

9th September 2011

Ramu Nickel Project Update

Highlands Pacific Ltd has been advised that the Papua New Guinea Supreme Court has fixed the date for the appeal hearing for the 3rd and 4th October 2011.

The Appellants are appealing the judgement handed down by the National Court of Madang where the court refused to grant a permanent injunction and removed the existing injunction that had been placed on the project. This decision related to the potential environmental impact of the Project's purpose built Deep Sea Tailings Placement (DSTP) system. The project, through Ramu Nico Management (MCC) Limited as the operator and manager and the PNG Government, has also filed a cross appeal in relation to parts of the judgement handed down by the National Court of Madang, and this cross appeal will be heard at the same time.

This follows the Appellants further injunction application to the Supreme Court on 26th July that was dismissed by the Supreme Court on 19th August. An application to put aside the 19th August decision was also refused by the Supreme Court on 2nd September with the direction that costs to be borne by the Appellants.

Managing Director of Highlands Pacific Mr John Gooding said: "We look forward to the hearing in October and are pleased that the Supreme Court has expedited the hearing date. There have been a number of legal attempts by the Appellants since receiving the judgement by the National Court in late July but we can now see an end in sight to the delays that have held up this important project. There remains strong community and government support for Ramu and while the legal case continues the operator is at present focusing on the task of commissioning and ramp-up. The project should commission its first autoclave in coming months and produce its first nickel and cobalt in the weeks after as part of a conservative ramp up over the next 12-18 months."

About the Ramu Nickel Cobalt Project

The modern US\$1.5Bn Ramu nickel project is located 75 km west of the provincial capital of Madang, PNG and will over the next 20 years produce 31,150 tpa of nickel and 3,300 tpa of cobalt contained in high grade concentrate. At current nickel and cobalt prices the project would generate approx US\$600 million per annum of revenue. The mineral resources at Ramu have the potential to increase the mine life by a further 15-20 years. Highlands' current 8.56% interest in Ramu will increase to 11.3% at no cost after repayment of the project debt (approx 8 years) and Highlands has an option to acquire at fair market value an additional 9.25% which could increase its interest to 20.55%.

About the Ramu Deep Sea Tailings

Ramu will generate 5mtpa of tailings. Tailings from Ramu are similar to the naturally occurring sediments that flow into the deep waters of the Vitiaz Basin. The quantity of tailings discharged is about 6% of the annual natural sediment discharged into the basin by the numerous rivers along the coast line. Before discharge, the tailings are neutralized to a pH of 8.2 (similar to sea water) and do not contain any reactive chemicals such as cyanide or acid. The discharge point is 500 metres off shore and 150 metres below sea level, being well below 'upwelling depth' mixing levels and the depths used for local and commercial fishing. An international study reviewed the DSTP and it was approved by the PNG government in November 2007 for construction and operation.

For further information, please contact:

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ASX Code: HIG

PoMSox Code: HIG

Shares on Issue: 686 million

Options on Issue: 23 million

Performance Rights: 3.6 million

Market Capitalisation ~ **A\$180m**

Cash on Hand (30/06/11) **A\$15m**

Directors

Ken MacDonald, Chairman

John Gooding, Managing Director

Mike Carroll

Dan Wood

Drew Simonsen

Fiu Williame-Igara

Management

Craig Lennon, CFO & Co.Sec

Larry Queen, Chief Geologist

Terry Smith, GM Mining & BD

Peter Jolly, GM Projects

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 PoMSox exchanges. Its major development assets include the US\$1.5bn Ramu nickel cobalt project, the Frieda River copper gold project and exploration on the highly prospective Star Mountains (Nong River and Tifalmin) licenses approximately 20km north of the Ok Tedi Mine. Highlands also holds exploration ground in the Wau/Bulolo close to the new Hidden Valley and Wafi gold projects and has cash reserves of A\$15 million with no debt.

Frieda Copper/Gold Project

The Frieda copper gold project is one of the Asia-Pacific's largest undeveloped copper/ gold resources. The Frieda project is 175 kms NW of the giant Porgera gold mine and 75 km NE of the Ok Tedi mine. The project owners are Xstrata (81.82% and manager) and Highlands (18.18%). Highlands has a free-carried interest through to completion of a bankable feasibility study (required by Jan 2012). Xstrata have approved a US\$122m budget for the BFS stage. Xstrata's spend for Frieda in 2009 was US\$38m and in 2010 was US\$79.3m. The pre-feasibility study released in November 2010 indicated a 60Mtpa throughput for the first eight years with output averaging 246,000tpa of copper and 379,000ozpa of gold. The multi-decade life mine will have an average throughput of 50Mtpa.

Star Mountains Prospects

Star Mountains licenses, which include Nong River EL1312 and Tifalmin EL 1392, are located approximately 20km north of the Ok Tedi Mine. These prospects lie within the highly prospective New Guinean Orogenic Belt, home to deposits like Grasberg, Ok Tedi, Frieda, Porgera and Hidden Valley. A drilling program is underway with some significant copper gold intersections reported recently with the program extending through 2011.

Ramu Nickel Cobalt Project

The Ramu nickel project is located 75 km west of the provincial capital of Madang, PNG and will produce an annual output of 31,150 tonnes of nickel and 3,300 tonnes of cobalt contained in high grade concentrate over a 20 year mine life. The mineral resources at Ramu have the potential to increase the mine life by a further 15-20 years. Highlands 8.56% interest in the Ramu will increase to 11.3% at no cost after repayment of the project debt (estimated to be 8 years). From commissioning, Highlands has access to its pro-rata 8.56% share of Ramu's post-debt servicing net cash flow. Highlands also has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.