

**3 December 1999**

**ANNOUNCEMENT**

Cyprus Amax PNG Holdings Inc (Cyprus) has advised Highlands Pacific that, as a consequence of the merger between Cyprus and Phelps Dodge, they will withdraw from the Frieda Joint Venture as of March 1, 2000. Phelps Dodge/Cyprus concluded that, despite the exciting geological potential of the Frieda area, the asset does not fit into the new Phelps Dodge/Cyprus portfolio.

Consequent to their withdrawal, the Cyprus interest in the Frieda Joint Venture will revert to Highlands Pacific, following which the relevant interest will be Highlands Pacific (86%) and OMRD (14%). Highlands Pacific plans to initiate discussions with other parties interested in farming into the project.

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