



## Quarterly Activities Report - for the period ended 31 March 2016

### ASX Code: HIG

Shares on Issue: 928 million  
Performance Rights: 30 million  
Shareholders: ~7,500

**Market Cap: A\$60m** (6.8c-per-share)

**Cash at Bank\*: A\$18m**

### 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](http://www.highlandspacific.com)

### HIGHLIGHTS

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

- Nickel metal in concentrate production totalled 7,074 tonnes for the March quarter, up 12% on the prior December quarter and only slightly below the record production of 7,106 tonnes recorded in the September quarter of 2015.
- The increase in production was due to consistent improvements in plant throughput following a maintenance shutdown in November last year, and as the Basamuk process plant continues to ramp up towards full capacity.
- Cobalt metal in concentrate production increased 11% to 694 tonnes, also the second highest output on record.
- Production was temporarily halted during April following a tragic fatality of a worker at the plant.

#### **Star Mountains** (Copper/Gold Porphyry Exploration)

- Results for the final three holes of the 2015 exploration drilling campaign were released during the March quarter. The results again confirmed copper gold mineralisation and identified extensions of the mineralised zones at the two prospects targeted in the campaign. Nine holes were drilled for a total of 5387 metres.
- Following completion of the drilling campaign in December, exploration activity during the March quarter was focused on completion of an airborne electrical resistivity ZTEM survey flown over the entire 515 square kilometre tenement area. Results from the survey are being processed and will assist in identifying targets for the next drilling campaign to be carried out late this year or in 2017.
- In addition, extensive field work is being undertaken including tenement mapping, rock chip and soil sampling.

#### **Frieda River Copper Gold Project** (Highlands 20%, GRAM/PanAust 80%)

- Preparation of the Frieda River Feasibility Study continued during the quarter.
- Joint venture partner PanAust (wholly-owned subsidiary of Chinese group GRAM) has advised that the Feasibility Study will be provided to Highlands in mid-May, 2016.
- During the quarter Exploration Licence 58 was renewed for a period of 2 years, expiring 14 November 2017. It is a condition of the renewal that an application for a Special Mining Lease for the Frieda River project is made on or before 30 June 2016.

### Corporate

- Cash at Bank of US\$13.5 million (A\$17.6 million), following receipt of US\$5 million from Anglo American plc for acquisition of its interest in the Star Mountains project.
- Executive short term incentive remuneration scheme suspended for 2016 to preserve cash resources.

**The Managing Director of Highlands Pacific, Mr John Gooding, said:** "Steady progress continued to be made at our key projects during the March quarter. It is pleasing to see the consistent improvement in production at Ramu, which positions us well for any recovery in nickel prices, but which was marred by a tragic fatality in April. Similarly, we look forward to receiving the Frieda River feasibility study from PanAust in May, which will be a landmark in the development of the project. At Star Mountains, the drilling results released in the March quarter provided further evidence of extensive mineralisation in our tenements, and work is continuing to assist in identifying further targets for further drilling over the next 12-18 months."



## 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.

**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 (refer below). Highlands has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.

**Funding:** MCC Ramu NiCo was responsible for development and financing the project. Highlands share of the project borrowings (capped to a specified development threshold) are held in Highlands' wholly owned subsidiary, Ramu Nickel Limited, and are non-recourse to Highlands Pacific Limited or other group companies. The borrowings are to be repaid out of Ramu Nickel's share of operating surpluses from the project (sales revenue less operating costs and on-going capital expenditure) rather than operating and financing cashflows generated by the Highlands Group.

**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 continued to lift production rates steadily in the March quarter, achieving total output of 7,074 tonnes of nickel in concentrate. This was the second highest quarterly production on record, and some 12% higher than output for the prior December quarter. The higher production was due to increased plant throughputs, which totalled 725,000 tonnes in the March quarter.

Production rates increased significantly following a successful maintenance program completed in the December quarter. Production in the March quarter was affected by a temporary interruption to processing, following a rupture in the pipeline supplying ore from the Kurumbukari mine site to the plant at Basamuk. The rupture, caused by a landslide, was rapidly repaired and slurry transport resumed with minimal loss of production.

A fatality occurred at the process plant in April, leading to an immediate shut down of the plant to enable an investigation to be undertaken.

	2015 Jun Qtr	2015 Sept Qtr	2015 Dec Qtr	2016 Mar Qtr
<b>Ore Processed (dry kt)</b>	682	753	656	725
<b>MHP Produced (dry t)</b>	15,086	17,763	16,024	17,848
<b>Contained Ni (t)</b>	5,943	7,106	6,320	7,074
<b>Contained Co (t)</b>	573	704	626	694
<b>MHP shipped (dry t)</b>	12,067	13,795	14,579	17,467
<b>Contained Ni (t)</b>	4,711	5,489	5,696	6,786
<b>Contained Co (t)</b>	456	543	539	664

## Financial Performance

Depressed nickel prices continue to have a negative impact on the financial performance of the Ramu operation. The project realised a net cash outflow (unaudited) of US\$2.1 million for the March quarter, after capital expenditure of US\$1.6 million. This cash outflow is being funded by joint venture partner MCC.



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

<b>Kurumbukari</b>			
<b>Category</b>	<b>MT</b>	<b>Ni(%)</b>	<b>Co(%)</b>
<b>Measured</b>	36	0.9	0.1
<b>Indicated</b>	7	1.4	0.1
<b>Inferred</b>	4	1.2	0.1
<b>Total</b>	<b>46</b>	<b>1.0</b>	<b>0.1</b>

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

<b>Greater Ramu</b>			
<b>Category</b>	<b>MT</b>	<b>Ni(%)</b>	<b>Co(%)</b>
<b>Inferred</b>	60	1.0	0.1

<b>Global Total</b>	<b>MT</b>	<b>Ni(%)</b>	<b>Co(%)</b>
	126	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	31	0.9	0.1	
Probable	6	1.3	0.1	9
<b>Total</b>	<b>37</b>	<b>1.0</b>	<b>0.1</b>	<b>9</b>

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

Global Total	MT	Ni(%)	Co(%)	
	51	1.0	0.1	9

**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: "Update Resources of the Ramu Nickel-Cobalt Operation, PNG" prepared 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 515km<sup>2</sup>

**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

Assay results from the final three holes drilled in the 2015 exploration drilling campaign at the Star Mountains project were released in the March quarter. Assay results included the following intercepts at 0.2% cut-off:

At the Olgal prospect:

- **Hole 019OLG15** - 183 metres @ 0.53% copper and 0.58 g/t gold from 168m downhole (Inc 16 metres @ 0.69% copper and 0.53 g/t gold from 198m downhole & 87 meters @ 0.67% copper and 0.84 g/t gold from 260m downhole)
- **Hole 020OLG15** - 430 metres @ 0.39% copper and 0.24 g/t gold from 168m downhole

At the Kum Kom prospect:

- **Hole 005KUM15** - 32 metres @ 0.27% copper and 0.11 g/t gold from 246m downhole

For full results, please see ASX release of February 25, 2016 entitled "Star Mountains Drilling Results."

Nine holes were drilled in the campaign for a total of 5387 metres. Assay results for the first six holes were released during 2015, confirming the presence of copper/gold mineralisation at the two prospects which were the focus of the campaign.

The final two Olgal holes also encountered broad zones of medium grade porphyry style mineralisation beyond the previous north west and south eastern limits of the known mineralised zones.

Since the beginning of 2016, additional exploration has been carried out, including a ZTEM airborne electrical resistivity survey conducted by helicopter and completed during the quarter. The survey was flown over more than 3300 line kms. Results from the survey are currently being analysed and will assist in identifying additional exploration targets in the western region of the tenements.

Extensive field work also continued during the quarter, including tenement mapping, rock chip and soil sampling, as well as stream sediment sampling.



## About Frieda River

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

**Ownership:** PanAust 80% and 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.

## FRIEDA RIVER COPPER - GOLD PROJECT (20%)

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The feasibility study for the Frieda River project continued to progress during the March quarter. Highland's joint venture partner in the project, PanAust, which is managing the project and responsible for production of the Feasibility Study, has advised that the Feasibility Study will be delivered to Highlands in mid-May.

The Feasibility Study will be reviewed by independent experts, and subsequently may provide support for an application to the PNG Government for a Special Mining Lease, enabling the project to proceed to development.

The costs of the feasibility study and associated work are being funded by PanAust. Under the joint venture agreements, 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.

During the quarter Exploration Licence 58 was renewed for a period of 2 years, expiring 14 November 2017. It is a condition of the renewal that an application for a Special Mining Lease for the Frieda River project is made on or before 30 June 2016.

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**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
<b>Total</b>	<b>2110</b>	<b>0.45</b>	<b>0.22</b>	<b>0.76</b>

**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
<b>Total</b>	<b>45</b>	<b>2.55</b>	<b>0.60</b>	<b>0.20</b>	<b>136</b>

**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 km<sup>2</sup>

## **SEWA BAY – NICKEL LATERITE / GOLD EXPLORATION**

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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")

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### **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.





## CORPORATE

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Cash at bank at the end of the March quarter totalled US\$13.5 million (A\$17.6 million), following receipt of the second US\$5 million payment from global mining giant Anglo American Plc in February for the acquisition of its 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 with a cash payment to Highlands of 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.

Due to continued low commodity prices, the Board of Highlands also has decided to suspend the company's short term incentive executive remuneration scheme for 2016 in order to preserve cash resources. The Company's long term incentive scheme, which utilises share rights as consideration, will continue to operate.

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## 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 2376 (previously 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 March 2016**

**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 0.7657.

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Current quarter \$US'000	Current quarter \$A'000	Year to date (3 months) \$US'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>				
1.1 Receipts from product sales and related debtors	2	3	2	3
1.2 Payments for:				
(a) exploration and evaluation (Frieda holding costs)	(113)	(148)	(113)	(148)
(b) development	-	-	-	-
(c) production (Ramu holding costs)	(40)	(52)	(40)	(52)
(d) administration	(1,096)	(1,431)	(1,096)	(1,431)
1.3 Dividends received	-	-	-	-
1.4 Interest and other items of a similar nature received	17	22	17	22
1.5 Interest and other costs of finance paid	-	-	-	-
1.6 Income taxes paid	(3)	(4)	(3)	(4)
1.7 Other - management fees received from JV management	102	133	102	133
<b>Net Operating Cash Flows</b>	<b>(1,131)</b>	<b>(1,477)</b>	<b>(1,131)</b>	<b>(1,477)</b>
<b>Cash flows related to investing activities</b>				
1.8 Payment for purchases of:				
(a) prospects	-	-	-	-
(b) equity investments	-	-	-	-
(c) other fixed assets	(7)	(9)	(7)	(9)
1.9 Proceeds from sale of:				
(a) prospects	5,000	6,530	5,000	6,530
(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	3,302	4,312	3,302	4,312
Other - JV contributions expended	(2,758)	(3,602)	(2,758)	(3,602)
<b>Net investing cash flows</b>	<b>5,537</b>	<b>7,231</b>	<b>5,537</b>	<b>7,231</b>
1.13 Total operating and investing cash flows (carried forward)	4,406	5,754	4,406	5,754



<b>flows related to financing activities</b>				
Costs associated with issues of shares, options, etc	(2)	(3)	(2)	(3)
Proceeds from sale of forfeited shares	-	-	-	-
Proceeds from borrowings	-	-	-	-
Repayment of borrowings	-	-	-	-
Dividends paid	-	-	-	-
Other	-	-	-	-
<b>Net financing cash flows</b>	<b>(2)</b>	<b>(3)</b>	<b>(2)</b>	<b>(3)</b>
<b>Net increase (decrease) in cash held</b>	<b>4,404</b>	<b>5,751</b>	<b>4,404</b>	<b>5,751</b>
Cash at beginning of quarter/year to date	8,990	12,305	8,990	12,305
Exchange rate adjustments to item 1.20 - unrealised	71	(471)	71	(471)
<b>Cash at end of quarter</b>	<b>13,465</b>	<b>17,585</b>	<b>13,465</b>	<b>17,585</b>

**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	58	76
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; display: inline-block;">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	<div style="border: 1px solid black; padding: 5px; display: inline-block;">None</div>
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	<div style="border: 1px solid black; padding: 5px; display: inline-block;">None</div>



#### 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)	38	50
Total Exploration and evaluation	38	50
4.2 Development		
Other	-	-
Total Development	-	-
4.3 Ramu Production - Holding Costs (joint venture costs funded by MCC)	41	54
4.4 Administration	714	932
<b>Total</b>	<b>793</b>	<b>1,036</b>

#### 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	8,720	11,388	3,297	4,513
5.2 Deposits at call	-	-	-	-
5.3 Bank overdraft	-	-	-	-
5.4 Other short-term deposits	4,745	6,197	5,693	7,792
<b>Total cash at end of quarter (item 1.22)</b>	<b>13,465</b>	<b>17,585</b>	<b>8,990</b>	<b>12,305</b>

#### 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 <b>Preference + securities</b> (description)				
7.2 Issued during quarter				
7.3 <b>+ Ordinary securities</b>	927,777,086	927,777,086		
7.4 Issued during quarter	Nil	Nil	Nil	Nil
<b>+ Convertible debt securities</b> (description and				
7.5 conversation factor)				
7.6 Issued during quarter				
7.7 <b>Options</b> (description and conversation factor)	<b>Refer Attachment A</b>		<u>Exercise Price</u>	
Directors' and Executives' Option Incentive Scheme	Nil	Nil	Refer attached	Nil
Performance Rights Plan	29,755,000	Nil	Refer attached	Nil
7.8 Issued during quarter (Performance Rights)	Nil	Nil	n/a	n/a
7.9 Exercised during quarter (Performance Rights)	7,200,000	Nil	n/a	n/a
7.10 Expired & lapsed during quarter (Options & PR's)	Nil	Nil	n/a	n/a
7.11 <b>Debentures</b>	Nil	Nil		
(totals only)				
7.12 <b>Unsecured notes</b> (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: 19 April 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	12,605,000	
Expiry Date	31 Dec 2016	
(Subject to service and performance conditions)		
Exercise Price	A\$0.00	
Number of Performance Rights	17,150,000	
Expiry Date	31 Dec 2017	
(Subject to service and performance conditions)		

No Performance Rights were issued during the quarter

Performance Rights exercised during the quarter

Details	Issued
Exercise Price	A\$0.00
Number of Performance Rights	7,200,000
Expiry Date	31 Dec 2015

No Performance Rights lapsed during the quarter