



6 August 2018

Frieda River Project Update

Highlands Pacific Limited (ASX:HIG) has been advised by the manager of the Frieda River joint venture, PanAust Limited, that it has finalised the scope of the Project feasibility study which incorporates significant changes to the 2016 feasibility study and 2017 addendum.

PanAust, which is wholly owned by Chinese state-owned enterprise Guangdong Rising Assets Management Co Ltd, has provided Highlands with the following information and has also released via its website.

- *Work is continuing on a feasibility study and Environmental Impact Statement for the Frieda River Copper-Gold Project, based on a shared-use infrastructure model that will support Papua New Guinea's regional and national development objectives.*
- *PanAust has revised the scope of the Project to integrate with the Government of PNG's development strategy plan.*
- *The revised scope supports a mine life in excess of 30 years and greater extraction of the extensive Mineral Resource by leveraging third-party shared-use infrastructure.*

The new Project scope is comprised of:

- *a land-based logistics and infrastructure corridor connecting the mine to the Vanimo Ocean Port*
- *a long-life, large-scale open-pit copper-gold mine to extract the Horse-Ivaal-Trukai, Ekwai and Koki mineral deposits*
- *a conventional comminution and flotation process plant treating in excess of 40Mtpa of ore*
- *transport of high-quality copper-gold concentrate via a 320 kilometre buried pipeline to the Vanimo Ocean Port for export to custom smelters*
- *peak annual metal in concentrate production of 290,000t copper and 360,000oz gold*
- *subaqueous storage and containment of mine waste rock and tailings within a large integrated storage facility*
- *low-cost renewable energy from a hydroelectric power facility supplied by water from the ISF reservoir.*

Hydroelectric power will assist PNG meet its target of 100 per cent renewable energy supply by 2050. The hydroelectric facility will operate beyond the life of the Project, supplying surplus power to the Sepik region which currently lacks both substantial generating capacity and a transmission grid.



To leverage the infrastructure established for the Project, opportunities have been identified to further extend the mine life and extract copper and gold from the Nena deposit.

PanAust expects to complete the feasibility study and associated Environmental Impact Statement by the December quarter 2018, prior to lodging amendments to the 2016 Special Mining Lease application and associated permits, subject to Joint Venture approval.

Highlands will be able to provide further information when PanAust completes the 2018 feasibility study and delivers this study to Highlands. Until that time, or further media releases are made by PanAust, Highlands is unable to comment further on the project scope and development.

For details of the prior feasibility study and updates, see the following ASX announcements:

19 May 2016. Frieda River Study Received

3 March 2017. Highlands Receives Frieda River Study Addendum

6 April 2017. Frieda River Feasibility Study Addendum Update

For further information, please contact:

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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.



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.



ASX Code: HIG
POMSoX Code: HIG
Shares on Issue: 1,093 million
Performance Rights: Nil

Directors

Ron Douglas, Chairman
 Craig Lennon, MD/CEO
 Bart Philemon
 Anthony Milewski

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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. 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).

Ramu Nickel Cobalt Mine

The producing Ramu nickel cobalt mine is located 75km west of the provincial capital of Madang, PNG. Highlands holds an 8.56% interest in the Ramu project, however this will increase to 11.3% at no cost to Highlands once Highlands' share of Ramu project debt is repaid to the project manager and joint venture partner Metallurgical Corporation of China (MCC). Highlands recently announced plans to repay the debt to MCC following finalization of a streaming transaction with Cobalt27. 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 were exercised.

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.

Frieda River Copper/Gold Project

The Frieda River copper gold project is located 175km 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%.