



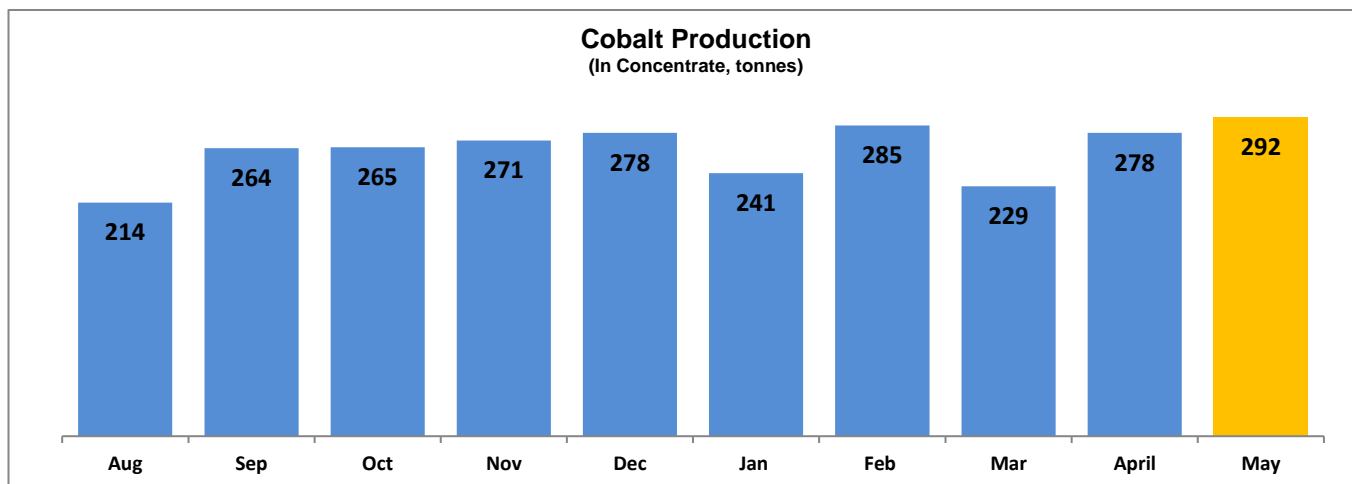
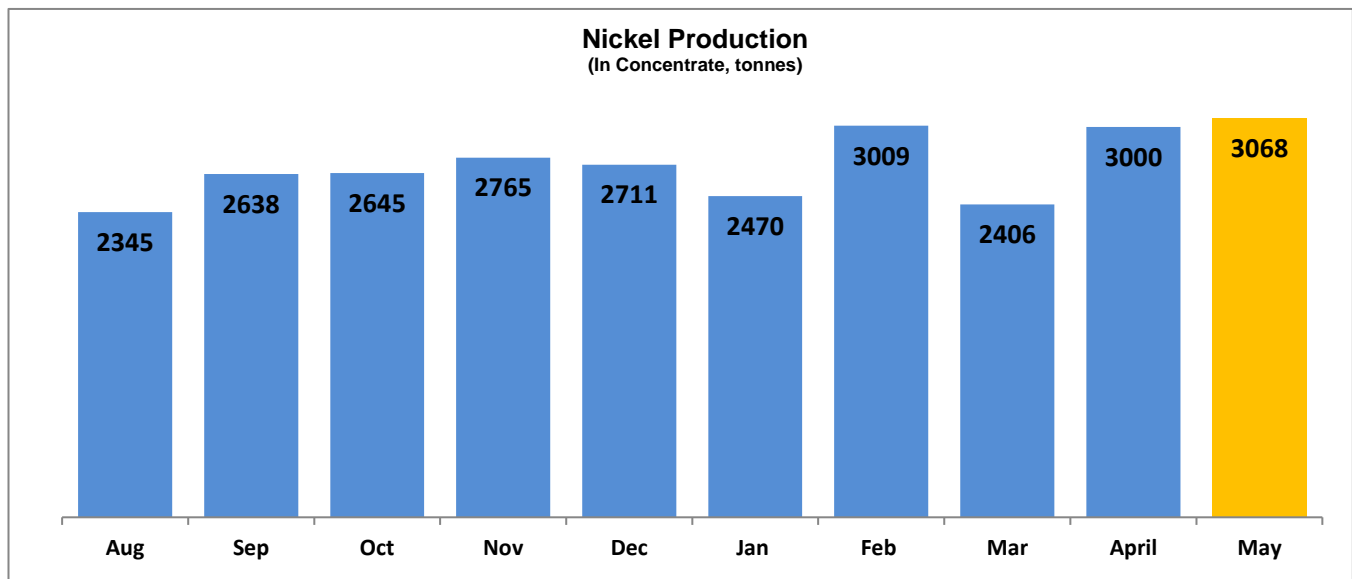
14 June 2017

Ramu project exceeding production targets

The Ramu nickel/cobalt mine in PNG, in which Highlands Pacific Ltd (ASX:HIG) holds an 8.56% interest, is continuing to exceed production targets, achieving record monthly output of 3,068 tonnes of nickel and 292 tonnes of cobalt in May.

The project remains on track to achieve annual output of more than 32,000 tonnes of nickel and 3300 tonnes of cobalt in the 12 months to December 2017, having achieved production of almost 14,000 tonnes of nickel and over 1,300 tonnes of cobalt in the five months to the end of May.

This compares with total production of 22,268 tonnes of nickel and 1,600 tonnes of cobalt in the 12 months to December 2016 as the process plant and mine ramped up to full production rates.





The steady increase in output in the current year has been achieved through improvements in mine production, including use of hydro-sluicing, and refinements to the process plant operations which are leading to higher throughput rates. The strong production results were achieved despite the planned maintenance shutdown of two of the plant's three autoclaves for 12 days each in the March quarter. The third autoclave is scheduled for a 12 day maintenance shutdown in July.

The increased production is being achieved as global cobalt prices continue to reach record levels of \$56,000/tonne in early June, driven by increased demand for the product in battery manufacturing. Nickel prices remain subdued at approximately \$9,000/tonne, but are forecast to increase in future years as demand recovers. Ramu produces a mixed nickel-cobalt hydroxide precipitate product (MHP) which is preferred by some lithium ion battery producers for use in electric motor vehicles.



Highlands Managing Director Craig Lennon said he was delighted with the performance of the Ramu operations. "We have been involved in the Ramu project since 1992, and it gives us great satisfaction to see it delivering these excellent results, exceeding internal targets and justifying the hard work and capital investment required over many years to bring it into production. The project is indeed a great success story for PNG, and a credit to the efforts of the manager and our joint venture partner, Metallurgical Corporation of China," he said.

The Ramu deposit was discovered in 1962 and Highlands' predecessor company, Highlands Gold, assumed management of the project in 1992. In 2000 the project was granted a Special Mining Licence and in 2005, MCC joined the joint venture. It has been responsible for financing and construction of the project, which commenced commissioning in 2012.

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 PNG incorporated and registered mining and exploration company listed on the ASX and POMSx 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 at 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 commenced in 2015.

Ramu Nickel Cobalt Mine

The 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.