



21 April, 2010

## Ramu Nickel Cobalt project, PNG

Further to the announcement dated 22 March 2010, Highlands Pacific has been advised by the operator and manager of the Ramu nickel cobalt project in PNG, Ramu NiCo (MCC) Management Limited, that the National Court in Madang has upheld an interim injunction to delay construction activities of the Deep Sea Tailings Displacement (DSTP) facilities being constructed at the Basamuk process plant site.

The initial interim orders arose out of a claim in the National Court in Madang by individuals and groups who claim to have an interest in customary land in and around Basamuk Bay, in March 2010.

However it is important to note that this claim is *not* supported by the legally recognised landowners at the mine site, on the inland and coastal pipeline route, or at the process plant site. These landowners have recently shown their strong support for the Ramu project by placing full page advertisements in the PNG national newspapers.

Managing Director of Highlands Pacific, John Gooding, said that “Ramu NiCo (MCC) Management Limited (as operator and manager), the Mineral Resources Authority (MRA) of PNG, the Department of Environmental Conservation and The Independent State of Papua New Guinea, who are all defendants in the claim, are reviewing the situation in order to decide the next step in overturning the injunction.”

The injunction only prevents work on the placement of the DSTP systems in the ocean whilst other construction and commissioning activities is continuing normally at the project.

Ramu NiCo (MCC) Management Limited has advised Highlands that the project has complied with all the statutory requirements in obtaining and maintaining of the environmental approvals including those for the DSTP. The DSTP has been the subject of extensive technical and investigative work over many years by world experts and is regarded as being the safest and most appropriate method for the Ramu project.

Highlands current 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). Highlands also has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.



**ASX Code: HIG**

**PoMSox Code: HIG**

**Shares on Issue: 665 million**

**Options on Issue: 79 million**

Market Capitalisation **A\$200m**

Cash on Hand (31/12/09) **A\$24m**

**Directors**

Ken MacDonald, *Chairman*

John Gooding, *Managing Director*

Mike Carroll

Rod Mitchell

Drew Simonsen

Fiu Williame-Igara

**Management**

Craig Lennon, *CFO & Co.Sec*

Larry Queen, *Chief Geologist*

Terry Smith, *GM Mining & BD*

Peter Jolly, *GM Projects*

**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

**Investor Enquiries to:**

David Waterhouse

Waterhouse IR - 03 9670 5008

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

## About Highlands Pacific Limited

Highlands Pacific is listed on the ASX and PoMSox exchanges. Its major development assets include the US\$1.4bn Ramu nickel cobalt project, the Frieda River copper gold project and exploration on the highly prospective Nong River and Tifalmin licenses approximately 20km north of Ok Tedi. 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\$25 million with no debt.

### Frieda Copper/Gold Project

The Frieda copper project is one of the world's largest undeveloped copper/gold resources. Frieda River is 170 kms NW of the giant Porgera gold mine. The project owners are Xstrata (81.82%) and Highlands (18.18%). Highlands has a free-carried interest through to completion of a bankable feasibility study (required by Jan 2012). Xstrata's spend for Frieda in 2009 was US\$38m and in 2010 will be US\$77.5m. A extended scoping study released in early 2009 indicated a 40Mtpa plant with a 27 year mine life averaging 160,000 tpa of copper metal and 240,000 ozpa of gold (with higher output in the first 10 years). The pre-feasibility study due in the third quarter of 2010 is currently considering larger throughput and production options. Subject to the project continuing to meet its project hurdles, a 12-month feasibility study would commence in 3Q 2010 with possible construction in 2012 and production in 2017.

### 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%. Progressive commissioning commenced late in the December quarter 2009 and is expected to continue through to June quarter 2010. Production is expected to commence after that with a staged ramp up through the December quarter 2010 and in 2011.