

**HIGHFIELD RESOURCES LIMITED
ACN 153 918 257**

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Thursday 30 May 2024

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=P3bYXsRp>

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@geocali.com.

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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 Thursday 30 May 2024.

Ordinary Business

To consider the Financial Statements for the financial year ended 31 December 2023 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 2023 as set out in the Company's Annual Report for the year ended 31 December 2023.'

Resolution 2: Re-election of Mr Roger Davey as Director

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

'That Mr Roger Davey, 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: Election of Mr Luke Anderson as Director

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

'That Mr Luke Anderson, being a person who in accordance with clause 12 of the Constitution has at least 35 business days before the Meeting served on the Company a notice of nomination to be a Director, is elected as a Director with effect immediately following the conclusion of the Meeting.'

Resolution 4: Issue of Options to Non-Executive Director – Mr Luke Anderson

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

'Subject to the passing of Resolution 3, that for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of 1,000,000 options to Mr Luke Anderson (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.'

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Resolution 5: 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.'

**DATED 30 APRIL 2024
BY ORDER OF THE BOARD
HIGHFIELD RESOURCES LIMITED**



**Katelyn Adams
COMPANY SECRETARY**

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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 4

- For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 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 4 by or on behalf of Mr Anderson (or his nominee); or any other person who will obtain a material benefit as a result of the issue of options (except a benefit solely by reason of being a holder of ordinary securities in the Company)
 - an associate of any 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 submit via the following options:

- 3.1 **By online voting:** <https://investor.automic.com.au/#/loginsah>
By email: meetings@automicgroup.com.au
By fax: +61 2 8583 3040
By post: Automic
GPO Box 5193
Sydney NSW 2001

so that it is received no later than 3.30 pm (Adelaide time) on Tuesday 28 May 2024.

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 and 4 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 and 4 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 Tuesday 28 May 2024 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.

6. Participation at the Meeting

If you are unable to attend the meeting in person, shareholders can view the meeting and ask questions via the webcast accessible at the following link:

<https://ccmediaframe.com/?id=P3bYXsRp>

To vote during the meeting, either attend the meeting in person, or follow the instructions available in the Automic Virtual Meeting guide available at the following link:

https://web.automic.com.au/er/public/api/documents/BCT?fileName=Virtual_Meeting__Shareholder_Registration__Voting_Guide_.pdf

Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending virtually.

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 Thursday 30 May 2024. 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 6 (inclusive).

1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 31 December 2023 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. 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 ROGER DAVEY 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 Roger Davey retires as a Director and, being eligible, offers himself for re-election.

A resume for Mr Davey follows:

Mr Roger Davey

Independent Non-Executive Director, **ACSM, MSc., C.Eng., Eur.Eng., MIMMM**

Mr. Davey is currently a Non-Executive Director of London Listed Atalaya Mining, Central Asia Metals and Tharisa plc.

He is a Chartered Mining Engineer with over 45 years' experience in the international mining industry. Up to December 2010, he was an Assistant Director and the Senior Mining Engineer at N M Rothschild (London) in the Mining and Metals project finance team, where for 13 years he was responsible for the assessment of the technical risk associated with all the current and prospective project loans. Prior to this his experience covered the financing, development and operation of both underground and surface mining operations in gold and base metals at senior management and Director level in South America, Africa and the United Kingdom. He is fluent in Spanish.

His previous positions include Director, Vice president and General Manager of Minorco (AngloGold) subsidiaries in Argentina (1994 - 1997), where he had responsibility for the development of the Cerro Vanguardia, open pit gold-silver mine in Patagonia; Operations Director of Greenwich Resources plc, London (1984 - 1992), with gold interests in Venezuela, Sudan, Egypt and Australia; Production Manager for Blue Circle Industries in Chile (1979 - 1984); and various production roles from graduate trainee to mine manager, in Gold Fields of South Africa (1971 - 1978).

Mr. Davey is a graduate of the Camborne School of Mines, England and holds a Master of Science degree in Mineral Production Management from Imperial College, London University, and a Master of Science degree in Water Resource Management from Bournemouth University. He is a Chartered Engineer (C.Eng.), a European Engineer (Eur. Ing.) and a Member of the Institute of Materials, Minerals and Mining (MIMMM). In the three years immediately before the end of the financial year, Mr. Davey held no other directorships of any Australian listed companies.

Resolution 2 is an ordinary resolution.

The Directors (with Mr Davey 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: ELECTION OF MR LUKE ANDERSON AS DIRECTOR**

Clause 12 of the Constitution provides that a person may be appointed as a Director at a general meeting if he or she has at least 35 business days before the meeting served on the Company a notice of nomination to be a Director. Mr Luke Anderson has served on the Company a notice of nomination to be a Director pursuant to clause 12 of the Constitution. Accordingly, Mr Anderson stands for election as a Director. Mr Anderson was appointed to the Highfield Board on 13 September 2023 to fill a casual vacancy, and accordingly sits for election at the next Annual General Meeting following that date.

A resume for Mr Anderson follows:

Mr Luke Anderson
Non-Executive Director

Mr. Anderson is a qualified chartered accountant with over 25 years of experience in executive management, corporate development, corporate treasury, financial management and financial services roles in major international resource and transport companies across Australia and the United States. He also has extensive experience in business development in the resources sector.

Most recently Mr Anderson was the CEO of One Rail Australia (previously Genesee & Wyoming Australia), the third largest rail freight operator in Australia which owned and operated more than 3,200 km of rail track across Australia.

Mr Anderson was also President and CEO of Unimin Corporation, the largest industrial minerals mining company in North America, generating revenues in excess of US\$1.3 billion from its 42 operations in the US, Canada and Mexico. Mr Anderson also has a range of project development experiences which include being the CFO of Oz Minerals while it was developing its Carrapateena Project in South Australia.

In the three years immediately before the end of the financial year, Mr. Anderson did not hold any other listed company directorships.

Resolution 3 is an ordinary resolution.

The Directors (with Mr Anderson abstaining) recommend that shareholders vote in favour of Resolution 3.

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

4. **RESOLUTION 4: ISSUE OF OPTIONS TO NON-EXECUTIVE DIRECTOR - MR LUKE ANDERSON**

4.1 **General**

Subject to the passing of Resolution 3, The Company has agreed, subject to obtaining shareholder approval, to issue commencement options to Mr Anderson. Resolution 4 seeks shareholder approval for the grant of 1,000,000 options to Mr Luke Anderson (or his nominee).

Mr Anderson was appointed to the Board on 13 September 2023 as a non-executive Director. Consistent with the Board's approved remuneration guidelines, the Board has determined that, subject to shareholder approval, Mr Anderson be issued 1,000,000

unlisted options in the Company. The exercise price of the proposed option issue is \$0.67 per option (based on the VWAP for the month prior to 18 August 2023, plus a 35% premium) which is an 88.7% premium to the Company's closing share price as at 17 April 2024. These options will expire three years after issue if not exercised.

4.2 **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 the options constitutes giving a financial benefit and Mr Anderson is a related party of the Company by virtue of being a current Director.

The Directors 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.

4.3 **Listing Rule 10.11**

Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

As the grant of the options involves the issue of securities to a related party of the Company, shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 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 10.11. Accordingly, the grant of the options will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of Related Party Options.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of Related Party Options.

4.4 **Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) The options will be granted to Mr Anderson (or his nominee), a Director of the Company and therefore a related party in accordance with Listing Rule 10.11.1

- (b) 1,000,000 options will be granted.
- (c) The options will be granted no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The options will be issued for nil cash consideration, accordingly no funds will be raised until if and when they are exercised).
- (e) The options are being issued in accordance with Mr Anderson's Terms of Appointment to the position of Non-Executive Director of the Company. Mr Anderson is entitled to receive a fee of A\$78,000 gross per annum.
- (f) The terms and conditions of the options are set out in Annexure A.

Resolution 4 is an ordinary resolution.

The Directors (other than Mr Anderson) do not have an interest in the outcome of Resolution 4 and recommend that shareholders vote in favour of Resolution 4.

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 4 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 4 by marking the appropriate box on the proxy form.

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

5. RESOLUTION 5: APPROVAL OF 10% PLACEMENT FACILITY

5.1 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 5 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 5 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 5 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.

5.2 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 392,183,733 quoted ordinary shares and therefore has a capacity to issue:

- (i) 58,827,559 Equity Securities under Listing Rule 7.1; and
- (ii) subject to shareholder approval being obtained under Resolution 5, 39,218,373 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).

5.3 **Listing Rule 7.1A**

The effect of Resolution 5 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 5 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.

5.4 **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		
		\$0.1775 50% decrease in issue price	\$0.355 issue price	\$0.71 100% increase in issue price
Current Variable ‘A’ 392,183,733 shares	10% voting dilution	39,218,373 shares	39,218,373 shares	39,218,373 shares
	Funds raised	\$6,961,261	\$13,922,522	\$27,845,045
50% increase in current Variable ‘A’ 588,275,599 shares	10% voting dilution	58,827,559 shares	58,827,559 shares	58,827,559 shares
	Funds raised	\$10,441,892	\$20,883,783	\$41,767,567
100% increase in current Variable ‘A’ 784,367,466 shares	10% voting dilution	78,436,746 shares	78,436,746 shares	78,436,746 shares
	Funds raised	\$13,922,522	\$27,845,045	\$55,690,090

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 \$0.355, being the closing price of the shares on ASX on 17 April 2024.
- (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:
- (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 has previously obtained approval under ASX Listing Rule 7.1A at the Company's AGM held on May 30, 2023, requiring the following disclosure under ASX Listing Rule 7.3A.6:
- (i) The company has issued no equity securities in the 12 months preceding this meeting under ASX Listing Rule 7.1A.2.
- (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 5 is a **special resolution**.

The Directors recommend that shareholders vote in favour of Resolution 5.

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

6 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 NON-EXECUTIVE DIRECTOR)

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 30 June 2027 (**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 \$0.67 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.

Your proxy voting instruction must be received by **03.30pm (ACST) on Tuesday, 28 May 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

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

YOUR NAME AND ADDRESS

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

STEP 1 – APPOINT A PROXY

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

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

APPOINTMENT OF SECOND PROXY

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

SIGNING INSTRUCTIONS

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

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

Lodging your Proxy Voting Form:

Online

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

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



BY MAIL:

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IN PERSON:

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Sydney NSW 2000

BY EMAIL:

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