

4<sup>th</sup> October 2011

## Ramu Nickel Project Update

**Highlands Pacific Ltd provides the following update on the recently completed US\$1.5 billion Ramu Nickel Cobalt Project in which the company has a current carried 8.56 per cent interest.**

Papua New Guinea's highest court, The Supreme Court, has today commenced hearing an appeal by an appellant to overturn the 26<sup>th</sup> July 2011 decision of the National Court of Madang which declined to grant a permanent injunction to prevent Ramu's commissioning and the operation of its purpose built Deep Sea Tailings Placement (DSTP) system.

The Supreme Court has set aside the next two sitting days to hear the appeal. The Court is then expected to reserve its decision pending the handing down of a judgement at a later date.

The appellant has failed in a number of recent applications to the Supreme Court to have a temporary injunction granted pending the substantive case which commenced today.

The project operator and manager, Ramu Nico Management (MCC) Limited, and the PNG Government, have also filed cross appeals 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.

Commissioning activities at Ramu are continuing with testing of plant processes being overseen and monitored by a number of PNG government departments. Subject to smooth commissioning, the first nickel and cobalt concentrate is expected to be produced by the end of the calendar year.

### **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%.

### ***For further information, please contact:***

*John Gooding or Craig Lennon  
Highlands Pacific - 07 3239 7800*

### ***Media Enquiries to:***

*Simon Jemison  
Collins Street Media - 03 9224 5319*



**ASX Code: HIG**

**PoMSox Code: HIG**

**Shares on Issue: 686 million**

**Options on Issue: 23 million**

**Performance Rights: 3.6 million**

Market Capitalisation ~ **A\$150m**

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*

**For further information, please contact:**

*John Gooding or Craig Lennon*

*Highlands Pacific - 07 3239 7800*

**Media Enquiries to:**

*Simon Jemison*

*Collins St Media - 03 9224 5319*

**Website:**

**[www.highlandspacific.com](http://www.highlandspacific.com)**

## **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%.

\* Subject to the right of the Independent State of Papua New Guinea to acquire a 30% equity interest in any mining development in that country.