



8 February, 2017

Highlands regains 100% of Star Mountains Tenements

Anglo American plc has advised Highlands Pacific (ASX:HIG) that, following a review of its global exploration portfolio, it intends to withdraw from the Star Mountains exploration joint venture in Papua New Guinea.

Anglo American has given notice that it will withdraw from the project in 30 days, and in accordance with the terms of the joint venture, will relinquish its vested 15% holding in the project, leaving Highlands with a 100% interest.

Highlands Managing Director Craig Lennon said that, while he was disappointed that Anglo American would not be continuing with the joint venture, its involvement over the past three years had greatly enhanced the understanding of the geology of the tenements and substantially increased the value of the project.

“We will now be free to introduce a new partner to continue exploration efforts,” he said. “Drilling to date has confirmed extensive mineralisation through the various prospects that have been tested to date, and we remain confident that further exploration will identify the source and structure of the mineralisation sufficiently to support a significant development project,” he said.

Anglo American and Highlands established the joint venture in February 2015 and since then Anglo American has funded an extensive exploration program including two diamond drilling campaigns. Anglo American has spent a total of US\$38 million on the project including a US\$10 million payment to Highlands Pacific for its initial entry into the project. This comes on top of significant funding by various project participants since the initial discovery by Kennecott in the late 1960’s when they found Ok Tedi’s Mt Fubilan deposit.

The Star Mountains exploration tenements, which include Nong River EL1312, Tifalmin EL1392, Mt Scorpion EL1781, Benstead EL2001, Mt Abemh EL2467, Ilam River EL2478 and Lake Louise EL2517 cover 1049 sq kms and are located approximately 20km north east of the Ok Tedi mine and 25kms from the support town of Tabubil, in the West Sepik Province of PNG.



Drilling at the Star Mountains project has produced a number of exciting intercepts at various prospects over recent years including:

- 596m @ 0.61% Cu & 0.85g/t Au from 24 m down hole (Olgal, 2012),
- 22m @ 1.42% Cu & 0.57 g/t Au from 146m down hole (Kum Kom, 2013)
- 68m @ 0.97% Cu & 0.37 g/t Au from 280m down hole (Kum Kom, 2013)
- 183 metres @ 0.53% Cu and 0.58 g/t Au from 168m downhole (Olgal Hole 19, 2016)
- 430 metres @ 0.39% Cu and 0.24 g/t Au from 168m downhole (Olgal Hole 20, 2016)
- 434.9 metres @ 0.52% copper and 0.72 g/t gold (Including 100 metres @ 0.82% copper and 1.39 g/t gold from 76m downhole) (Olgal Hole 17, 2016)

Highlands and Anglo American conducted a nine-hole, 5387 metre diamond drilling campaign in 2015 at the Olgal and Kum Kom prospects, followed by a seven hole 5620 metre campaign at Fune, Unfin and Olgal that commenced in October 2016 and was completed in the September quarter of 2017.

For full exploration results, see the following ASX announcements:

- 13 Jan 2013. New Discovery Star Mountains
- 8 Jan 2015. Star Mountains Joint Venture Agreements
- 29 September 2015. Star Mountains Drilling Results
- 11 November 2015. Star Mountains Drilling Results
- 25 February 2015. Star Mountains Drilling Results
- 28 August 2017. Star Mountains Drilling Results
- 13 September 2017. Star Mountains Drilling Results
- 8 June 2017. Star Mountains Update

For further information, please contact:

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Competent Persons Statement: Details contained in this report that pertain to exploration results and exploration targets are based upon, and fairly represent, information and supporting documentation compiled by Mr LD Queen, a member of the Australasian Institute of Mining and Metallurgy, and who is a contractor for Highlands Pacific. Mr Queen has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Queen consents to the inclusion in the report of the matters based on the information compiled by him in the form and context in which it appears. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.



ASX Code: HIG
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Shares on Issue: 950 million
Performance Rights: Nil

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About Highlands Pacific Limited

Highlands Pacific is a PNG incorporated and registered mining and exploration company listed on the ASX and POMSoX exchanges. Its major assets are interests in the producing Ramu nickel cobalt mine and the Frieda River copper gold project; with exploration in progress in the Star Mountains. Highlands also has exploration tenements at on Normanby Island (Sewa Bay).

Star Mountains Prospects

The Star Mountains exploration tenements are located approximately 20km north of the Ok Tedi mine, in the West Sepik Province, PNG. They lie within the highly prospective New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as the Frieda deposit.

Ramu Nickel Cobalt Mine

The producing Ramu nickel cobalt mine is located 75km west of the provincial capital of Madang, PNG. Highlands 8.56% interest in Ramu will increase to 11.3% at no cost to Highlands after repayment of its share of the project debt. Highlands also has an option to acquire an additional 9.25% interest in Ramu at fair market value, which could increase the company's interest in the mine to 20.55%, if the option is exercised.

Frieda River Copper/Gold Project

The Frieda River copper gold project is located 175kms north-west of the Porgera gold mine and 75km north-east of the Ok Tedi mine. Highlands has a 20% interest in the project and Frieda River Limited (a wholly owned subsidiary of PanAust Limited which in turn is a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd.) has 80%.