



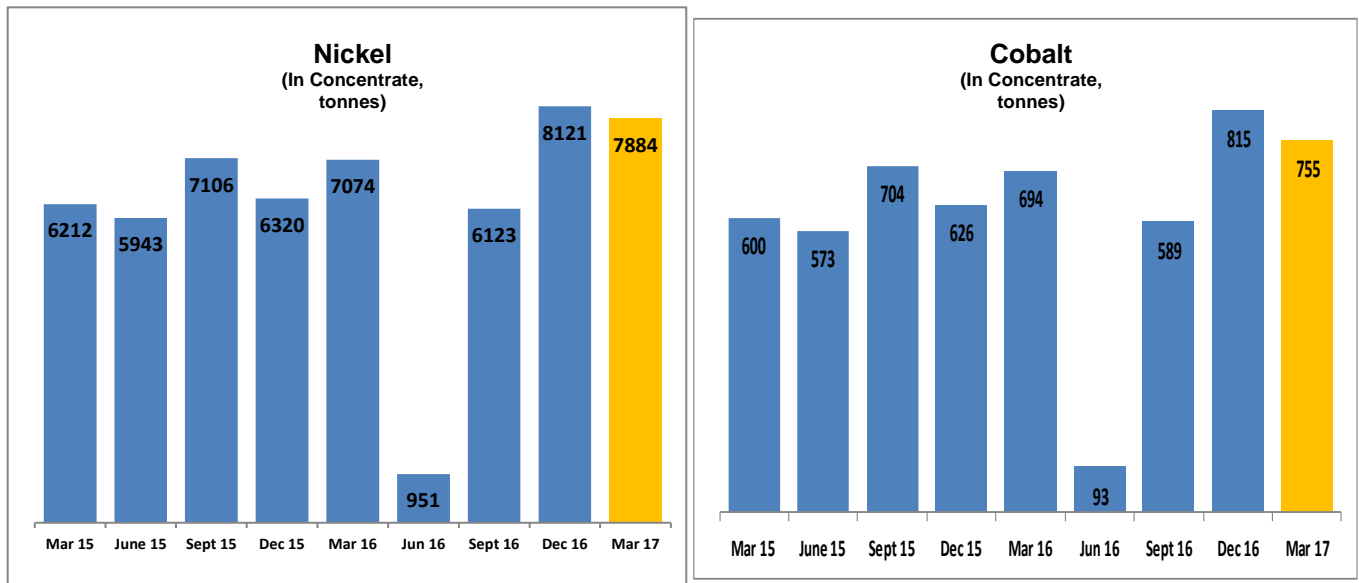
6 April 2017

Ramu project exceeding production targets

The Ramu nickel/cobalt mine in PNG, in which Highlands Pacific Ltd (ASX:HIG) holds an 8.56% interest, has exceeded internal production targets for the March quarter and is benefiting from rapidly rising global cobalt prices.

The mine achieved total production of 7884 tonnes of nickel in concentrate and 755 tonnes of cobalt in concentrate in the three months to the end of March, despite scheduled maintenance of two of the process plant's three autoclaves for 12 days each during the period.

Adjusted for the maintenance shut-downs, the plant is running at an annual production rate of some 34,600 tonnes of nickel and more than 3300 tonnes of cobalt per year, which is exceeding design capacity and demonstrates the success of recent initiatives to lift throughput rates.



June Qtr and Sept Qtr 2016 production was affected by a total plant shutdown for part of the periods.

The increased production is being achieved as global cobalt prices continue to rise, driven by increased use in battery manufacturing. Ramu produces a mixed nickel-cobalt hydroxide precipitate product (MHP) which is preferred by lithium ion battery producers and likely to find growing demand in future years as electric motor vehicle production increases and the take up of battery power storage. According to the US Geological Survey, total Cobalt production in 2016 was 123,000 tonnes, with more than half of that coming from the Congo. Ramu therefore produces almost 3% of global cobalt supply, and some 6% of production outside of the Congo.



Five years of global cobalt prices. (US\$/t)



Based on current cobalt prices of approximately US\$55,000/t, Ramu's contained value from cobalt production alone is approximately US\$180 million, of which Highland's 8.56% share would be worth approximately US\$15 million annually.

"We are delighted to see that Ramu is achieving excellent production outcomes at the same time that we are seeing strong growth in cobalt prices and nickel prices show signs of recovery after an extended period of weakness," said Highlands Chief Executive Craig Lennon.

"The Ramu operation is a major PNG success story and is now consistently achieving or exceeding production targets. Highlands is perfectly placed to benefit from the operation's strong performance and is highly leveraged to further increases in nickel and cobalt prices," he said.

The Ramu project consists of the Kurumbukari mine near Madang on the northern coast of PNG, which is connected to the Basamuk treatment plant by a 135km pipeline.

The project is managed by the Metallurgical Corporation of China Ltd, which holds a 61% interest in MCC Ramu NiCo Limited (which holds an 85% interest in the Mine), with a number of other Chinese end user entities holding the remaining 39%.

Highlands has an 8.56% interest in the mine which will increase to 11.3% at no cost after internal project debt has been repaid. Highlands has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%. MCC Ramu NiCo was responsible for development and financing the project.



Highlands share of the project borrowings (capped to a specified development threshold) are non-recourse to Highlands Pacific Limited or other group companies (excluding Ramu Nickel Limited). The borrowings are to be repaid out of Ramu Nickel Limited'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.

**For further information, please contact:
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ASX Code: HIG

PoMSox Code: HIG

Shares on Issue: 936 million

Performance Rights: 17 million

Directors

Ron Douglas (Chairman)

Craig Lennon, Managing Director

Mike Carroll

Dan Wood

Bart Philemon

Management

Sylvie Moser, CFO & Co.Sec

Ron Gawi, GM Port Moresby

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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, 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 commenced 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.

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.