



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

**Registered Office**  
PO Box 1486  
Level 9 Pacific Place  
Musgrave Street  
Port Moresby NCD 121  
Papua New Guinea

Telephone: (675) 321 7633  
Facsimile: (675) 321 7551

**Registered Office in Australia**  
GPO Box 3086, Brisbane Qld 4001  
Level 4 Telstra House  
167 Eagle Street  
Brisbane Qld 4000  
Australia

Telephone: (617) 3239 7800  
Facsimile: (617) 3221 6727

E-MAIL [info@highlandspacific.com](mailto:info@highlandspacific.com)  
WEB SITE [www.highlandspacific.com](http://www.highlandspacific.com)

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7 June 2002

## **Kainantu Gold Project - Mining Lease Approved**

The Minister for Mines, The Hon. Chris Haivetta, has announced that all the necessary requirements for the grant of a mining lease for Highlands Pacific Limited's high-grade Kainantu gold project have been satisfied and the lease recommended for grant.

Mr Haivetta advised that he intends to sign the mining lease on Friday, 14 June. A copy of Mr Haivetta's statement is attached.

Mr Ian Holzberger, Managing Director of Highlands Pacific, welcomed the news saying "the grant of the mining lease will remove one of the remaining development hurdles and move the project forward towards Highlands Pacific's objective of commencing construction in the 4<sup>th</sup> quarter 2002".

### **For further information contact:**

Ian Holzberger, Managing Director  
Phone: (61 7) 3239 7800  
Mobile: 0418 886 165  
Email: [irh@highlandspacific.com](mailto:irh@highlandspacific.com)

Jeff Forbes, General Manager Finance  
Phone: (61 7) 3239 7800  
Mobile: 0408 756 790  
Email: [jif@highlandspacific.com](mailto:jif@highlandspacific.com)



## MINISTRY OF MINING

### PRESS RELEASE

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#### KAINANTU MINING LEASE APPROVAL

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The Minister for Mining, Hon Chris S Haiveta MP announced today that "the way is clear to issue a mining lease to Highlands Pacific over the Irumafimpa prospect at Kainantu in the Eastern Highlands Province".

The new development is based on the underground mining of narrow high grade gold lodes that contain about 1million ounces of gold. "I have been advised by the Department of Mining that all the paperwork has been assessed and recommendations made for grant" he said. The Minister welcomed the K100 million investment and will be available to sign the Instrument of Grant on Friday 14<sup>th</sup> June.

"This is PNG's second underground development and will be the first mine to come into operation since production commenced on Lihir in 1997. The mine will produce about 100,000 ounces of gold per year and will help contribute to the development of the region" he said.

Minister Haiveta visited the proposed plant site earlier in the year at the base of the hills on the flats in the Markham Valley within Eastern Highlands Province. "The landowners wanted the plant site to be located near their village up in the hills," he said, adding that "independent consultants have established that the location on the flats best satisfies socio-economic and environmental considerations". Minister Haiveta confirmed that "the mine will be storing its waste on land in engineered dumps and also underground so the environmental impact should be minimal".

The Minister urged the land owners "to assist the District Lands Officer in delineating customary boundaries, and work in a timely manner with all stakeholders to negotiate their compensation claims and benefits under the Memorandum of Agreement". Minister Halveta pointed out that "improved health, education, infrastructure, employment and the opportunity for spin-off businesses will come with the development".

Approved for release.



HON. CHRIS S. HALVETA, MP  
Minister for Mining

6<sup>th</sup> June 2002