- (ii) subject to shareholder approval being obtained under Resolution 8, 38,704,279 under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 8.2(c)).

(e) **Minimum Issue Price**

The Equity Securities issued under Listing Rule 7.1A.2 must be issued for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date referred to in section 8.2(e)(i), the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the first to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the entity's next annual general meeting; and
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**8.3 Listing Rule 7.1A**

The effect of Resolution 8 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 8 is a special resolution and therefore requires approval of at least 75% of the votes cast by shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the Resolution.



#### 8.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- (a) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition) and/or general working capital.
- (b) There is a risk that:
  - (i) the market price for the Company's Equity Securities in the same class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities in the same class on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in formula in Listing Rule 7.1A.2		Issue Price		
		\$0.275 50% decrease in issue price	\$0.55 issue price	\$1.10 100% increase in issue price
<b>Current Variable 'A'</b> 387,042,791 shares	<b>10% voting dilution</b>	38,704,279 shares	38,704,279 shares	38,704,279 shares
	<b>Funds raised</b>	\$10,643,677	\$21,287,353	\$42,574,707
<b>50% increase in current Variable 'A'</b> 580,564,186 shares	<b>10% voting dilution</b>	58,056,418 shares	58,056,418 shares	58,056,418 shares
	<b>Funds raised</b>	\$15,965,515	\$31,931,030	\$63,862,060
<b>100% increase in current Variable 'A'</b> 774,085,582 shares	<b>10% voting dilution</b>	77,408,558 shares	77,408,558 shares	77,408,558 shares
	<b>Funds raised</b>	\$21,287,353	\$42,574,707	\$85,149,414

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No current options are exercised into shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements pursuant to the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and no other issues of Equity Securities.
- The issue of Equity Securities under the 10% Placement Facility consists only of shares.
- The issue price is \$0.55, being the closing price of the shares on ASX on 6 April 2023.

- (c) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities and the number of Equity Securities allotted to each will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- For personal use only
- (i) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which the existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders (subject to shareholder approval, if required) and/or new shareholders who are not related parties or associates of a related party of the Company.

- (d) The Company was not an Eligible Entity at the time of the 2022 Annual General Meeting and has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Meeting.
- (e) At the time of dispatching this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2.

Resolution 8 is a **special resolution**.

The Directors recommend that shareholders vote in favour of Resolution 8.

The chair intends to vote undirected proxies in favour of Resolution 8.

#### 9. **RESOLUTION 9: CONSTITUTION AMENDMENTS**

Under section 136(2) of the Corporations Act, a company can modify or repeal its constitution or a provision of its constitution by special resolution. A special resolution must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

The Board proposes to adopt amendments to the Company's Constitution to reflect current laws, corporate governance, and market practice. The proposed changes are described in Annexure D and the principal effect of the changes is outlined below.

Topic	Effect of proposed change if resolution is passed
Virtual and hybrid meetings	<p>Provides the Company with the flexibility to hold general meetings as fully virtual or hybrid meetings (as well as physical meetings).</p> <p>The board recognises the importance of shareholders having an opportunity, wherever possible, to physically attend general meetings, and only intends holding virtual only meetings where there is no reasonable alternative (for example during a pandemic).</p>
Direct voting	Gives the Company flexibility to offer direct voting at general meetings, where members may vote directly before a general meeting without appointing a proxy or other representative.
Rotation of directors	Clarifies the existing provisions in the Constitution relating to the rotation of directors to ensure they will be consistent with the relevant requirements under the Listing Rules, which provide that the managing director is not required to retire by rotation.
Notices	Modernises provisions relating to notices in accordance with the Corporations Act and Listing Rules.

A copy of the Constitution containing the proposed amendments is located on the Company's website at: <https://www.highfieldresources.com.au/corporate-governance/>

The Directors recommend that shareholders vote in favour of Resolution 9.

The chair intends to vote undirected proxies in favour of Resolution 9.

## 10 GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

**10% Placement Facility** has the meaning given in section 8.1;

**10% Placement Period** has the meaning given in section 8.2(f);

**ASX** means ASX Limited ACN 008 624 691;

**Board** means the board of directors of the Company;

**Closely Related Party** of a member of the Key Management Personnel for an entity means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependant of the member or of the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- e) a company the member controls; or
- f) a person prescribed as such by the *Corporations Regulations 2001* (Cth);

**Company** means Highfield Resources Limited ACN 153 918 257;

**Constitution** means the existing constitution of the Company;

**Corporations Act** means *Corporations Act 2001* (Cth);

**Director** means a director of the Company;

**Equity Securities** has the same meaning as in the Listing Rules;

**Key Management Personnel** has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

**Listing Rules** means the listing rules of ASX;

**Meeting** means the meeting of shareholders convened by the Notice;

**Notice** means the notice of meeting to which this Explanatory Memorandum is attached;

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

**VWAP** means volume weighted average market price.

## ANNEXURE A

### (OPTIONS TO MANAGING DIRECTOR UNDER TERMS OF THE HIGHFIELD RESOURCES LIMITED EMPLOYEE LONG TERM INCENTIVE PLAN)

1. Each option entitles the holder to one ordinary share in the Company.
2. Subject to paragraph 3, the options held by the optionholder are exercisable in whole or in part at any time during the period (**Exercise Period**) commencing on the date of grant and expiring at 5.00 pm (CST) on that date which is three (3) years after the date of grant (**Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
3. Prior to the Expiry Date, the options shall vest in three individual tranches as shown below (**Vesting Date**):  
  
Tranche 1 879,765 Options – Vesting date 31 December 2023  
Tranche 2 879,765 Options – Vesting date 31 December 2024  
Tranche 3 879,766 Options – Vesting date 31 December 2025  
  
providing the participant remains an employee of the Highfield Group as at the respective tranche Vesting Date (each a **Vesting Condition**).
4. The optionholder must notify the Company at least five business days before exercising any options. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of \$0.79 per option in cleared funds.
5. The Company will not apply for official quotation on ASX of the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
6. The Board has the discretion to waive the Vesting Condition, including if any of the following events occur:
  - (a) if a takeover bid is made, the takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or
  - (b) on the date of despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act seeking approval for a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - (c) on the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the options, to sufficient shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
  - (a) elect to be registered as the new holder of the options;

- (b) whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
- (c) if the deceased has already exercised options, pay the exercise price in respect of those options.

8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
  - O = the old exercise price of the option;
  - E = the number of underlying ordinary shares into which one option is exercisable;
  - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
  - S = the subscription price for a security under the pro rata issue;
  - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
  - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

## ANNEXURE B

### (TERMS AND CONDITIONS OF PLACEMENT OPTIONS)

1. Each option entitles the holder to one ordinary share in the Company.
2. The options held by the optionholder are exercisable in whole or in part at any time during the period commencing on the date of grant and expiring on 16 June 2024 (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
3. The optionholder must notify the Company at least five business days before exercising any options. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of \$0.93 per option in cleared funds.
4. The Company will not apply for official quotation on ASX of the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
5. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
  - (a) elect to be registered as the new holder of the options;
  - (b) whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
  - (c) if the deceased has already exercised options, pay the exercise price in respect of those options.
6. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
7. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
8. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;



- P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
- S = the subscription price for a security under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

9. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

ANNEXURE C

(HIGHFIELD RESOURCES LIMITED EMPLOYEE LONG TERM INCENTIVE PLAN)

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## **Employee Long Term Incentive Plan Rules**

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# Employee Long Term Incentive Plan

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## 1 Introduction

### Purpose of plan

- 1.1 The Company has established this Plan to encourage Employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.

### Advice

- 1.2 There are legal and tax consequences associated with participation in the Plan. Employees should ensure that they understand these consequences before accepting an invitation to participate in the Plan.
- 1.3 Any advice given by or on behalf of the Company is general advice only, and Employees should consider obtaining their own financial product advice from an independent person who is licensed by ASIC to give such advice.
- 

## 2 Definitions and Interpretation

### Definitions

- 2.1 In these Rules unless the contrary intention appears, terms defined in the Corporations Act or Listing Rules have the same meaning in these Rules, and:

**Application** means a written acceptance of an Offer for, or an application for, Awards in a form approved by or acceptable to the Board.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited or the securities market which it operates, as the context requires.

**Award** means:

- (a) an Option,
- (b) a Performance Right,
- (c) a Deferred Share Award,
- (d) as applicable.

**Board** means the Board of Directors of the Company.

**Company** means Highfield Resources Limited (ABN 51 153 918 257).

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

**Deferred Share Award** means a Share issued under clause 3.4.

**Employee** means a person or entity within the meaning of "eligible participant" as defined in ASIC Class Order [Co 14/1000] as varied from time to time of the Company or of any related body corporate of the Company.

**exercise** means exercise of an Award in accordance with its terms, and includes automatic exercise in accordance with these Rules.

**Exercise Price** means the price payable (if any) per Share to exercise an Award.

**Expiry Date** means the date on which an Award lapses, being the date specified in an Offer as the Expiry Date, or fixed by a method of calculation set out in an Offer.

**issue** of a Share includes the transfer of an existing Share in accordance with clause 7.3.

**Issue Price** means the price (if any) to be paid for the issue of a Share as stated in the Offer.

**Liability** means any liability, whether actual or contingent, present or future, quantified or unquantified.

**Listed** means the Company being and remaining admitted to the official list of the ASX.

**Listing Rules** means the Listing Rules of ASX and any other rules of the ASX which are applicable while the Company is Listed each as amended or replaced from time to time, except to the extent of any waiver granted by the ASX.

**Market Price** means the weighted average sale price of Shares on the ASX over the five trading days immediately preceding the day the Offer is made, or another pricing method determined by the Company.

**Offer** means an offer or issue of Awards made to an Employee under clause 4. Where Awards are issued without the need for acceptance, an Offer includes the document setting out the terms of the Award.

**Option** means an option to acquire Shares issued under clause 3.2.

**Participant** means an Employee to whom Awards are issued.

**Performance Right** means a right to acquire a Share issued under clause 3.3.

**Plan** means this Employee Incentive Plan.

**Restricted Award** means an Award or a Share issued on exercise of an Award in respect of which a restriction on sale or disposal applies under this Plan.

**Restriction Period** means the period during which Awards, or Shares issued on exercise of Awards, must not be sold or disposed of, being the period specified in these Rules in respect of Deferred Share Awards and as specified in the Offer in respect of other Awards.

**Rules** means these rules as amended from time to time.

**Security Interest** means a right, interest, power or arrangement in relation to any property which provides security for, or protects against default by a person in, the payment or satisfaction of a debt, obligation or Liability, including a mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance or hypothecation and a security interest as defined in sections 12(1) and 12(2) of the *Personal Property Securities Act 2009* (Cth).

**Share** means a fully paid ordinary share of the Company.

**Tax Act** means the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, or any legislation amending or replacing the provisions of those Acts relating to the issue and exercise of Awards.

**Vesting Conditions** means any conditions described in the Offer that must be satisfied before an Award can be exercised or before an Award (or Share issued under an Award) is no longer subject to forfeiture.

**Vesting Date** means the date on which an Award is exercisable or is no longer subject to forfeiture following satisfaction of any Vesting Conditions.

## Interpretation

2.2 In these Rules, unless expressed to the contrary:

- (a) terms defined in the Corporations Act have the same meaning in these Rules;
- (b) words importing:
  - (i) the singular include the plural and vice versa;
  - (ii) any gender includes the other genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes its legal personal representatives, successors and assigns;
  - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (iv) a right includes a benefit, remedy, discretion, authority or power;
  - (v) "\$" or "dollars" is a reference to the lawful currency of Australia;
  - (vi) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
  - (vii) any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.

## Headings

2.3 Headings are for convenience only and do not affect the interpretation of these Rules.

## Tax treatment of Plan

2.4 This Plan is a plan to which Subdivision 83A-C of the Tax Act applies (subject to the conditions in that Act).

---

## 3 Awards that may be made under the Plan

3.1 The Company may, at the discretion of the Board, offer and issue Awards to Employees of the kind set out in this clause 3.

## Options

3.2 The Company may offer or issue Options, which are rights to be issued a Share upon payment of the Exercise Price and satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:

- (a) Options are Restricted Awards until they are exercised or expire.

- (b) An Offer may specify a Restriction Period for Shares issued on the exercise of Options.
- (c) Options are subject to adjustment under clause 11.

### **Performance Rights**

- 3.3 The Company may offer or issue Performance Rights, which are rights to be issued a Share for nil Exercise Price upon the satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:
- (a) Performance Rights are Restricted Awards until they are exercised or expire.
  - (b) An Offer may specify a Restriction Period for Shares issued on the exercise of Performance Rights.
  - (c) Performance Rights are subject to adjustment under clause 11.

### **Deferred Share Awards**

- 3.4 The Company may offer or issue Deferred Share Awards, which are Shares issued to Employees:
- (a) who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
  - (b) by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment.
- 3.5 Unless a different Restriction Period is specified in an Offer, the Restriction Period for Deferred Share Awards will expire on the earlier of:
- (a) when a Participant ceases to be an Employee;
  - (b) when the Board, in its discretion, agrees to end the Restriction Period; and
  - (c) 10 years from the date of issue of the Shares.

---

## **4 Offers of Awards**

- 4.1 Subject to clause 5, the Company may make an Offer to any Employee.

### **Form of Offer**

- 4.2 Each Offer must be in writing (which includes email), include an Application if acceptance is required, and specify the following to the extent applicable:
- (a) the name and address of the Employee to whom the Offer is made;
  - (b) the type of Awards being offered;
  - (c) the number of Awards being offered;
  - (d) any Vesting Conditions for the Awards;
  - (e) the Issue Price and/or Exercise Price for the Awards, or the manner in which the Issue Price and/or Exercise Price is to be determined;
  - (f) the Expiry Date (if any);

- (g) any Restriction Period;
- (h) any other terms or conditions that the Board decides to include; and
- (i) any other matters required to be specified in the Offer by either the Corporations Act or the Listing Rules.

4.3 If required by applicable laws or the conditions to applicable ASIC relief, the Offer must include an undertaking by the Company to provide to a Participant, if a request is made before the Award is Exercised and within a reasonable period of being so requested, the current market price of the Shares.

### **Compliance with laws**

4.4 No Offer will be made to the extent that any such Offer would contravene the Company's Constitution, the Listing Rules, the Corporations Act or any other applicable law.

### **Acceptance**

- 4.5 If acceptance of an Offer is required, it may be accepted:
- (a) by an Employee completing and returning the Application, as required by the Offer, by not later than the date specified in the Offer; and
  - (b) if required, by the Employee making or directing payment of the total amount payable for the Awards (if any) accepted under the Offer, in the manner specified in the Offer.
- 4.6 An Offer which requires acceptance lapses if it is not accepted by the Employee to whom the Offer is made as required under clause 4.5.

---

## **5 Dilution limit**

- 5.1 An Offer of Awards must not be made if the total of the following:
- (a) the number of Shares which are the subject of the Offer of Awards;
  - (b) the total number of Shares which are the subject of any outstanding Offers of Awards;
  - (c) the total number of Shares issued during the previous three years under this Plan or any other employee share scheme extended only to Employees of the Company (adjusted if necessary in each case for capital reorganisations), but not including existing Shares transferred to a Participant after having been acquired for that purpose; and
  - (d) the total number of Shares which would be issued under all outstanding Awards that have been granted but which have not yet been exercised, terminated or expired, assuming all such Awards were exercised and ignoring any Vesting Conditions,
- but disregarding any Offer made, or Award offered or issued, or Share issued by way of or as a result of:
- (a) an offer to a person situated outside Australia at the time of receipt of the offer;
  - (b) an offer that was an excluded offer or invitation as defined in the Corporations Law as in force before the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act 1999;
  - (c) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;



- (d) an offer that did not require the giving of a Product Disclosure Statement because of section 1012D of the Corporations Act; or
- (e) of offer made under a disclosure document or Product Disclosure Statement as defined in the Corporations Act,

would exceed 5% of the number of Shares on issue at the time of the Offer.

---

## **6 Vesting and Exercise of Awards**

### **Vesting**

- 6.1 The Awards held by a Participant will vest in and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in the Offer and in accordance with these Rules.
- 6.2 Vesting Conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Award).

### **Automatic Exercise**

- 6.3 Unless clause 6.4 applies, the vesting of an Award on the satisfaction of any Vesting Conditions will not automatically trigger the exercise of the Award.
- 6.4 The terms of an Award which has a nil Exercise Price may provide for the Award to be exercised automatically upon vesting. Further, and whether or not the terms of the Award provide for it, the Board may in its discretion waive any requirement that an issued Award which has a nil Exercise Price be exercised by the Participant. In either case the Company will treat the Award as having been validly exercised on the Vesting Date.

### **Exercise of Awards**

- 6.5 A Participant is, subject to this clause 6, entitled to exercise an Award on or after the Vesting Date. Any exercise must be for a minimum number or multiple of Shares (if any) specified in the terms of the Offer.
- 6.6 Awards may be exercised by the Participant delivering to the Company a notice stating the number of Awards to be exercised together with the Issue Price (if any) for the Shares to be issued.

---

## **7 Allotment of Shares on exercise or vesting of Awards**

### **Rights attaching to Shares**

- 7.1 The Shares issued under this Plan will upon allotment:
- (a) be credited as fully paid;
  - (b) rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date is before the date of allotment; and
  - (c) be subject to any restrictions imposed under these Rules, and
  - (d) otherwise rank equally with the existing issued Shares at the time of allotment.

## **Quotation**

- 7.2 If the Company is Listed, then as soon as practicable after the date of the allotment of Shares, the Company will, unless the Board otherwise resolves, apply for official quotation of such Shares on the ASX.

## **New or existing Shares**

- 7.3 The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under these Rules.
- 7.4 If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under clause 7.5.

## **Trustee**

- 7.5 The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Shares, options, or other securities of the Company either on behalf of Participants or for the purposes of this Plan.

---

## **8 Share buy-back or transfer**

### **When Shares are bought back or transferred**

- 8.1 Shares held by a Participant will be bought back and cancelled if the relevant Vesting Conditions have not been satisfied by the last date for their satisfaction (if applicable) or have otherwise failed to be satisfied.

### **Buy back price**

- 8.2 The Board may determine any amount that the Company should pay to the Participant in respect of a buy back.

### **How Shares are bought back**

- 8.3 A Participant and the Company must do whatever is necessary or desirable to effect a buy-back or transfer of Shares when required under clause 8. Each Participant irrevocably appoints the Company and each of its Directors and secretaries from time to time severally as its attorney to sign any document necessary or desirable, and carry out any act, on that Participant's behalf for the purposes of this clause 8.
- 8.4 If it is impractical to buy back Shares to which this clause 8 applies, or if the Board in its discretion otherwise determines, the Company may instead of buying back the relevant Shares direct that they be transferred to a person nominated by the Company.

---

## **9 Restricted Awards**

### **Restrictions**

- 9.1 A Participant must not sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Restricted Awards, or agree to do any of those things, during the Restriction Period.

- 9.2 The Company may implement any procedures it considers appropriate to ensure that Restricted Awards are not disposed of during the Restriction Period, including applying a holding lock in respect of Shares.
- 9.3 Without limiting its discretions under these Rules, the Board may at any time in its discretion waive or shorten the Restriction Period applicable to an Award.

### **Bonus issues**

- 9.4 If the Company makes a pro rata bonus issue to holders of Restricted Awards, the Shares issued to Participants under the pro rata bonus issue will be subject to the balance of the Restriction Period that applied to the Restricted Awards.

### **Takeovers etc**

- 9.5 If a takeover bid is made to acquire all of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for Shares in the Company, then Participants are entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their Awards notwithstanding that the Restriction Period in respect of such Awards has not expired. The Board may, in its discretion, waive unsatisfied Vesting Conditions in relation to some or all Awards in the event of a such a takeover or other transaction.

### **Personal representatives**

- 9.6 If a Participant dies before the end of the Restriction Period, then the legal personal representative of that deceased Participant will have the same rights and benefits and be subject to the same obligations in respect of those Shares as the deceased Participant would have had or been subject to had they survived until the end of the Restriction Period.

---

## **10 Hedging unvested Awards**

- 10.1 Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards as restricted in the Company's securities trading policy.

---

## **11 Adjustments**

- 11.1 This clause 11 applies to Options, Performance Rights, and other Awards where the Participant may be entitled to acquire Shares in the future on exercise of the Award.

### **New issues of shares**

- 11.2 A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Awards before the record date for the relevant issue.

### **Bonus issues**

- 11.3 If, prior to the exercise of an Award, the Company makes a pro-rata bonus issue to the holders of its Shares, and the Award is not exercised prior to the record date in respect of that bonus issue, the Award will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Award had been exercised prior to the record date.

## **Other reorganisations of capital**

- 11.4 If, prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of the Awards of the Participant will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.

## **General**

- 11.5 Unless otherwise permitted by the Listing Rules, the number of Shares which the Participant is entitled to receive on exercise of an Award will only be adjusted in accordance with this clause 11.
- 11.6 The Company must give notice to Participants of any adjustment to the number of Shares which the Participant is entitled to receive on exercise of an Award in accordance with the Listing Rules.

---

## **12 Power of attorney**

- 12.1 In consideration of the issue of the Awards, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of an Award.
- 12.2 The Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under this power and must indemnify the attorney in respect of doing so.

---

## **13 Powers of the Board**

- 13.1 The Plan will be administered by the Board, or a committee of the Board, which will have an absolute discretion to:
- (a) determine appropriate procedures for administration of the Plan consistent with these Rules;
  - (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan or these Rules;
  - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions under the Plan or these Rules;
  - (d) formulate special terms and conditions (subject to the Listing Rules), in addition to those set out in these Rules to apply to Participants employed and/or resident in and/or who are citizens of countries other than Australia. Each of these special terms and conditions will be restricted in their application to those Participants employed and/or resident in and/or who are citizens of other jurisdictions; and
  - (e) amend these Rules, provided that such amendments do not materially prejudice the rights of existing Participants.
- 13.2 While the Company is Listed, the Board may only exercise its powers in accordance with the Listing Rules.

---

## **14 Commencement, suspension, termination and amendment of Plan**

- 14.1 Subject to the passing of any necessary resolution approving the establishment of the Plan and the issue of the Awards, the Plan will take effect when the Board decides.
- 14.2 The Plan may be suspended, terminated or amended at any time by the Board, subject to any resolution of the Company required by the Listing Rules.
- 

## **15 General provisions**

### **Participants bound**

- 15.1 Participants issued Awards under this Plan are bound by these Rules and by the Constitution of the Company.

### **Notices**

- 15.2 Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant may be given or made by the Board or its delegate on behalf of the Company.
- 15.3 Any notice to be given by the Company may be given by email, and any reference to the Company giving or providing information or documents in writing includes doing so by email.

### **Effect on employee entitlements**

- 15.4 Participation in the Plan does not affect an Employee's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may have to terminate the employment or appointment of an Employee.
- 15.5 Participation in the Plan, or the issuing of any Awards, does not form part of the Employee's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Employee upon the termination of employment.

### **Governing law**

- 15.6 These Rules are governed by and are to be construed in accordance with the laws of South Australia, Australia.

## ANNEXURE D

### CONSTITUTION AMENDMENTS

#### Virtual and hybrid meetings

Amend clause 10 of the Constitution by inserting the underlined text and deleting the struck-out text as follows:

#### Notice of general meeting

- 10.9 A notice of a general meeting may be given by any form of communication permitted by the Corporations Act 2001. The notice must specify the place, the day and the hour of meeting and if the meeting is to be held ~~in 2 or more places~~ using or with the assistance of any technology, the technology that will be used to facilitate the meeting, the general nature of the business to be transacted and any other matters as are required by the Corporations Act 2001.
- 10.10 The accidental omission to give notice of a general meeting to, or the non receipt of a notice by, a person entitled to receive notice does not invalidate a resolution passed at the general meeting.

#### How general meetings may be held

- 10.11 The Board may determine to hold a general meeting using or with the assistance of any technology that gives the Members as a whole a reasonable opportunity to participate, which may include but is not limited to electronic participation facilities (with or without Members being able to attend a physical meeting) or linking separate meeting places together by technology.
- 10.12 If a general meeting is to be held in accordance with clause 10.11:
- 10.12.1 the Board may prescribe regulations, rules and procedures in relation to the manner in which the meeting is to be conducted; and
- 10.12.2 the Board may communicate such regulations, rules and procedures (or instructions on how they can be accessed) to members by notification to ASX.
- 10.13 If, before or during the general meeting, any technical difficulty occurs which may materially impact the participation of Members who are not present in the main physical location of the general meeting, the chairperson may:
- 10.13.1 adjourn the general meeting until the difficulty is remedied; or

10.13.2 continue to hold the general meeting in the main place (and any other place which is linked under clause 10.11) and transact business, and no Member may object to the general meeting being held or continuing.

10.14 In no circumstances shall the inability of one or more Members to access, or to continue to access, an electronic participation facility or facilities affect the validity of a meeting or any business conducted at a general meeting, provided that sufficient Members are able to participate in the general meeting as are required to constitute a quorum.

10.15 Nothing in clauses 10.11 to 10.14 is to be taken to limit the powers conferred on the chairperson by law.

Re-number the existing clauses 10.11 to 10.38 of the Constitution so they will follow the new clause 10.15 in sequence.

### **Direct voting**

Insert new clauses 11.14 to 11.16 as follows:

#### **Direct voting**

11.14 Despite anything to the contrary in this document, the Board may decide that, at any general meeting or class meeting, a Member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in respect of that resolution. A 'direct vote' includes a vote delivered to the Company by post or electronic means approved by the Board.

11.15 Where a direct vote has been validly submitted in advance of the meeting, the Member's attendance or participation in the meeting cancels the direct vote, unless the Member instructs the Company or the Company's share registry otherwise.

11.16 The Board may prescribe regulations, rules and procedures in relation to direct voting, including specifying the form, method and timing of giving a direct vote at a meeting in order for the vote to be valid.

### **Rotation of directors**

Amend clause 12.17 of the Constitution by inserting the underlined text and deleting the struck-out text as follows:

12.17 A Director appointed under clause 12.16:

12.17.1 Who is not a managing Director, Holds office only until the next annual general meeting after the appointment and is then eligible for re-election.

12.17.2 Must not be taken into account in determining the Directors who are to retire by rotation at that annual general meeting.

Amend clause 15.4 of the Constitution by inserting the underlined text as follows:

- 15.4 An executive Director who is appointed as a managing Director is not subject to retirement by rotation (including under clause 12.11) and is not to be counted in determining the rotation or retirement of the other Directors. Any other executive Director is subject to retirement by rotation.

## Notices

Insert a new clause 22.2.4 as follows:

- 22.2.4 Sending it by other electronic means (including providing a Uniform Resource Locator (URL) link to any document or attachment) to the electronic address the Member has supplied to the Company for giving notices

Insert new clauses 22.9.4 and 22.9.5 as follows:

- 22.9.4 If given by giving the Member sufficient information to allow the member to access the notice (**Notice of Access**), at the time when a Notice of Access is sent electronically.
- 22.9.5 If given by any other means permitted by statute, the notice is taken as given at 10.00am (Adelaide time) on the day after the date on which the Member is notified that the notice is available.





### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



### MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

**Important Note:** The Company will be holding the AGM both in person and virtually. As was the case last year the Company will decide the outcome of voting on the resolutions in the Notice by proxy voting, submitted ahead of the Meeting, and via in-person and online poll voting. Please refer to the Notice of Meeting for the webcast information. 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.

## ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Highfield Resources Limited and entitled to attend and vote hereby:

### APPOINT A PROXY

☐ The Chair of the Meeting

OR

**PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), **at the Annual General Meeting of the Company to be held at HLB Mann Judd, Level 1, 169 Fullarton Rd, Adelaide South Australia 5065 and virtually on 30 May 2023 at 3.30 pm (Adelaide time)** and at any adjournment or postponement of that Meeting.

**Chair's voting intentions in relation to undirected proxies:** The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

**Chair authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3 & 7 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

### VOTING DIRECTIONS

#	Resolutions	For	Against	Abstain*
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-Election of Mr Brian Jamieson as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Issue of Options to Managing Director- Mr Ignacio Salazar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of previous issue of 2,119,425 Shares – ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval of previous issue of 21,612,904 Shares – ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval of previous issue of 10,806,434 Options – ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Approval of Employee Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Constitution Amendments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

☐

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

## HIGHFIELD RESOURCES LIMITED - GENERAL MEETING

The Company will be holding the AGM both in person and virtually. As was the case last year the Company will decide the outcome of voting on the resolutions in the Notice by proxy voting, submitted ahead of the Meeting, and via in-person and online poll 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. 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).

The Company is happy to answer questions prior to the close of proxy voting via email, such questions should be sent to the following email address [k\\_adams@geoalcali.com](mailto:k_adams@geoalcali.com).

An online poll voting [www.advancedshare.com.au/virtual-meeting](http://www.advancedshare.com.au/virtual-meeting) will be offered to allow Shareholders to vote online during the Meeting. Please refer to the Meeting ID and Shareholder ID on your personalised proxy form to login to the website.

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.

### CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company.

A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution 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 resolution 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 a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

### PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1, 3 & 7, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1, 3 & 7.

**PLEASE NOTE:** If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the Company that you are in compliance with Listing Rule 14.11.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 3.30 pm (Adelaide time) on 28 May 2023, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



#### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 6370 4203



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033