



**HIGHLANDS PACIFIC LIMITED** ARBN 078 118 653  
Incorporated in Papua New Guinea

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## Sale of Kainantu Gold Mine and surrounding Exploration Licences approved by Special meeting of Shareholders

The Board of Highlands Pacific Ltd (Highlands) is pleased to announce that the resolution approving the sale of the Kainantu Gold Mine and surrounding Exploration Licences to Barrick Gold Corporation was approved by shareholders at the Special Meeting of Shareholders held in Port Moresby on 5 December 2007.

Chairman, Mr Bob Bryan said that the transaction heralds a new beginning for Highlands which has suffered through a gold hedge book which had ballooned to USD 93 million due to the recently escalating gold price.

Mr Bryan said that the quality of Highlands' gold mining and exploration portfolio in the Kainantu Goldfield which will be sold to Barrick, underpinned the transaction. "While the Kainantu Mine had been a difficult operation for Highlands, the recent improvements in performance at the Mine and Barrick's capacity to provide the necessary financial support, meant that there was now an excellent prospect of turning Kainantu into a commercial success," Mr Bryan said. "This would in turn ensure employment opportunities and security for local landowners and add to the general level of prosperity in PNG".

Settlement with Barrick will take place on 11 December 2007. Proceeds from the sale will be used to immediately pay down the debt of the USD19.8 million loan facility and the USD93 million gold hedging loan which was monetised when the sale was agreed with Barrick.

A sum of USD7 million of the agreed USD141.5 million purchase price attributable to EL1277 and EL1399 will be withheld, pending the renewal and transfer of the two titles. It is anticipated that both these EL's will be approved for renewal and transfer in January 2008 at which time Barrick will transfer the remaining USD7 million to Highlands.

Mr Bryan said that with Highlands debt free and the USD 23 million in the bank – to be increased to USD 30 million after the two titles are transferred – a whole raft of opportunities presented themselves to Highlands in both PNG and elsewhere. "Highlands has two world-class assets in the Ramu nickel/cobalt joint venture with the MCC, and the Frieda River copper/gold joint venture with Xstrata; and there is also the largely untested gold prospect at Wau to be explored."

"However, Managing Director John Gooding would also be looking at new gold and base metal prospects in Australia and the Asia Pacific region to reduce country risk and broaden the minerals portfolio," Mr Bryan said.

"Given the success John Gooding and the team has achieved in straightening out the Company's affairs at Kainantu and corporately, I believe that there is every reason to believe that they will make a real success of the new Highlands," Mr Bryan said.

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