



15 February 2017

GRAM subsidiary seeks spill of Highlands' Board. Highlands urges shareholders to take no action.

Highlands Pacific Ltd (ASX:HIG) has today received notice from PanAust Ltd (a wholly-owned subsidiary of the Chinese state-owned Guangdong Rising Assets Management Co Ltd - GRAM) that it is requisitioning a special meeting of Highlands Pacific Ltd to remove four of the Company's five non-executive directors and appoint three GRAM subsidiary nominees.

PanAust has requested the resignations of Chairman Ken MacDonald, newly appointed director Ron Douglas, independent director Mike Carroll and independent director Dan Wood.

PanAust holds 13.9% of Highlands, and is a joint venture partner with Highlands in the proposed Frieda River project in Papua New Guinea. Highlands' directors, who are required by the notice to convene a special meeting of the Company to consider the proposal, urge shareholders to take no action.

The Company's present strong belief is that replacement of four of the existing five non-executive board members with the PanAust nominees would not be in the interests of the other shareholders of Highlands, who number over 7,500.

Mr MacDonald said the PanAust proposal effectively amounted to a takeover of Highlands by PanAust without offering to acquire any shares, let alone with an appropriate premium.

"It is clear that a PanAust-dominated board would be at risk of operating in the interests of GRAM, rather than in the interests of all of our shareholders," he said.

"It is important for shareholders to be aware that Highlands is currently in dispute with PanAust regarding the funding and methods of progressing the Frieda River project. Highlands remains of the view that the PanAust approach to the project is suboptimal, and we have been urging it to adopt a different course of development that would generate better returns and reduced risks for our 7,500 shareholders. It also is our view that PanAust has failed to complete the Frieda River feasibility study to the standard required under the joint venture agreement," Mr MacDonald said.

"PanAust's actions are clearly related to this dispute," he said.

Shareholders will be receiving a notice of meeting with additional material shortly.

**For further information, please contact:
Joe Dowling, Stockwork Corporate Communications
0421 587755**



ASX Code: HIG

PoMSox Code: HIG

Shares on Issue: 936 million

Performance Rights: 17 million

Directors

Ken MacDonald, Chairman
Craig Lennon, Managing Director
Mike Carroll
Dan Wood
Bart Philemon
Ron Douglas

Management

Sylvie Moser, CFO and Company Secretary
Ron Gawi, GM Port Moresby
Leslie Nand, GM Exploration Projects

Investor and Media Enquiries to:

Joe Dowling - 0421 587755

Website:

www.highlandspacific.com

About Highlands Pacific Limited

Highlands Pacific is a mining and exploration company registered and incorporated in PNG and listed on the Australian and Port Moresby stock exchanges. Highlands has a long history of successful exploration and project development in PNG. The Company was formed in 1997 and has since established an impressive suite of projects providing investors with leveraged exposure to copper, nickel and gold. Its major assets are interests in the producing Ramu nickel cobalt mine and the Frieda River copper gold project, with exploration in progress at the highly prospective Star Mountains tenements. Highlands also has exploration territory on Normanby Island (Sewa Bay), at the south eastern tip of PNG. Through the efforts of its highly experienced staff, the Company is committed to the responsible development of mining projects for the benefit of all its stakeholders, including shareholders, landowners, business partners and the broader PNG community.

Star Mountains Prospects

The Star Mountains exploration tenements 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 Star Mountains project is held within a joint venture with partner Anglo American plc.

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.

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%.