



22 March, 2010

## Ramu Update

Highlands Pacific has been advised by the operator and manager, Ramu NiCo (MCC) Management Limited, of the Ramu nickel cobalt project in PNG that on the 19 March 2010 the National Court in Madang made an interim injunction on the construction of the Deep Sea Tailings Displacement (DSTP) facilities being constructed at the Basamuk process plant site. The interim orders arose out of a claim in the Court by individuals and groups who claim to have an interest in customary land in and around Basamuk Bay.

Highlands is not a party to the injunction however the Ramu NiCo (MCC) Management Limited (as operator and manager), the Mineral Resources Authority (MRA), the Department of Environmental Conservation and The Independent State of Papua New Guinea are defendants.

The DSTP process 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. 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.

Managing Director of Highlands Pacific, John Gooding, said that "while this is frustrating and not the first time the project has had to overcome obstacles, final construction work and commissioning activities will continue on the remainder of the project. It is important to note that the four landowner groups that have been involved in the project since its inception continue to fully support the project as they recognise the positive benefits that will flow through to the region and the country.

Any prolonged delays associated with this latest action can only harm all the stakeholders at a time when PNG is starting to attract large investment on a number of important fronts. It is imperative that investors continue to have confidence in the PNG Government and the country as a whole. The operator and manager Ramu NiCo (MCC) Management Limited together with the MRA and The State will be acting expeditiously to ensure that this matter will have minimal impact on the project. Whilst this action commenced in early March Highlands was not made aware of the action until over the weekend."



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

Market Capitalisation **A\$170m**  
Cash on Hand (31/12/09) **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*

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

## **About Highlands Pacific Limited**

Highlands Pacific is listed on the ASX and PoMSox exchanges. Its major development assets include the US\$1.37bn 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.

### **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 (76.30%), Highlands (16.95%) and OMRD (6.75%). 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 in mid 2010 with a staged ramp up through the December quarter 2010