



24 June 2016

Frieda River Special Mining Lease Application Lodged

Highlands Pacific Ltd (**ASX:HIG**) and its joint venture partner PanAust Limited (a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd. **GRAM**)), have lodged a Special Mining Lease (**SML**) application to the Mineral Resources Authority (**MRA**) of Papua New Guinea for the Frieda River copper gold project.

The lodgment satisfies a condition of the key Exploration License (EL58) that an application for an SML in respect of the Frieda River project be made on or before 30 June 2016.

Highlands holds a 20% interest in the Frieda River Joint Venture (**FRJV**), with PanAust, which is the manager of the project, holding 80%.

The SML application comprises a Proposal for Development, which incorporates the feasibility study report and further supporting documents including an Employment and Training Plan, Landownership Study, and Business Development, Supply and Procurement Plan. An Environmental Impact Statement is currently being prepared for the project and is scheduled for submission in the December quarter 2016.

PanAust recently released a feasibility study for the project. The study contemplates a large-scale, open-pit mining operation feeding ore to a conventional process plant with nominal throughput capacity of 40 million tonnes per annum. Average annual production of metal in concentrate is estimated at 175,000 tonnes of copper and 250,000 ounces of gold, with an initial mine life of 17 years. The project will have an estimated average life of mine C1 cash cost of US\$0.69/lb of copper and an all in sustaining cost of US\$1.23/lb of copper.

The study concludes that the project will have an initial pre-production capital cost of approximately US\$3.6 billion, excluding mobile mining fleet and an oil fired power generation facility. An additional US\$2.3 billion will be spent over the life of the mine on development and sustaining capital.

For full details, see ASX release dated 19 May entitled "Frieda River Study Received".



The future development of the project will be subject to a final investment decision (**FID**) by the FRJV, the grant of an SML and all necessary permits, approvals and agreements required from the PNG Government, landowners and other stakeholders. In addition, FID will require a supportive commodity price outlook, secure finance and legal and regulatory certainty.

The Independent State of PNG (**State**) has a right, prior to the grant of a SML, to purchase up to a 30% interest in the project at a price prorated to the accumulated historical expenditure of the project. Should the State exercise its full entitlement of a 30% interest in the project, PanAust's interest will reduce to 55% and Highlands to 15%. Any exercise less than 20% by the State will reduce PanAust's interest only.

Funding of the further work subsequent to the lodgment of the SML application remains the subject of discussions between Highlands and PanAust.

For further information
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ASX Code: HIG
PoMSox Code: HIG
Shares on Issue: 928 million
Performance Rights: 29.8 million

Directors

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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 Ramu nickel cobalt mine and the Frieda River copper gold project; with exploration in progress in 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. The joint venture with partner Anglo American substantiates the world class potential and has enabled an extensive exploration program to be commence in 2015.

Ramu Nickel Cobalt Mine

The producing Ramu nickel cobalt 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. The project's operator and majority owner is the recently merged Chinese companies Metallurgical Corporation of China Limited (MCC) / China Minmetals.

Frieda River Copper/Gold Project*

The Frieda River 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 Frieda River Limited (FRL) (a wholly owned subsidiary of PanAust Limited which in turn is a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd.) 80%.

* 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.