



22 December 2011

## Ramu Nickel Project – Update

### Positive Supreme Court Decision

Commissioning of the US\$1.5 billion Ramu nickel cobalt project near Madang in Papua New Guinea will continue following the rejection today by PNG's Supreme Court of an appeal to prevent operation of the purpose-built deep sea tailings placement system (DSTP), which has been designed to international standards.

The PNG Supreme Court today rejected an appeal to overturn the 26<sup>th</sup> July 2011 decision of the National Court in Madang, which had previously also declined to grant a permanent injunction.

The decision today brings to a close nearly two years of legal delay, claims and manoeuvres by parties to prevent construction, commissioning and operation of the project and in particular the DSTP system which had been approved by the PNG Government when the project was granted its Special Mining Lease.

As advised earlier this week PNG's Chief Inspector of Mines (CIM) recently gave the fully built project load commissioning approval which will be at full production capacity by mid 2013 . It will produce 31,150 tonnes of nickel and 3,300 tonnes of cobalt per annum as a high grade concentrate.

**Managing Director of Highlands Pacific Mr John Gooding said today:** "This is very positive news for the project, the landowners and the country and this should help restore investor confidence in PNG and the Ramu Nickel project. It is very unfortunate that a fully permitted project which used the best international advice and which conducted significant community and landholder consultation, was delayed at great cost for so long by the actions of a few."

"It is now time to get on with the commissioning and operation of the project and for the benefits to start flowing through to all stakeholders. We will continue to work closely with the PNG Government and the regulators to ensure that the project meets the licensing and permitting requirements."

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

*John Gooding or Craig Lennon  
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***Media Enquiries to:***

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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\$115m**  
Cash on Hand (30/09/11) **A\$11m**

#### **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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#### **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

### **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 north-west of the giant Porgera gold mine and 75 km north-east of the Ok Tedi mine. The project owners are Xstrata (81.82% and manager) and Highlands (18.18%). 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.

### **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 nomination, 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.