

Sustainability Report 2021

Highfield 
Resources

highfieldresources.com.au

Geoalcali 
a Highfield Resources
Company

geoalcali.com

COMMUNICATION
ON PROGRESS



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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CEO Letter

Dear Readers,

We received the Mining Concession for the Muga Mine in July 2021. This has been the final stage of a long, comprehensive and rigorous permitting process. At the same time, it is the starting point of an exciting period when we are going to build the Muga Mine, a world-class potash Project.

This Sustainability Report highlights the most relevant activities that are keeping ESG at the core of our business. It also highlights the latest updates which are contributing to develop a more robust, innovative Project, at the forefront of sustainability.

One of the most remarkable aspects of Muga is its positive contribution to the socioeconomic development of the community. This was reconfirmed by the “Observatorio de la Realidad Social”, a social department of the Government of Navarra, when they released on 4 March 2021 the Social Baseline Study of the Muga Mine. The Study indicates that Muga has a significant positive socioeconomic potential for the local region, with the capacity to reverse local depopulation which is severely affecting the local communities whilst contributing to fight unemployment. Muga could significantly boost the economies of the rural communities with new business opportunities. In this sense, we have started our engagement with potential local suppliers through several informative sessions in the area around the mine-site. These sessions have been a great success with more than 200 companies, and local providers participating in these sessions. The response to these sessions by the community underlines once again the high degree of acceptance and sentiment of urgency, that all stakeholders share with us, to start construction of Muga as soon as possible.

Environmentally, Muga is a zero residue mine. That is based on circular economy principles in all areas, most importantly waste and water management. Muga is the only room and pillar potash mine in the world that has incorporated this strong commitment, leaving no mineral residues on surface at the end of the mine.

We announced an up-to-date Feasibility Study for the Muga Project including all conditions incorporated in the mining concession. This Feasibility Study Update reconfirmed Muga's outstanding economics based on long-term price estimates. The updated numbers have been prepared now with a significantly higher degree of confidence following the engineering and procurement work undertaken over the last few months.

In this pandemic era, we have witnessed an increase in the risk associated with political and economy instability, which have raised awareness on the importance of raw materials as a matter of strategic security. The extractive industry plays a strategic role as a supplier to the rest of





Highfield Resources CEO, Mr. Salazar, said: “An open communication with stakeholders, as well as developing goals and solutions to ESG challenges are a priority for our business to demonstrate sustainable value for shareholders and the Muga community.”

industries of many of the basic raw materials for modern society. In this context, the European Commission's European Raw Materials Initiative, sets as a priority for a well-functioning EU economy access to mineral raw materials and their procurement at affordable prices. The EU strategy is based on access to raw materials, sustainable supply chains from EU sources and reduced imports. Geopolitically, the strategic role of potash, especially in Europe, is only becoming more apparent with recent developments in Russia and Belorussia, world leaders in potash production. In a current environment with increasing global prices, Muga is located in an strategic location to serve European markets.

Potash is also a strategic commodity to support efforts to combat climate change. The higher crop yields generated by potash reduce the need of deforestation to provide additional arable land. Finally, potash, as a key fertilizer, contributes to food security. The UN has qualified at ‘unprecedented catastrophic levels’ the trend of the imbalance between population growth and less arable land. Potash is a key enabler to reverse this trend.

With Muga, we have a sustainable project, producing a sustainable commodity. A great future ahead for all of us. Let's construct it together.

Ignacio Salazar

CEO and Managing Director

¹<https://news.un.org/en/story/2021/10/1102072>

About this Report

This is the Company's seventh Sustainability Report and highlights all ESG activities carried out during 2021 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 a signatory member to the United Nations Global Compact, this report also sets out the information required by the Communication on Progress guidelines of Global Compact reporting initiative.

The Group is committed with sustainable practices and is carrying out a number of actions to align its processes and policies to 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.

For further information visit:

<https://www.highfieldresources.com.au/sustainability-reports/>

or contact susana.bieberach@geoalcali.com



Why at the Forefront of Sustainability?

Future-facing commodity for a decarbonised world in a scaling food security crisis

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. The world faces many challenges but among them is the alarming increase of world population and the reduction of arable land, increased deforestation that is contributing to global warming and the urgent need to apply solutions that optimize land use in the agri-food chain, which is responsible for a third² of the World's total GEI emissions.

According to the International Fertilizer Organisation, by increasing productivity on existing arable land, fertilizers help forestall deforestation as well as the loss of other wild lands. This preserves biodiversity and reduces the environmental impact of farming as deforestation, and loss of peatland, wetlands and grasslands combined, represent about 10% of global GHG emissions. Increased yields due to proper nutrient management have helped conserve one billion hectares from conversion to cropping between 1961 and 2005, leading to carbon emission savings of 317 to 350 Gt CO₂-eq, playing a huge part in limiting the negative environmental impacts of our food systems.

Climate change is a critical topic to the world, and this requires new policies and key actions to deliver a reduction of 1.5C outcome. The Required Policy Scenario (RPS) conclusions³ determine that countries will establish new policies. Namely in the food and land systems, huge shifts in food production targets land use becoming a net carbon sink within 30 years as the world reaches 'peak meat' consumption in 2030, and Nature Based Solutions accelerate. Fertiliser play a critical role to optimise the need of more crops to be cultivated in less land.

²<https://www.fao.org/3/cb7514en/cb7514en.pdf>

³<https://www.vivideconomics.com/casestudy/ipr-2021-forecast-policy-scenario-and-1-5c-required-policy-scenario/>



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.



Soils can store up 50-300 tons of carbon per hectare, which is equivalent to 180-1,100 tons of CO₂. Fertilisers improve soils carbon skins.

Environmental, social and governance leadership

The Board of Directors of Highfield Resources has established high standards for the Company's employees, officers and directors. It is the duty of the Board of Directors to oversee the management of the Company's business and to ensure the Company as a whole follows the ethical standards set out in the Code of Business Conduct and Ethics (the Code).

The Group periodically reviews Company's procedures and policies and suggests changes to ensure high ethical standards are met.

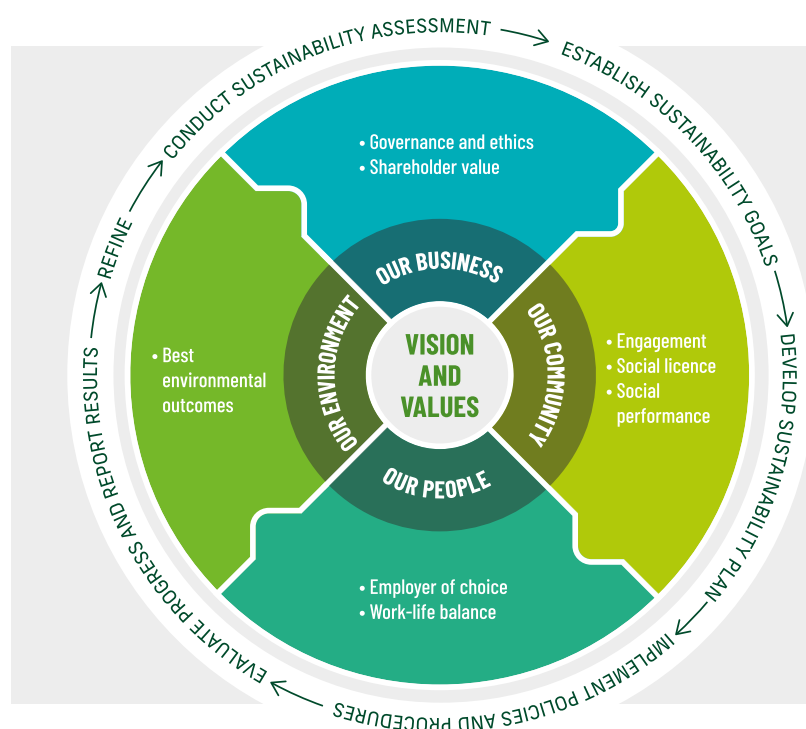
The Group publishes its corporate governance policies, the Code and its Board and committees' charters on Highfield's website at:

<https://www.highfieldresources.com.au/corporate-governance/>

To understand where its sustainability efforts should be concentrated, the Group undertakes internal and external analysis to identify those issues which have the biggest impact and are most relevant to the business and to stakeholders. The Group has engaged actively with sustainability consultants and its stakeholders to improve its current engagement and to define long-term strategies for sustainable development.

Identifying key topics through relevant engagement methods for each stakeholder group remains a top priority for the Group. This engagement helps define commitments and goals in order to drive the Company's efforts towards minimising negative impacts whilst seeking to maximise the benefits.

These commitments and goals are supported by specific initiatives and plans which are monitored to allow the Company to detect areas for improvement.



The Group divides its sustainable focus into four main areas:

- **Our Business**
- **Our Environment**
- **Our People** and
- **Our Community**

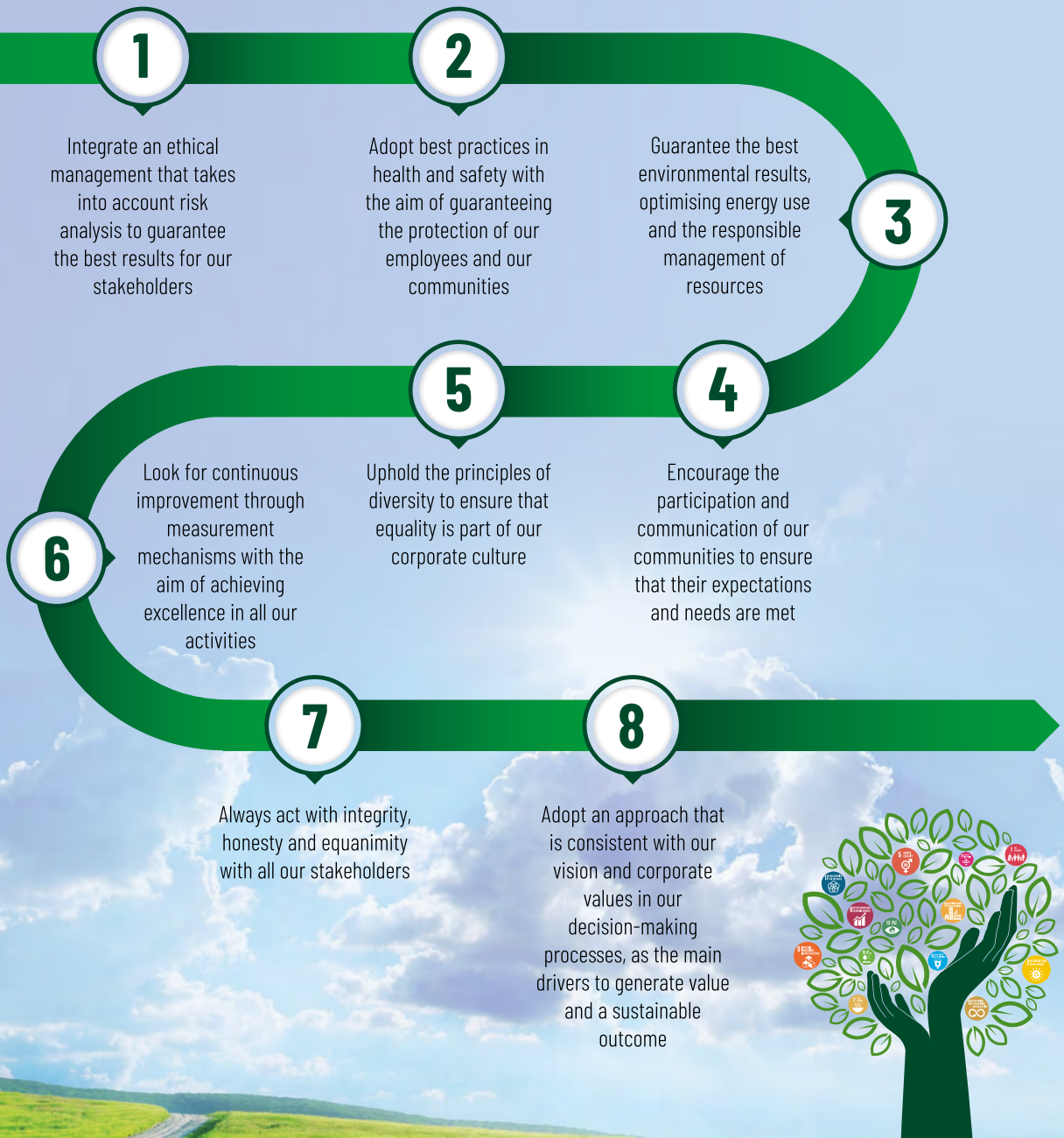
– these combined, form our Sustainability Framework.

Vision and values

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

The vision of the company is encompassed by its core values CREA **Commitment, Respect, Excellence and Attitude**.

Sustainability Roadmap



Compromiso Respeto Excelencia Actitud

CREA
Commitment Respect Excellence Attitude



OBJETIVOS **S** DE DESARROLLO SOSTENIBLE

**INDISPENSABLES PARA
EL DESARROLLO DE
INFRAESTRUCTURAS**

Los minerales no solo
nos ayudan a

CONTRA EL HAMBRE

Region enables a mutual benefit

The Muga Mine project is located on the border between the provinces of Navarra and Aragón, one of the areas most threatened by the ageing population and the phenomenon of depopulation.

The Company has defined its Communities of Interest (COI) within a 15 km radius of operations, although it is aware that its impact could go beyond this radius of action and is therefore flexible in its definition, extending to other neighbouring communities as appropriate.

Muga's COI comprise the following:

Town	Population (inhabitants)	Distance from mine	
	1 Low < 900 – 3 High >2000	1 =>15km	3 =<5 km
Sangüesa (Navarra)	3	3	
Undués de Lerda (Aragón)	1	3	
Javier (Navarra)	1	3	
Sos del Rey Católico (Aragón)	1	2	
Liédena (Navarra)	1	2	
Rocaforte (Navarra)	1	2	
Yesa (Navarra)	1	2	
Urriés (Aragón)	1	2	
Navardún (Aragón)	1	2	
Los Pintanos (Aragón)	1	1	
Lumbier (Navarra)	2	1	
Gabarderal (Navarra)	1	2	
Cáseda (Navarra)	2	1	
Aibar (Navarra)	1	1	
Gallipienzo (Navarra)	1	1	

Table 1: Muga COI populations and distance



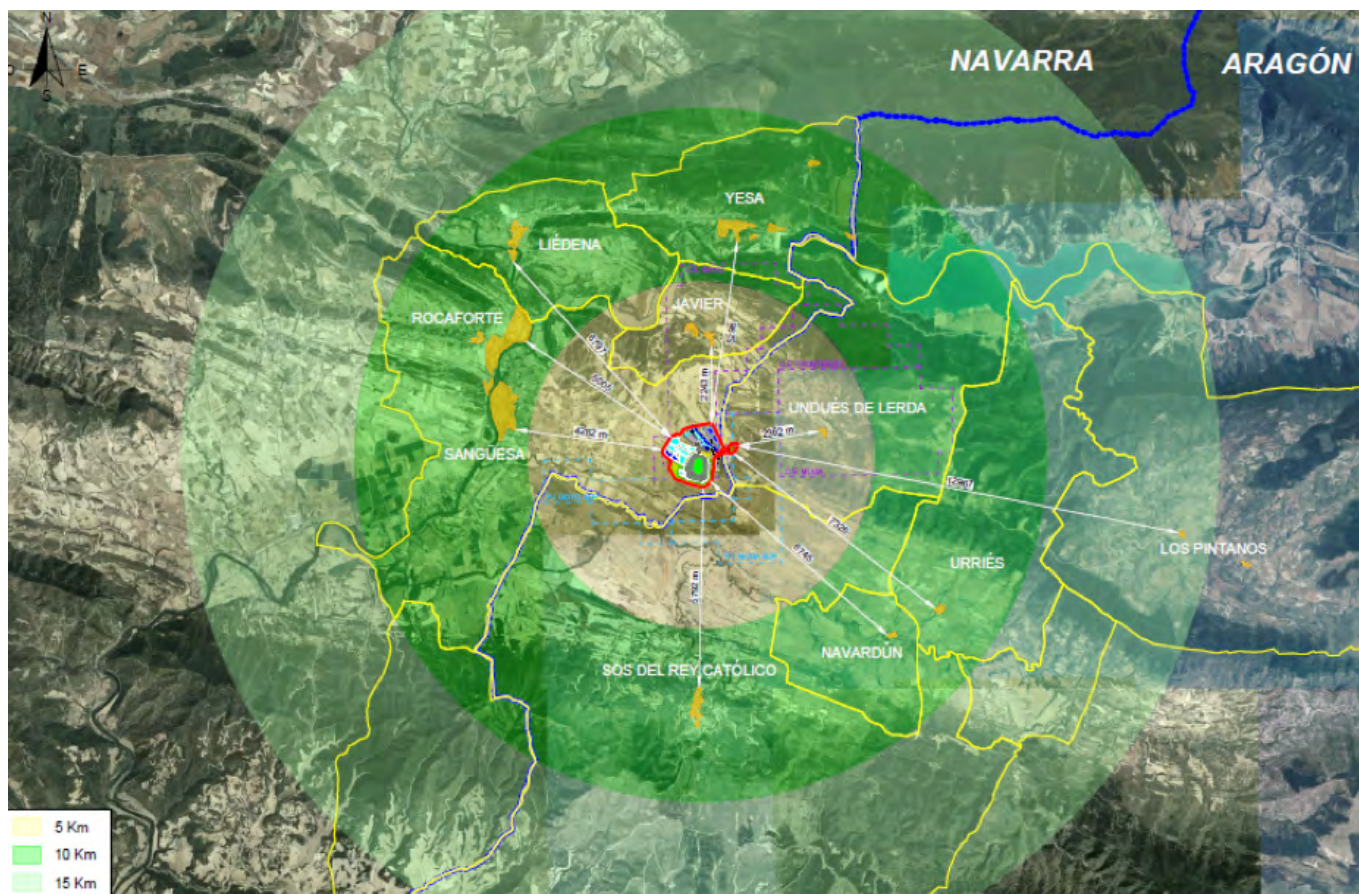


Figure 2: Muga COI Map

Aragón

In recent decades, there has been a significant drop in the number of inhabitants in all the towns and villages close to Muga, especially in Aragón, some of which have experienced the highest depopulation rates locally and in some cases, at national level.

Sos del Rey Católico (Sos) is the largest municipality in the Altas Cinco Villas, with 567 registered inhabitants, while the smallest is Bagüés, with sixteen inhabitants. With the exception of Sos, no other municipality in the region has more than 100 inhabitants. Between the nine villages that make up the region, there are less than a thousand inhabitants in an area of 533.3 square kilometres, with a population density of 1.7 inhabitants per square kilometre.

Navarra

The largest population within 15 km of the Project is Sangüesa with 4,933 inhabitants (National Institute of Statistics, 2020 - INE). This region has experienced negative population growth in recent years, having lost more than 300 inhabitants in the last decade. Today, 22% of Sangüesa locals are over 65 years of age.

Another significant fact that emerges from the population analysis is the origin of the inhabitants. Sangüesa is a welcoming town. According to data published by the INE 2020, only 30.49% (1,504) of the inhabitants registered in the municipality of Sangüesa were born in that municipality, the rest having emigrated to the town from different parts of Spain, from other municipalities in Navarra, from other autonomous communities or having arrived from other countries.

In general, the towns and villages that make up the district of Sangüesa have followed in the footsteps of the capital, in some cases with the population falling and quite quickly.

Unemployment in the region

According to the INE, the total number of unemployed inhabitants in the town of Sangüesa as of July 2021 is 226, of which 95 are men and 131 are women. This represents 10.41% of the working age population.

People over 45, with 110 unemployed, are the age group most affected by unemployment, followed by those between 25 and 44 with 91 unemployed. The least numerous group is the under 25 year olds with 25 unemployed.

By sectors, we can determine that the services sector is the one with the highest number of unemployed in the municipality, followed by industry, agriculture, people without previous employment and construction.

The Muga COI in the Aragon region have, in general, a lack of employment opportunities. That is the main reason for locals to transit or relocate to other cities or towns.

Strategic logistical location

The Project has easy access to main infrastructure such as highways and a suite of wet and dry ports to offer flexibility to the commercial strategy of the Company.

In conclusion, Muga Project sits in a region that needs employment opportunities to stem depopulation and to attract new people. In terms of land, the Project occupies an area which is naturally recessed. This is beneficial from a visual and acoustic perspective - largely shielding the installation from the line of sight in the surrounding areas and offering noise attenuation. There are no residences or people living in the land to be used for the Project.

In addition to the compatibility of the Project with the community characteristics are the logistical advantages that the Project has access to. All of these factors make the region a highly suitable location to build this Project.





What is material to our business?

Stakeholder inclusiveness

The Group has in place several methods to communicate with its stakeholders and will continue to do so throughout the life of the Project. At this early stage of the Project, regular consultation is essential to ensure that requirements are agreed, and a delivery solution negotiated that is acceptable to the majority of stakeholders, especially local communities. The information received from stakeholders together with media monitoring of our activities form the basis of our stakeholder plan refinement and will contribute to ongoing continuous improvement of our stakeholder engagement.

Stakeholder Type	How	Frequency	Material Topics
Local Communities	Physical suggestion boxes located in the communities involved in the project – on hold due to Covid situation	Monthly	4 7 10
	Online access through the “We want to listen to you” tab for suggestions, consultations and questions from citizens and residents of the area	Daily	1 4 6 7 8
	Events and forums	1-5 a year	1 4 6 7 8
	Monitoring Press	Daily	3 5 6 8
Town Councils	Official application process	Weekly	1 6 8
	Regular meetings	Monthly	1 4
	Physical suggestion boxes located in the communities involved in the project – on hold due to Covid situation	Monthly	10
Suppliers	Directly related with relevant department	Daily	1 4 7
Government Organisations	Official application process and regulatory affairs	Weekly	5 8 9
Non-Governmental Organisations and Local Organisations	Online access through the “We want to listen to you” tab for suggestions, consultations and questions from citizens and residents of the area.	Daily	1
	Informative events	1-5 a year	5 6 8 10
	Monitoring press	Daily	1 3 5 8
Local Organisations	Regular meetings	Quarterly	4 7
Investors	Investor Relations Department	Daily	1
Employees	HR Department	Daily	1 2 4 7

Material topics identified

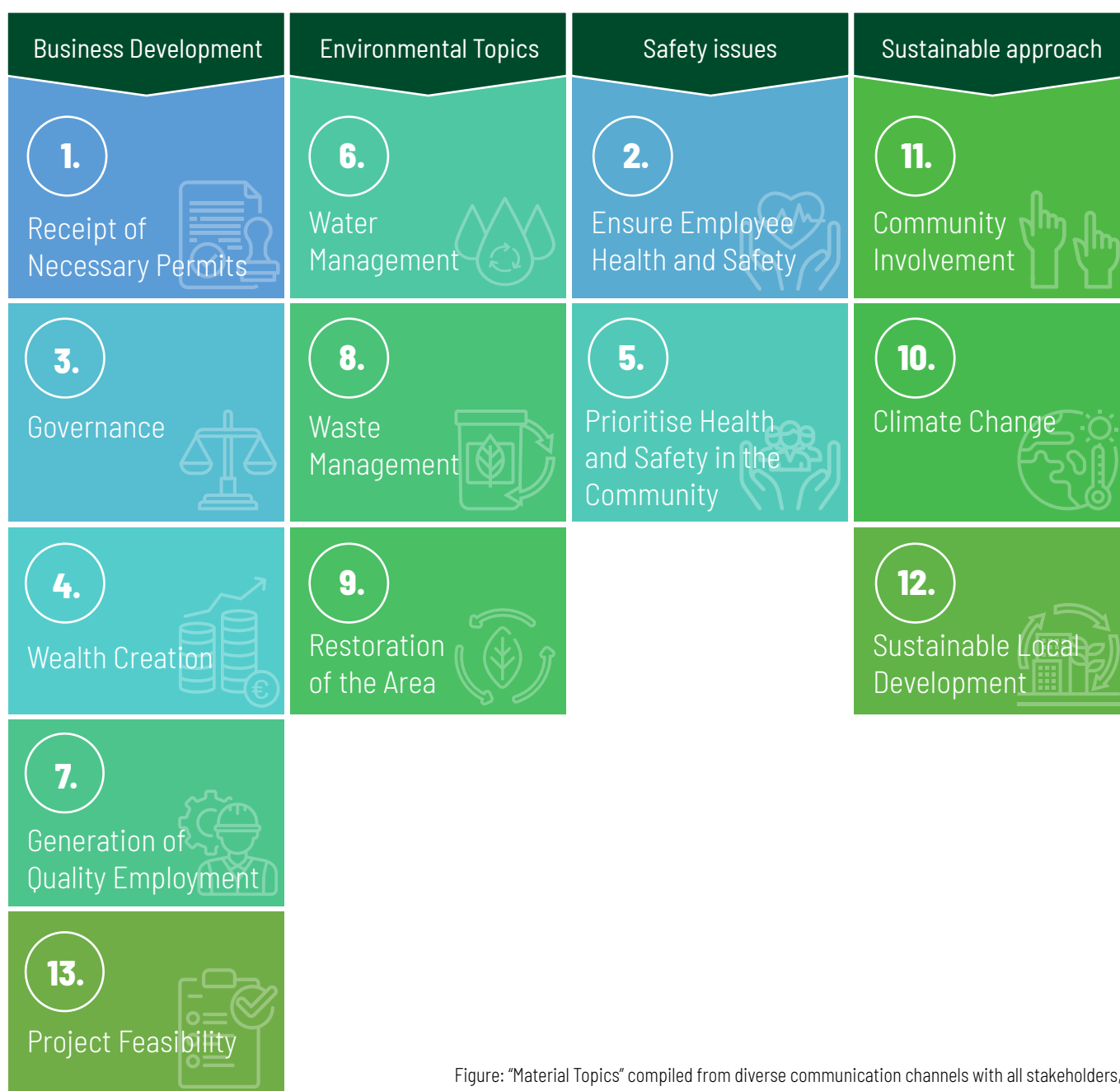


Figure: "Material Topics" compiled from diverse communication channels with all stakeholders, including media monitoring at local, national, and international levels, and sectorial trends.

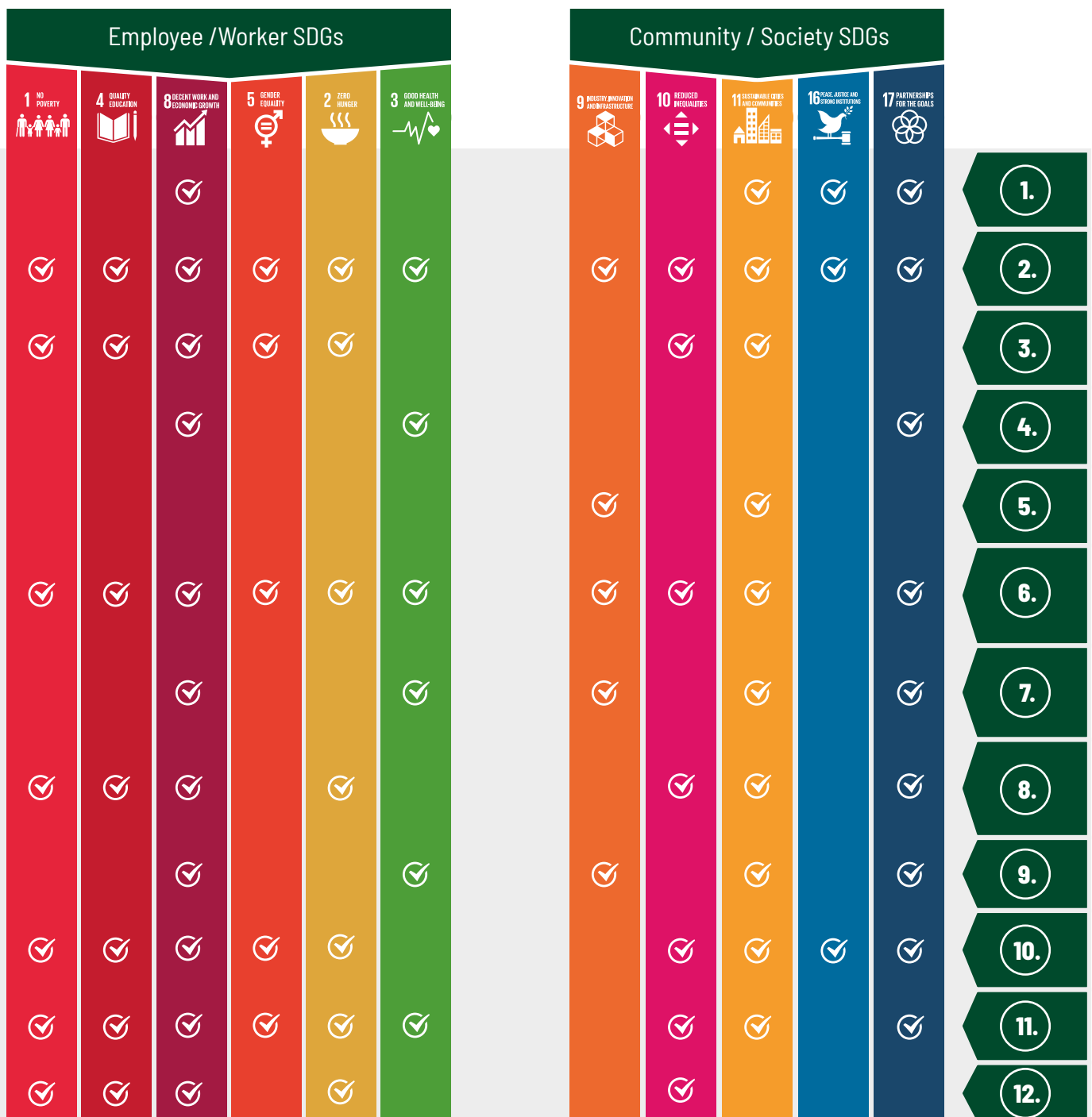
Goals and Performance

The Company supports and seeks to contribute actively in the achievement of the Sustainability Development Goals ("SDGs"). Geocalci, as a signatory member of the UN Global Compact also reports in accordance to the Communication on Progress (COP) guidelines.











The following chart shows how the Company has integrated its strategic objectives aligning them with the identified material topics resulting from the stakeholder engagement process and its impact in the SDGs.









Strategic Objective	Material Aspect	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		✓	✓			✓
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 10	✓	✓	✓			✓
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.	2 3 5 6 8 9 10	✓	✓	✓			✓
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.	4 10		✓				✓
9. To comply fully with all pertinent legislation.	2 3 5 6 8 9	✓	✓	✓			✓
10. To develop plans and studies for the potential implementation of future projects within the Group's current tenement holding.	1 4 7 10		✓		✓		✓
11. To become the Employer of choice within our sector and environment.	2 3 4 7 10		✓				✓
12. To return value to our shareholders.	4						

The Company will enhance its disclosure commitments as appropriate and in accordance to the Project development.



What we have planned and achieved

Strategic Objective	Specific Goals	Progress	Material Topics	Dimensions
To secure all necessary environmental, construction and operating permits.	Ministerial approval of Mining Concession.	On the 1 July 2021 the Company received the Mining Concessions for the Muga Project. 	1	Our Business
	Approval of all construction and other permits required.	The Company is advancing in all other permitting that is required. 	1	Our Business
To build and to successfully operate the first phase of the Muga Mine (0.5 Mtpa MOP).	Continue improving and refining the Project.	The Company finalised construction arrangements with engineering companies. This includes signed contracts and the development of engineering with process equipment suppliers for incorporation into construction projects. In addition procedures for commissioning and the first phase of plant operation have been developed. 	2 4 5 6 7 8	Our Business Our Environment
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.	Actively worked with Endeavour Financial which has involved coordination of the different areas of the Company to advance the financing strategy. 	4 7 11	Our Business
To build, operate and maintain a high level of workplace health and safety.	Building a strong health and safety culture.	Increasing specific H&S training to prepare for the commencement of construction works. Modifications for mitigation/reduction/elimination of risks implemented in the design. 	2 5	Our People Our Community
	Enhancements of health and safety protocols.	The Company developed a High Consequence Procedures (HCP) for the treatment plant area. This involves the analysis and identification of procedures for higher risk areas and the procedures to be followed for the mitigation/reduction/elimination of risks. 	2 5	Our People Our Community
To conduct our business with regard to all environmental regulations and best practice.	Strive for best environmental outcomes of Muga.	In 2021, improvements were made to the Project, which were described in the Restoration Plan and incorporated into the Mining Concession with the supervision of all the Administrations. 	6 8 9 10	Our Environment Our People
	Enhance environmental consciousness among our staff.	No specific staff awareness initiatives were undertaken during the year. 	6 8 9 10	Our Environment Our People
	Minimise potential environmental impacts.	Optimised environmental aspects have been incorporated into the Project's design. Tendering protocols were updated to include requirements to meet the Project's environmental commitments. 	6 8 9 10	Our Environment Our People
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.	Open and regular dialogue continued. 	3 5 6 7 8 11 12	Our Community

Strategic Objective	Specific Goals	Progress	Material Topics	Dimensions
	Efficient Company involvement in community initiatives.	The Company has continued working with local communities and has received from the Government of Navarra a Social Baseline Study that proposes strategic actions to work with local communities. 	3 5 6 7 8 11 12	Our Community
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.	Increased communication with all the Administration. Explicit support received from the President of Navarra. Increased engagement with the Aragon Administration. 	3 5 6 7 8 10 11 12	Our Business Our Environment
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.	Actively worked with Endeavour Financial which has included the coordination of the different areas of the Company in the due diligence process. Successfully reviewed and updated economic model. The Company has analysed alternative sources of financing. 	2 3 5 6 8 9 13	Our Business
To comply fully with all pertinent legislation.	Improve understanding of, and preparation in respect of applicable legal requirements.	Legal advice sought with a regional and national focus. 	4 5 6 8 9 10	Our People Our Community
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.	The Group regularly meets to review and enhance drilling plans to maximise upside potential. 	2 3 5 6 8 9	Our Business
To become the employer of choice within our sector and environment.	Uphold high ethical standards in the workforce.	No new specific initiatives commenced during the year. 	1 4 7 11	Our Environment Our People
To return value to our shareholders.	Strong ESG focus to ensure long-term value creation.	Comprehensive protocols and actions compiled to address a range of possible adverse situations faced by the Company. Rigorous monthly financial reporting for prudential and managerial purposes. Incorporation of governance internal procedures into the Integrated Management System (IMS). 	1 2 3 4 5 6 7 8 9 10 11 12 13	Our Business Our Environment Our People Our Community
	The Group continues optimising the Project to build a more sustainable business.	Feasibility Study for the Muga Project updated to include all conditions in the Mining Concession. This Feasibility Study Update reconfirmed Muga's strong economics based on long-term price estimates. The updated numbers have a significantly higher degree of confidence following the engineering and procurement work. 	1 2 3 4 5 6 7 8 9 10 11 12 13	Our Business Our Environment Our People Our Community

Our Progress to Building a More Sustainable Business

Muga Mine, at the forefront of sustainability

Zero Residue Mine

The Company's Waste Management Program "KClever" is a planned waste management strategy. It includes a recovery-of-waste approach whereby waste from processing 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.

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, the prevention of salt waste is not possible but it has been minimised by the planned initiatives which will reduce the waste generated over the life of the operation. The Muga design has also prioritised using waste mine material as backfill, as well as recycling it into secondary raw materials. Together, these measures mean that no waste will remain on surface after the end of operations.



All mining waste will be reutilised.



Salt by-product will be obtained and commercialised.



Non-recoverable waste will be reintroduced in the mine rooms through dry backfilling.



Environmental liability. At the end of the mining activity no waste will be left on surface. The land's previous use can be restored.



Dry backfilling consists of reintroducing mined material to the mine rooms after having processed it to obtain potash and salt. The process developed by the Company excludes the use of any additional water and the use of cement, meaning 11Mt cement will no longer be used. Backfilling will also eliminate the impact on the surface as non-recoverable waste will be reintroduced in the mine rooms within 28 days from its extraction.

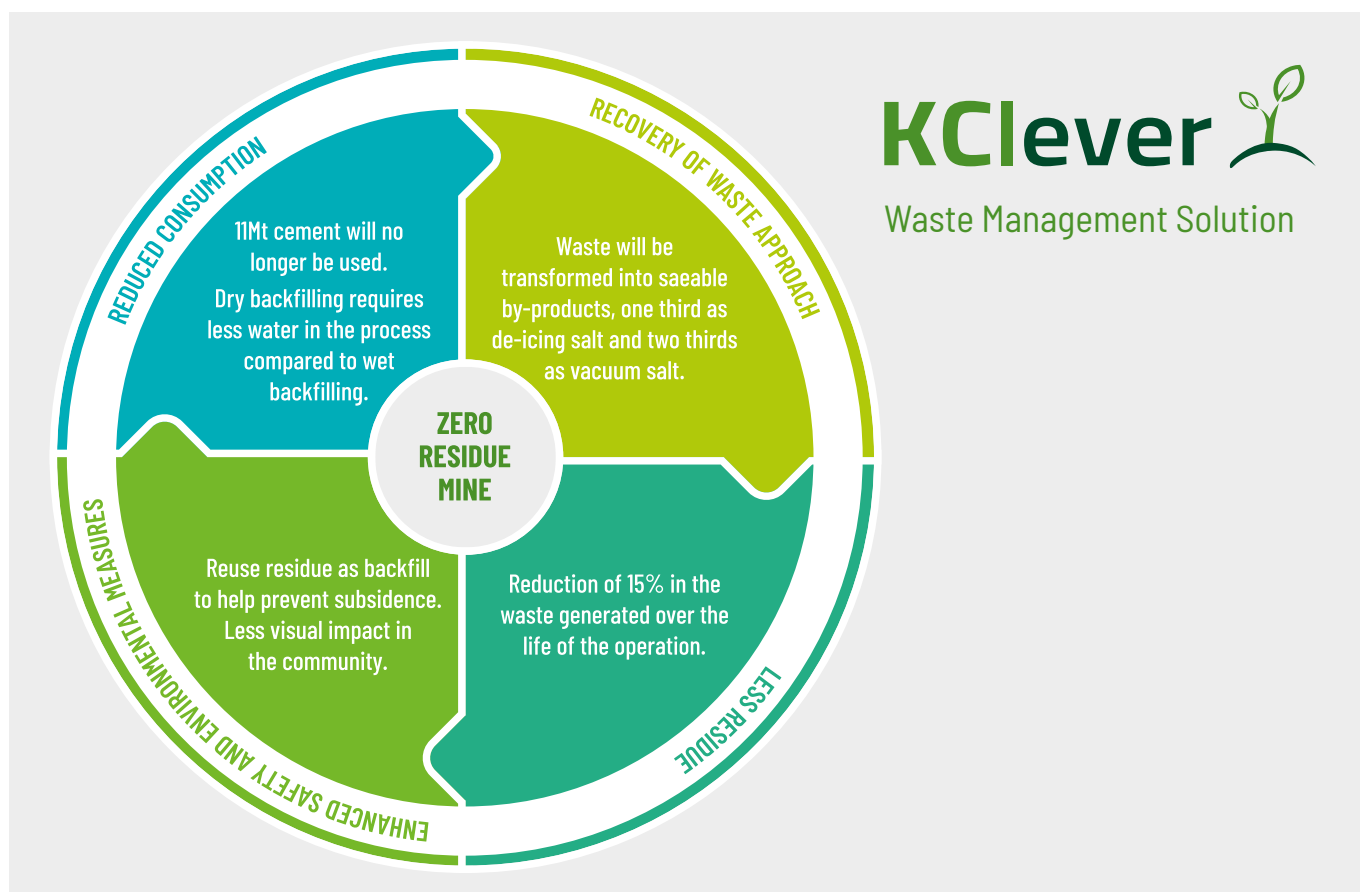
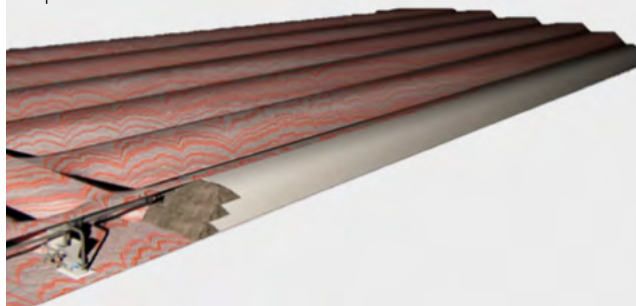
With regard to salt valorisation, about 15% of waste will be recovered and transformed into saleable by-product salt, in the form of vacuum salt and de-icing salt, resulting in less residue.

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.

Dry backfilling

Backfilling of mined rooms within 28 days.

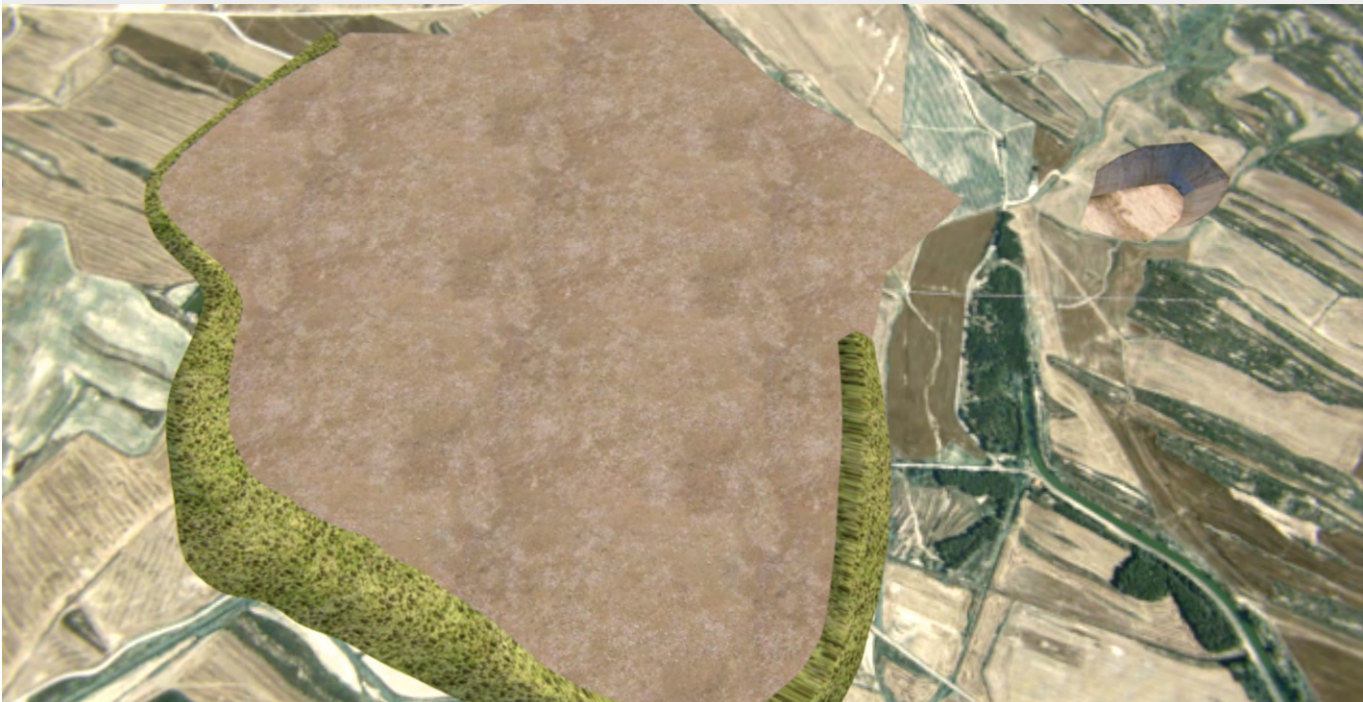
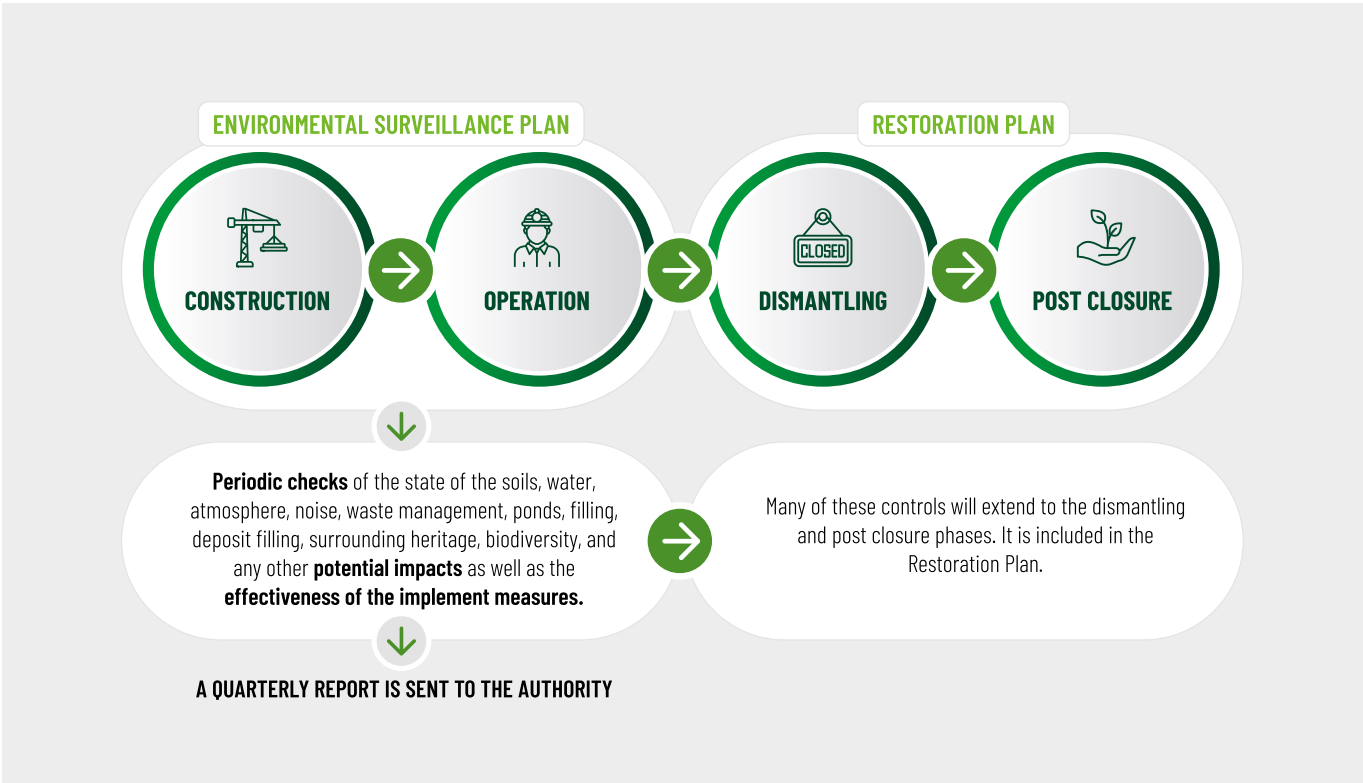
More than approx. 70Mt of waste will be reintroduced through backfilling, eliminating both its impact on the surface, and potential subsidence.



KClever 
Waste Management Solution

Comprehensive environmental controls & full reclamation

Under Spanish regulation, the Company is required to periodically check the state and management of the surrounding environment, and to implement measures to protect it, as well as check the effectiveness of such measures. These requirements are aligned to the Environmental Surveillance Plan, which Geoalcali has already in place. During the mine's operation quarterly reports will be sent to the Authority. Many of the controls will also be extended and included in the Restoration Plan that will apply during the dismantling and post closure phases. The surrounding environment elements that are taken into consideration in these Plans cover soils, water, atmosphere, noise, waste, ponds, surrounding heritage, biodiversity, and any other elements that could be impacted by the activity of the Company.

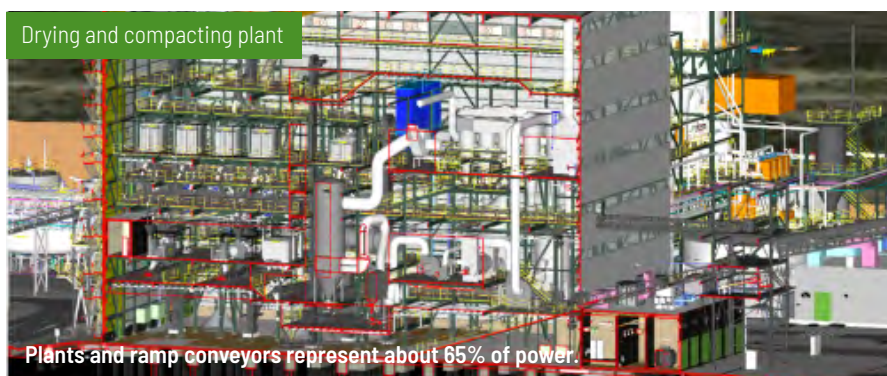


Electricity optimisation measures reduce energy consumption by ~15%

As part of Highfield's commitment to energy consumption reduction, the plant and the mine are designed to reduce both consumption and emissions, being well below the limits.

Electricity optimisation measures have been implemented to reduce energy usage by ~15%. Efficiency measures include the implementation of IE3 efficiency motors above legal requirements and Tier II transformers, which are a 10% more efficient than eco design ones. Furthermore, the equipment is layered in different heights to benefit from gravity.

In relation to gas consumption, the project complies with both the legislation and the additional improvements required by the regional authorities. In addition to this the Company has also implemented improvements such as a high efficiency natural gas burner with low NOX emissions, and a heat recovery system for the dryers.



Energy intensity and CO₂ emissions

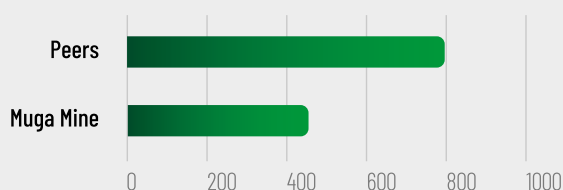
According to available data, the industry average for energy intensity would be between 600 and 800 kWh/t. Geoalcali's energy intensity is expected to be 445,446 kWh/t, well below its industry peers.

GHG Emissions intensity (tonnes CO₂eq. per tonne produced): most producers' emissions intensity are in excess of 0.15 t CO₂e per tonne produced, whereas Geoalcali's is expected to be 0.054 t CO₂eq. To calculate this both scope 1³ and 2⁴ have been accounted for.

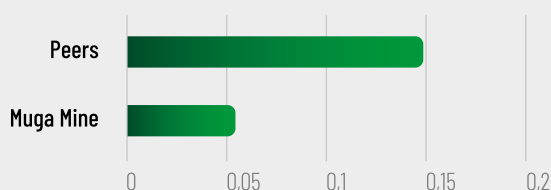
³Scope 1 assess direct emissions from Company's vehicles and operations as well as gas usage.

⁴Scope 2 assesses the emissions derived from electricity consumption.

Energy intensity (KWh/t)



GHG Emissions intensity (t CO₂ per tonne produced)



Muga Mine GHG calculations have been made with reference to the sum of potash and salt; we do not have information that other companies have followed the same criteria.

Optimised water management: a significant percentage will be sourced from recycled water

Muga Mine's water management has been optimised to minimise fresh water consumption and to increase recycled water usage. This means that 48% of the overall water consumption will be water recovered from rain or different parts of the process, while the remaining 52% will be taken from the Bardenas Canal, which is a regulated human-built infrastructure for industrial and agricultural use. No water will be taken from a riverbed or another natural source. Consequently, the two main elements of the Company's water management plan are water optimisation (water consumption will be half of what it otherwise would be if the mine's land was used for crops such as corn), and the exclusion of water disposal to any waterbed.

Protecting biodiversity and cultural heritage

The Project's footprint occupies a natural valley area, which is well shielded from the surrounding area. This is beneficial because the natural terrain offers noise reduction and also largely shields the installations from the line of sight in the surrounding areas. As the land used for the project is mainly used for crops no resettlements are needed and no protected natural areas will be affected.

During the permitting process, extensive flora, fauna and habitat studies have been undertaken and measures to protect them have been adopted.

The Company will work with environmental NGOs to protect and improve the surrounding habitats.

Assets of cultural interest in the surrounding area will not be affected by the industrial facilities of Muga Mine. The project will not mine in the exclusion areas around the Javier Castle, the Bardenas Canal or in urban areas.

Additionally, the Company is collaborating with the local communities to compile a Muga Community Development Plan. This will include mitigation measures to address potential negative affections as well as initiatives that will maximise the positive contributions that this project will bring to the host communities.



Environmental Performance

The Group is committed 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 Geocalci'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 2021.

Environmental Grievances:

ZERO environmental incidents and accidents were reported in 2021.



Stakeholder dialogue

All of our employees are encouraged to be engaged in their working environment and to base their decisions on the principles of sustainability. For many of our employees, this includes regular dialogue with stakeholders to engage in discussions with relevant stakeholder groups on specific local and regional challenges. This allows us to engage effectively and maintain a continuous dialogue to manage properly sustainability trends, expectations and needs from our stakeholder groups. In 2021, as in previous years, Highfield employees met with community leaders, politicians, scholars, business people and experts in different disciplines.

Community celebration after mining concession

The President of Navarra accompanied by distinguished representatives from the authorities in Navarra and Aragón, as well as representatives from the local community and Town Halls in the Muga area and representatives of political parties in the region, participated in a celebration event to commemorate the award of the Mining Concessions for the Muga project. The President of Navarra, Ms. Chivite, said: *"[the Project] is robust thanks to the different administrative procedures that Muga has gone through until the Mining Concession"* and she recalled that this Project *"has been subject to numerous and rigorous processes, taking into account the participation of a large number of organisations and incorporating improvements, including two periods of public consultation and an exhaustive process of citizen participation, resulting in a sustainable and important project for the economic recovery of the region"*.

"Muga will be a project that will provide an important boost for job creation and will be an effective instrument in the fight against depopulation, creating quality employment, which will reactivate the area."

President Chivite



President Chivite, Economy Minister, Mikel Irujo, Government representatives, Lucia Echegoyen, Mayoress of Sangüesa and the Highfield team.

Forums

Employment and Training



Young Talent and Companies – Technical training opportunities forum

Following its employer of choice strategy, the Company participated as a speaker in different forums to disseminate mining as a sector for professional development and employment for young people, students and workers in general.

Local Community Forums



The Company presented its Buy Local Policy to the Muga communities.

We were invited to join a live radio show in Sangüesa organised by the main radio station of the region with the aim at promoting visibility to depopulated rural areas. During this session we had the opportunity to share scenarios with key local representatives (Mayorress of Sangüesa and Javier, as well as the Government of Navarra) and were able to explain the major benefits of the project, emphasising the importance of local suppliers.



Local leaders in conversations with the Company.

The Company is working with the local communities and governments to discuss how best to coordinate its long term engagement with them. The Company has also initiated discussions with relevant officials about the need for local authorities to make plans for areas such as housing and infrastructure, for whose development they are responsible. The purpose of this engagement is to define a formal Local Liaison Group (LLG) to help us in the definition of Muga's Community Development Plan.



Adefo's Board meeting September 2021

The Company was also invited to present the Project and specifically explain its socioeconomic impact to the ADEFO (Rural Development Agency of Cinco Villas - Aragón) Board.

Partnerships and memberships

During International Day of Women and Girls in Science, Geoalcali participated in a school talk aimed at promoting interest, especially among girls, in studying the different specialities offered by the STEM careers, in order to encourage their incorporation into the industrial world and in particular into mining, a sector that offers a wide range of possibilities in the field of science. These talks form part of the official mining communication programme of the Government of Navarra, MINERETICA, in which Geoalcali actively participates among other members of the mining industry in Navarra.



The Company continued seeking alliances with key associations with the aim is to drive transformation in our sector, in an ethical, socially responsible and environmentally sustainable way. During 2021 the Company joined:

- AECV, the business association of Cinco Villas;
- ALIA, the logistics cluster of Aragón;
- ADEA, the executive managers association of Aragón;

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;
- 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 Geoalcali 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.



Seals and awards

Ignacio Salazar was nominated in Aragón's most important entrepreneurial award event (ADEA Award) as an executive leader of the year in big projects category. The award event had a high attendance of government authorities, business leaders, politicians, and media. This has given the Company the opportunity to present Muga Mine as a sustainable, innovative, and key project for Aragón.



We have also received our RSA certificate award from the Aragón Government due to our commitment to their official sustainability programme.



Community, building a future together

Right from the beginning of the process, the Company has engaged with local community representatives to ensure they remain aware of our Project from its onset and have ample opportunity to use dedicated channels to communicate any concerns. The Company has been and remains eager to work with the people in these communities to ensure the Company's performance is aligned with ethical principles of integrity, transparency and honesty to gain, retain and maintain its Social License to Operate (SLTO).

Geocalci has undertaken numerous explanatory meetings with the residents of the towns and villages located in Navarra and Aragón which sought to address any concerns raised by the people in the region in a collaborative manner. The Company has also made numerous presentations to community leaders' meetings and to locals to provide status updates about Muga. In total, the Company has organised more than 30 informative events. In 2021, the Company organised five different events with the aim of continuing its open relationship with the communities.

Town	Type of Engagement	Month	Year	Participants
Sos del Rey Católico	Informative Event - Local Suppliers	11	2021	70
Sangüesa	Informative Event - Local Suppliers	11	2021	75
Ejea de los Caballeros	Informative Event - Local Suppliers	11	2021	50
Ejea de los Caballeros	Informative Event	9	2021	16
Sangüesa	Informative Event	6	2021	70
Javier	Breakfast with Mayors	3	2021	8
Javier	Breakfast with Mayors	7	2019	40
Sangüesa	Open Doors	9	2019	400
Javier	Breakfast with Mayors	8	2018	40
Sangüesa	Open Doors	10	2017	200
Cinco Villas	Informative Event	2	2016	30
Sangüesa	Deliberation Sessions	6	2016	100
Sos del Rey Católico	Deliberation Sessions	6	2016	20
Javier	Informative Event	2	2015	20
Sangüesa	Informative Event	7	2015	200
Sos del Rey Católico	Informative Event	7	2015	100
Lumbier	Informative Event	9	2015	5
Urriés	Informative Event	10	2015	15
Liédena	Informative Event	7	2015	unknown
Yesa	Informative Event	7	2015	unknown
Sangüesa	Informative Event	2	2015	unknown
Pintanos	Informative Event	5	2014	50
Undués de Lerda	Informative Event	11	2014	20
SDP	Informative Event	2	2014	unknown
SDP	Informative Event	6	2014	unknown
Sangüesa	Informative Event	9	2014	unknown
Sangüesa	Informative Event	11	2014	unknown
Sangüesa	Informative Event	5	2014	unknown
Javier	Informative Event	5	2014	unknown
Javier	Informative Event	8	2014	unknown
Javier	Informative Event	6	2014	unknown
Javier	Informative Event	3	2014	unknown
Liédena	Informative Event	6	2014	unknown
Sangüesa	Informative Event	7	2013	200
Undués de Lerda	Informative Event	10	2013	10
Galar	Informative Event	7	2013	unknown
SDP	Informative Event	10	2013	unknown
SDP	Informative Event	5	2013	unknown

Table 3: Public participation and communication events held by Geocalci with local communities

The Company monitors continuously all available channels seeking to listen to, and take into account, all expectations from local stakeholders in order to enhance its CSR strategy continuously.

With this long-term view in mind, the Company started planning how best to assess the current socio-economic situation of the Muga communities of interest (COI). In informal discussions with local leaders and regional government there was a consensus on the need to assess this type of data.

The Government of Navarra, namely the Observatorio de la Realidad Social, decided to undertake a Social Baseline Study (GNSBS) to diagnose the current socio-economic situation of Muga Mine's COI prior to construction works commencing. This type of information is also valuable for two main reasons. In first place, the collected information could guide the Company in its CSR strategy. The data collected in the study helps the Company understand the potential positive and negative impacts of the Project and consider, based on that information, the implementation of mitigation strategies for negative impacts and strategies to maximise the positive impacts, working with the impacted communities in a strategic manner. Secondly, the data collected and the intention to undertake follow-up studies at specific intervals after Project commencement would help the Company measure changes that impact positively and negatively and be able to attribute these to the mine or other externals activities.

The Company will work with local communities and authorities to address the eight area of action identified in the GNSBS. More importantly, it suggests forming thematic working groups (depending on the impact) with Government, local authorities, and the Company to work together in all the Project phases.

In response to these action area, the Company is working on a formal response and commitment to the areas suggested in the study. These actions areas have also considered international sustainability frameworks such as the SDGs.



Government of Navarra presented the Social Baseline Study of Muga Mine in Sangüesa Town Hall

The eight action areas are:



Population

Initiatives to influence demographic rebalancing in terms of population rejuvenation and improvement of population replacement rates.



Occupational preparedness

Maximise local supplier engagement throughout the phases of the Project (construction and production).



Demographic equilibrium

Initiatives to promote female employment to minimise any gender imbalance arising from transitioning to urban areas due to the lack of opportunities.



Diversity and adequate distribution

A preference to distribute housing and other services throughout the COI, minimising the effect of newcomers to the area only focusing on Sangüesa and Pamplona.



Redefine new services needed

Monitor the situation and expect an increase in general services.



A new housing plan

There is a need to increase housing availability.



Social integration

Work on initiatives to integrate newcomers to the area throughout the communities.



Work in parallel with alternative work opportunities

Boost entrepreneurship and limit dependency on the mine.

Communication channels and grievance mechanism

As well as regular communication through such events, the Company constantly monitors all its communication channels and circulates surveys to key representatives of local communities to better understand if its efforts are being reaching audiences and being communicated in the right way.

The Company has not received any formal grievances during 2021. The following table summarises comments and grievances received from all communications via website channels, direct contact, phone, suggestion boxes in eleven community locations, and online/offline feedback forms during engagement events.

	2016		2017		2018		2019		2020		2021	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
In Favor	4	0	16	54	73	31	17	97	8	11	1	15
Unfavorable	0	0	1	4	1	2	0	1	0	0	0	0
Neutral	0	0	3	25	4	5	0	7	0	0	0	0

Queries												
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Received	4	0	5	17	8	5	0	3	0	0	0	0
Managed	4	0	5	17	8	5	0	3	0	0	0	0
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Grievances												
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Received	0	0	0	0	0	0	0	0	2	0	0	0
Managed	0	0	0	0	0	0	0	0	2	0	0	0
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 4: Feedback received from local communities.



Local suppliers events

Geoalcali organised three local supplier information sessions in Ejea de los Caballeros, Sangüesa and Sos del Rey Católico attended by more than 200 business people from the area. The Mayoress of Sangüesa, Lucía Echegoyen, as well as Sos del Rey Católico Mayoress, María José Navarro, and institutional representatives from neighboring towns such as Yesa, Rocafort, Cáseda, Eslava, among others, also attended the event.

Following the granting of the mining concession, Geoalcali is moving towards the construction of the Project, thus entering a new phase. The Company has a Buy Local Policy in place and considers that the support and engagement of local suppliers an important contributor to the success of the Project.



Local Supplier Event in Sangüesa

The Geoalcali Foundation

The Geoalcali Foundation has sponsored the E-Learning programme of the Commonwealth of Cinco Villas since 2015. This educational initiative reaches local residents of Undués de Lerda, Urriés, Lobera, Longás, Navardún, Pintanos, Bagüés with the purpose of raising IT literacy and thus improving the employability of the active population which in turn, contributes to equal opportunities between rural and urban areas. This initiative promotes the integration of people who arrive in the region and do not know the language or have a lack of IT skills.

During the Covid-19 pandemic the Geoalcali Foundation also contributed with its purchase of school materials to adapt the Sos del Rey Católico School, Isidoro Gil de Jaz, centre for online classes. The Foundation also contributed with the purchase of masks, gels, disinfection mats, protective screens and toy disinfectant.

The Geoalcali Foundation, together with the Liédena Town Council organised the event "Penultimate journey of the Irati train". This is a tourism initiative to raise awareness on the cultural heritage of the town by using a train that is no longer in use but is part of the town's history.

Our people, the Company's main ambassadors

The Company staff is a very important stakeholder. A healthy relationship with this stakeholder group can bring direct benefits in generating a strong commitment to the organisation. We are facing a paradigm of change, driven by Covid. This has pushed people to question intangible aspects and to ask themselves whether the Company they work for is aligned with their values. In other words, what we understand today as "corporate purpose" must resonate and move employees.

The Company has struggled during the pandemic and employees have directly suffered as a result of the delays from the permitting process. Despite their pay being reduced and additional work pressures, the team remained united and understanding of the common purpose of building the Muga project together. This signifies that the people working for the Project are committed and understand the great opportunity it will provide to them and the region.



Health and safety

The Company continued monitoring the Covid pandemic through its Covid Committee which assessed risks and implemented protocols to protect the staff. The Company did not report any significant infection spread from any staff member.

Accidents: The Company registered a minor accident involving an operator travelling to work. No lost time was reported. After being medically assessed at a nearby hospital the driver was discharged a short time later with no physical injuries sustained.



Training

During this year, training efforts have focused on Health and Safety with the aim of guaranteeing that all personnel forming part of the Project have the appropriate training and preventative knowledge for the work they are going to carry out.

The Company has also carried out training on Labour Legislation with the aim of implementing a Labour Compliance Plan.

H&S Training

- Fire Prevention and Emergency Measures: Prevention, Extinguishing and Evacuation: Total 9 hours (3 hours per person).
- Information, consultation and participation of workers in the prevention of occupational hazards: Total 33 hours (1 hour per person).
- Covid protocol in the office: Total 33 hours (1 hour per person).
- Covid risks and preventive measures: Total 15 hours (3 hours per person).
- Warehouses: risks and preventive measures: Total 3 hours (3 hours per person).
- Data visualisation screens: Risks and preventive measures: Total 12 hours (3 hours per person).
- Investigation of accidents and incidents in the workplace: Total 15 hours (3 hours per person).

Coordination of Business Activities

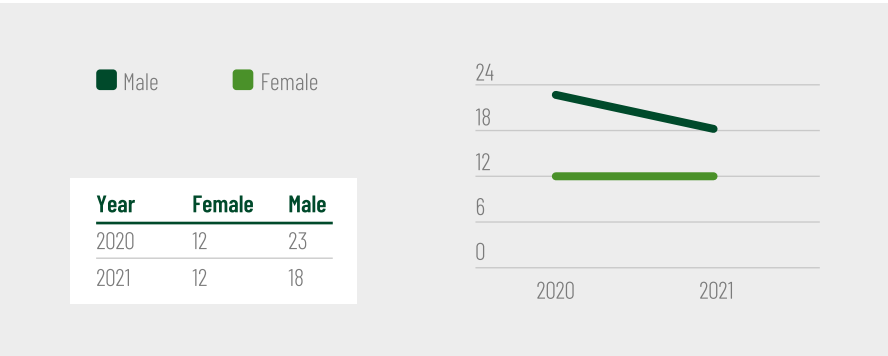
- First Aid: Total 12 hours (3 hours per person).
- Basic Principles, General Risks and Preventive Measures: Total 9 hours (3 hours per person).
- Protection of particularly sensitive workers: Pregnancy, Maternity and Breastfeeding: Total 9 hours (3 hours per person).
- Road Safety at Work: Total 12 hours (3 hours per person).
- Noise: risks and preventive measures: total 3 hours (3 hours per person).
- Electrical Risk: Risks and preventive measures: Total 3 hours (3 hours per person).
- Prevention of stress at work: Total 3 hours (3 hours per person).
- Offices and offices: Risks and Preventive Measures: Total 12 hours (3 hours per person).

Diversity and work-life balance enhanced protocols

Regarding specific grievance procedures and in accordance with our Whistleblower Policy, a Harassment Prevention Protocol has been implemented to assist in the event of any sexual and/or gender-based harassment.

In terms of flexible working hours, paid leave has been included, which includes measures for work-life balance and accompaniment of family members, and requests for flexibility measures other than those included in the Company's work calendar.

In accordance with our Diversity Policy, a system for assessing candidates has been included in the personnel selection procedure, so that the gender variable is independent throughout the selection process. In addition, the remuneration policy is reviewed annually, where salaries are studied and analysed in order to correct any inequalities in accordance with the remuneration register established by the Equality Act of the Spanish law.



The Group

Highfield Resources Limited

Highfield Resources Limited is a potash development company which is 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 and the required Mining Concession in 2021. Muga is pending the urbanistic permits to take the Project into the construction phase.

Geoalcali S.L.U.

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 range 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



Muga Mine facilities 3D simulations

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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



Directors

The names, qualifications and experience of the Company's Directors in office during the period 1 January to 31 December 2021 are as follows. Directors were in office for the entire period unless otherwise stated.



Mr. Richard Crookes

Independent Non-Executive Chairman, BSc (Geology), Grad Dip Applied Finance

Mr. Crookes has over 30 years' experience in the resources and investments industries. He is a geologist by training having worked in the industry most recently as the Chief Geologist and Mining Manager of Ernest Henry Mining in Australia (now Glencore). Mr. Crookes is currently Managing Partner of Lionhead Resources, having previously spent six years with EMR Capital as an Investment Director and prior to that, 12 years as an Executive Director in Macquarie Bank's Metals Energy Capital (MEC). Mr. Crookes has extensive experience in Funds Management, deal origination, evaluation, structuring, and execution of investment entry and exits for both private and public resources companies in Australia and overseas. Mr. Crookes held three other directorships of listed companies (Chairman Black Rock Mining Ltd BKT:ASX, since October 2017; Non-executive Director Lithium Power International Ltd LPI:ASX, since October 2018; Non Executive Director of Barton Gold Holdings Ltd BGD:ASX, since February 2021).

Mr. Crookes stepped down from the Board on 24 March to pursue his new role as Managing Partner of Lionhead Resources. His successor as Chairman of the Board is Mr Paul Harris (see page 41 for details of Mr Harris' expertise).



Mr. Ignacio Salazar

Managing Director and Chief Executive Officer

Mr. Salazar is an international executive with more than 30 years of experience in the natural resources industry. He has lived and worked in various countries in Europe and South America. Ignacio assumed the position of CEO of Highfield in July 2020, after coming from Orosur Mining, a Canadian gold mining company with operations in Colombia, Uruguay and Chile, which is listed in the London and Toronto stock markets, and in which he worked as CEO and CFO for 12 years. Salazar had previously pursued an 18-year international career in oil and gas exploration and production with Royal Dutch Shell.

Educated at the University of Deusto (Bilbao) where he completed his master's degrees in Economics and Business and Law, Ignacio has extensive experience in the exploration, development, construction and operation of open pit and underground mines, as well as in the development of local relations with communities and governments, and international relations within the industry and in the capital markets from London, Europe and North America, both raising capital and in mergers and acquisitions.



Ms. Pauline Carr

Independent Non-Executive Director, BEcon, MBA, FAICD, FGIA, FCG (CS CGP)

Ms. Carr has over 30 years' commercial experience in management, corporate governance and compliance, mergers and acquisitions, investor and stakeholder relations and company reorganisations. She is a professional non-executive director and also provides business improvement, compliance, risk management, project management and corporate governance solutions to executive management teams. Prior to this, Ms. Carr held senior positions with Newmont Asia Pacific and ASX listed Normandy Mining Limited and worked for a number of years in the oil and gas sector with Exxon Mobil. She sits on several Boards and is Chancellor of the University of South Australia. She is also Chairman of the South Australian Minerals and Energy Advisory Council and National Pharmacies and a non executive Director of Australian Rare Earths Limited. Ms. Carr joined the Board and a Non Executive Director of ASX listed Australian Rare Earths Limited in 2021.



Mr. Roger Davey

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

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

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

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

Mr. Davey is a graduate of the Camborne School of Mines, England and holds a Master of Science degree in Mineral Production Management from Imperial College, London University. He is a Chartered Engineer (C.Eng.), a European Engineer (Eur. Ing.) and a Member of the Institute of Materials, Minerals and Mining (MIMMM). Mr. Davey also holds a Master of Science degree in Water Resource Management from Bournemouth University.



Mr. Brian Jamieson

Non-Executive Director, FCA, FAICD

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

Mr. Jamieson was Chief Executive of Minter Ellison Melbourne from 2002-2005. Prior to joining Minter Ellison, Mr. Jamieson was Chief Executive Officer at KPMG Australia from 1998-2000, Managing Partner of KPMG Melbourne and Southern Regions from 1993-1998 and Chairman of KPMG Melbourne from 2001- 2002. Prior to the merger of Touche Ross & Co and Peat Marwick Hungerfords to form KPMG, Mr. Jamieson was the Managing Partner for Australia for Touche Ross & Co. He has over 30 years' experience in providing advisory and audit services to a diverse range of public and large private companies. He is also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Mr. Jamieson is currently Non-Executive Chairman of the Audit and Risk Committee of IODM Limited and is currently a Non-Executive Director of Energy Technologies Limited (EGY.ASX appointed 24 December 2020) and Highfield Resources Limited. Mr. Jamieson was formerly Non-Executive Chairman of Sigma Healthcare Limited (resigned 13 May 2020), Non-Executive Chairman of Mesoblast Limited (resigned 31 March 2019), Non-Executive Director of Oxiana/OZ Minerals Limited from 2005 to 2015 and served as Chairman of Audit Risk and Compliance, Nomination and Remuneration, and Due Diligence Committees. He was a Non-Executive Director of Tatts Group Limited from 2005 to December 2017 and served as the Chairman of Audit and Risk Committee, Chairman of the Due Diligence Committee and member of the Remuneration Committee. He was also a Non Executive Director of ASX listed Tigers Realm Coal from 2010 to 2015 and chaired various committees.



Mr. Isaac Querub
(retired 27 September 2021)

Independent Non-Executive Director, BA (Administration) BA (Law)

Mr. Querub, was an advisor to both the Company and its wholly owned Spanish subsidiary, Geoalcali, from September 2017 until joining the Board on 5 April 2018.

He is one of Spain's most senior commodities professionals and has a successful track record as a global mining executive and over 35 years' experience in the sector. He was Chief Executive Officer of Glencore in Spain for over 14 years representing Glencore in negotiations which resulted in important transactions and acquisitions over more than 20 years. He led Glencore in transactions throughout Africa and Spain as well as representing the Company on the Board of Asturiana del Zinc, a major Spanish zinc producer. More recently he was Chief Executive Officer of EMED, now Atalaya, which operates the former Rio Tinto copper mine located in southern Spain.

Mr. Querub has a degree in Business Administration and a degree in Law, both from ICADE - Universidad Pontificia de Comillas, Madrid. He is currently active on a number of not-for-profit Boards as well as having extensive experience in the international marketing of mineral, crude and oil products.



Mr. Jim Dietz
(retired 18 February 2021)

Independent Non-Executive Director, B.Eng (Chem), M.Eng (Chem)

Mr. Dietz has over 42 years' experience in the fertiliser, chemical and petroleum industries, primarily in senior operational roles. From 2000 until 2010, he was Chief Operating Officer of Potash Corporation of Saskatchewan ("PotashCorp"), the world's largest fertiliser company. Prior to that position, Mr. Dietz held a variety of other senior management roles, including President of Nitrogen, during his 17 year career with PotashCorp. During that time, Mr. Dietz was responsible for global operations as well as Safety, Health, and Environment performance and Procurement. Mr. Dietz also represented PotashCorp on the Board of Directors of Arab Potash Company. Mr. Dietz is a Chemical Engineer and holds both a Masters and Bachelors designation from the Ohio State University.



Mr. Paul Harris
(Appointed effective 25
March 2022)

Independent Non-Executive Chairman, B Comm, M Eng. (Mining) GAICD

Mr. Harris joined the Board of Highfield Resources Limited as an independent non-executive Director and Chairman on 25 March 2022. Mr. Harris has over 25 years' experience in financial markets and investment banking, including roles with Citibank, Bankers Trust and Merrill Lynch advising mining organisations on strategy, mergers and acquisitions, and capital markets. He is well known by the Australian investment community and was also Managing Director – Head of Metals and Mining at Citi for several years.

Most recently Mr. Harris has been working with mining company boards as a non-executive director as well as providing advisory services on strategy and finance. He is currently the non-executive Chairman of ASX-listed Aeon Metals Limited (ASX: AML) and a non-executive Director of ASX listed Aurelia Metals Ltd (ASX:AMI).

Mr. Harris has a Masters of Engineering (Mining) and a Bachelor of Commerce (Finance) from the University of New South Wales and is a graduate of the Australian Institute of Company Directors.

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. Geocalci became the first Spanish junior mining company to join the United Nations Global Compact initiative in 2020.

Period covered from: 1 JANUARY 2021 to: 31 DECEMBER 2021

STATEMENT OF CONTINUED SUPPORT BY CHIEF EXECUTIVE OFFICER OF GEOALCALI AND HIGHFIELD RESOURCES LIMITED (PARENT COMPANY OF GEOALCALI S.L.U)

June 03, 2022

To our stakeholders:

I am pleased to confirm that Geocalci 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
CEO and Managing Director



Human Rights



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

Geoalcali 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. Geoalcali manages these communications and keeps track of commitments made in response to ensure proper stakeholder engagement.

The Company has also installed suggestions boxes at local town halls to enable communications with residents who 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 reviewed its Code to ensure that it remained relevant and current. No material changes were required to be made.

Measurement of Outcomes

Grievance Mechanisms

Local Communities

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

Internal Mechanisms

The Company received three complaints but none were related to Human Rights.

Code Performance

The Company has not received any reports or notification of any Human Rights violations.



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's 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.

Staff Well-Being

The Company crisis management Covid-19 sub-committee continued monitoring the health crisis and implemented the necessary measures to safeguard the employees health and safety at all times.

Measurement of Outcomes

Grievance Mechanisms

Internal Mechanisms

The Company has a formal committee to address any such complaints. The Company registered three complaints from employees:

An anonymous complaint with regards to the Company's decision to return to physical work locations. A suggestion to use a higher grade protective face mask during work and a minor noise complaint due to a telephonic conversation.

Health and Safety

Performance on health and safety topics is disclosed on page 34 of this report.

Staff Well-Being

Performance regarding staff well-being is disclosed in the section "Our People" on page 34 of this report.

Code Performance

No relevant or material updates.

Environment



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 the Group is accepted and welcomed within the communities in which we operate.

Implementation

Awareness Campaigns

No significant awareness campaigns were held during 2021.

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

Environmental Management

Performance on environmental topics is disclosed on pages 20 - 25 of this report.

Code Performance

An improved procedure for suppliers to include ESG factors, commitments and alignments to the Group's Code.



Anti-corruption



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

Incorporation of the Group's Code policies into Geoalcali's internal governance system through Operating Procedures (OP) integrated into the Integrated Management System (IMS).

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. The Company undertook an internal audit to review consultants to determine strategic relevance thus improving risk management.

Protocols

The Company enhanced its governance practices by introducing Operating Procedures of ethical policies of the Code in its IMS.

Measurement of Outcomes

Procurement Practices

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

Whistleblower Protection

No reports have been received.

Anti-Bribery

No reports have been received.

Code Performance

No relevant or material updates.

MINA

A la vangu



MUGA

guardia de la sostenibilidad



GRI Index

GRI Standard	COP1/ SDG ²	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	Pages 36-37	Reported
		102-2 Activities, brands, products and services	Pages 36-37	Reported
		102-3 Location of headquarters	Pages 36-37	Reported
		102-4 Location of operations	Pages 36-37	Reported
		102-5 Ownership and legal form	Pages 36-37	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	Pages 36-37	Reported
		102-8 Information on employees and other workers	Page 34	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 7 - 8	Reported
	ALL SDG	102-12 External initiatives	Pages 26 -33	Reported
	SDG 17 SDG 4	102-13 Membership of associations	Page 28	Reported
	CEO COP Statement	102-14 Statement from senior decision-maker	Pages 2 and 42	Reported
		102-16 Values, principles, standards and norms of behaviour	Pages 7 and 8	Reported
		102-18 Governance structure	Page 7	Reported
		102-40 List of stakeholder groups	Page 14	Reported
		102-41 Collective bargaining agreements	All employees are collectively represented	Reported
		102-42 Identifying and selecting stakeholders	Page 14	Reported
		102-43 Approach to stakeholder engagement	Pages 14 and 30-33	Reported
	ALL SDG	102-44 Key topics and concerns raised	Pages 14 -17	Reported
		102-45 Entities included in the consolidated financial statements	Visit latest Annual Report 2021 at https://www.highfieldresources.com.au/wp-content/uploads/sites/2/2022/03/annualReport2022.pdf	Reported
		102-46 Defining report content and topic Boundaries	Pages 4 and 14-17	Reported

GRI Standard	COP ¹ / SDG ²	Disclosure	Page number(s) and/or URL(s)	Omission
	All SDG	102-47 List of material topics	Page 15	Reported
		102-48 Restatements of information	No restatements	Reported
		102-49 Changes in reporting	No material changes	Reported
		102-50 Reporting Period	Page 4	Reported
		102-51 Date of most recent report	Page 4	Reported
		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 50	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 14- 17	Reported
		103-2 The management approach and its components	Pages 2 and 14-17	Reported
Generation of Wealth				
GRI 203: Indirect Economic Impacts		203-1 Infrastructure investments and services supported	Visit latest Annual Report 2021 at https://www.highfieldresources.com.au/wp-content/uploads/sites/2/2022/03/annualReport2022.pdf	Reported
		203-2 Significant indirect economic impacts	Visit latest Annual Report 2021 at https://www.highfieldresources.com.au/wp-content/uploads/sites/2/2022/03/annualReport2022.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 47	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 25. 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 25. 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 25. 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 25	Reported
Quality Employment				
GRI 401: Employment	SDG 8 COP L	401-1 New employee hires and employee turnover	Page 35	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 34-35	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	Page 35	Reported
	SDG 3 SDG 8 COP L	403-3 Workers with high incidence or high risk of diseases related to their occupation	Page 35	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 30-33	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





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