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RAMU PROJECT UPDATE

Construction at Process Plant temporarily suspended

Highlands Pacific (ASX: HIG) wishes to advise that construction activities at the Ramu Nickel Cobalt project Basamuk process plant facilities have been temporarily suspended following an incident on Friday afternoon.

The incident was the result of a misunderstanding by local employees in relation to an injured worker and involved the assault of Chinese and national workers by some other local employees. There was damage to vehicles and buildings and a number of Chinese workers required treatment.

The situation is now calm; however there are a number of police on site investigating the incident. The Basamuk Landowner Association Chairman (where the process plant is located), the Mineral Resource Authority and the Provincial Government, have all condemned the incident and are very supportive towards the manager and operator, Ramu NiCo Management (MCC) Limited.

It is expected that construction activities will re-commence shortly and that there will be no significant delay to the project timeline, however the manager/operator is still assessing the full impact of the situation. The project is scheduled to commence commissioning by the end of 2009.

Highlands has an 8.56% interest in the Ramu project which will increase to 11.30% at no cost to the Company after repayment of the debt raised to finance the project has been completed (estimated to be 10 years). From commissioning, Highlands is able to have access to its pro-rata 8.56% share of Ramu's post-debt servicing net cash flow.

Highlands' share of product based on its 8.56% share is 2,666 tonnes of nickel and 282 tonnes of cobalt per annum, rising to 3,520 tonnes of nickel and 373 tonnes of cobalt when equity increases to 11.3%.

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