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兗礦能源集團股份有限公司

**YANKUANG ENERGY GROUP COMPANY LIMITED\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 01171)

## **Announcement on Planning of Strategic Cooperation with Highfield Resources Limited**

This is a voluntary announcement made by Yankuang Energy Group Company Limited\* (the “Company”).

The Company and Highfield Resources Limited (a company listed on the Australian Securities Exchange, stock code: HFR.ASX, “HFR”) are in the process of planning a strategic cooperation, whereby the Company intends to acquire the newly issued shares of HFR by way of asset injection and cash subscription, becoming the largest shareholder of HFR after the transaction and obtaining control.

### **I. Main elements of strategic cooperation intentions**

On 19 July 2024, the Company and HFR have entered into a non-legally binding Letter of Intent for Cooperation in relation to the strategic cooperation with the following cooperation intentions:

- (1) The Company intends to transfer 100% of the shares in Yancoal Canada Resources Co., Ltd. (“Yancoal Canada”), and HFR will issue new ordinary shares as consideration (“Share Swap”);
- (2) In addition, HFR intends to raise US\$220 million through a targeted issue of shares of HFR to certain strategic investors, including the Company, and the Company intends to contribute no more than US\$90 million to participate in the subscription (“Cash Subscription”, together with Share Swap collectively as “Proposed Transaction”). In the event the other strategic investors subscribe for more than US\$130 million, the Company’s subscription amount can be reduced accordingly;

- (3) Upon completion of the Share Swap and Cash Subscription, the Company will become the largest shareholder of HFR, with the goal to obtain a majority of the seats in the board of directors of HFR and gain control of HFR as well as achieve consolidation of its financial accounts;
- (4) The conversion of HFR's existing surviving convertible notes shall be completed no later than completion of the Proposed Transaction; and
- (5) The closing of the Share Swap is inter-conditional with, and will occur at the same time as closing of the Cash Subscription.

The above strategic cooperation intentions have not yet entered into a formal agreement, and the final transaction proposal shall be subject to the subsequent signing of the formal agreement by the relevant parties as well as the information disclosed in the subsequent announcement(s).

## **II. Basic information of the subject of the transaction**

### **(I) Yancoal Canada and Southey project**

Yancoal Canada, a wholly-owned offshore subsidiary of the Company established in 2011 and located in Saskatchewan, Canada, is principally engaged in the exploration and development of potash and holds a 100% interest in the Southey project, a greenfield potash mine project and four other potash mining right, of which the Southey project has a potassium chloride resource of approximately 1,696 million tonnes.

### **(II) HFR**

HFR is a company incorporated in Australia and the shares of which are listed on the Australian Securities Exchange, stock code: HFR.ASX. HFR is principally engaged in the development of potash projects, with its core project being a potash mine under construction in northern Spain with potash resources of approximately 280 million tonnes. The project commenced earthworks construction in 2022 and has a design capacity of 500,000 tonnes per annum for the first phase.

## **III. Impact of the Proposed Transaction on the Company**

The signing of the Letter of Intent for Cooperation is only a preliminary intention and is not legally binding. The cooperation matter will not have any material impact on the production and operation and results of the Company before the completion of the transactions. The Proposed Transaction, if successfully implemented and completed in the future, will help the Company to acquire high-quality

potash resources, expedite the completion of the development of the resources, reduce the operational risks of Yancoal Canada and enhance the competitiveness of the Company, which is in line with the interests of the Company and all its shareholders, and will not be detrimental to the rights and interests of small and medium-sized shareholders. The Company will analyse and disclose the impact of the Proposed Transaction on the Company in a timely manner upon the completion of the aforesaid work.

**The Proposed Transaction is still in the planning stage, no legally binding agreement has been signed, and there are significant uncertainties. The transaction proposal is subject to further negotiation and agreement between the parties to the transaction based on the results of the audit and appraisal, and is also subject to the fulfilment of relevant decision-making and approval procedures by the competent authorities. There is a risk that the Proposed Transaction may not be reached or implemented for reasons such as changes in the market, regulatory review, or failure of the parties to the transaction to reach a consensus. The Company will disclose relevant information in a timely manner in accordance with the progress of the relevant matters. Investors are advised to invest rationally and be aware of the investment risks.**

By order of the Board  
**Yankuang Energy Group Company Limited\***  
**Li Wei**  
*Chairman of the Board*

Zoucheng, Shandong Province, the PRC  
19 July 2024

*As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Su Li and Mr. Huang Xiaolong, and the independent non-executive Directors of the Company are Mr. Peng Suping, Mr. Zhu Limin, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui.*

*\* For identification purpose only*