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RAMU NICKEL and COBALT PROJECT – GO AHEAD

In the presence of the Prime Minister of Papua New Guinea the development of the Ramu nickel and cobalt project has been formally sanctioned at a “foundation stone” laying ceremony at Basamuk, the plant site.

To support the Joint Venture’s target to commence production in 2009 on ground preconstruction activities are well advanced with the construction of access roads and a temporary wharf and the erection of a construction camp facility under way. Orders have also been placed for a number of long lead time items.

The capital cost of development is now estimated at USD 800 million and the construction of the processing plant and mine infrastructure is forecast to commence in April 2007.

The project has been strengthened by the entry of the Jinlin Nickel Industry Group Limited into a consortium with China Metallurgical Construction (Group) Limited (MCC) the manager of the joint venture. The Jinchuan Group Limited is also negotiating to enter the project through the MCC lead consortium. Both Jinlin and Jinchuan are Chinese domestic nickel producers.

Chairman Bob Bryan noted that Highlands Pacific was delighted to participate in this “foundation stone” laying ceremony as evidence that the Ramu Project is firmly on track to be in production by mid 2009.

“We see the development of Ramu as a major boost for the Madang Province and given the long life nature of the nickel – cobalt resource the benefits should continue to flow to shareholders, the Province and the Nation for many years to come” Mr Bryan said.

Highlands Pacific’s has an initial 8.56% carried interest in Ramu, which will increase to 11.30% at no cost to the Company after the debt raised to finance the project has been repaid. At this time Highlands will also have the option to purchase an additional 9.25% in Ramu at market value, which if exercised would take Highlands Pacific’s total interest to 20.55%.

About Ramu

Ramu is a large “wet tropical” laterite nickel and cobalt project located in the Madang Province of PNG. The project is permitted for development.

The resource at Ramu is estimated at 143 million tonnes at 1.01% nickel and 0.10% cobalt of which around 50% has been converted to reserve status. This gives a mine life in excess of 20 years based on forecast annual production of 33,000 tonnes of nickel and 3,280 tonnes of cobalt contained in a high grade intermediate product.

The ore, after beneficiation at the Kurumbakari mine site, will be transported by slurry pipeline 132 km a processing facility to be located at Basamuk Bay on the Rai Coast. Basamuk Bay is a natural deep water harbour with large deposits of limestone suitable for use in the processing operations located adjacent to the site. The high grade nickel and cobalt intermediate product will be direct shipped from Basamuk Bay to offshore smelters for smelting and refining.

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