



Quarterly Activities Report - for the period ended 31 December 2015

ASX Code: HIG

Shares on Issue: 921 million
Performance Rights: 37.3 million
Shareholders: ~8,300

Market Cap: A\$50m (5.5c-per-share)

Cash at Bank*: A\$12.3m

Directors

Ken MacDonald, *Chairman*
John Gooding, *Managing Director*
Mike Carroll
Dan Wood
Bart Philemon

Management

Craig Lennon, *CFO & Company Secretary*
Larry Queen, *Chief Geologist*
Peter Jolly, *GM Technical*
Ron Gawi, *GM Port Moresby*
Leslie Nand, *GM Exploration Projects*
Joe Dowling, *GM Investor Relations and Communications*

For further information, please contact:

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www.highlandspacific.com

HIGHLIGHTS

Ramu Nickel Cobalt Mine (8.56% with potential to move to 20.55%)

- Nickel metal in concentrate production reached a record 25,582 tonnes in the year to December 2015, up 22% from the prior year output of 20,987 tonnes due to increased mine production and plant throughputs.
- Quarterly nickel production was 6,320 tonnes, which was the second highest on record, but lower than the prior quarter due to a planned shutdown for maintenance during November.
- Cobalt metal in concentrate production increased 17% to 2505 tonnes for the year and totalled 626 tonnes for the quarter, down from 704 tonnes in the three months to September.
- Output for 2016 is expected to continue to grow strongly, exceeding 29,000 tonnes of nickel, with the plant achieving full nameplate production rates on a consistent basis by the end of the year.

Star Mountains (Copper/Gold Porphyry Exploration)

- Five additional holes were drilled in the quarter, completing the 2015 campaign of nine holes for a total of 5,387 metres of diamond drilling.
- Assay results for the first four holes in the campaign were released on September 29, and results for two additional holes were released in the December quarter, again confirming the presence of copper/gold mineralisation at both prospects which were the focus of the campaign.
- Since the end of the year, site activities have involved the commencement of a ZTEM survey which is being flown at present and a tenement wide geological mapping and sampling program is underway.

Frieda River Copper Gold Project (Highlands 20%, GRAM/PanAust80%)

- Preparation of the Frieda River Feasibility Study continued during the quarter.
- The scheduled completion date for the Study has been extended to the end of March, 2016, to allow for full investigation of various design refinements and alternative operating parameters in view of depressed prevailing copper and gold prices and to ensure that up front capital requirements are optimised.
- Following completion of the Study, a further independent peer review will be conducted in April, providing the opportunity for an application to be submitted to the PNG Government for a special mining lease by June 30.

Corporate

- Cash at Bank of US\$9.0 million (A\$12.3 million). An additional US\$5 million payment is due from Anglo American in February 2016 as part payment for its interest in the Star Mountains project.

Managing Director of Highlands Pacific Mr John Gooding said: "The Company has continued to advance its various projects during the December quarter, with strong production results at the Ramu nickel project, encouraging exploration results at Star Mountains and steady progress being made towards the completion of the Frieda River feasibility study. Notwithstanding an extended period of cyclical weakness in commodity prices, management remains focused on delivering returns for shareholders through the successful development of these exciting projects in the coming years," he said.



About Ramu Nickel Cobalt Project

Location: The Kurumbukari mine is connected to the Basamuk treatment plant by a 135km pipeline which is on the coast and 75 km east of the provincial capital of Madang, PNG.

Production: The 3 autoclave Basamuk treatment plant is designed to have an annual production of 31,150 tonnes of nickel and 3,300 tonnes of cobalt.

Equity: Highlands has an 8.56% interest in the project which will increase to 11.3% at no cost after internal project debt has been repaid from operating cash flow. Highlands has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.

Share: Highland's share of product based on its 8.56% share is 2,666 tpa of nickel and 282 tpa of cobalt, rising to 3,520 tpa of nickel and 373 tpa of cobalt when equity increases to 11.30%. Highlands can market its share of product.

Free Carry: The Ramu project debt funding is non-recourse to Highlands with Highlands' equity interest free carried.

About MCC: The project's operator and majority owner is Hong Kong and Shanghai listed Metallurgical Corporation of China Limited (MCC). MCC is a multi-asset multi-disciplinary company, well known for its strength in scientific research, industrial engineering practice and international trading. MCC hold a 61% interest in MCC Ramu NiCo Limited (which holds an 85% interest in the Project), with a number of other Chinese end user entities holding the remaining 39%.

RAMU NICKEL PROJECT (8.56% with potential to move to 20.55%)

The Ramu nickel project produced a record 25,582 tonnes of nickel in concentrate in the year to December, which was slightly above guidance of 24,000-25,000 tonnes provided in the September quarter report.

Production for the December quarter was also well above guidance, at 6320 tonnes, but slightly below the prior quarter due to a planned shutdown for maintenance during November. The shutdown, which affected different parts of the plant over a period of approximately 20 days, enabled internal inspection of autoclaves, addition of iron/aluminium filtration to boost recoveries and routine servicing and cleaning of vessels, pipes and tanks as appropriate.

Production for 2016 is expected to continue to improve steadily and should exceed 29,000 tonnes.

	2012 Year	2013 Year	2014 Year	2015 Year	Name- plate
Ore Processed (dry kt)	647	1,253	2,273	2,784	3,400
MHP Produced (dry t)	13,777	29,736	57,360	65,286	78,000
Contained Ni (t)	5,283	11,369	20,987	25,582	31,150
Contained Co (tonnes)	469	1,013	2,134	2,505	3,300
% Nameplate capacity	17%	36%	67%	82%	100%
MHP Shipped (dry t)	576	39,472	57,216	53,291	
Contained Ni (t)	217	15,123	21,100	20,747	
Contained Co (t)	19	1,338	2,164	2,004	

	2015 Mar Qtr	2015 Jun Qtr	2015 Sept Qtr	2015 Dec Qtr
Ore Processed (dry kt)	694	682	753	656
MHP Produced (dry t)	16,413	15,086	17,763	16,024
Contained Ni (t)	6,212	5,943	7,106	6,320
Contained Co (t)	600	573	704	626
MHP shipped (dry t)	12,850	12,067	13,795	14,579
Contained Ni (t)	4,851	4,711	5,489	5,696
Contained Co (t)	467	456	543	539
% Nameplate capacity	79	76	91	81

Financial Performance

The depressed nickel prices have impacted the Ramu operation. The project realised a net cash outflow (unaudited) of US\$5.2 million for the December quarter, including capital expenditure of US\$5.9 million. Full year (unaudited) performance resulted in a net cashflow of US\$16.4 million after capital expenditure of US\$15.0 million. EBITDA (unaudited) for the full year was US\$31.4 million.



Ramu Mineral Resources (at a 0.5% nominal cut-off and excluding oversize (+2mm))

Kurumbukari			
Category	MT	Ni(%)	Co(%)
Measured	38	0.9	0.1
Indicated	7	1.4	0.1
Inferred	4	1.2	0.1
Total	49	1.0	0.1

Ramu West			
Category	MT	Ni(%)	Co(%)
Indicated	17	0.8	0.1
Inferred	3	1.5	0.2
Total	20	0.9	0.1

Greater Ramu			
Category	MT	Ni(%)	Co(%)
Inferred	60	1.0	0.1

Global Total	MT	Ni(%)	Co(%)
	129	1.0	0.1

Competent Persons Statement: The information in this report that relates to Ramu Mineral Resources is based on information compiled by Mr Larry Queen, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Queen is a full-time employee of Highlands Pacific and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Queen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Ramu Ore Reserve

Kurumbukari				
Category	MT	Ni(%)	Co(%)	Rocks +2mm MT
Proved	33	0.9	0.1	
Probable	6	1.4	0.1	11
Total	39	1.0	0.1	11

Ramu West				
Category	MT	Ni(%)	Co(%)	Rocks +2mm MT
Proved				
Probable	14	0.9	0.1	
Total	14	0.9	0.1	

Global Total	MT	Ni(%)	Co(%)	
	53	1.0	0.1	11

Competent Persons Statement: Details contained in this report that pertain to the Ramu Ore Reserve Estimate are based upon, and fairly represent, information and supporting documentation compiled by Mr Patrick Smith, a Member of The Australasian Institute of Mining and Metallurgy CP (Min) and a full-time employee of AMC Consultants Pty Ltd. Mr Smith has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information on the Ramu project is extracted from the report entitled "December 2014 Ramu Mineral Resource & Ore Statement" created on 13 March 2015 and available on the Company website. Highlands confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Highlands confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



Location: The Star Mountains refers to a range of mountains in far west PNG. The first prospect drilled, Olgal, is approximately 20kms NE of the Ok Tedi copper mine. Total area 515km²

History: First explored by Kennecott in the early 1970s.

Ownership: In February 2015, Highlands Pacific and a subsidiary of Anglo American Plc formed a joint venture company for exploration and development of the Star Mountains project, which includes the Tifalmin lease (EL 1392), Munbil (EL 1781), Benstead (EL 2001) and the Nong River leases (EL 1312). Under the terms of that joint venture, Anglo American holds the rights to move to an 80% interest in the project, subject to achieving certain spending commitments and completing a bankable feasibility study. The PNG Government retains the right to acquire up to a 30% interest in the project.

2011 Exploration Program: *Focused on the completion of Stage 1 drilling program on the Olgal prospect.*

2012 Exploration Program: *5,587m of drilling for 17 holes covering 6 prospect areas.*

2015 Exploration Program: *Nine hole program for a total of 5,387 metres.*

STAR MOUNTAINS COPPER/GOLD PORPHYRY EXPLORATION

The 2015 exploration campaign conducted at Star Mountains was concluded in the December quarter. The campaign involved nine diamond drill holes for a total of 5,387 metres.

Assays for first four holes were released in September and results from two additional drill holes published during the December quarter reconfirmed the presence of copper and gold mineralisation at the two prospects tested in the campaign.

Results for the two holes released in the December quarter included the following intercepts at 0.2% cut-off:

- At the Olgal prospect: (Hole 018OLG15) 260 metres @ 0.31% copper and 0.19 g/t gold (Inc 10.9 metres @ 0.60% copper and 0.34 g/t gold) from 314m downhole
- At the Kum Kom prospect: (Hole 004KUM15) 13metres @ 1.3% copper and 0.53 g/t gold from 107m downhole
 - 26.5 metres @ 0.89% copper and 1.4 g/t gold from 282m downhole
 - 30 metres @ 1.0% copper and 0.23 g/t gold from 515m downhole

Results from the remaining three holes are to be released in the next few weeks. The drilling has provided a wealth of information to enable greater understanding of the Star Mountains geology to assist in developing further exploration strategies and targets over the coming months.

In addition, a ZTEM survey over the entire Star Mountains tenement area commenced in January which will be combined with results from the field sampling and mapping programs to identify new targets for drilling.



About Frieda River

Location: Located in the north-west of Papua New Guinea.

Ownership: PanAust (GRAM) 80% Highlands 20%.

The Frieda River district endowment totals some 2.8 billion tonnes of mineral resource containing 12.9 Mt of copper and 20.4 Moz of gold. This makes it PNG's largest and most important copper-gold project. The studies to date have focused only on the three deposits Horse, Ivaal and Trukai; estimated to contain 2.1 billion tonnes at a grade of 0.45% copper, 0.22g/t gold and 0.70g/t silver.

Development: Feasibility study completion due by end of March 2016 for release following independent peer review.

FRIEDA RIVER COPPER - GOLD PROJECT (20%)

The feasibility study for the Frieda River project continued to advance during the December quarter. The completion date for the Feasibility Study has been extended to the end of March 2016 to provide the opportunity for additional operating parameters and design options to be fully investigated to maximise project returns, given depressed commodity prices and challenging funding conditions.

The current work program is scheduled for completion at the end of March, and will be followed by an independent peer review to be conducted in April, providing the opportunity for an application to be submitted for a special mining lease by June 30, 2016.

Highlands holds a 20% interest in the project, with the majority 80% stake held by Chinese company Guangdong Rising Assets Management (GRAM), following its acquisition of PanAust earlier this year.

GRAM has left the PanAust team in place completing the feasibility study.

An updated Mineral Resource estimate is being prepared for the Horse-Ivaal-Trukai zone, which will provide the bulk of ore supply in the initial stages of the project.

Further details of the project concept were included in announcements to the Australian Securities Exchange on 2 September 2014 and 13 October 2014.

The costs of the feasibility study and associated work are being funded by PanAust (GRAM). Under the joint venture agreement with Highlands, PanAust is responsible for 100% of the costs to maintain the Frieda River project site, assets and community relations programmes up to the point in time of lodgement of the Mining Lease or Special Mining Lease application, which is expected in 2016.


Horse-Ivaal-Trukai Mineral Resources at 0.2% Cu cut off and constrained by a pit shell (US\$2.50/lb Cu & US\$1,000/oz Au)

Category	MT	Cu(%)	Au(g/t)	Ag(g/t)
Measured	780	0.51	0.28	0.79
Indicated	410	0.44	0.20	0.72
Inferred	920	0.4	0.2	0.7
Total	2110	0.45	0.22	0.76

Koki Mineral Resources at 0.2% Cu cut off

Category	MT	Cu(%)	Au(g/t)
Inferred	452	0.37	0.25

Ekwai Mineral Resources at 0.2% Cu cut off

Category	MT	Cu(%)	Au(g/t)
Inferred	170	0.38	0.23

Competent Person Statement: The database information used for the Horse-Ivaal-Trukai, Koki and Ekwai Resource Estimates was compiled and verified as suitable for this estimate by Mr Larry Queen. Details contained in this report that pertain to the Horse-Ivaal-Trukai, Koki and Ekwai Resource Estimates are based upon, and fairly represent, information and supporting documents compiled by Mr Simon Tear. Mr Queen is a full-time employee of Highlands Pacific Group and a Member of The Australasian Institute of Mining and Metallurgy. Mr Tear is a full-time employee of H&S Consulting Pty Ltd and a Member of The Australasian Institute of Mining and Metallurgy. Both Mr Queen and Mr Tear have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Queen and Mr Tear consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Nena Mineral Resources at 0.3% Cu cut off

Category	MT	Cu(%)	Au(g/t)	As(%)	Sb(ppm)
Indicated	33	2.81	0.65	0.22	153
Inferred	12	1.84	0.45	0.14	88
Total	45	2.55	0.60	0.20	136

Competent Person Statement: Details contained in this report that pertain to the Nena Resource Estimates are based upon, and fairly represent, information and supporting documents compiled by Mr Paul Gow. Mr Gow is a Member of The Australasian Institute of Mining and Metallurgy and was a full-time employee of Glencore Xstrata plc at the time the estimate was prepared. Mr Gow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information on the Frieda River project is extracted from the report entitled "Frieda – Mineral Resource & Ore Statement" created on 14 March 2014 and available on the Company website. No additional resource drilling or modelling has taken place on Horse/Ivaal/Trukai, Koki or Ekwai since the 2013 Resource Report, however reporting of the HIT Inferred Resources tonnes has been changed from one significant figure in the 2013 Resource (900 MTonnes) to two significant figures for the 2014 Resource (920 MTonnes). This brings reporting of the Inferred Resource in line with the reporting of the measured and Indicated. Highlands confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Highlands confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



Location: Normanby Island, Milne Bay Province

Ownership: The Esa'ala lease (EL 1761) is 100% owned by Highlands. A Memorandum of Agreement was signed with international trading house, Sojitz, to develop a Farm-in agreement to fund future exploration and development.

Area: 758 km²

SEWA BAY – NICKEL LATERITE / GOLD EXPLORATION

Discussions are continuing with exploration partner Sojitz with respect to a further exploration campaign at Sewa Bay, following the release of encouraging results from previous drilling.

Assay results from an auger drilling program carried out in 2015 confirmed extensive Ni mineralisation, with intercepts including:

- 1.1 metres at 1.6% Ni from surface
- 1 metre at 1.4% Ni from surface
- 2.4 metres at 1.4% Ni from surface
- 1 metre at 1.4% Ni from surface
- 1.9 metres at 1.4% Ni from surface
- 6.3 meters at 1.1% Ni from surface
- 4.6 meters at 1.1% Ni from surface

(For further information please see ASX release dated August 18, 2015, entitled "Sewa Bay Update")

STAR MOUNTAINS & SEWA BAY

Competent Persons Statement: Details contained in this report that pertain to exploration results and exploration targets are based upon, and fairly represent, information and supporting documentation compiled by Mr Larry Queen, a member of the Australasian Institute of Mining and Metallurgy, and who is a full-time employee of Highlands Pacific. Mr Queen has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Queen consents to the inclusion in the report of the matters based on the information compiled by him in the form and context in which it appears.

The information on Star Mountains and Sewa Bay is extracted from the releases entitled "Star Mountains Drilling Results September 15" created on 15 September 2015 and "Sewa Bay Update" created on 18 August 2015. These releases are available on the Company website. Highlands confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Highlands confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



ATTACHMENT 1

LIST OF MINING TENEMENTS

(All located in Papua New Guinea)

Tenement Reference	Beneficial Interest at Commencement of Period	Beneficial Interest at End of Period	Location - Province
Exploration (Highlands Pacific Resources Limited) EL 1761	100% - Note 1	100% - Note 1	Milne Bay Province
Star Mountains (Highlands Pacific Resources Limited) ELs 1312, 1392, 1781 and 2001	49% Note 1	49% - Note 1	Sanduan Province
Frieda River Project (Highlands Frieda Limited) ELs 0058, 1895 and 1956 ELs 1212, 1746 and 1957 ELs 1743, 1744, 1745, and 1896	20% - Note 1 20% - Note 1 20% - Note 1	20% - Note 1 20% - Note 1 20% - Note 1	Sanduan Province Sanduan & East Sepik Province East Sepik Province
Ramu Project (Ramu Nickel Limited) SML 8 ML 149 LMPs 42, 43, 44, 45, 46, 47, 48 and 49 MEs 75, 76, 77, 78 and 79 ELs 193 and 1178	8.56% 8.56% 8.56% 8.56% 8.56%	8.56% 8.56% 8.56% 8.56% 8.56%	Madang Province Madang Province Madang Province Madang Province Madang Province

Mining Tenements acquired or disposed of during the quarter – nil.

Beneficial percentage interests held in farm-in or farm-out agreements – all the mining tenements for the Frieda River Project, the Ramu Project and Star Mountains are held in joint venture. The percentage detailed in the table above indicates the percentage held by Highlands.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter – nil.

NOTES

1. Subject to the right of the Independent State of Papua New Guinea to acquire a 30% equity interest in any mining development in that country by paying its pro-rata share of historical sunk costs and future developments costs.

2. Definitions:

EL	-	Exploration Licence
ELA	-	Exploration Licence Application
SML	-	Special Mining Lease
ML	-	Mining Lease
LMP	-	Lease for Mining Purpose
ME	-	Mining Easements



Appendix 5b

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HIGHLANDS PACIFIC LIMITED

ACN or ARBN

ARBN 078 118 653

QUARTER ENDED ("CURRENT QUARTER")

31 December 2015

NOTE: As Highlands operating and mining development decisions are based on US dollars, Highlands Directors have adopted the US dollar as Highlands functional and management reporting currency. For ease of understanding by the Australian and PNG investment communities, results have been converted, in this report, to \$A at the rate ruling at the end of the quarter of \$A/\$US 0.7306.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current quarter \$US'000	Current quarter \$A'000	Year to date (12 months) \$US'000	Year to date (12 months) \$A'000
Cash flows related to operating activities				
1.1 Receipts from product sales and related debtors	2	3	8	11
1.2 Payments for:				
(a) exploration and evaluation (Frieda holding costs)	(170)	(233)	(252)	(345)
(b) development	-	-	-	-
(c) production (Ramu holding costs)	(143)	(196)	(525)	(719)
(d) administration	(997)	(1,365)	(4,204)	(5,754)
1.3 Dividends received	-	-	-	-
1.4 Interest and other items of a similar nature received	17	23	77	105
1.5 Interest and other costs of finance paid	-	-	-	-
1.6 Income taxes paid	-	-	(2)	(3)
1.7 Other - management fees received from JV management	240	328	709	970
Net Operating Cash Flows	(1,051)	(1,439)	(4,189)	(5,734)
Cash flows related to investing activities				
1.8 Payment for purchases of:				
(a) prospects	-	-	-	-
(b) equity investments	-	-	-	-
(c) other fixed assets	(1)	(1)	(12)	(16)
1.9 Proceeds from sale of:				
(a) prospects	-	-	5,300	7,254
(b) equity investments	-	-	-	-
(c) other fixed assets	-	-	-	-
1.10 Loans to other entities	-	-	-	-
1.11 Loans repaid by other entities	-	-	-	-
1.12 Other - JV contributions received	3,401	4,655	10,651	14,578
Other - JV contributions expended	(2,995)	(4,099)	(9,759)	(13,358)
Net investing cash flows	405	554	6,180	8,459
1.13 Total operating and investing cash flows (carried forward)	(646)	(884)	1,991	2,725



flows related to financing activities				
Proceeds from issues of shares, options, etc	-	-	-	-
Proceeds from sale of forfeited shares	-	-	-	-
Proceeds from borrowings	-	-	-	-
Repayment of borrowings	-	-	-	-
Dividends paid	-	-	-	-
Other	-	-	-	-
Net financing cash flows	-	-	-	-
Net increase (decrease) in cash held	(646)	(884)	1,991	2,725
Cash at beginning of quarter/year to date	9,435	13,459	7,106	8,664
Exchange rate adjustments to item 1.20 - unrealised	201	(270)	(107)	916
Cash at end of quarter	8,990	12,305	8,990	12,305

Payments to directors of the entity and associates of the directors
Payment to related entities of the entity and associates of the related entities

	Current quarter	
	\$US'000	\$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	59	81
1.24 Aggregate amount of loans to the parties in item 1.10	nil	nil
1.25 Explanation necessary for an understanding of the transactions	<div style="border: 1px solid black; padding: 5px; width: fit-content;">Refer Quarterly Report</div>	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None



Financing facilities available

	Amount available		Amount used	
	\$US'000	\$A'000	\$US'000	\$A'000
3.1 Loan facilities	Nil	Nil	n/a	n/a
3.2 Credit standby arrangements	Nil	Nil	n/a	n/a

Estimated cash outflows for next quarter

	\$US'000	\$A'000
4.1 Exploration and evaluation		
Wau/Bulolo	-	-
Nong River / Tifalmin project costs (funded by Anglo American)	-	-
Frieda Holding Costs (joint venture costs funded by PanAust)	125	171
Total Exploration and evaluation	125	171
4.2 Development		
Other	-	-
Total Development	-	-
4.3 Ramu Production - Holding Costs (joint venture costs funded by MCC)	105	144
4.4 Administration	750	1,027
Total	980	1,341

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$US'000	Current quarter \$A'000	Previous quarter \$US'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,297	4,513	3,808	5,432
5.2 Deposits at call	-	-	-	-
5.3 Bank overdraft	-	-	-	-
5.4 Other short-term deposits	5,693	7,792	5,627	8,027
Total cash at end of quarter (item 1.22)	8,990	12,305	9,435	13,459

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note 2)	Interest at beginning of qtr	Interest at end of qtr
6.1 Interests in mining tenements relinquished, reduced or lapsed		Refer Attachment 1 in Quarterly Report		
6.2 Interests in mining tenements acquired or increased		Refer Attachment 1 in Quarterly Report		


Issued and quoted securities at end of current quarter

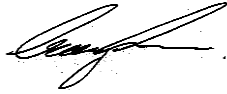
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference + securities (description)				
7.2 Issued during quarter				
7.3 + Ordinary securities	920,577,086	920,577,086		
7.4 Issued during quarter	Nil	Nil	Nil	Nil
+ Convertible debt securities (description and				
7.5 conversation factor)				
7.6 Issued during quarter				
7.7 Options (description and conversation factor)	Refer Attachment A		<u>Exercise Price</u>	
Directors' and Executives' Option Incentive Scheme	Nil	Nil	Refer attached	Nil
Performance Rights Plan	37,265,000	Nil	Refer attached	Nil
7.8 Issued during quarter (Performance Rights)	Nil	Nil	n/a	n/a
7.9 Exercised during quarter (Performance Rights)	Nil	Nil	n/a	n/a
7.10 Expired & lapsed during quarter (Options & PR's)	Nil	Nil	n/a	n/a
7.11 Debentures	Nil	Nil		
(totals only)				
7.12 Unsecured notes (totals only)	Nil	Nil		



COMPLIANCE STATEMENT

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director/Company Secretary)

Date: 28 January 2016

Print name: **C T LENNON**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.



ATTACHMENT A

HIGHLANDS PACIFIC LIMITED APPENDIX 5B – ITEM 7.7

PERFORMANCE RIGHTS (DESCRIPTION AND CONVERSION FACTOR)

Outstanding at the end of the quarter

Details	Issued	Previously Exercised
Exercise Price	A\$0.00	
Number of Performance Rights	7,200,000	
Expiry Date	31 Dec 2015	
(Subject to service and performance conditions)		
Exercise Price	A\$0.00	
Number of Performance Rights	12,740,000	
Expiry Date	31 Dec 2016	
(Subject to service and performance conditions)		
Exercise Price	A\$0.00	
Number of Performance Rights	17,325,000	
Expiry Date	31 Dec 2017	
(Subject to service and performance conditions)		

No Performance Rights were issued during the quarter

No Performance Rights were exercised during the quarter

No Performance Rights lapsed during the quarter