

19th August 2011

Ramu Nickel Project Commissioning to Commence

The fully constructed US\$1.5 billion Ramu Nickel project in Papua New Guinea will commence ore commissioning activities at the Basamuk treatment plant in September.

This follows a decision today in PNG's highest court, the Supreme Court of PNG, to dismiss the application for an injunction to stop the project from utilising the Deep Sea Tailings Placement (DSTP) system and pipeline.

Today's dismissal of the injunction application with costs to be borne by the appellants was heard by a panel of three Supreme Court judges and follows an unsuccessful injunction application handed down in the National Court of Madang on the 26th of July.

While the plaintiffs have also appealed the 26th of July National Court decision to the Supreme Court, no date has yet been set for an appeal and as such will have no impact on current commissioning plans.

Managing Director of Highlands Pacific Mr John Gooding said: "There remains strong community and government support for Ramu and now the operator can focus on the task of commissioning and ramp-up for the benefits of many. 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 Vitiav Basin. The quantity of tailings discharged is about 6% of the annual natural sediment into the basin. 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

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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\$17 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%.