



16 July, 2010

Ramu Nickel Cobalt project, PNG

Highlands Pacific Limited, as a current 8.56% shareholder in the US\$1.4bn Ramu Nickel Project in Papua New Guinea, has been advised by the project's operator and manager Ramu NiCo (MCC) Management Limited, that the interim injunction preventing construction and operation of the Deep Sea Tailings Displacement (DSTP) part of the plant will remain in place pending a hearing next month in the National Court.

Ramu NiCo (MCC) has advised Highlands Pacific that the Supreme Court of Papua New Guinea has declined to overturn an interim injunction issued in March by the provincial-based National Court of Madang.

In June the PNG Government passed an Environmental Regulation reaffirming the validity of the Ramu project's permit and how the permits transition from the previous Environmental Act to the new Act, however at this stage the changes appear not to have been gazetted.

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 consistently shown their strong support for the Ramu project and for the tailings disposal method.

Construction activities and commissioning works not associated with the DSTP at the project are continuing in expectation of production later this year assuming the injunction is removed.

The project owners and operator, combined with and the Mineral Resources Authority of PNG (MRA), and the PNG Department of Environmental Conservation, and The Independent State of Papua New Guinea will now prepare for the Substantive Hearing due to commence in mid-August. A Directive Hearing is currently scheduled for the 13th August 2010 with the Substantive Hearing commencing on the 18th August 2010.

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ASX Code: HIG

PoMSox Code: HIG

Shares on Issue: 668 million

Options on Issue: 43 million

Market Capitalisation **A\$150m**

Cash on Hand (31/03/10) **A\$24m**

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*

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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 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\$24 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 2010. Production at this stage assuming the injunction is removed in a timely fashion is expected to commence after that with a staged ramp up through 2011.