

2017 MINERAL RESOURCES AND ORE STATEMENT

Highlands Pacific has equity interests in three projects with estimated mineral resources:

- **Frieda River Copper/Gold project**, located 70kms south of the Sepik River on the border of the Sandaun and East Sepik Provinces of Papua New Guinea some 500kms upriver from the coast.
- **Ramu Nickel/Cobalt mine**, located 75kms west of the coastal town of Madang, near the Ramu River.
- **Star Mountains Copper/Gold project**, which is located approximately 20kms north east of the Ok Tedi mine and 25kms from the support town of Tabubil, in the West Sepik Province.

Frieda River Copper/Gold Project

Mineral Resources have been estimated for four deposits in the Frieda River Copper/Gold project: the Horse/Ivaal/Trukai (HIT), Koki and Ekwai copper-gold porphyry deposits and the Nena epithermal high-sulphidation copper-gold deposit.

During 2016, additional resource drilling and modelling took place on the Koki and Ekwai deposits. This work resulted in the Resource for Ekwai and Koki being combined with Horse/Ivaal/Trukai (HIT) into a new Resource which is reported as the Horse/Ivaal/Trukai/Ekwai/Koki (HITEK) Resource.

Horse/Ivaal/Trukai/Ekwai/Koki (HITEK) Mineral Resource at a 0.2% Cu cut-off and constrained by a pit shell (US\$4.95/lb Cu and US\$ 2,175/oz Au)

Category	31 December 2017			31 December 2016		
	Tonnes (Mt)	Copper (%)	Gold (g/t)	Tonnes (Mt)	Copper (%)	Gold (g/t)
Measured	620	0.53	0.30	620	0.53	0.30
Indicated	1,240	0.44	0.22	1,240	0.44	0.22
Inferred	780	0.35	0.18	780	0.35	0.18
Total	2,640	0.44	0.23	2,640	0.44	0.23

HITEK Ore Reserve

Horse/Ivaal/Trukai/Ekwai/Koki (HITEK) Reserve at a nominal 0.21% Cu cut-off

Category	31 December 2017			31 December 2016		
	Tonnes (Mt)	Copper (%)	Gold (g/t)	Tonnes (Mt)	Copper (%)	Gold (g/t)
Proved	413	0.54	0.32	413	0.54	0.32
Probable	272	0.45	0.21	272	0.45	0.21
Total	686	0.50	0.28	686	0.50	0.28

No additional resource drilling has taken place on HITEK since 2016 so there is no change to the reported Mineral Resource or Ore Reserves tonnes or grade. Highlands Pacific is not aware of any new information or data that materially affects the information presented herein and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Nena

During 2017 additional Resource modelling took place for the Nena deposit. This work resulted in the reporting of an oxide gold cap Mineral Resource in addition to a revision to the sulphide copper gold Mineral Resource.

Nena sulphide Mineral Resource at a 0.3% Cu cut-off

Category	31 December 2017				
	MTonnes	Cu %	Au g/t	As %	Sb ppm
Indicated	35	2.35	0.79	2,500	160
Inferred	17	1.68	0.29	1,200	80
Total	52	2.13	0.63	2,000	130

Nena Gold Cap Mineral Resource 2017 at a 0.5 g/t gold cut-off, with an upper copper limit of 0.3%

Category	31 December 2017				
	MTonnes	Cu %	Au g/t	As %	Sb ppm
Indicated	11	0.07	1.35	3,000	230
Inferred	10	0.06	1.28	2,100	170
Total	20	0.06	1.32	2,600	200

In 2016, the Nena Mineral Resource was only reported at a 0.3% Cu cut-off.

Category	31 December 2016				
	MTonnes	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

The major difference between the 2016 and 2017 Nena Mineral Resource is the reporting in 2017 of the Nena oxide gold cap that was not reported in 2016. The Nena oxide gold cap has been recognized in previous geological model but until last year it was not considered a potential resource under the current envisioned project execution model.

The 2017 Nena sulphide Mineral Resource and the 2016 Nena Mineral Resource at 0.3% Cu cut-off estimate the Mineral Resource for the same portion of the Nena epithermal high-sulphidation copper-gold deposit. The tonnes and gold grades in all Resource classification categories are slightly higher in the 2017 Mineral Resource while the copper grades in all categories is slightly

lower. These differences resulted in a minor change (<5%) in the contained copper but substantial increase in the contained gold due to the positive change in Resource tonnes and gold grade.

Star Mountains Project

A Mineral Resource has been estimated for the Olgal porphyry copper gold deposit, one of a number of porphyry copper gold prospects Highlands Pacific has located in the Star Mountains.

Olgal

31 December 2017 at a 0.3% Cu cut-off			
Category	Tonnes (Mt)	Copper (%)	Gold (g/t)
Indicated	-	-	-
Inferred	210	0.4	0.4
Total	210	0.4	0.4

The 2017 Olgal Mineral Resource is a new resource. Details of the Mineral Resource are given in **Highlands declares maiden Resource at Star Mountains** released 20 February 2018.

Ramu Nickel-Cobalt Laterite Project

Due to operational constraints, an updated Resource and Reserve Report for the period ending 31 December 2017 was unavailable from the operator and manager, Ramu NiCo Management (MCC) Limited, in time for the release of this Annual Report. A complete update for the Ramu Nickel Cobalt Project Resource and Reserve will be released by Highlands Pacific when an update is available from Ramu NiCo Management (MCC) Limited.

Ramu Ni-Co Project Resource (at a 0.5% nominal cut-off and excluding oversize (+2mm))

Kurumbukari 31 December 2016			
Category	MTonnes	Ni %	Co %
Measured	37	0.9	0.1
Indicated	5	1.3	0.1
Inferred	2	1.2	0.1
Total	44	0.96	0.1

Ramu West

Category	MTonnes	Ni %	Co %
Indicated	17	0.9	0.1
Inferred	3	1.5	0.1
Total	20	1.0	0.1

Greater Ramu

Category	MTonnes	Ni %	Co %
Inferred	60	1.0	0.1

Global Total

	MTonnes	Ni %	Co %
Total	124	1.0	0.1

As far as Highlands Pacific is aware, any change to the end of 2017 in the reported Mineral Resources for the Ramu project will reflect depletion of mined areas and some remnant resource sterilized due to rehabilitation and back fill.

Ramu Reserve

The following table shows the 2016 Ramu Ore Reserve estimate.

Kurumbukari 31 December 2016				
Category	MTonnes	Ni %	Co %	Rocks+2mm MTonnes
Proved	29	0.9	0.1	-
Probable	6	1.3	0.1	9
Total	35	1.0	0.1	9

Ramu West

Category	MTonnes	Ni %	Co %	Rocks+2mm MTonnes
Proved	-	-	-	-
Probable	14	0.9	0.1	-
Total	14	0.9	0.1	-

Grand Total

	MTonnes	Ni %	Co %	Rocks+2mm MTonnes
Total	51	1.0	0.1	9

The 2016 Ramu Ore Reserve was estimated from part of the Mineral Resource, reported above, in a study to estimate reserves conducted by China ENFI Engineering Corporation. The 2016 Ore Reserve was based on the Kurumbukari mine plan and modifying factors based on information about the operations in 2016. The 2016 cut-off grade was approximately 0.58% Nickel equivalent (including cobalt metal credits).

As far as Highlands Pacific is aware, any change to the end of 2017 in the reported Ore Reserves for the Ramu project will reflect depletion of mined areas and some remnant resource sterilized due to rehabilitation and back fill in addition to any adjustment that reflect the changing mining methods and changes in long term commodity prices.

Ramu 2017 Production

In 2017 Ramu Nickel Management Limited reported production of **3.6** MT of laterite grading **1.09%** nickel and **0.11%** cobalt from the Kurumbukari Mine to the Basamuk refinery.

2017 MINERAL RESOURCES AND ORE STATEMENT - Continued

Notes

Frieda River Copper Gold Project

The summary of the HITEK Mineral Resources and the Ore Reserves as at 31 December 2017 should be read in conjunction with the comprehensive report 2016 Mineral Resources and Ore Reserves statement that was lodged by Highlands Pacific Limited with the Australian Stock Exchange on 24 March 2017.

The summary of the Nena Mineral Resources as at 31 December 2017 should be read in conjunction with the comprehensive report Nena Mineral Resources statement that was lodged by Highlands Pacific Limited with the Australian Stock Exchange on 27 November 2017.

Star Mountains Copper Gold Project

The summary of the Olgal Mineral Resources as at 31 December 2017 should be read in conjunction with the report Olgal Mineral Resources statement that was lodged by Highlands Pacific Limited with the Australian Stock Exchange on 20 February 2018.

Ramu Nickel Cobalt Project

The summary of the Ramu Mineral Resources and the Ore Reserves as at 31 December 2016 should be read in conjunction with the comprehensive report 2016 Mineral Resources and Ore Reserves statement that was lodged by Highlands Pacific Limited with the Australian Stock Exchange on 11 July 2017.

Highlands Pacific Confirms

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

The Mineral Resources and Ore Reserve estimates are reported on a 100% ownership basis. Highlands Pacific has a 20% beneficial ownership in the Frieda River Copper/Gold project and an 8.56% beneficial ownership in the Ramu Nickel-Cobalt Laterite Mine.

The tonnes and grades are stated to a number of significant figures that reflects the confidence of the estimate. Each number is rounded individually so the tables may show apparent inconsistencies between the sum of the rounded components and the corresponding rounded total.

The Frieda River HITEK Ore Reserve is estimated using prices of US\$3.30/lb copper and US\$1,455/oz gold. The 2016 Ramu Ore Reserve was estimated using prices of US\$17,045/t nickel and US\$25,412/t cobalt.

Corporate Governance Reserves and Resources Calculations

Due to the nature, stage and size of the Company's existing operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for estimating mineral resource and ore reserves and for ensuring that the appropriate internal controls are applied to such estimates.

However, the Company ensures that any mineral reserve and ore resource estimations are prepared by competent geologists and are reviewed independently and verified including estimation methodology, sampling, analytical and test data.

The Company will report any future Ore Reserves and Mineral Resources in accordance with the 2012 JORC Code.

Competent Persons Statement

The database information used for the HITEK Mineral Resource estimates was compiled and verified as suitable for this estimate by Mr. Shaun Versace. Details contained in this Annual Report that pertain to the HITEK Mineral Resource Estimates are based upon, and fairly represent, information and supporting documentation compiled by Mr. Versace. Mr. Versace is a full-time employee of PanAust Limited (a wholly owned subsidiary of Guangdong Rising Assets Management Co Ltd) and a Member of The Australasian Institute of Mining and Metallurgy. Mr. Versace 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. Versace consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Details contained in this Annual Report that pertain to the Nena Resource Estimate are based upon, and fairly represent, information and supporting documentation compiled by Mr. Versace. Mr. Versace consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Details contained in this Annual Report that pertain to the HITEK Ore Reserve Estimate are based upon, and fairly represent, information and supporting documentation compiled by Mr. Scott Alexander Cowie, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) CP (Min) and a full-time employee of PanAust Limited (a wholly owned subsidiary of Guangdong Rising Assets Management Co Ltd). Mr. Cowie has sufficient experience which is relevant to the style(s) of mineralisation and type(s) 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. Cowie consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

The information in this report that relates to Ramu Mineral Resources is based on information compiled by Xiong Xiaofang, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr. Xiong Xiaofang is a full-time employee of China ENFI Engineering Corporation 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. Xiong Xiaofang 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 in this report that relates to Ramu Ore Reserves is based upon information compiled by Mr. Chao An Deng, who is a Deputy Chief Engineer of China ENFI Engineering Corporation and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Chao An Deng is a full-time employee of China ENFI Engineering Corporation and has sufficient experience relevant to the style of mineralization 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 (JORC Code)'. Mr. Chao An Deng consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The database information used for the Olgal resource estimate was compiled and verified as suitable for this estimate by Mr. Lawrence Queen. Details contained in this Report that pertain to the Olgal Resource Estimates are based upon, and fairly represent, information and supporting documentation compiled by Mr. Arnold van der Heyden. Mr. van der Heyden is a full-time employee of H&S Consultants Pty Ltd and a Member of The Australasian Institute of Mining and Metallurgy. Mr. Queen is a contractor for Highlands Pacific and a Member of The Australasian Institute of Mining and Metallurgy. Both Mr. Queen and Mr. van der Heyden have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and Mr. van der Heyden consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Details contained in this Annual Report that pertain to exploration results are based upon, and fairly represent, information and supporting documentation compiled by Mr. Queen. Mr. Queen consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.