



Registered Office
PO Box 1486, Port Moresby NCD 121
Papua New Guinea
Level 1 Allotment 6, Section 58
Sir Hubert Murray Highway
Boroko NCD
Papua New Guinea

Telephone: (675) 323 5966
Facsimile: (675) 323 5990
Website: www.highlandspacific.com

Registered Office in Australia
GPO Box 3086, Brisbane QLD 4001
Australia
Level 4, 167 Eagle Street
Brisbane Qld 4000
Australia

Telephone: (617) **3239 7800**
Facsimile: (617) 3221 6727
Email: info@highlandspacific.com

ENVIRONMENTAL POLICY

Highlands Pacific Limited ("the Company") recognises its obligations to the physical environment of the country and the communities hosting its operations. The Company is committed to managing exploration, mining and mineral processing activities in a responsible manner, so that the impact on the environment in the vicinity of its operations is minimised. This will be achieved by integrating environmental considerations, with the community interests, when planning and implementing its activities.

Background studies will be carried out at potential operational sites by specialist environmental consultants during pre-feasibility or feasibility studies. Their findings will be incorporated into the development strategies of the particular project. Where applicable, Environmental Plans shall be submitted to the appropriate authorities for approval. In general, those Environmental Plans shall be prepared to a standard acceptable to the World Bank.

During the construction and operational life of its projects the Company is committed to achieving the highest level of compliance with the applicable environmental standards and approvals. The Company will achieve this through the provision of appropriate training and management practices.

To meet this commitment the Company will:

- Provide the appropriate information, instruction and training to all employees and contractors to ensure that they all understand their responsibilities and obligations with respect to environmental issues;
- Integrate environmental considerations into the planning and operational processes of exploration and development activities;
- Identify the key impact areas of the Company's operations and implement procedures to avoid or minimise environmental impact;
- Ensure the competency of our management systems, training programs and resources by conducting scheduled audits by both internal and external agencies;
- Continuously review industry best practice and community expectations and where appropriate, to adopt those practices and technologies which will assist Highlands Pacific in the continuous improvement of its environmental practice; and
- Demonstrate its commitment to achieving industry best practice by publishing relevant environmental statistics.

In Papua New Guinea, ("PNG"), the Company is a member of the PNG Chamber of Mines and Petroleum and will adhere to the Environmental Code of Practice developed for the mining industry in PNG, as well as abiding by the enacted environmental law.

Waste Disposal Approach

Frieda

The Frieda River Project, although still in the permitting phase, will adhere to the following principles:

1. No riverine tailings disposal;
 2. Risk based design approach;
 3. Meet or exceed all legal and environmental guidelines laid down by the PNG Government;
 4. Adhere to the Company's Environmental Policy Statement.
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Ramu

This project uses the Deep Sea Tailings Placement (DSTP) system for waste disposal. The key points to note about the system are:

1. Uses the world's best practice for the design and operation of such systems, including following the guidelines issued by SAMS (Scottish Association of Marine Scientists) in 2010 concerning the design and operations of DSTP systems;
2. Will operate within the guidelines and permits issued by the PNG Government;
3. Selected on the basis that it will have the least impact on the environment;
4. Adhere to the Company's Environmental Policy Statement.

