



Mine Quarterly Activities Report - for the period ended 31 March 2018

ASX Code: HIG

Shares on Issue: 950 million

Performance Rights: Nil

Shareholders: ~7,200

Market Cap: A\$81m (8.5c-per-share)

Cash at bank: A\$9.4m

Directors

Ron Douglas, *Chairman*

Craig Lennon, *Managing Director/CEO*

John Wylie

Bart Philemon

Management

Sylvie Moser, CFO & Co Sec

Ron Gawi, GM Port Moresby

For further information, please contact:

Joe Dowling

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HIGHLIGHTS

Ramu Nickel Cobalt Mine (*Highlands 8.56% with potential to move to 20.55%*)

- Production of 8,210 tonnes of nickel and 774 tonnes of cobalt in March quarter compared to a budget of 7,471 tonnes of nickel and 724 tonnes of cobalt.
- Ramu project achieved record net cash inflow (unaudited) of US\$89 million for the March quarter, after capital expenditure of US\$2.5 million, which is expected to generate a distribution to Highlands of US\$1.5 million.
- Highlands received a maiden distribution of US\$1.15 million from the joint venture, boosting cash reserves to A\$9.4 million at the end of March, 2018, with an additional \$380k due in the current quarter once audited accounts are completed.
- Nickel and Cobalt prices continue to rise. The nickel price reached US\$14,107/t in February and has since climbed to more than US\$15,200/t, which is an increase of approximately 20% since the start of 2018. Cobalt surged to US\$95,250/t in mid-March 2018, which is up approximately 23% since the start of the year.
- Cash operating margins for the December quarter averaged approximately US\$10,000/t nickel, after cobalt credits.

Star Mountains Copper Gold exploration (*Highlands 100%*)

- Maiden mineral resource declared at Olgal.
- New potential joint venture partners being sought following withdrawal of Anglo American plc.
- Project infrastructure and equipment remains under care and maintenance.

Frieda River Copper Gold Project (*Highlands 20%*)

- Following submission of SML, PanAust is continuing additional feasibility studies on possible redesign and refinement of project components.
- PNG government authorities' assessment of the Special Mining Lease application remains pending the outcome of redesign work.
- First stage of arbitration concluded.
- Process to explore potential sale of Highland's interest in Frieda River continuing.

Sewa Bay Nickel (*Exploration*)

- Exploration tenement renewal application submitted during the quarter.
- Discussions continue with Sojitz and Pacific Metals on future programs.

Corporate

- Cash totalled US\$7.2 million (A\$9.4 million) at the end of March 2018.

Managing Director Craig Lennon said Highlands Pacific was perfectly positioned to benefit from increases in battery metals - in particular cobalt, nickel and copper. The outlook for these commodities remained very favourable, given anticipated growth in demand for electric vehicles and enhanced battery technologies.

"Metal prices are rising steadily, with cobalt reaching almost US\$100,000/t, and with nickel and copper expected to be in deficit in coming years. Ramu is continuing to perform exceptionally well, achieving strong throughput rates and generating US\$89 million in cashflow for the March quarter, up from US\$49 million in the prior December quarter. Highlands has received its first distribution from the joint venture, which provides the company with an important sources of additional cash resources," he said.



Ramu Nickel Cobalt Mine

Location: The Kurumbukari mine is connected to the Basamuk treatment plant by a 135km pipeline which is on the coast and 75 km east of the provincial capital of Madang, PNG.

Equity: Highlands has an 8.56% interest in the mine which will increase to 11.3% at no cost after internal project debt has been repaid (refer below). Highlands has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.

Funding: MCC Ramu NiCo was responsible for development and financing the project. Highlands share of the project borrowings (capped to a specified development threshold) are held in Highlands' wholly owned subsidiary, Ramu Nickel Limited, and are non-recourse to Highlands Pacific Limited or other group companies. Borrowings are to be repaid out of Ramu Nickel's share of operating surpluses from the project (sales revenue less operating costs and on-going capital expenditure) rather than operating and financing cashflows generated by the Highlands Group.

About MCC: Metallurgical Corporation of China Limited is the operator of the project. MCC is a multi-asset company, well known for its strength in scientific research, industrial engineering practice and international trading. MCC holds a 61% interest in MCC Ramu NiCo Limited (which holds an 85% interest in the Mine), with other Chinese end users holding the remaining 39%.

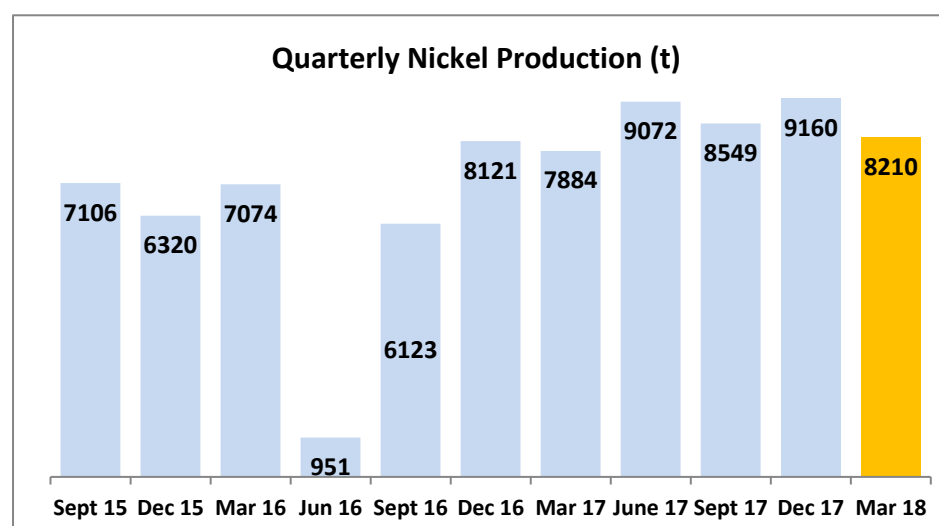
RAMU NICKEL COBALT MINE (8.56% with potential to move to 20.55%)

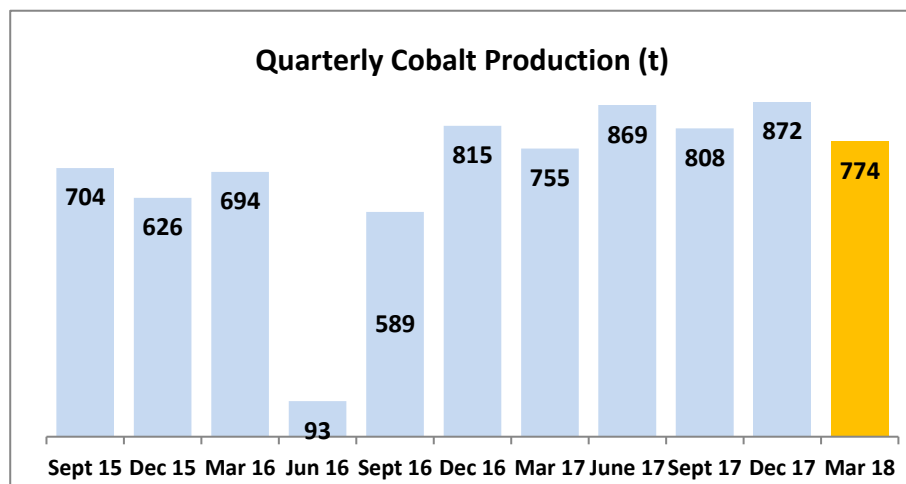
The Ramu nickel/cobalt mine maintained its excellent operating performance in the March quarter, with production exceeding budget in each month of the quarter.

Planned maintenance of two of the three High Pressure Acid Leach circuits was conducted during the quarter, requiring each of the two autoclaves to be shut down for 15 days.

Excluding the shut down period, operating throughput rates remained at record levels of approximately 34 tonnes of contained nickel in concentrate per day per autoclave, with output in February achieving a record of 112% of nameplate capacity. Overall production for the quarter was 8,210 tonnes of nickel in concentrate and 774 tonnes of cobalt.

	2017 Mar Qtr	2017 Jun Qtr	2017 Sept Qtr	2017 Dec Qtr	2018 Mar Qtr
Ore Processed (dry kt)	809	936	897	960	877
MHP Produced (dry t)	20,143	23,717	22,156	23,932	21,688
Contained Ni (t)	7,884	9,072	8,549	9,160	8,210
Contained Co (t)	755	869	808	872	774
MHP shipped (dry t)	19,397	29,703	22,907	21,105	23,827
Contained Ni (t)	7,411	11,249	8,857	8,182	9,024
Contained Co (t)	721	1,076	844	789	861





The strong production results were driven by excellent operational performances at both the Kurumbukari mine and the Basamuk process plant near Madang.

Mining and plant throughput rates continue to be strong, building on the excellent results achieved in the prior December quarter and confirming the operation is consistently achieving improved levels of operating efficiency.

Slurry nickel and cobalt grades remained consistent with the prior quarter, averaging approximately 1.1% for nickel and 0.1% for cobalt.

Financial Performance

Ramu achieved record financial results in the March quarter, with operating cashflow increasing to US\$89 million in the quarter (after US\$2.5 million in capex) compared with US\$49 million in the prior quarter (after US\$7 million in capex).

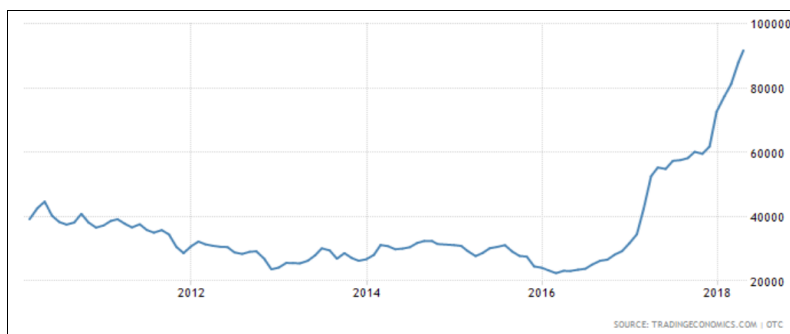
The results continued to reflect the strong production performance and rising cobalt and nickel prices. The nickel price reached US\$14,107/t in February and has since climbed to more than US\$15,200/t – an increase of approximately 20% since the start of 2018. Cobalt surged to US\$95,250/t in mid-March 2018, which is up 23% since the start of the year and more than 350% from the low of US\$21,750/t recorded in February 2016.

Nickel Price approaches US\$15,000/t





Cobalt Price approaches US\$100,000/t



Source: Trading Economics

Average revenue received per tonne of nickel sold in the March quarter was approximately US\$17,492/t, net of selling costs and payable charges and including cobalt credits. Cash operating margins generated during the quarter averaged \$9,900/t, after cobalt credits.

As forecast in the December quarter report, a maiden distribution was received by Highlands in the March quarter, relating to the 2015 to 2017 period. The total distribution entitlement was US\$14.2 million, of which \$US12.7 million was applied to reducing Highlands' share of project debt and accrued interest, leaving US\$1.5 million in net cash distributions. Of this amount, US\$1.15 million was received in the March quarter, with the remaining US\$380k to be received in the current quarter once audited accounts are finalised.

Based on the March quarter results, and assuming steady rates of production and stable commodity prices, the 2018 distribution would be approximately US\$31 million, of which US\$25 million (80%) would be applied to reducing debt, leaving Highlands with a cash distribution of approximately US\$5 million (20%).

From 2019, 100% of Highlands 8.56% share of net cash inflow is to be applied to debt repayment until US\$45 million is repaid reduced by any repayment made from the 2018 year, then the debt repayment percentage reduces to 65% with Highlands receiving 35% of its 8.56% share of cash inflow.

As at 31 December 2017 the total loan balance was US\$115 million. Once all borrowings have been repaid, Highlands' interest in Ramu will increase to 11.3% at no cost to Highlands.



Ramu Mineral Resources 31 December 2016 (at a 0.5% nominal cut-off and excluding oversize (+2mm))

Kurumbukari			
Category	MT	Ni(%)	Co(%)
Measured	37	0.9	0.1
Indicated	5	1.3	0.1
Inferred	2	1.2	0.1
Total	44	0.96	0.1

Ramu West			
Category	MT	Ni(%)	Co(%)
Indicated	17	0.9	0.1
Inferred	3	1.5	0.1
Total	20	1.0	0.1

Greater Ramu			
Category	MT	Ni(%)	Co(%)
Inferred	60	1.0	0.1

Global Total	MT	Ni(%)	Co(%)
	124	1.0	0.1

Notes: 1. Totals may not equal the sum of the component parts due to rounding adjustments. 2. Tonnes (dry) represent the -2 mm economic portion of resource mineralization in the rocky saprolite.

Competent Persons Statement: The information in this report that relates to Ramu Mineral Resources is based on information compiled by Xiong Xiaofang, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Xiong Xiaofang is a full-time employee of China ENFI Engineering Corporation and has sufficient experience which is relevant to the style of mineralization and 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 Xiong Xiaofang consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Ramu Ore Reserve 31 December 2016

Kurumbukari				
Category	MT	Ni(%)	Co(%)	Rocks +2mm MT
Proved	29	0.9	0.1	
Probable	6	1.3	0.1	9
Total	35	1.0	0.1	9

Ramu West				
Category	MT	Ni(%)	Co(%)	Rocks +2mm MT
Proved				
Probable	14	0.9	0.1	
Total	14	0.9	0.1	

Global Total	MT	Ni(%)	Co(%)	
	49	1.0	0.1	9

Notes: 1. Totals may not equal the sum of the component parts due to rounding adjustments. 2. Ore tonnes (dry) represent the -2 mm economic portion of resource mineralization. Rock represents an estimate of oversize material (+2 mm) that includes low-grade rocks and rock fragments that occur in the rocky saprolite mineralized zone and are considered as internal waste. The rock will be removed by a simple screening process prior to beneficiation. Accordingly, the ore tonnage is reported after initial screening prior to the beneficiation plant. 3. The Ore Reserve estimate was made using metal prices of US\$17,045/t nickel and US\$25,412/t cobalt. 4. Cut-off grade is variable and equates to 0.58% nickel equivalent, including credit for recovered cobalt metal.

Competent Persons Statement: The information in this report that relates to Ramu Ore Reserves is based upon information compiled by Mr Chao An Deng, who is a Deputy Chief Engineer of China ENFI Engineering Corporation and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Chao An Deng is a full-time employee of China ENFI Engineering Corporation and has sufficient experience relevant to the style of mineralization and type of deposit under consideration 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 (JORC Code)". Mr Chao An Deng consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Location: The Star Mountains refers to a range of mountains in far west PNG. The tenements are approximately 20kms NE of the Ok Tedi copper mine. Total tenement area 1049 sq kms

History: First explored by Kennecott in the early 1970s.

Ownership: Highlands holds 100% of the Star Mountains tenements. The PNG Government retains the right to acquire up to a 30% interest in the project on granting of a special mining lease.

2011 Exploration Program: Focused on the completion of Stage 1 drilling program on the Olgal prospect.

2012 Exploration Program: 5,587m of drilling for 17 holes covering 6 prospect areas.

2015 Exploration Program: Nine hole program for a total of 5,387 metres.

2016/17 Exploration Program: Seven holes completed for 5,620 metres.

STAR MOUNTAINS COPPER/GOLD PORPHYRY EXPLORATION

Maiden Resource Declared

A maiden JORC Mineral Resource was declared at Olgal prospect during the quarter, confirming the project as one of the most exciting exploration prospects in PNG.

Using a 0.3% copper cut-off grade, the deposit is estimated to contain 210 million tonnes grading 0.4% copper, for 840,000 tonnes of contained copper and 2.9 Moz contained gold.

The resource was as follows at various cut-off grades:

Cu Cut-off grade	Mt	%Cu	g/t Au	Mt Cu	MozAu
0.20	450	0.3	0.3	1.4	4.5
0.30	210	0.4	0.4	0.84	2.9
0.40	80	0.5	0.6	0.40	1.6

For full details see ASX announcement of 20 February 2017

Highlands Pacific commissioned independent consulting geologists H&S Consultants Pty Ltd to complete the resource estimate, which was based on data and assays from 23 diamond core drill holes totaling 8,949 metres.

The holes were drilled since the mineralisation was discovered by Kennecott in 1972, with exploration efforts intensified over the past few years as Highlands Pacific and its former joint venture partner, Anglo American plc, conducted drilling campaigns at Olgal and other Star Mountains prospects.

Olgal is located in the Nong River lease (EL1312), which is one of seven held by Highlands in the Star Mountains project. The other leases include Tifalmin EL1392, Mt Scorpion EL1781, Benstead EL2001, Mt Abemh EL2467, Ilam River EL2478 and Lake Louise EL2517 and together the package covers approximately 1049 sq kms.

The tenements are located only 20 kms north east of the giant Ok Tedi copper mine, within the New Guinean Orogenic Belt which hosts some of the world's largest copper porphyry and volcanogenic massive sulphide deposits including Grasberg, Frieda River, Porgera and Hidden Valley.

In addition to the 23 holes at Olgal, 27 other holes have been drilled at other prospects within the Star Mountains tenements and mineralisation has been identified at five other prospects.



New Joint Venture Partner Being Identified

Highlands regained 100% ownership of the Star Mountains leases early in the quarter, after Anglo American plc advised that it was withdrawing from the project following a review of its global exploration portfolio.

Anglo American and Highlands established the joint venture in February 2015 and in the period of its involvement, Anglo spent a total of US\$38 million on the project including a US\$10 million payment to Highlands Pacific for its initial entry. This comes on top of significant funding by various project participants since the initial discovery by Kennecott in the early 1970s.

Highlands is now actively seeking a new joint venture partner for the project, which represents a rare opportunity to take an interest in an advanced exploration project in a highly prospective region of PNG where extensive mineralization has already been identified and a JORC resource declared.



About Frieda River

Location: Located in the north-west of Papua New Guinea.

Ownership: Highlands owns 20%. PanAust, a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd. (GRAM) owns 80% and is the manager of the project.

The Frieda River district endowment totals some 2.8 billion tonnes of mineral resource containing approximately 13 Mt of copper and 21 Moz of gold.

FRIEDA RIVER COPPER - GOLD PROJECT (20%)

Permitting and Redesign

Highlands' joint venture partner in the Frieda River project, PanAust Ltd, a subsidiary of Chinese group Guangdong Rising Asset Management Co Ltd (GRAM) is continuing to liaise with PNG authorities regarding permitting.

The overall approval and permitting process for the Special Mining Lease application and other permits and approvals is now being coordinated by a government appointed State Negotiating Team, chaired by the Department of Mineral Policy and Geohazards Management.

Following submission of the SML application, the project manager is continuing feasibility studies investigating opportunities to increase the value of the project and access alternative development pathways to decrease capital expenditure and reduce the overall project risk profile. Engineering, cost estimation and implementation planning for the selected development scenario was undertaken during the quarter.

A local labour dispute led to the temporary suspension of site-based activities in late-March. The project manager is working with relevant stakeholders to resolve the situation.

Frieda River sale process

As previously announced, Highlands is undertaking a process seeking to maximise the value of its interest in the Frieda River project and has appointed advisers Cutfield Freeman and Co to investigate opportunities including a potential sale. This process requires significant assessment and analysis and is continuing, however it may or may not lead to a transaction being completed.

Funding obligations

Highlands Pacific and PanAust Ltd are in dispute regarding funding obligations under the joint venture agreement, and the dispute has been the subject of arbitration proceedings. The first stage of the arbitration was determined in April 2018, with the arbitrator concluding that Highlands' free carry for the Frieda River project feasibility study ended on the date of lodgement of the joint venture application for a Special Mining Lease on 23 June 2016.

The arbitration will now proceed to the second stage of the arbitration. Highlands will be contending in the second stage that other provisions of the Joint Venture Agreement should be applied to make GRAM/PanAust liable in the first instance for the full cost of the feasibility studies undertaken since 24 June 2016 with the right for Highlands to pay its share at a later date, if the project proceeds. If Highlands does not succeed in the second stage and if the cash calls made by GRAM/PanAust are held to be valid, then the Highlands's share of project expenditure from 24 June 2016 to 31 May 2018 is in the order of \$US12.4 million. Highlands may then elect to pay that amount or to dilute its joint venture share by approximately 2.2 percentage points.



Frieda River Resources

The Nena Mineral Resource for the Nena deposit was updated and announced in November 2017. The Nena sulphide Mineral Resource supersedes the previous estimate prepared by Glencore-Xstrata. The Nena gold cap Mineral Resource estimate is newly reported.

The Frieda River Copper-Gold Project exploits the HITEK deposit, which is a large-scale porphyry-style copper-gold deposit with low concentrations of deleterious elements. The Mineral Resource estimates are reported under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition).

January 2017 HITEK Mineral Resource

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)
Measured	620	0.53	0.30
Indicated	1,240	0.44	0.22
M+I subtotal	1,860	0.47	0.25
Inferred	780	0.35	0.18
MII total	2,640	0.44	0.23

Copper cut-off grade 0.2% (total copper).

This Mineral Resource is reported on a 100% ownership basis.

May include minor computational errors due to rounding.

The HITEK Mineral Resource is constrained within Revenue Factor 1.5 shell, (US\$4.95/lb Cu, US\$2,175/oz Au)

"FRL_HITEK_V3_25x25x15_1608v1e HIT-MII EK-MII_Shell_06_1.5.sft".

November 2017 Nena Mineral Resource

Nena Sulphide Mineral Resource 2017					
Category	Tonnes (Mt)	Cu(%)	Au(g/t)	As(%)	Sb(ppm)
Indicated	35	2.35	0.79	0.25	160
Inferred	17	1.68	0.29	0.12	80
Total	52	2.13	0.63	0.20	130

Nena Gold Cap Mineral Resource 2017					
Category	Tonnes (Mt)	Cu(%)	Au(g/t)	As(%)	Sb(ppm)
Indicated	11	0.07	1.35	0.30	230
Inferred	10	0.06	1.28	0.21	170
Total	20	0.06	1.32	0.26	200

Gold cut-off grade 0.5g/t with an upper copper grade limit of 0.3%.

Reported on a 100% ownership basis.

Totals may include minor discrepancies for rounding.



2017 HITEK Ore Reserve estimate

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)
Proved	413	0.54	0.32
Probable	272	0.45	0.21
Ore Reserves	686	0.50	0.28

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

This Ore Reserve is reported on a 100% ownership basis.

May include minor computational errors due to rounding.

The Frieda River Ore Reserve is estimated at commodity prices of US\$3.30/lb copper and US\$1,455/oz gold subject to a floating value¹ based cut-off grade. The representative average copper only cut-off grade is 0.21% copper.

¹Potential mill feed is determined on a net mill value basis and incorporates the influence of metal recovery, ore processing costs and revenue.

Competent Person. Ore Reserves

The data in this report that relate to Ore Reserves for the Frieda River Project are based on information reviewed by Mr Scott Cowie who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy (MAusIMM CP). Mr Cowie is a full time employee of PanAust Limited. Mr Cowie has sufficient experience relevant 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 Cowie consents to the inclusion in the report of the Ore Reserves in the form and context in which they appear.

The information on the HITEK Reserve is extracted from the report entitled “2017 Horse/Ivaal/Trukai/Ekwai/Koki (HITEK) Deposit Frieda River Mineral Resource and Ore Reserve Statements” created on 24 March 2017 and available on the Company website.

Competent Person Statement. Mineral Resources

The data in this report that relate to Mineral Resources for Frieda River (HITEK and Nena) are based on information reviewed by Mr Shaun Versace who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Versace is a full time employee of PanAust Limited. Mr Versace has sufficient experience relevant to the style of mineralisation and 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 Versace consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

The information on the HITEK Resource is extracted from the report entitled “2017 Horse/Ivaal/Trukai/Ekwai/Koki (HITEK) Deposit Frieda River Mineral Resource and Ore Reserve Statements” created on 24 March 2017 and available on the Company website.

The information on the Nena Resource is extracted from the report entitled “Frieda River Copper-Gold Project Mineral Resource update for the Nena copper-gold deposit” released on 27 November 2017 and available on the Company website.

Highlands confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Highlands confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.



Location: Normanby Island,
Milne Bay Province

Ownership: The Esa'ala lease
(EL 1761) is 100% owned by
Highlands.

Area: 758 km²

SEWA BAY – NICKEL LATERITE / GOLD EXPLORATION

Highlands and international trading house Sojitz Group, together with Japanese company Pacific Metals Co. Ltd., are continuing discussions regarding exploration activities at the Sewa Bay tenements in Milne Bay Province, where significant nickel mineralisation previously has been identified. The exploration program to date has been funded by Sojitz and Pacific Metals

Forward Looking Statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Highlands Pacific Limited are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Highlands Pacific Limited that could cause Highlands Pacific Limited's actual results to differ materially from the results expressed or anticipated in these statements.

Highlands Pacific Limited cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Highlands Pacific Limited does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.



ATTACHMENT 1

LIST OF MINING TENEMENTS

(All located in Papua New Guinea)

Tenement Reference	Beneficial Interest at Commencement of Period	Beneficial Interest at End of Period	Location – Province
Exploration (Highlands Pacific Resources Limited) EL 1761	100% - Note 1	100% - Note 1	Milne Bay Province
Star Mountains (Highlands Pacific Resources Limited) ELs 1312, 1392, 1781, 2001, 2467, 2478 and 2571	49% - Note 1	100% - Note 1	Sandaun Province
Frieda River Project (Highlands Frieda Limited) ELs 0058, 1895 and 1956 ELs 1212, 1746 and 1957 ELs 1743, 1744, 1745, and 1896	20% - Note 1 20% - Note 1 20% - Note 1	20% - Note 1 20% - Note 1 20% - Note 1	Sandaun Province Sandaun & East Sepik Province East Sepik Province
Ramu Project (Ramu Nickel Limited) SML 8 ML 149 LMPs 42, 43, 44, 45, 46, 47, 48 and 49 MEs 75, 76, 77, 78 and 79 ELs 193 and 2376 (previously 1178)	8.56% 8.56% 8.56% 8.56% 8.56%	8.56% 8.56% 8.56% 8.56% 8.56%	Madang Province Madang Province Madang Province Madang Province Madang Province

Mining Tenements acquired or disposed of during the quarter – as a result of Anglo American plc withdrawing from the Star Mountains Joint Venture, Highlands regained 100% of the tenements.

Beneficial percentage interests held in farm-in or farm-out agreements – all the mining tenements for the Frieda River Project and the Ramu Project are held in joint venture. The percentage detailed in the table above indicates the percentage held by Highlands.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter – nil.

NOTES

- Subject to the right of the Independent State of Papua New Guinea to acquire a 30% equity interest in any mining development in that country by paying its pro-rata share of historical sunk costs and future developments costs.
- Definitions:
 - EL - Exploration Licence
 - ELA - Exploration Licence Application
 - SML - Special Mining Lease
 - ML - Mining Lease
 - LMP - Lease for Mining Purpose
 - ME - Mining Easements



Appendix 5b

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HIGHLANDS PACIFIC LIMITED

ACN or ARBN

ARBN 078 118 653

QUARTER ENDED ("CURRENT QUARTER")

31 March 2018

NOTE: As Highlands operating and mining development decisions are based on US dollars, Highlands Directors have adopted the US dollar as Highlands functional and management reporting currency. For ease of understanding by the Australian and PNG investment communities, results have been converted, in this report, to \$A at the rate ruling at the end of the quarter of \$A/\$US 0.7665.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current quarter	Current quarter	Year to date	Year to date
	\$US'000	\$A'000	\$US'000	\$A'000
Cash flows related to operating activities				
1.1 Receipts from customers	-	-	-	-
1.2 Payments for:				
- exploration and evaluation (Frieda)*	(147)	(192)	(147)	(192)
- production (Ramu holding costs)*	(69)	(90)	(69)	(90)
- Star Mountains (holding costs)*	(32)	(42)	(32)	(42)
- staff costs	(263)	(343)	(263)	(343)
- administration and corporate costs	(196)	(256)	(196)	(256)
1.4 Interest received	32	42	32	42
1.5 Income taxes (paid)/refund	-	-	-	-
1.6 Net cash from / (used) in operating activities	(675)	(881)	(675)	(881)
Cash flows from investing activities				
2.1 Payments to acquire:				
property, plant and equipment	(3)	(3)	(3)	(3)
2.2 Proceeds from the disposal of:				
- investments	-	-	-	-
2.3 Distribution from Ramu Joint Venture	1,154	1,506	1,154	1,506
2.4 Net cash from / (used in) investing activities	1,151	1,503	1,151	1,503

* Includes staff costs pertaining to these projects



Cash flows from financing activities					
3.1	Proceeds from issue of shares	(5)	(6)	(5)	(6)
3.2	Repayment of borrowings	-	-	-	-
3.3	Net cash from / (used in) financing activities	(5)	(6)	(5)	(6)
	Net increase (decrease) in cash and cash equivalents for the period	471	616	471	616
4.1	Cash and cash equivalents at beginning of the period	6,816	8,738	6,816	8,738
4.2	Net cash from / (used in) operating activities (item 1.7 above)	(675)	(881)	(675)	(881)
4.3	Net cash from / (used in) investing activities (item 2.4 above)	1,151	1,503	1,151	1,503
4.4	Net cash from / (used in) financing activities (item 3.3 above)	(5)	(6)	(5)	(6)
4.5	Effect of movement in exchange rates on cash held	(47)	91	(47)	91
4.6	Cash and cash equivalents at end of period	7,240	9,445	7,240	9,445

Reconciliation of cash and cash equivalents					
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter	Current quarter	Previous quarter	Previous quarter
		\$US'000	\$A'000	\$US'000	\$A'000
5.1	Bank balances	4,375	5,707	1,468	1,882
5.2	Call deposits	-	-	-	-
5.3	Bank overdrafts	-	-	-	-
5.4	Other short-term deposits	2,865	3,738	5,348	6,856
5.5	Cash and cash equivalents at the end of quarter	7,240	9,445	6,816	8,738

Payments to directors of the entity and their associates

		Current quarter	
		\$US'000	\$A'000
6.1	Aggregate amount of payments to these parties (included in item 1.2)	42	55
6.2	Aggregate amount of cash flow from loans to these parties (included in item 2.3)	nil	nil
6.3	Include below any explanation necessary to understanding of the transactions included in 6.1 and 6.2		

Payments to related entities of the entity and their associates

		Current quarter	
		\$US'000	\$A'000
7.1	Aggregate amount of payments to these parties (included in item 1.2)	nil	nil
7.2	Aggregate amount of cash flow from loans to these parties (included in item 2.3)	nil	nil
7.3	Include below any explanation necessary to understanding of the transactions included in 7.1 and 7.2		



Financing facilities available

	Amount available		Amount used	
	\$US'000	\$A'000	\$US'000	\$A'000
8.1 Loan facilities	Nil	Nil	n/a	n/a
8.2 Credit standby arrangements	Nil	Nil	n/a	n/a
8.3 Other (please specify)	Nil	Nil	n/a	n/a
8.4 Include below a description of each facility above.				

Estimated cash outflows for next quarter

	\$US'000	\$A'000
9.1 Exploration and evaluation		
Nong River / Tifalmin project costs	25	33
Frieda Holding Costs (joint venture costs funded by PanAust)	25	33
9.2 Development	-	-
9.3 Ramu Production – Holding Costs (joint venture costs funded by MCC)	25	33
9.4 Staff costs	284	370
9.5 Administration and corporate costs	353	460
9.6 Other	-	-
9.7 Total estimated cash outflows	712	929

Changes in mining tenements (items 2.1(b) and 2.2(b) above)

	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements lapsed, relinquished or reduced		Refer Attachment 1 in Quarterly Report		
10.2 Interests in mining tenements acquired or		Refer Attachment 1 in Quarterly Report		



Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Issued during quarter				
7.3 + Ordinary securities	950,203,336	950,203,336		
7.4 Issued during quarter	Nil	Nil	Nil	Nil
+ Convertible debt securities <i>(description and conversation factor)</i>				
7.5				
7.6 Issued during quarter				
7.7 Options <i>(description and conversation factor)</i>	Refer Attachment A		<u>Exercise Price</u>	
Performance Rights Plan	Nil	Nil	Refer attached	Nil
7.8 Issued during quarter (Performance Rights)	Nil	Nil	n/a	n/a
7.9 Exercised during quarter (Performance Rights)	Nil	Nil	n/a	n/a
7.10 Expired & lapsed during quarter (Options & PR's)	Nil	Nil	n/a	n/a
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	Nil	Nil		



COMPLIANCE STATEMENT

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

(Director/Company Secretary)

Date: 30 April 2018

Print name: **S MOSER**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.



ATTACHMENT A

HIGHLANDS PACIFIC LIMITED APPENDIX 5B – ITEM 7.7

PERFORMANCE RIGHTS (DESCRIPTION AND CONVERSION FACTOR)

Performance Rights exercised during the quarter

Details	Issued
Exercise Price	A\$0.00
Number of Performance Rights	14,287,500
Expiry Date	31 Dec 2017

No Performance Rights were issued during the quarter.

Performance Rights lapsed during the quarter

Details	Issued
Exercise Price	A\$0.00
Number of Performance Rights	2,862,500
Expiry Date	31 Dec 2017