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RAMU PROJECT – Joint Venture Agreement Signed

China Metallurgical Construction (Group) Corporation (MCC) formally became a participant in the Ramu nickel/cobalt project when the Ramu Joint Venture Agreement was signed in Port Moresby last night by the joint venture participants. With the signing of the agreement MCC is now the Operator and Manager of the Ramu Joint Venture.

Following the execution of the agreement the composition of the Ramu Joint Venture is:

MCC RamuNiCo Limited (a subsidiary of MCC)	85.00%
Ramu Nickel Limited (a subsidiary of Highlands Pacific)	8.56%
Mineral Resources Ramu Limited (a subsidiary of MRDC)	3.94%
Mineral Resources Madang Limited (a landowner company)	2.50%

MCC are responsible for financing 100% of the project including Highlands Pacific's equity (on a free carry basis) and arranging the debt. This means that the development of Ramu will be non-recourse to Highlands Pacific.

Highlands Pacific's initial 8.56% carried interest in Ramu, increases to 11.30% at no cost to the Company after the debt for the financing of 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%.

Highlands Pacific's Managing Director, Mr Ian Holzberger noted that Ramu was now firmly on track to become a significant supplier of nickel and cobalt, to meet burgeoning demand for these metals in China.

From Highlands Pacific's stand point Ramu will also provide the Company with product diversification, supplementing the gold from Kainantu. The importance of this aspect should not be under-estimated", Mr Holzberger said.

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