



12 February 2016

Highlands receives US\$5 million from Anglo American PLC

Highlands Pacific Limited (ASX: HIG) has received the second US\$5 million payment from global mining giant Anglo American Plc for the acquisition of its initial interest in the Star Mountains copper-gold project in Papua New Guinea.

The exploration and development joint venture was announced on December 8, 2014, with execution in February 2015.

The agreement provided for a farm-in and Joint Venture on the following terms:

- **US\$10 million payment** – Anglo American was to pay Highlands US\$10 million in two tranches of US\$5 million each. The first payment of US\$5 million was paid by Anglo in February 2015, and the second payment has now been received by Highlands in accordance with the original schedule.
- **Phase 1 (51% interest)** – Anglo American initially acquired a 51% interest in the Joint Venture with 15% vesting upon a farm-in spend of US\$25m over four years and 36% vesting upon the declaration of a 43-101/JORC compliant inferred resource of 3 million tonnes of contained copper equivalent within 5 years of execution.
- **Phase 2 (80% interest)** – Anglo American can move to an 80% interest in the Joint Venture by completing a Bankable Feasibility Study within 15 years of the execution of the Farm-in and Joint Venture Agreements.
- **Development Free Carry** – Anglo American will provide Highlands with up to US\$150 million in project development funding as a deferred free carry following the completion of the BFS. Anglo American will recover this US\$150 million from a portion of Highland's share of project cashflows once in production.
- **Management** – Highlands will continue to manage the project however Anglo American will have the right to take over management when they have spent US\$25 million in project expenditure.

Highlands' Star Mountains exploration tenements cover 515 sq kms and are located within the prospective New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as the Frieda River deposit. Highlands and Anglo American completed a major nine hole exploration drilling campaign at the Star Mountains tenements in 2015, which confirmed extensive copper/gold mineralisation and provided important geological data to underpin further exploration activity in 2016.

"The receipt of the final US\$5 million payment from Anglo American demonstrates their firm commitment to the project and shows their confidence in the prospectivity of the area. We are very pleased to be working with them and look forward to announcing more exploration success in the current year," said Highlands CEO John Gooding.

The receipt of the US\$5 million payment increases Highlands Pacific's cash balance to approximately US\$14 million (A\$19.5 million).



Highland's Pacific projects in PNG

About Anglo American:

Anglo American is a global and diversified mining business that provides the raw materials essential for economic development and modern life. Our people are at the heart of our business. It is our people who use the latest technologies to find new resources, plan and build our mines and who mine, process and move and market our products – from bulk commodities and base metals to precious metals and diamonds (through De Beers) – to our customers around the world. Our diversified portfolio of products spans the economic development cycle and, as a responsible miner, we are the custodians of precious resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders, but also for the communities and countries in which we operate – creating sustainable value and making a real difference. Our mining operations, growth projects and exploration and marketing activities extend across southern Africa, South America, Australia, North America, Asia and Europe.

www.angloamerican.com

For further information, please contact:

Joe Dowling

GM Investor Relations and Communications

0421 587755



ASX Code: HIG

PoMSox Code: HIG

Shares on Issue: 928 million

Performance Rights: 29.8 million

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:**

Joe Dowling
0421 587755

Website:

www.highlandspacific.com

About Highlands Pacific Limited

Highlands Pacific is a PNG incorporated and registered mining and exploration company listed on the ASX and PoMSOX exchanges. Its major assets are interests in the producing US\$2.1bn Ramu nickel cobalt mine and the Frieda River copper gold project; with exploration in progress on the Star Mountains. Highlands also has exploration tenements on Normanby Island (Sewa Bay).

Star Mountains Prospects*

The Star Mountains exploration tenements, which include Nong River EL1312, Mt Scorpion EL1781, Munbil EL2001 and Tifalmin EL1392, are located approximately 20km north of the Ok Tedi mine, in the West Sepik Province, PNG. They lie within the highly prospective New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as the Frieda deposit.

Ramu Nickel Cobalt Mine

The producing Ramu nickel mine is located 75km west of the provincial capital of Madang, PNG. Highlands 8.56% interest in Ramu will increase to 11.3% at no cost to Highlands after repayment of its share of the project debt. Highlands also has an option to acquire an additional 9.25% interest in Ramu at fair market value, which could increase the company's interest in the mine to 20.55%, if the option is exercised.

Frieda Copper/Gold Project*

The Frieda copper gold project is located 175kms north-west of the Porgera gold mine and 75km north-east of the Ok Tedi mine. Highlands has a 20% interest in the project and PanAust 80%. PanAust is responsible for 100% of the costs incurred by the Frieda River Joint Venture in finalising a feasibility study for PanAust's development concept and will appoint and fund the cost of an independent expert to provide a peer review. PanAust also 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.

* Subject to the right of the Independent State of Papua New Guinea to acquire up to a 30% equity interest in any mining development in the country.