



15 March, 2010

Ramu Project Update

Highlands Pacific's has been advised by the operator and manager, Ramu NiCo (MCC) Management Limited, of the Ramu nickel cobalt project in PNG that there has been a fatality at the mine site.

The incident which resulted in the death of a Chinese worker occurred on Thursday 11 March. The operator and manager is cooperating with the regulatory bodies regarding investigations into the incident.

The incident it is not expected to cause any significant delays to the project which is currently in the commissioning stage.

Highlands Pacific Managing Director Mr John Gooding said today: "The JV partners have always had safety as a priority at the project and we are deeply saddened by the accident and our thoughts are with the family and work colleagues of the deceased."



ASX Code: HIG
PoMSox Code: HIG
Shares on Issue: 662 million
Options on Issue: 93 million

Market Capitalisation **A\$190m**
Cash on Hand (28/02/10) **A\$26m**

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*

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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 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\$26 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%), 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. An extended scoping study released in early 2009 indicated a 40Mtpa plant with a 27 year mine life averaging 200,000 tpa of copper and 240,000 ozpa of gold. 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 is planned to 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). At this time Highlands also has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%. From commissioning, Highlands has access to its pro-rata 8.56% share of Ramu's post-debt servicing net cash flow. Progressive commissioning commenced late in the December quarter 2009 and is expected to continue through to June quarter 2010. Production is expected to commence in mid 2010 with a staged ramp up through the December quarter 2010