



This is our **Communication on Progress**
in implementing the Ten Principles of the
United Nations Global Compact and
supporting broader UN goals.

We welcome feedback on its contents.

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SUSTAINABILITY R E P O R T 2 0 2 0

Highfield 
Resources

Geoalcali 
a Highfield Resources
Company





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CEO Letter

With our strong ESG focus and a high-quality project like Muga, we are ready to create a robust and sustainable potash business.

Dear Shareholders,

In a particularly strange and unpredictable year, we have heard more voices than ever calling on all industries to diligently integrate ESG factors into their business model. For a small company like Highfield, this is however its sixth Sustainability Report on environmental, social and governance factors (ESG). For me, joining the Company last year, it is very clear ESG is an integral part of our business. This is a crucial moment for Highfield. The Company is moving from a period dominated by the permitting process into the exciting moment when it starts building the Muga Project to get to production. The Company and the project have very strong fundamentals to build upon.

On environmental matters, Highfield is already a pioneer in its approach to waste management. The Muga Potash Mine has been designed under the premise of zero waste. I wonder how many mines, and for that matter, any other economic activities, can say that. The common practice to deal with these waste materials in the industry is to dispose them on heaps or in tailings ponds. Although this practice is generally accepted and permissible in most countries, expectations for a more sustainable treatment are growing within the public. In the Muga Project, Highfield will be backfilling such waste materials in the mine and will be implementing a new method for mechanical backfilling of dewatered potash waste. This method can achieve a significantly higher backfill density than backfill placed with traditional methods. During the year we finalised the engineering of our backfilling process, a key investment in R&D that guarantees compliance with the highest environmental standards whilst setting a benchmark in the mining sector in terms of waste management. In addition to backfilling, Highfield will be upgrading waste material into vacuum salt and de-icing salt to be commercialized.

In a broader sense, when looking at the Sustainable Development Goals set up by the United Nations, the Muga Project is our opportunity to play a significant role in the global fight to eradicate hunger, through the production of potash for fertilisers. Smart fertilisation of soils is essential to address the ever-decreasing arable land and the growing population of the planet. Intrinsic to our business, Highfield contributes to Sustainable Development Goal ("SDG") 2 of Eradicating Hunger, and also to other SDGs including SDG 8, Decent Work and Economic Growth, SDG 9, Industry, Innovation and Infrastructure, and SDG 15, Life on Land. These SDGs are aligned with our strategic objectives and our vision of creating a sustainable, profitable, safe business with the utmost respect for the environment and our stakeholders.

Regarding social aspects, this unusual year has given us the opportunity to continue working closely with our local communities by assisting them during the coronavirus crisis. One noteworthy example has been the personal contribution of our staff through donations to communities and front-line organisations. This initiative, called Stop Covid, has managed to reach more than eleven towns in the area of the Muga Mine, helping over 10,000 inhabitants with Personal Protective Equipment donations and disinfection materials. Throughout the year, we continued engaging with local communities through our corporate volunteering initiatives.

In terms of relations with our Government stakeholders, we are delighted to have recently received the independent report published by the Government of Navarra on the Social Baseline in the region, and its conclusions about the positive social impact of the Muga Project. We welcome the rigour and energy



Ignacio Salazar
Chief Executive Officer

that went into producing this study and the proactiveness of the Government of Navarra in undertaking this initiative early in the process. At the same time, we appreciate the endorsement of the Government of Navarra of the socio-economic contributions of Muga and look forward to working together with the Government, local communities and all interested parties to get the Muga Mine into production for the benefit of all stakeholders.

Uncertainty presents challenges for every organisation. Highfield is about to embark on a major growth journey. With our values of Commitment, Respect, Excellence and Attitude, our strong ESG focus and a high-quality project like Muga, we are ready to create a robust and sustainable potash business.

We thank you all for your support as we make this Project become reality for the benefit of all our stakeholders.

Ignacio Salazar
Chief Executive Officer

About this Report

This report highlights all ESG activities carried out during 2020 by Highfield Resources Limited (the "Company" or "Highfield") and its Spanish subsidiary Geoalcali SLU ("Geoalcali"), together "the Group".

This report has been prepared in accordance with the GRI Standards: Core option. GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. Additionally, as Geoalcali is a signatory member to the United Nations Global Compact, this report also sets out the information required by the Communication on Progress guidelines of the Global Compact reporting initiative.

The Group is committed to sustainable practices and is carrying out a number of actions to align its processes and policies with international guidelines as part of its strategy to build a resilient and robust project. The Group remains supportive of the Sustainable Development Goals (SDGs), which seek to encourage measures to build a sustainable world. We continue to work towards this vision by committing to implement a large project with integrated initiatives that contribute to those objectives, with special emphasis on our social and natural environment. In this sixth report, our stakeholders will have the opportunity to review the Group's performance and to contact us with suggestions or comments with the aim of improving our accountability and transparency commitments. During this exceptional year, we also wanted to speak directly with our local stakeholders to better understand if our sustainable approach is meaningful. In this report, readers will have the opportunity to listen directly to this important stakeholder group. At the same time, the report highlights our performance in the four key areas that make up our Sustainability Framework: **Our Business**, **Our Environment**, **Our People**, and **Our Community**.

For further information and inquires about this report contact:

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Exemplifying the Sustainable Mining Paradigm

We are currently living in the era of green transition towards a low carbon economy which requires metals and other minerals. Potash is also necessary to achieve this goal, key for fertilisers which optimise the use of land and water consumption, thus addressing a food security issue. At the same time, in order for such transition to succeed, minerals must be mined and processed in a sustainable and environmentally friendly way, such as Muga's potash mineral.



Potash 'The Fertiliser Mineral' and its Contribution to Fighting Climate Change

The International Fertilizer Association (IFA) has shown that mineral fertilisers can play a part in mitigating and adapting to, climate change, when their use follows best practices in the four areas of nutrient management (source, rate, time and place). Correct fertiliser use helps by:

- contributing to plant growth;
- increasing soil carbon sequestration;
- enhancing crop resilience;
- enhancing water use efficiency;
- reducing nutrient losses to the environment; and
- stalling deforestation.

Primary crop production has been identified among the eight materials responsible for greenhouse gas (GHG) emissions, water use and land use. Fertilisers are critical to optimising this impact especially with the global population expected to reach 9.7 billion people by 2050 (Food and Agriculture Organization of the United Nations), which means the agricultural sector must increase productivity by an estimated 60% compared with 2005 to meet an increasing global demand in food (Alexandratos and Bruinsma 2012). Global food security is not achievable without fertilisers.

A study by CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS): "Fertiliser use and soil carbon sequestration: trade-offs and opportunities", shows that use of mineral fertiliser enhances carbon sequestration in agricultural soils, thus contributing to the fight against climate change. According to the IFA, soils can store up to 50-300 tonnes of carbon per hectare, which is equivalent to 180-1,100 tonnes of CO₂.



Primary crops need fertilisers to optimise water consumption and land use.



The use of fertilisers reduces agricultural land use by 20%.



89% of agriculture's future mitigation potential (maximised by smart fertiliser use) is based on soil carbon sequestration.

EIGHT MATERIALS ARE RESPONSIBLE FOR:

Steel, aluminium, plastic, cement, glass, wood, primary crops and cattle



Of these materials:



Implementing circular economy measures in these areas can help address climate change, water and land use challenges

Vision and Values

The vision of the Group is encompassed by its core values CREA, Commitment, Excellence, Respect and Attitude, which form the basis of the eight principles of our Sustainable Roadmap outlined below:

The Group's vision is
*"To build a successful,
sustainable, potash
business with respect
for stakeholders and the
environment".*



Compromiso Respeto Excelencia Actitud

CREA

Commitment Respect Excellence Attitude

1

Integrate an ethical management that considers risk analysis to guarantee the best results for our stakeholders

2

Adopt best practices in health and safety with the aim of guaranteeing the protection of our employees and our communities

3

Ensure the best environmental results, optimising energy use and the responsible management of resources

4

Encourage the participation and communication of our communities to ensure that their expectations and needs are considered

5

Uphold the principles of diversity to ensure that equality is part of our corporate culture

6

Look for continuous improvement through measurement mechanisms with the aim of achieving excellence in all our activities

7

Always act with integrity, honesty and equanimity with all our stakeholders

8

Adopt an approach that is consistent with our vision and corporate values in our decision-making processes, as the main drivers to generate value and a sustainable outcome

The Holistic Approach of our Business

During 2020, the Government of Spain issued a Roadmap for the Sustainable Management of Mineral Raw Materials for public consultation. The Spanish mining industry submitted a response highlighting that according to studies undertaken in this field, a tonne of mineral raw material extracted and processed in Spain meets significantly more SDGs and generates lower CO₂ emissions than a tonne from almost anywhere else in the world, where extraction and processing is most likely carried out under legislation less stringent than that of the European Union, in terms of environmental protection, health and safety, and human rights.

It also stated that production in less regulated countries has a higher environmental cost (CO₂ footprint, among others) and higher economic costs derived from transport to end users, as opposed to European producers with high environmental standards that target domestic markets. In this context, Muga Mine's location close to a high consuming European potash market means its supply chain has a low environmental impact.

In addition, since its inception, the Company has maintained a high standard of Environmental, Social and Governance performance through the implementation of a broad range of initiatives aimed at minimizing negative impacts of its operations, maximising their positive impacts, and contributing actively to the achievement of the UN's SDGs. As well as optimising its interaction with stakeholders, the Group considers its corporate sustainability strategy is a critical factor for success in everything we do.

This responsible approach helps us address every aspect that is key for a successful outcome for an enduring business like Muga. The Group has incorporated international sustainability guidelines that help us assess and measure our performance and are aligned with our strategic goals.

“Our society needs to ensure a responsible supply chain. For that, we must understand the traceability of the minerals that form part of the products we consume. The Muga potash will be produced in a manner that ensures the highest social and environmental standards, fully aligned with the UN's Sustainable Development Goals.”

Ignacio Salazar

Chief Executive Officer
of Geoalcali and Highfield
Resources



Why Muga is an ESG 'Top of the Class' Mine

Muga Mine is the only room and pillar potash mine in the world that targets zero residue on surface at the time of mine closure.



All of our suppliers must carry out sustainability assessments and comply with our local buy policy.



We are committed to contributing to national and local economies. More than 60% of our purchases are from local suppliers.



Muga is the only mining project in Spain that has undertaken a voluntary Public Participation Process that has been recognised regionally and nationally as a social Best Practice in the mining industry.



Geoalcali is the first junior potash mining company to become a signatory to the UN Global Compact initiative.



All our processes are optimised and have been designed in alignment with circular economy principles.



Our Commitment to the Sustainable Development Agenda

No Poverty

Mina Muga will generate wealth for several decades at a time of great social transformations in labour matters, especially in times when economies have been hit by Covid. Muga will generate direct and indirect jobs in a highly depopulated region.



Zero Hunger

The worldwide shortage of arable land is a real problem, driven by rapid population growth and increasing demand for food. Our Project will contribute with potash for fertilisers, key for agriculture and food production for generations to come.



Gender Equality

The Group is conscious of the importance of fighting for fundamental rights, dignity and the value of the human person as well as the equal rights of women and men. It also takes work-life balance measures to help achieve equality.



Clean Water and Sanitation

At Muga, all of the water from the production process will be reused in the production process itself or eliminated by evaporation.



Affordable and Clean Energy

In relation to energy efficiency and minimising the impact of energy consumption, we are committed to prioritising the consumption of electricity from renewable sources.



Decent Work and Economic Growth

Muga will be one of the main industrial engines generating employment in the area and will provide an important socio-economic boost, creating quality jobs and opening up future opportunities for the population.



Reduced Inequalities

We are committed to initiatives that promote quality education and actions that have an impact on reducing social inequality. This is one of the cornerstones of our social work through our Foundation.



Sustainable Cities and Communities

We strive for greater sustainability and high performance mining by promoting innovation, research and investment in technology in both extraction and product development.



Responsible Consumption and Production

The entire production process is based on sustainable and optimised criteria. In addition, Geocalci promotes awareness campaigns on responsible consumption both externally and internally. For the Company, social awareness begins with the Company itself.



Climate Action

Environmental protection and the monitoring and management of the environmental impacts of our activities are fundamental to the Company, which strives to position itself as a sustainable producer, including environmental protection measures in all aspects of the life cycle of each Project.



Life on Land

From the outset, the Company has put in place the necessary preventive measures to protect habitats and biodiversity, carrying out several flora and fauna studies to choose the most suitable location.



Partnerships for the Goals

Throughout the life of the Project, we will strive to deliver on the key commitments we have made to all our stakeholders.

In addition, we will continue to seek partnerships to raise awareness and contribute to the SDGs.



The Analytical Process

The Group has revised its internal and external analysis to refine material topics relevant to the business and its stakeholders. The Group has engaged actively with all stakeholders and continued monitoring relevant events. In addition, relevant sustainability trends that affect the business have been considered and included in our analytical processes to determine and define strategies to minimise negative impacts and at the same time maximise opportunities to deliver positive effects.

Results from this analysis establish the commitments and goals which are backed up by specific systems and detailed processes that are monitored during the year. This process allows the Group to continuously improve in each of the four key areas.



Listening to Stakeholders

During the year, as well as maintaining constant communication, the Group continued monitoring all its communication channels and circulated surveys to key representatives of local communities to better understand if our efforts were considered and communicated the right way. This process helps us better understand factors they believe are critical for our business and our sector. The Group considers that regular consultation is essential to ensure that requirements are agreed, and a delivery solution is negotiated that is acceptable to the majority of stakeholders, especially local communities. The Company also maintains regular media and social media monitoring as part of its Communication and Stakeholder Plan to continuously improve our community outreach and stakeholder engagement.

The Company also undertook a new analysis to determine all stakeholders involved and their interrelation with an updated material topics identification that includes key environmental and social megatrends that could directly or indirectly impact our business. With the compiled data we defined a prioritised Stakeholder Map shown below for the current developing stage of the Project. Stakeholder mapping and prioritisation helps us understand and prepare the engagement activities required for each phase of the Project. This mapping is adjusted as objectives and priorities change within the Project lifespan.

Stakeholder Map

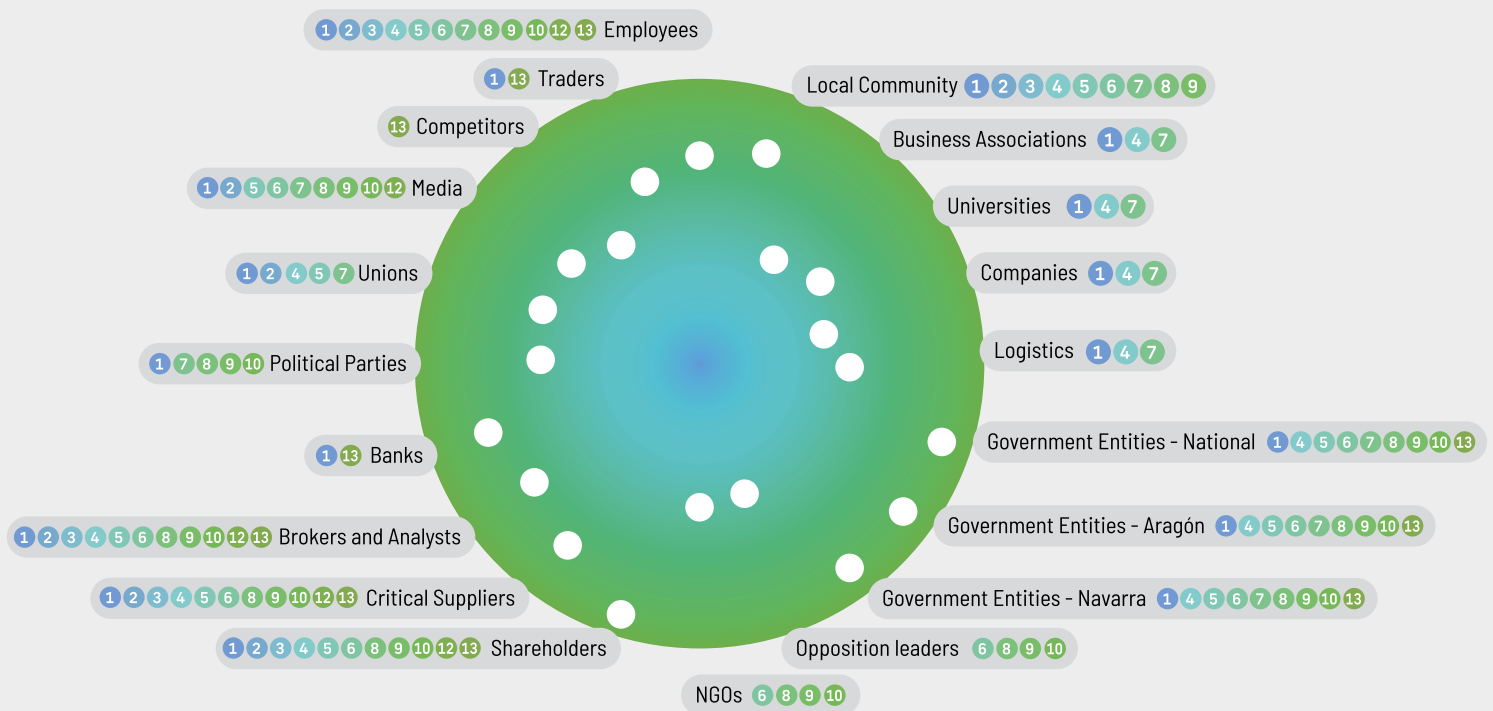


Figure: Stakeholder identification and prioritisation based on Material Topics interrelation in accordance with the current development phase of the Muga Project

Material Topics



Figure: "Material Topics" compiled from diverse communication channels with all stakeholders, including media monitoring at local, national, and international levels, and sectorial trends.

Stakeholder Type	Communication Channel	Frequency	Main Material Topics
Local Community	Suggestion boxes located in the communities	Monthly	
	Online access through websites	Monthly	
	Grievance mechanism	As required	
	Sustainability survey	Once per year	
	Direct contact	Weekly	
	Press and social media monitoring	Daily	
Business and Professional Community	Direct contact	Monthly	
	Events and forums	As appropriate	
Government Entities	Official application process communications	Daily	
	Regular meetings	Weekly	
Unions	Direct contact	Quarterly	
Associations and NGOs	Suggestion boxes located in the communities	Monthly	
	Online access through websites	Monthly	
	Direct contact	Once per year	
	Press and social media monitoring	Daily	
Investor Community	Online access through websites	Daily	
	Direct contact	Weekly	
Creditors	Direct contact	Daily	
Political Parties	Regular meetings	Quarterly	
Media	Direct contact	As appropriate	
	Press and social media monitoring	Daily	
Competitors	Press and social media monitoring	Daily	
Clients	Regular meetings	Quarterly	
Employees	Direct contact	Daily	
	Sustainability survey	Once a year	
	Grievance mechanism	As required	

Materiality Assessment

Our Materiality Matrix prioritises Material Topics Identified based on the relevance for stakeholders and significance to the business.

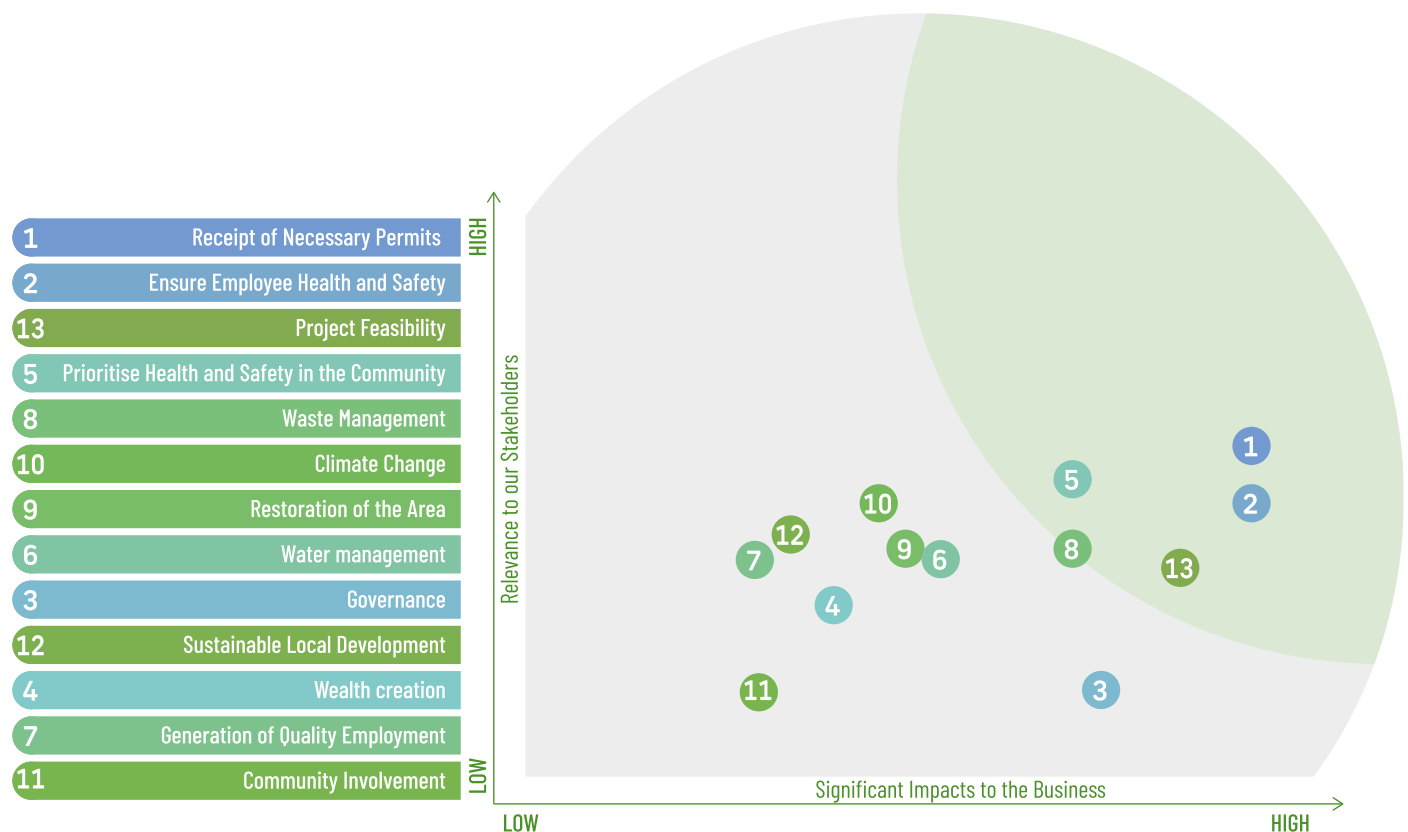
Our initial analysis had identified a list of topics that were potentially relevant for our business covering permitting, environmental, and governance aspects.

These were derived from an internal review and external sources, including analyses of the media and external parties. We revised the list of topics in 2020 taking into account the internal and external feedback gathered during the 2019 and 2020 exercise.

As a result, we renamed some topics with the aim of including various related concepts, such as Anti Corruption which was transformed into Governance or Financing which changed to Project Feasibility. We introduced others, such as Climate Change, to reflect stakeholders' evolving expectations in accordance to major sustainability trends.

Receipt of necessary permits and Ensuring health and safety for our employees and communities remained top priorities.

Materiality Matrix 2020





Goals and Targets

Strategic Objectives






Strategic Objective		Material Topics	Environmental SDGs					
			7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION	6 CLEAN WATER AND SANITATION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	14 LIFE BELOW WATER	15 LIFE ON LAND
1	To secure all necessary environmental, construction and operating permits.	1		●				
2	To build and to successfully operate the first phase of the Muga Mine (0.5 Mtpa MOP).	2 4 5 6 7 8	●	●	●	●		●
3	To develop the plans and financing for the second stage of the Muga Mine (to 1 Mtpa MOP).	4 7 10		●				●
4	To build, operate and maintain a high level of workplace health and safety.	2 5	●					
5	To conduct our business with regard to all environmental regulations and best practice.	6 8 9 10		●	●			●
6	To work diligently with the various communities close to the mine to optimise our social performance and thereby secure and maintain support for our project.	3 5 6 7 8 11 12	●	●	●			●
7	To work with the various government departments and regulators in a transparent and engaging manner to secure their trust and enable them to supervise our activities appropriately.	3 5 6 7 8 10 11 12	●	●	●			●
8	To secure all necessary funding for the first phase of the Muga Project and have plans and commitments in place for the implementation of the second phase.	2 3 5 6 8 9 13		●				●
9	To comply fully with all pertinent legislation.	4 5 6 8 9 10	●	●	●	●		●
10	To develop plans and studies for the potential implementation of future projects within the Group's current tenement holding.	2 3 5 6 8 9		●		●		●
11	To become the Employer of choice within our sector and environment.	1 4 7 11		●				●
12	To return value to our shareholders.	1 2 3 4 5 6 7 8 9 10 11 12 13	●	●	●	●	●	●

The SDGs are a useful framework created by the United Nations to help companies understand how their activity impacts on the international Sustainable Development Agenda, while the UN Global Compact provides a universal language for corporate responsibility reporting. The Group believes that adopting the UN's universal language for corporate responsibility will contribute to transparency and accountability with all its stakeholders and has aligned its own strategy to the SDGs with the aim of contributing positively to the achievement of these goals. Additionally, the Company continues to assess different frameworks in its search for a globally coherent solution for sustainability disclosure standards in line with the Company's progress and maturity. The Group has revised its internal and external analysis to refine material topics relevant to the business and its stakeholders. This work also included a new analysis to define the interrelation of these material topics and their impact on the SDGs.

Employee / Worker SDGs						Community / Society SDGs				
1 NO POVERTY	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH	5 GENDER EQUALITY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
		●						●		
●	●	●	●	●	●	●	●	●		●
●	●	●	●	●			●	●		
		●			●					●
						●		●		
●	●	●	●	●	●	●	●	●		●
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●	●	●	●	●	●	●	●	●	●	●

Specific Goals

Strategic Objective		Specific Goals		Material Topics	Dimensions
1	To secure all necessary environmental, construction and operating permits.	Ministerial approval of Mining Concession.	Approval of all construction and other permits required.	1	Our Business
		The Company continues to work closely with the Administrations, with significant progress achieved.	The Company is advancing in all other permitting that is required.		
2	To build and to successfully operate the first phase of the Muga Mine (0.5 Mtpa MOP).	Continue improving and refining the Project.		2 4 5 6 7 8	Our Business Our Environment
		<ul style="list-style-type: none">– The engineering and design of the Project is ready to be issued to our construction partner.– The key long lead items, notably the bolter miner, have already been committed, with an initial deposit payment made during the year.			
3	To develop the plans and financing for the second phase of the Muga Mine (to 1 Mtpa MOP).	Continue the development of the financing strategy.		4 7 11	Our Business
		Planning for the second phase financing will benefit from the first phase financing, including the appointment of Endeavour Financial as its debt financial advisor during the year.			
4	To build, operate and maintain a high level of workplace health and safety.	Building a strong health and safety culture.	Enhancements of health and safety protocols.	2 5	Our People Our Community
		<ul style="list-style-type: none">– The Company responded quickly to the Covid-19 crisis and ensured new protocols to protect employees' health and safety.– All employees completed a third party safety programme initiated in 2019.	The Company continues to implement improvements in its health and safety procedures.		
5	To conduct our business with regard to all environmental regulations and best practice.	Strive for best environmental outcomes of Muga.	Enhance environmental consciousness among our staff.	6 8 9 10	Our Environment Our People
		<ul style="list-style-type: none">– The Board approved a Climate Change Risk Management Policy setting out principles, responsibilities and practices to manage the Company's climate change risk exposure.– We expect to disclose our climate strategy within the next year.	The Company continues working to raise awareness in this topic.		
6	To work diligently with the various communities close to the mine to optimise our social performance and thereby secure and maintain support for our project.	Increase dialogue and interaction with the host communities.	Efficient Company involvement in community initiatives	3 5 6 7 8 11 12	Our Community
		The Company assisted Muga's communities during the Covid-19 outbreak.	The Company continues to participate in key projects to help promote sustainable communities.		

Strategic Objective	Specific Goals		Material Topics	Dimensions
7 To work with the various government departments and regulators in a transparent and engaging manner to secure their trust and enable them to supervise our activities appropriately. 	The Company will continue to work diligently with the Administration in all project phases. The Company continued active communications and progress despite the Covid-19 pandemic economic activity slowdown. 		3 5 6 7 8 10 11 12	Our Business Our Community Our Environment
8 To secure all necessary funding for the first phase of the Muga Project and have plans and commitments in place for the implementation of the second phase. 	Continuing with the development of the financing strategy. The Company continues to analyse the best options for funding the project and appointed Endeavour Financial as its debt financial advisor during the year. 		2 3 5 6 8 9 13	Our Business
9 To comply fully with all pertinent legislation. 	Improve understanding of, and preparation in respect of, applicable legal requirements. The Company has increased its efforts by engaging with external expert consultants for each phase of the permitting process. 		4 5 6 8 9 10	Our Business Our Environment
10 To develop plans and studies for the potential implementation of future projects within the Group's current tenement holding. 	The Group continues investigating the upside potential of Muga and other tenement areas. Optimisation of tenement holdings continues. 		2 3 5 6 8 9	Our Business
11 To become the employer of choice within our sector and environment. 	Uphold high ethical standards in the workforce Increased awareness initiatives to reinforce the Company's core values CREA. 	Create a positive work environment The Group continues to promote healthy habits, diversity, and inclusion, through various staff initiatives. 	1 4 7 11	Our People Our Community
12 To return value to our shareholders. 	Strong ESG focus to ensure long-term value creation The Company continues to integrate ESG factors across all departments, policies and procedures. 	Optimised Project financials The Group continues optimising the Project to build a more sustainable business. 	1 2 3 4 5 6 7 8 9 10 11 12 13	Our Business Our Environment Our People Our Community





2020 Highlights

Our Business

Our Environment

Our Community

Our People

Our Business

Muga Mine, at the Forefront of Sustainability

Progress in 2020

Muga Project engineering and design progressed significantly in all areas:

- the mine, including the declines to the mineralization;
- the processing plant and surface facilities; and
- the tailings dewatering and backfilling systems.

Additionally, purchase commitments have been made for key long lead items, notably the miner bolter. All of this progress puts the Company in a position to proceed with the Project as soon as the required permitting is granted. The Company continued engaging with all permitting authorities although Covid-19 related restrictions in Spain have made the process slower than expected. Another significant step was the appointment of Endeavour Financial as debt financial advisor to help move forward with Highfield's financing strategy.

The Company adjusts its organization and timelines as necessary to respond to changes in circumstances. We are conscious that the long term success of our business requires changes in one area that often have impacts in other. The ability to model asset and resource performance, identify alternatives, and understand the sensitivities of various parameters to adjustments, is therefore critical to achieving our goals and ultimately our vision.



Analysis from a Circular Economy (CE) Perspective

A circular economy is an economic system aimed at eliminating waste and minimising the use of resource inputs through a closed-loop system where waste materials become inputs for other processes. This regenerative approach is in contrast to the traditional linear economy, which has a “take, make, dispose” model of production.

The Company's approach to waste management has been considered from a broad perspective, including environmental, social, and economic factors. Muga's waste management strategy has been carefully designed to fulfil the circular economy objectives as it involves converting part of the waste salt from the potash production process into saleable salt by-products and the remainder into a backfill used to fill underground mining voids. The environmental benefits will include a substantial reduction in the storage of waste on the surface during the operations phase, including an improved visual impact, and the complete elimination of surface waste by the close of operations. The salt by-product sales will generate an additional economic benefit and allow the conversion of a waste product into a productive raw material for use in various industries. The backfilling will provide improved control of underground convergence and minimise the potential surface subsidence, an additional environmental and social benefit.

Backfilling is the most recommended strategy for minimising tailings in the industry. The dry backfilling process developed by the Company has the added advantage that it avoids the use of cement as a binding additive to achieve the consistency required of a backfill. Compared with wet backfilling, which requires the addition of cement, this means approximately 172,000 fewer tonnes per year of cement being used. The dry backfilling also requires less water in the process.

The Muga backfilling process system has been developed with K-Utec AG Salt Technologies, an expert in waste management and backfilling technology, whose vision is also committed to the new sustainable mining paradigm.

Muga's waste management strategy has been carefully designed to fulfil the circular economy objectives



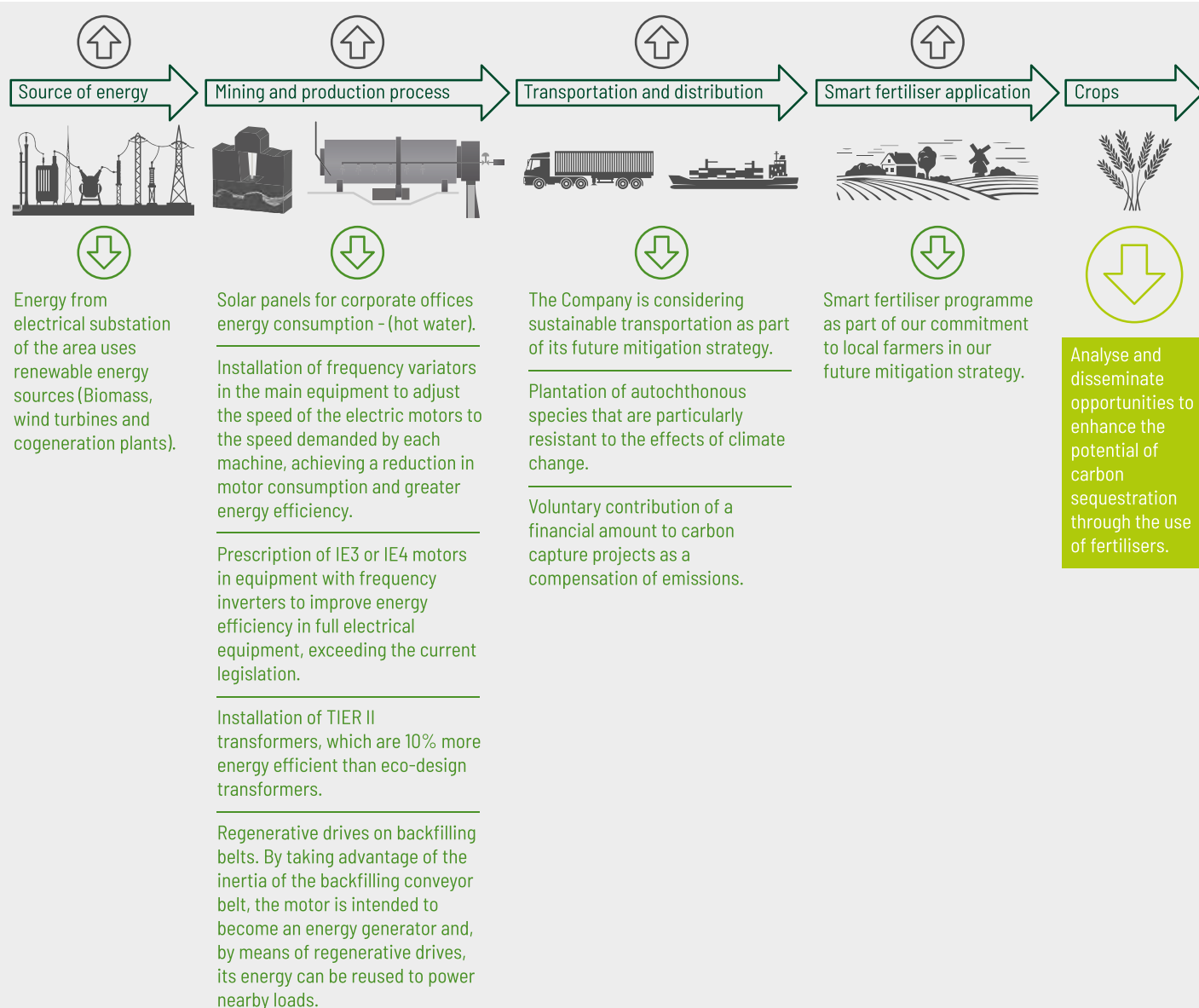
Spanish Government's Circular Economy Pact

Principle	Muga's Alignment
1 Make progress in reducing the use of non-renewable natural resources, reusing the materials contained in waste as secondary raw materials in the production cycle, provided that the health of people and the protection of the environment are guaranteed.	The planned waste management strategy includes a recovery-of-waste approach that means waste from the process will be transformed into saleable by-products, one third as de-icing salt and two thirds as vacuum salt, which are then used as raw materials in the production cycle in other sectors. Additionally, the excavated earth will be reused to construct noise and visual barriers.
2 Promote the analysis of the life cycle of products and the incorporation of eco-design criteria, reducing the introduction of harmful substances in their manufacture, facilitating the repairability of the goods produced, prolonging their useful life and enabling their recovery at the end of their useful life.	The production of Muga's muriate of potash (MOP) incorporates the recovery of salt residue and its conversion into by-products for use as secondary raw materials in various industries. Muga's MOP is a naturally occurring organic fertilizer and life cycle analysis indicates that when appropriately used MOP can reduce environmental harmful emissions. Due to its location, the transport distance to customer for Muga's MOP and salt products will be relatively short, reducing their environmental impact compared with its competitors.
3 Favour the effective application of the principle of waste hierarchy, promoting the prevention of waste generation, encouraging reuse, strengthening recycling and favouring its traceability.	The Muga design has applied life cycle analysis to the principle of waste management hierarchy, notably in regard to salt waste. As MOP and salt are formed together underground, prevention of salt waste is not possible but it has been minimised by the planned processes which achieve a reduction of 18% (13 Mt) in the waste generated over the life of the operation. The Muga design has also prioritised its reuse as backfill to help prevent subsidence, as well as recycling it into secondary raw materials. Together, these measures mean no waste will remain on surface after the end of operations.
4 Promote guidelines that increase innovation and the overall efficiency of production processes, through the adoption of measures such as the implementation of environmental management systems.	All Muga's processes are designed to reduce electricity consumption, improving the project's energy efficiency. Water management is optimised so that rainfall and process water are captured and reused in the process plant and in backfilling, minimising use of fresh water. The Muga Mine has committed to a comprehensive Environmental Monitoring Programme that will be audited internally and externally.
5 Promote innovative forms of sustainable consumption, which include sustainable products and services, as well as the use of digital infrastructures and services.	Muga's innovative backfilling process reflects a major investment in R&D to help ensure compliance with the highest environmental standards whilst setting a benchmark in the mining sector in terms of waste management. Muga's MOP contributes to sustainable agriculture systems as it is a naturally occurring fertilizer which enriches soil and increases plant yields, with a short transport distance to customers.
6 Promote a model of responsible consumption, based on transparency of information on the characteristics of goods and services, their durability and energy efficiency, through the use of measures such as the use of eco-labels.	Production in countries with less robust regulation have a higher environmental cost (CO ₂ footprint, among others) and economic costs derived from transport. In contrast, Muga's products will be produced according to high EU standards while its location benefits from proximity to a high consuming European potash market thus limiting its environmental impact in the supply chain. The EU mining sector strongly advocates the implementation of labeling that identifies products mined in the EU in accordance with the EU's high environmental standards, to encourage informed and responsible raw materials consumption.
7 Facilitate and promote the creation of appropriate channels to facilitate the exchange of information and coordination with administrations, the scientific and technological community, and economic and social agents, so as to create synergies that favour the transition.	The Company's communication actions have been recognised as best practice example in community engagement in the mining industry. The Company maintains an active partnership with the industry and with the university community. This includes participation in innovation forums to promote ESG principles and R&D in the industry.
8 Disseminate the importance of moving from a linear economy towards a circular economy, promoting the transparency of processes, awareness of citizens.	The Company participates in forums to promote circular economy, transparency and promotion of the Sustainable Development Agenda. These topics also feature in the Company's dialogue with people in its local communities as part of its social and environmental commitment to the region.
9 Promote the use of common, transparent, and accessible indicators that make it possible to ascertain the degree of implementation of the circular economy.	The Company has included non-financial information in its sustainability reporting since 2015 and such indicators will continue to be a part of this reporting.
10 Promote the incorporation of indicators of the social and environmental impact derived from the operation of companies, in order to be able to evaluate beyond the economic benefits generated by them, as a consequence of their commitment to the circular economy.	The Company has included such information in its sustainability reporting since 2015 based on international standards such as GRI, and is committed to continuing to do so.

Opportunities to Tackle Climate Change

The Company recognises that it is necessary to develop a carbon mitigation strategy and, in parallel, to establish the broad principles, responsibilities and practices that will be used to manage the Company's climate change risk exposure from an operational, governance and risk management perspective. This is in line with the principles of the Environmental and Social Management Policy embedded in the Code of Business Conduct and Ethics. The approach contributes positively to the achievement of a number of SDGs, mainly SDG 13 Climate Action. An early climate change risk assessment approach aims to identify and mitigate the potential impacts the climate change may have on the Group's assets.

An internal team is working on the definition of a comprehensive risk assessment for Muga's full value chain as well as developing a future roadmap towards carbon neutrality.



Monitoring and Disclosure: Voluntary calculation and communication of the actual Carbon Footprint once the mine is in operation.



Carbon sequestration



Greenhouse gas emissions



Mitigation capability

Figure: Initial assessment to define comprehensive strategy roadmap towards carbon neutrality

Corporate Governance as a Cornerstone for Sustainability

The Group periodically reviews its policies and procedures and suggests changes to ensure high ethical standards continue to be met.

The Board of Directors of Highfield Resources continues to set high standards for the Company's employees, officers and Directors. It is the Board of Directors' duty to ensure the management and representatives of the Company's business behave in a manner that aligns with the Company's high standard of ESG performance.

The Group periodically reviews its policies and procedures and suggests changes to ensure high ethical standards continue to be met. This year Geoalcali became a signatory to the Global Compact UN initiative and therefore a natural consequence was the alignment of the policies in the Group's Code of Business Conduct and Ethics with the Sustainability Development Goals as part of its commitment to the international Sustainable Development Agenda.

This year's review of policies and procedures suggested enhancements in the Whistleblower Protection Policy to include legal requirements derived from the Australian Corporations Act 2001. The Company also strengthened its anti-corruption and whistleblower protocols in its Integrated Management System. In addition, the Group incorporated a conflict of interest procedure for managers and Directors, and launched a Code of Business Conduct and Ethics training programme for all staff members. All of these measures are designed to contribute to transparency and assurance of the team's ethical performance. The Board has also recently approved a Climate Change Risk Management Policy. The policy sets out the broad principles, responsibilities and practices that will be used to manage the Company's climate change risk exposure from an operational, governance and risk management perspective. It is in line with the principles of the Environmental and Social Management Policy embedded in the Code of Business Conduct and Ethics. The policy also contributes positively to the achievement of a number of Sustainable Development Goals (SDGs) notably SDG 13 Climate Action.



ESG External Principles Adherence and Memberships

The Company integrates international, regional, and local ESG guidelines as well as international norms in its management system, policies and protocols, and is aligned with the following standards:

- ISO 9001 Quality Management
- ISO 14001 Environmental Management
- UNE 22480 Sustainable Mining Management
- OHSAS 18001 Health and Safety Management
- ISO 26000 Stakeholder Management
- IFC and Equator Principles
- Ten Principles and Sustainability Development Goals of the United Nations

Seals, Awards and Recognitions:

- The Company became the first Spanish junior mining company to join the United Nations Global Compact, the largest corporate sustainability initiative in the world.
- The Company received the definitive work-life balance seal “Reconcilia” for its effort in being an inclusive company. During 2020 the Company produced its Work-Life Balance Plan that is being implemented in 2021.
- Geocali was awarded its RSA 2021, Aragón Social Responsibility Seal for the fifth consecutive year.
- The Company continues to be part of the InnovaRSE, Navarra Social Responsibility Programme and is also a member of the ECODES climate action initiative “#PorElClima”.

Memberships:

The Company is continuously looking for ways to partner with companies, universities, organisations and other entities with a special focus on the sustainable development of our business.

The Company continues to be a member of:

- CONFEDEM – the Spanish mining confederation;
- AEMA – an association of mining businessmen of Aragón;
- AEMINA – an association of mining companies of Navarra;
- ASBA – the business association of Australia in Spain;
- PDAC – Prospectors and Developers Association of Canada;
- IFA – International Fertilizer Association;
- Navarra Chamber of Commerce – an association of Navarra companies;
- AINDEX – a Spanish mining association;
- ANEFA – a Navarra mining association; and
- FIN – the Industrial Foundation of Navarra is a non-profit organisation created by the Official College of Industrial Engineers of Navarra and the Association of Industrial Engineers of Navarra.

The Geocali Foundation is a member of the Association of Foundations of Navarra. This association is comprised of the main non-profit associations in Navarra, both public and private.

“Geocali being admitted as a signatory to the United Nations Global Compact underlines our continued commitment to the Ten Principles that will continue to shape our approach in adherence to the Sustainable Development Goals of the United Nations.”

Richard Crookes

Highfield Resources Chairman

Our Environment

Our Performance Today

Organisations should take a lead in solving environmental issues and there are good financial reasons why businesses should commit to doing so. There is therefore an opportunity to achieve environmental benefits while also improving their business reputation and decreasing costs. The Group considers that this approach has the potential to contribute substantially towards government targets, especially now that the European Green Deal plan is to make the EU's economy more modern, resource-efficient and competitive.

Training and Awareness:

Since its inception, the Group has believed that environmental awareness campaigns are fundamental so that the daily activities of its employees, suppliers and consultants are informed by this awareness.

One of the training initiatives during the year was a comprehensive training for all staff members on the requirements of the environmental permit or Declaración de Impacto Ambiental (DIA) awarded on 31 May 2019. Other training activities included:

- Awareness campaign on the importance of recycling; and
- Celebration of Green Week to raise awareness primarily on biodiversity and mining activity impacts.

Environmental performance:

The Group has a firm commitment to reducing its environmental impact and accordingly a set of indicators and mechanisms are in place to monitor the Company's performance during drilling activities.

The Company is not yet engaged in mining operations but is preparing a new set of monitoring systems encompassed in Geoalcali's Environmental Monitoring Programme.

The Company monitors:

- Environmental accidents and incidents;
- Environmental awareness campaigns;
- Water usage in mining exploration;
- Amount of soil disturbed and subsequently rehabilitated;
- Use of toxic substances in mining exploration;
- Energy consumption in workplaces, vehicles and exploration drilling works;
- Drilling muds generated in mining exploration work; and
- Hazardous and non-hazardous waste generated in mining exploration work.

There were no significant drilling activities during 2020.

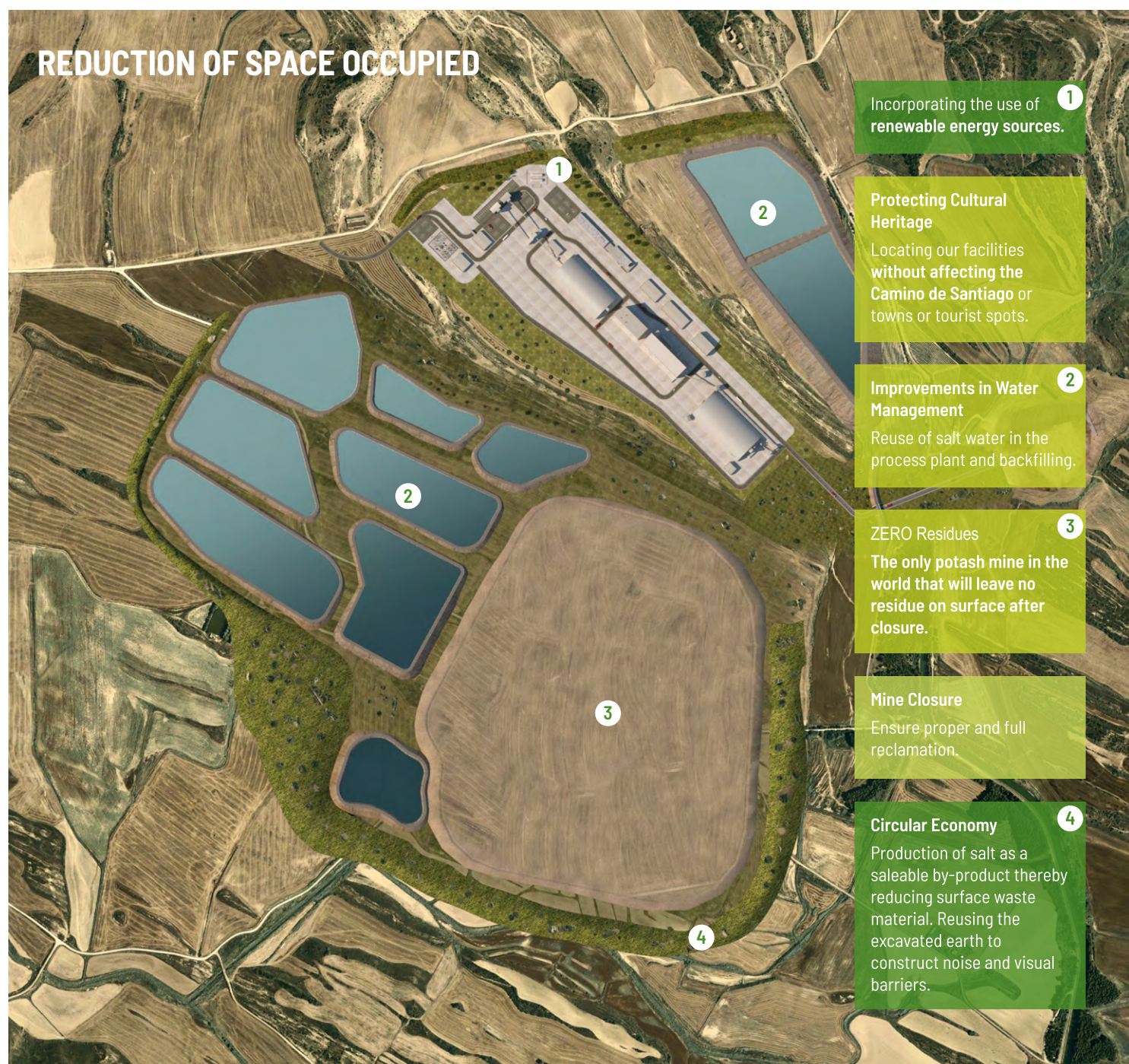
**Committed to Reducing
Our Environmental
Impacts**

**Environmental
Grievances:**

ZERO
environmental
incidents and
accidents reported
in 2020

Our Plan

Highfield Resources is committed to an overall reduction in our environmental footprint by creating and implementing stewardship systems across our sites, operations and communities. As part of the Mining Concession process the Company continued the detailed integration of the mine plan suggestions arising from the DIA. In parallel, Geoalcali continued working with engineering contractors in the preparation of detailed environmental elements to be implemented in the design that will be required for the construction permit phase.



Our Community

Our Response during the Covid-19 Pandemic

The Group remained committed to helping external stakeholders during the Covid-19 pandemic as part of our ongoing daily communication and consultation with the wider communities of interest (COI) in which we operate. The Group launched a Stop Covid solidarity initiative comprising donations of 25,000 face masks and disinfectant for community streets as well as cash donations to frontline associations fighting the virus including Red Cross ambulances and cleaning companies. Donations were made by Geoalcali, the Geoalcali Foundation, and directly by staff.

“Companies have responsibilities beyond just their employees and shareholders. Society needs us to act with a greater involvement, purpose, coherence, and sense of ethics and of community in the problems that concern us all.”

Richard Crookes, Highfield Chairman, speaking at at #UnitingBusiness & CEOs Taking Action, a UN Covid-19 Response Initiative.

Continuing our Efforts in Becoming a Member of the Community



Stop Covid has managed to reach more than eleven towns in the area of the Muga Mine, helping over 10,000 inhabitants with Personal Protective Equipment donations and disinfection materials.

Reinforcement of our Buy Local Commitment

The influence of an organisation on the local economy goes beyond the direct jobs it generates and the payment of wages and taxes. An organisation can attract additional investment indirectly for the local economy if it supports local businesses through its supply chain. Therefore, the Group reinforced its commitment with a Buy Local Policy to generate a positive economic impact at the local level. This policy encourages, within its workforce, as well as with contractors and subcontractors, the search for qualified local suppliers with the aim of contributing to the development of a stable local economy. Currently the Company has engaged with more than 850 suppliers with an overall investment of over €53 million since 2014, of which nearly two thirds have been Spanish suppliers.

The Company is also registering interested local suppliers in its procurement database which is checked when considering a new tendering process. This policy has been communicated via a local magazine to smaller suppliers in Muga's COI.

Suppliers:

38% 62%



■ International ■ Spanish



The Geoalcali Foundation

The Foundation continued its activity with key programmes as a continuation of ongoing initiatives with the communities to continue its strategic vision to promote:



Quality education

The Geoalcali Foundation is very aware of the importance of quality education. This year the Foundation supported the incorporation of the Glenn Doman Method, a pioneering teaching method for the youngest students. This method was implemented in Sos Del Rey Católico's public nursery Babyteca which the Foundation continues supporting. At secondary level, the Foundation supported an inclusion programme aimed at the integration of disadvantaged students through workshops bringing them closer to the labour market.

For adults, the E-learning programme continues to be carried out in the surrounding towns of Cinco Villas in Aragón, facilitating access to training in languages and digital topics.



The Company participates in several educational initiatives to promote STEM careers and knowledge of our business.

M^a José Navarro Lafita, Mayoress of Sos del Rey Católico (Aragón)

M^a José Navarro Lafita is also President of the Mancomunidad Altas Cinco Villas (Public Services entity of the area). A teacher by profession, she is also Head of the Educational Programmes Unit of the Provincial Education, Culture and Sport Service of Zaragoza. She has been Mayoress of Sos del Rey Católico for the PSOE party since 2014 and chairs the Mancomunidad Altas Cinco Villas, which brings together most of the town councils of the Val D'Onsella.

Can you tell us more about Sos del Rey Católico and what the arrival of Mina Muga would mean for the region?

"Sos was an essential border between kingdoms and the vestiges of its history can be visibly seen in its rich urban, artistic and cultural heritage. It is a beautiful town that stands as an essential tourist destination and today struggles with the difficulties of the Covid-19 pandemic and its impact on the local economy, problems that are added to the already existing ones of ageing, depopulation and social alienation from rural culture. The arrival of Muga Mine in the region would represent an opportunity for the future of the whole area. Muga is currently the only major economic project in the Altas Cinco Villas region that can generate wealth and jobs, which are essential for the settlement of the population contributing to life projects of rural inhabitants."

Do you consider that the Company is making sufficient efforts in environmental, social and good governance matters?

*"Yes, from the beginning of the relationship, when they personally explained the project to us at the town hall, I could appreciate the willingness to integrate into the territory, to explain the characteristics and details of Muga Mina to the local authorities and the population in general. **We have been regularly informed of the evolution of the project over time and its progress in the administrative process, with a constant concern to improve the project in environmental matters and opening processes of citizen participation to receive suggestions.**"*

The Company's collaboration in local projects of general interest, through the Geocalcali Foundation, allows the development of socio-cultural actions that enrich the quality of life of the population."

LISTENING TO THE COMMUNITY



M^a José Navarro Lafita
Mayoress of Sos del Rey Católico



Communities in Aragón receive Stop Covid initiative donations.



Company's second hand laptops donations.



Sustainable Development

Muga's communities are highly depopulated and have an aging population. Nonetheless, these communities could attract newcomers if general services were improved. The Foundation has participated in initiatives to improve mobility of neighbours in terms of accessibility and safety. The Foundation has promoted a transport service in Undués de Lerda to facilitate mobility of residents around nearby towns. This transport service makes it easier for children to travel to schools in other towns, and for the villagers, especially the older ones, to go to neighbouring towns to do their shopping or their medical visits.

The Foundation has actively participated in various initiatives throughout Muga's COI, many of which have received awards and recognitions as sustainable initiatives.

LISTENING TO THE COMMUNITY

Juan Arboniés, Mayor of Undués de Lerda (Aragón)

Undués de Lerda maintains its medieval character intact. Its cobbled streets and houses ooze history. Today, there are barely more than fifty residents, a number that has been much lower, but which has been maintained thanks to the efforts of neighbours such as its current mayor, Juan Arboniés.

Do you consider the Company is doing everything necessary to engage with the community?

"I understand that the Company is undertaking efforts in this, but I think it's never enough, especially concerning is the fact that it takes so long for the Muga Project to get underway."

In your opinion, what will Muga signify to this region?

*"Due to the depopulation that dates to the 60s, this region is doomed to disappear, which is why the **Muga Mine gives hope because of the creation of jobs and therefore the renaissance of the villages in this region. This will help reverse things done incorrectly and return to the situation before the 60s.**"*

Ricardo Murillo Delfa, Mayor of Liédena (Navarra)

Liédena is one of the most important villages of Muga's COI with around 300 inhabitants. In recent years, Liédena has recovered waste deposit areas and converted them into recreation sites, such as the Mirador de la Súbita, and has promoted leisure activities that are difficult to find in larger towns. Much of the credit goes to its current mayor, Ricardo Murillo, a lover of his town.

How has Geoalcali helped this community?

"Speaking locally as Liédena Town Council, through the Geoalcali Foundation, we initially had great help with an environmental recovery project (let's hope that all the permits and times go well so that everything follows its course and that the Geoalcali Foundation supports another large-scale project such as the one mentioned above). The Geoalcali Foundation and the Council of Liédena have always been collaborating in different smaller projects of different kinds such as social projects, in support of the problem of depopulation, the elderly, cultural projects, etc. with which both the Council of Liédena and the Geoalcali Foundation have won awards and recognition for these projects."



Mayor of Liédena receives disinfectant product donation.

LISTENING TO THE COMMUNITY



Ricardo Murillo
Mayor of Liédena

"I think Muga Mine could be a project that attracts newcomers to this area and therefore services. As with any major project of this magnitude, it is logical and necessary to have all the guarantees, and we know from information both in person and by correspondence that this is being carried out with all the requirements requested by the Administration."

LISTENING TO THE COMMUNITY

M^a Eugenia Pérez, President of the Council of Rocafort (Navarra)

Maria Eugenia is at the head of this small town in the region of Sangüesa which, according to many, is a treasure trove for history lovers. This council of barely 40 inhabitants is an unmissable rendezvous with the origins and splendour of the Old Kingdom of Navarre. In Rocafort is the Hermitage of Saint Bartholomew, in whose restoration the Geoalcali Foundation collaborated, and within its cobbled walls a small children's playground has been built, also with the help of the Foundation, a symbol of the future to which the head of this beautiful corner of Navarre looks with optimism.

What would the arrival of Mina Muga in the region mean?

"An important socio-economic boost that opens up future opportunities for the Sangüesa region and will lead, among other things, to the creation of many jobs and the settling of the population. Geoalcali is also committed to and collaborates with programmes aligned with educational quality, social integration, sustainable communities and the environment managed by local entities."

Do you consider that the Company makes sufficient efforts in terms of environmental protection and community involvement?

"The Company's obtaining of the different administrative authorisations for the opening of the mine is a guarantee of safety and rigorous compliance with environmental and protection regulations. In addition, the Company has always reiterated its commitment to the environment and sustainability."



Rocafort receives facemasks and disinfectant for the village streets.



Sangüesa Public School Parents Association Nora (Navarra)

Can you tell us more about Sangüesa, its region and its future?

"Sangüesa is a very rich municipality in terms of cultural, employment and sporting variety.

It has a great potential for tourism and employment as there are several companies in this municipality and the surrounding area is very attractive from a tourist point of view.

It has an advantage over the other towns in the region; it is large and has companies that work very well. This means that there is always movement and this is advantageous for everything and everyone."

What do you think about depopulation, how can it be solved?

"In Sangüesa we don't have depopulation, but we do in some towns in the region.

I think that the solution lies in generating work and a working life so that many families can live in the region with all their basic needs covered and stable employment."

What do you think of Muga?

"I think it is a great opportunity for the region to grow in all aspects and a great livelihood for the surrounding villages."



Luis Gil (Sangüesa public school) students won second prize in our Health and Safety contest in 2019



Entrepreneurship

The Geocalci Foundation has actively participated in the Entrepreneurial Programme of CEIN, a Navarra public entity to boost entrepreneurship. During the programme, seven entrepreneurs were mentored, providing them with all the tools and appropriate training aimed at each one of them to turn their initial idea of a “future business” into a real and viable project.



CEIN's Entrepreneurial Programme launch event.



Knowledge of our business

The Geoalcali Foundation has participated in the European Heritage Days by giving a talk on mining heritage and creating the network of Organik Gardens. The first one has been installed in the town of Javier. Through it, the properties of potash and the importance of the consumption of local products has been explained. All the local residents are involved in the maintenance of the garden.

The Company also sent an anonymous survey to key leaders of Muga's COI to understand how the Company is perceived in the community with regards to its sustainable approach.

Results from this survey show that communities are interested in learning more about the Group's performance.

LISTENING TO THE COMMUNITY

Are you interested in learning about our commitment to sustainability and our performance?

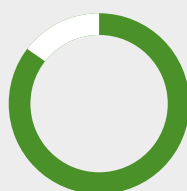
100%



■ No ■ Yes

How would you rate the company's efforts to engage with the community?

83.3%



■ Positive ■ Negative ■ Neutral

ZERO
Grievances
Reported

Community leaders also ranked material topics expressing special interest in safety matters, situation of the permitting process and the generation of quality employment .

Material topic’s prioritisation according to local leaders





OrganiK Garden of Javier.

Our People

Cultivating Human Capital

The Group is conscious of the importance of creating a work environment where employees feel valued, respected and engaged. During this particularly strange time of a pandemic, the Company has continued to reinforce the relevance of its “Living Values” programme with the objective that our core values of Commitment, Respect, Excellence and Attitude serve as a guide in a difficult situation. Connected remotely by our on line communication systems, all staff participated in different activities with the aim of increasing teambuilding and resilience.

The Geoalcali team showed special sensitivity by making personal contributions to solidarity causes to help communities and frontline workers fight the battle against Covid-19.

Safety Always First

At a very early stage, when Covid-19 cases were being reported from Italy, the Company established a subcommittee of its crisis management team to meet regularly and to proactively enact health and safety measures and inform the workforce. An action protocol was implemented before the Spanish lock down began, in order to prevent contagion. This protocol is a living document continuously updated as the pandemic progresses. The Company provided the necessary materials to all workers to prevent Covid-19 outbreaks. In addition, the entire workforce has been trained and informed about the risks of the coronavirus, ways the contagion spreads, symptoms and methods of prevention. The office was adapted for a return to work in July in safe conditions to prevent an outbreak within the team. To date, the Company has not suffered any outbreak.

The Company successfully completed a programme for an improved preventive safety culture based on “Human and Organisational Performance (HOP)” delivered by Prevencontrol, that started in 2019.

There were no accidents related to the work activities of either our own staff or contractors. There was only one minor incident of a fall from a bicycle on the way home from work, which required medical assistance from a local healthcare clinic, but was classified as a minor incident without sick leave.

Enhanced safety measures in the Muga Project

The team continuously supervises the construction execution plan that is being drawn up with the help of engineering/consulting firms, to check that all the health and safety standards and regulations are being complied with, and to provide workers with a safe environment and ensure that accident-free activity can be carried out in the mine's operational phase.

In addition, coinciding with the last months of the detailed engineering development phase, a Health and Safety Coordinator has been hired, in accordance with the Spanish mandate RD 1627/1997, to coordinate health and safety matters with all the engineering companies involved in the design, in order to plan the construction of the project with high safety standards, in compliance with the regulations.

A Digital Office

The Group has maintained productivity and prioritised health and safety during all phases of the pandemic. The corporate offices were originally set up with a high level of digitalisation taking into account the nature of the team's work. As such, the Company was able to operate remotely ahead of the general alarm and lockdown being raised in Spain on 14 March 2020.

Continuing our effort in Work-Life Balance and Diversity Inclusion

As part of the Company's vision of working towards inclusiveness in the workforce, it has defined a work-life balance plan to be implemented in 2021. Geocalci's commitment to a good work-life balance, which comprises work, family and personal life has enabled the Company to renew permanently the Reconcilia Seal, promoted by the Association of Women Entrepreneurs and Managers of Navarra (AMEDNA).

Number of Employees

Year	Female	Male
2019	13	22
2020	12	23

Employee Hire and Turnover

During 2020 four employees left the Company and four new team members joined.

ESG Training

The Group is conscious that considering ESG matters will help prevent risks in the short term whilst raising awareness on risks facing business and society in the long term. The Company organised a training course to increase awareness on all the Company's policies comprised in the Code of Ethics and Business Conduct. Additionally, the Company organised a session to explain the main sustainability megatrends that affect the mining sector and how to take action in the achievement of the SDGs and the Sustainable Development Agenda. The EU has stated that its main sustainability challenge for the coming decade is to decouple its economic development from environmental degradation and overcome the remaining social inequalities. The EU aims to be a global trailblazer in the sustainability transition and set the bar high for a green and inclusive economy as expressed in its ambitious European Green Deal.

"A positive team culture and attitudes have allowed us to survive and flourish in this unusual but difficult work environment thus maintaining efficiency and productivity."

Richard Crookes

Chairman of Highfield Resources

(Interim CEO at the time the Covid-19 crisis was declared)

LISTENING TO OUR
EMPLOYEES

The Company held an employee awareness campaign on sustainability megatrends, including a survey on the Company's performance to understand the staff's perception of our ESG performance. The Company also gathered opinions and suggestions to be considered in its overall sustainability approach.

Results shown in the chart below suggest that the staff's perception of the Company in undertaking efforts to integrate the Sustainable Agenda is positive, but improvement areas can be achieved in goal setting and innovation.

Staff's perception of our ESG performance



The Group

Highfield Resources Limited

Highfield Resources Limited is a potash company listed on the Australian Securities Exchange ("ASX") in 2012. Through its wholly owned Spanish subsidiary Geoalcali S.L.U., it has a 100% interest in three tenement areas located in Spain.

Highfield's Muga-Vipasca, Pintanos, and Sierra del Perdón potash tenement areas are located in the Ebro potash producing basin in Northern Spain.

The Company's flagship Muga Project, in the Muga-Vipasca tenement area is the most advanced. Muga received a positive environmental permit in 2019. Following this milestone, Highfield has now submitted the required Mining Concession documentation and is continuing to work on the relevant construction permits necessary to take the Project into the construction phase.

Geoalcali SLU

Geoalcali S.L.U., Highfield Resources' 100% subsidiary, is a Spanish mining company that has continued exploring the potash deposits after discovering historical evidence of the location of these types of deposits in the Ebro Basin. Geoalcali S.L.U. is composed of a variety of professionals, including experts in mining and geology, environmental technicians, administration staff and field operators. Its team has the experience and commitment to carry out a project that can serve as an example of sustainable mining development.

For further information visit:

www.geoalcali.com and www.highfieldresources.com.au

Corporate Directory

Directors

Mr. Richard Crookes
Independent Non-Executive Chairman

Ms. Pauline Carr
Independent Non-Executive Director

Mr. Roger Davey
Independent Non-Executive Director

Mr. Brian Jamieson
Non-Executive Director

Mr. Isaac Querub
Independent Non-Executive Director

Company Secretary

Ms. Katelyn Adams

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Securities Exchange Listing

Highfield Resources Limited shares are listed on the Australian Securities Exchange, the home branch being Perth.

ASX Code HFR





Communication on Progress Report (CoP)

Communication on Progress Report (CoP)



Launched in 2000, the United Nations Global Compact is a call to companies around the world to align their operations and strategies with 10 universal principles. The principles cover human rights, labour, environment and anti-corruption. With over 9,500 companies, 70 local networks and 3,000 non-business signatories, the UN Global Compact is the world's largest corporate sustainability initiative. Geoalcali became the first Spanish junior mining company to join the United Nations Global Compact initiative in 2020.

Period covered From: 1 JANUARY 2020 To: 31 DECEMBER 2020

1. STATEMENT OF CONTINUED SUPPORT BY CIEF EXECUTIVE OFFICER OF GEOALCALI AND HIGHFIELD RESOURCES LTD. (PARENT COMPANY OF GEOALCALI S.L.U)

June 05 2021

To our stakeholders:

I am pleased to confirm that Geoalcali S.L.U. reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Ignacio Salazar

Chief Executive Officer of Geoalcali and Highfield Resources



Assessment, Policy and Goals

The Code of Business Conduct and Ethics ("Code") establishes policies aimed at ensuring the values of the Company are aligned with the principles of the Global Compact, the ILO (International Labour Organisation) and International Mining Council and Metals. The Code is publicly available in our website to make sure our position is clear for all our suppliers, employees and consultants.

The Code includes specific policies such as a Human Rights Policy, A Whistleblower Protection Policy, a Diversity Policy and a Corporate Social Responsibility Policy that set the ethical behaviour standards expected from employees, suppliers and consultants.

Implementation

Grievance Mechanisms

Local Communities

Geocalci has set up a formal grievance procedure making available through signage in the local town councils and drilling sites a formal channel to address any complaint or concern. Geocalci manages these communications and keep track of commitments made in response to ensure proper stakeholder engagement.

The Company has also installed suggestions boxes at local town halls to ensure communications with residents that do not have access to internet or online channels.

Internal Mechanisms

The Company also has a formal grievance procedure to ensure all staff members have an anonymous and/or direct channel to submit formal complaints. During this year the composition of the committee that manages any such grievances was changed to include new members to ensure a broader diversity perspective.

Revision and Communication of the Code

During this year, the Company revised its Code and aligned all its policies with the SDGs. These changes have been communicated to all staff.

Measurement of Outcomes

Grievance Mechanisms

Local Communities

No formal complaints raised. The Company registers and keeps track of the communications with local stakeholders. More information in section "Our Community" on page 32.

The Company received a communication from a neighbour with regards to the Company's office cleaning service's improper recycling that was successfully solved.

Internal Mechanisms

The Company registered one anonymous complaint that expressed discomfort at the Company's decision to return to working in the office.

Code Performance

All staff have participated in the Code's training course, which included a Human Rights awareness section.

No reports have been notified with regards to any Human Rights violation.

Assessment, Policy and Goals

The Code includes specific policies such as a Labour Policy, a Diversity Policy, a Health and Safety Policy, a Whistleblower Protection Policy, and a Remuneration Policy to ensure that all our activities respect the rights of our staff and set the ethical behaviour standards expected from all staff, senior management and Board members.

Implementation

Grievance Mechanisms

Internal Mechanisms

The Company also has a formal grievance procedure to ensure all staff members have an anonymous and/or direct channel to submit formal complaints.

Health and Safety

During this year, the Company continued its efforts in implementing a strong health and safety culture by carrying out training programmes, awareness initiatives, and a strong internal communication strategy to integrate healthy topics into daily activities.

Staff Well-Being

The Company established a crisis management Covid-19 sub-committee to monitor the health crisis and implement the necessary measures to preserve the staff's health and safety at all times.

Measurement of Outcomes

Grievance Mechanisms

Internal Mechanisms

The Company has a formal committee to address any such complaints. As an improvement measure during the year, the Company adopted a more diverse composition in the committee.

Health and Safety

Performance on health and safety topics is disclosed on page 44 of this report.

Staff Well-Being

Performance on staff well-being is disclosed in the section "Our People" on page 44 of this report.

Code Performance

All staff have participated in a training course on the Code, which included all relevant matters with regards to labour rights and ethical behaviour expected from all staff.

Assessment, Policy and Goals

The Code includes specific policies such as an Environmental and Social Management Policy and a Corporate Social Responsibility Policy to promote environmentally friendly and socially committed practices to ensure we are accepted and welcomed within the communities in which we operate.

Implementation

Awareness Campaigns

Several campaigns have been communicated to staff to raise awareness of the importance of minimising any negative environmental and social impact and strive for continual improvement in respect of our environmental and social management performance.

Environmental Management

The Company continuously incorporates improvement measures that not only meet legal requirements but in many cases also go beyond them, as part of our aim to develop a sustainable project.

Measurement of Outcomes

Awareness Campaigns

Performance on environmental topics is disclosed on page 30 of this report.

Environmental Management

Performance on environmental topics is disclosed on page 30 of this report.

Code Performance

All staff have participated in a training course on the Code, which included an environmental awareness section.

Assessment, Policy and Goals

The Code includes specific policies such as an Anti-Bribery and Corruption Policy, a Procurement Policy, and a Whistleblower Protection Policy to conduct business with integrity and act in accordance with the highest anti-bribery and anti-corruption standards.

Implementation

Revision and communication of the Code

During this year, the Company has revised its Code to include an alignment of all its policies with the SDGs. These changes have been communicated to all staff. It also included a revision of the Group's Code to bring it in line with the 4th Edition of the ASX Principles and Recommendations on Corporate Governance. The Group's Whistleblower Protection Policy was amended to ensure that it complies with the legal requirements set out in Australia's Corporations Act (2001). Additionally, this year the Company conducted a training course about the Code.

Procurement Practices

The Company has in place a Procurement Policy and a procedure to ensure a transparent tendering and awarding process for all services and products acquired by the Company. The procedure includes protocols to ensure that all our goods and services are procured in an ethical manner, to achieve the optimum balance of price and quality and to minimise risk.

Protocols

The Company has included operating protocols in its Integrated Management System (IMS) in respect of anti-corruption, anti-bribery and whistleblower protection.

A register of potential conflict of interest between Directors and related parties has also been implemented.

Measurement of Outcomes

Procurement Practices

No reports have been identified with regards to unethical procurement practices.

Whistleblower Protection

No reports have been notified.

Anti-Bribery

No reports have been notified.

Code Performance

All staff have participated in the Code's training course, which included various sections related to anti-bribery, anti-corruption and conflict of interest to understand concepts and their interrelations with daily operations, to prevent unethical behaviours.



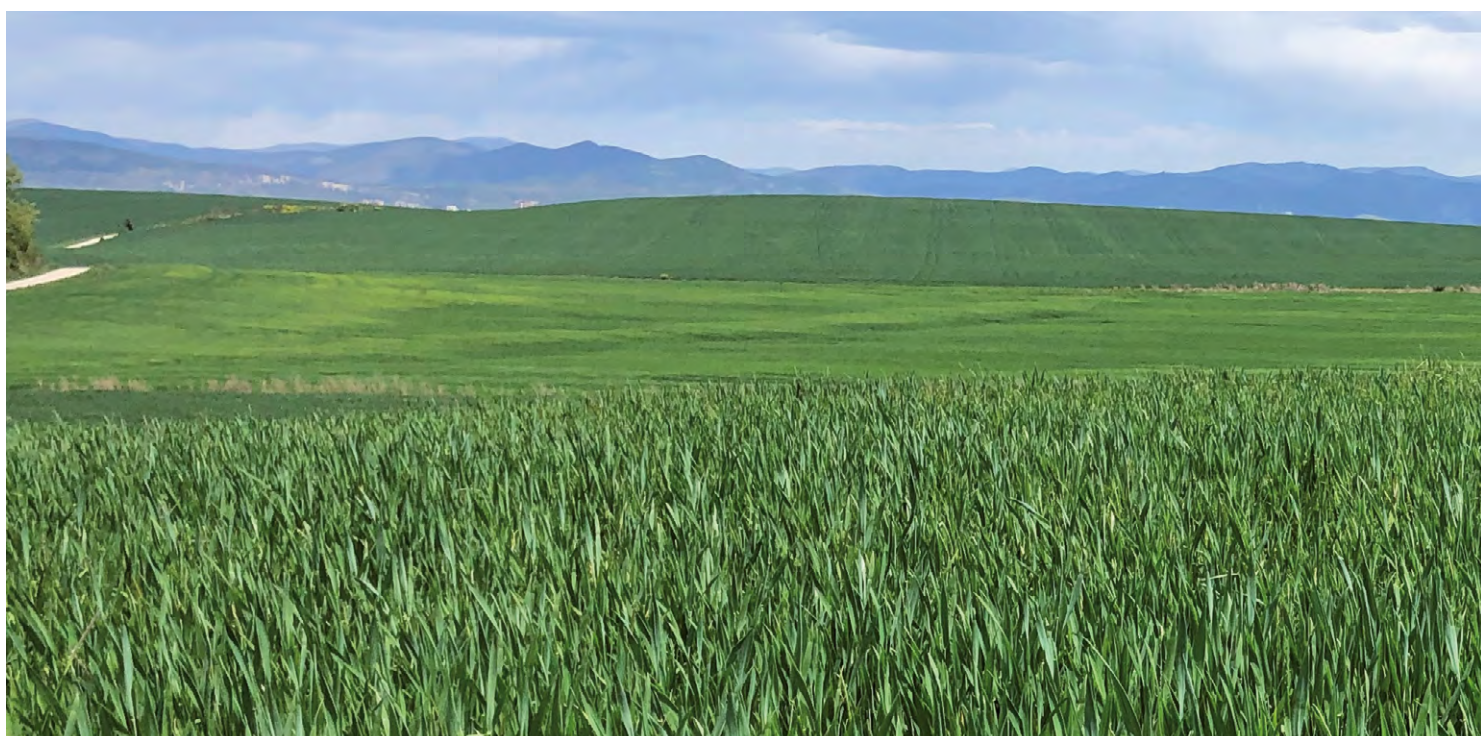


GRI Index

GRI Standard	COP1/SDG2	Disclosure	Page number(s) and/or URL(s)	Omission
GRI 101 : Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016		102-1 Name of the organization	Page 47	Reported
		102-2 Activities, brands, products and services	Page 47	Reported
		102-3 Location of headquarters	Page 47	Reported
		102-4 Location of operations	Page 47	Reported
		102-5 Ownership and legal form	Page 47	Reported
		102-6 Markets served	None of Highfield projects are currently under production. The Company does not serve any market with product or service	None of Highfield projects are currently under production. The Company does not serve any market with product or service
		102-7 Scale of the organization	Page 47	Reported
		102-8 Information on employees and other workers	Page 45	Reported
		102-9 Supply chain	None of Highfield projects are currently under production. The Company does not serve any market with product or service	None of Highfield projects are currently under production. The Company does not serve any market with product or service
		102-10 Significant changes to the organization and its supply chain	None of Highfield projects are currently under production. The Company does not serve any market with product or service	None of Highfield projects are currently under production. The Company does not serve any market with product or service
		102-11 Precautionary Principle or approach	Pages 25 - 28	Reported
	ALL SDG	102-12 External initiatives	Pages 32 - 43	Reported
	SDG 17 SDG 4	102-13 Membership of associations	Page 29	Reported
	CEO COP Statement	102-14 Statement from senior decision-maker	Pages 2 and 50	Reported
		102-16 Values, principles, standards and norms of behaviour	Pages 6 - 11	Reported
		102-18 Governance structure	Page 28	Reported
		102-40 List of stakeholder groups	Pages 13 - 16	Reported
		102-41 Collective bargaining agreements	All employees are collectively represented	Reported
		102-42 Identifying and selecting stakeholders	Pages 13 - 16	Reported
		102-43 Approach to stakeholder engagement	Pages 13 - 16	Reported
	ALL SDG	102-44 Key topics and concerns raised	Pages 13 - 16	Reported
		102-45 Entities included in the consolidated financial statements	Visit latest Annual Report 2020 at https://www.highfieldresources.com.au/wp-content/uploads/sites/2/2021/03/HFR_AnnualReport_2020.pdf	Reported
		102-46 Defining report content and topic Boundaries	Pages 4 and 13 - 21	Reported
	All SDG	102-47 List of material topics	Page 14	Reported
		102-48 Restatements of information	No restatements	Reported
		102-49 Changes in reporting	Pages 16	Reported
		102-50 Reporting Period	Page 4	Reported
		102-51 Date of most recent report	Page 4	Reported

GRI Standard	COP1/SDG2	Disclosure	Page number(s) and/or URL(s)	Omission
		102-52 Reporting cycle	Page 4	Reported
		102-53 Contact point for questions regarding the report	Page 4	Reported
		102-54 Claims of reporting in accordance with the GRI Standards	Page 4	Reported
		102-55 GRI content index	Page 58	Reported
		102-56 External assurance	This report has not been externally assured	Reported
Material topics				
Emissions				
GRI 103: Management Approach 2016		103-1 Explanation of the material topics and its Boundaries	Pages 13 - 21	Reported
		103-2 The management approach and its components	Pages 2, 13 - 21 and 27	Reported
Generation of Wealth				
GRI 203: Indirect Economic Impacts		203-1 Infrastructure investments and services supported	Visit latest Annual Report 2020 at https://www.highfieldresources.com.au/wp-content/uploads/sites/2/2021/03/HFR_AnnualReport_2020.pdf	Reported
		203-2 Significant indirect economic impacts	Visit latest Annual Report 2020 at https://www.highfieldresources.com.au/wp-content/uploads/sites/2/2021/03/HFR_AnnualReport_2020.pdf	Reported
Anti-corruption				
GRI 205: Anti-Corruption		205-1 Operations assessed for risks related to corruption	Highfield currently owns one project	Reported
	COP AC	205-2 Communication and training about anti-corruption policies and procedures	Page 45 and 56	Reported
Water Management				
GRI 303: Water	SDG 6 SDG 9 SDG 12 SDG 13 SDG 15 COP E	303-1 Water withdrawal by source	Page 30. No significant drilling activities.	Reported
	SDG 6 SDG 9 SDG 12 SDG 13 SDG 15 COP E	303-2 Water sources significantly affected by withdrawal of water	Page 30. No significant drilling activities.	Reported
Waste Management				
GRI 306: Effluents and Waste	SDG 9 SDG 12 SDG 13 SDG 15 COP E	306-2 Waste by type and disposal method	Page 30. No significant drilling activities.	Reported
GRI 307: Environmental Compliance	SDG 13 SDG 15 COP E	307-1 Non-compliance with environmental laws and regulations	Page 30	Reported
Quality Employment				
GRI 401: Employment	SDG 8 COP L	401-1 New employee hires and employee turnover	Pages 44 - 46	Reported
	SDG 3 SDG 5 SDG 8 COP L	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 44 - 46	Reported

Occupational Health and Safety				
GRI 403: Occupational Health and Safety	SDG 3 SDG 8 COP L	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pages 44	Reported
	SDG 3 SDG 8 COP L	403-3 Workers with high incidence or high risk of diseases related to their occupation	Pages 44	Reported
Health and Safety in the Community				
GRI 413: Local Communities	SDG1 SDG 2 SDG 3 SDG 4 SDG 9 SDG 10 SDG 11 SDG 13 SDG 15 COP E	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 32 - 43	Reported
	SDG1 SDG 2 SDG 3 SDG 4 SDG 9 SDG 10 SDG 11 SDG 13 SDG 15 COP E	413-2 Operations with significant actual and potential negative impacts on local communities	Highfield currently owns one project, Muga	Reported



¹COP Communication on Progress

COP HR – Disclosure on Human Rights Principles

COP L – Disclosure on Labour Principles

COP E – Disclosure on Environmental Principles

COP AC – Disclosure on Anti- Corruption Principles

²SDG Sustainability Development Goal

SDG 1 – No Poverty

SDG 2 – Zero Hunger

SDG 3 – Good Health and Well-Being

SDG 4 – Quality Education

SDG 5 – Gender Equality

SDG 6 – Clean Water and Sanitation

SDG 7 – Affordable and Clean Energy

SDG 8 – Decent work and Economic Growth

SDG 9 – Industry, Innovation and Infrastructure

SDG 10 – Reduce Inequalities

SDG 11 – Sustainable Cities and Communities

SDG 12 – Responsible Consumption and Production

SDG 13 – Climate Action

SDG 14 – Life Below Water

SDG 15 – Life on Land

SDG 16 – Peace, Justice and Institutions

SDG 17 – Partnership for the Goals



