



8 August 2014

# Ramu Nickel Cobalt Mine, PNG

## Update

**Highlands Pacific Limited (ASX: HIG) has been advised by the operator / manager of the Ramu nickel cobalt mine in Papua New Guinea of an incident at the Kurumbukari mine involving locals.**

Highlands has been advised that the incident took place on the morning of the 4<sup>th</sup> August when local villagers forcibly entered the Kurumbukari mine site and caused damage to various pieces of mining and office equipment.

The operator has now advised that the direct loss of equipment, the cost of which is covered by insurance, is estimated to amount to AU\$4 million. The mine is estimated to be shut down for 4-5 days while the process plant at Basamuk was slowed but not stopped. Prior to the incident the plant had been achieving average rates of production of above 80% of name plate capacity. The operator has advised Highlands that it does not anticipate the incident will have any material impact on the annual forecast production for 2014.

Various Government bodies have been notified and police reinforcements are now on site with an investigation into the incident underway. Constructive discussions in the meantime between the parties are ongoing.

**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



**ASX Code: HIG**

**PoMSox Code: HIG**

**Shares on Issue: 854 million**

**Options on Issue: 7.2 million**

**Performance Rights: 24.4 million**

#### **Directors**

Ken MacDonald, Chairman  
John Gooding, Managing Director  
Mike Carroll  
Dan Wood  
Bart Philemon

#### **Management**

Craig Lennon, CFO & Co.Sec  
Larry Queen, Chief Geologist  
Peter Jolly, GM Projects  
Ron Gawi, GM Port Moresby

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#### **Website:**

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

## **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 US\$2.1bn Ramu nickel cobalt mine and the Frieda River copper gold project; with exploration in progress on the Star Mountains (Nong River, Mt Scorpion, Munbil and Tifalmin) licenses approximately 20km north of the Ok Tedi mine. Highlands also has exploration tenements at Muller Range on the border of the Western and Southern Highlands Provinces and on Normanby Island (Sewa Bay).

### **Star Mountains Prospects\***

The Star Mountains exploration tenements, which include Nong River EL1312, Mt Scorpion EL1781, Munbil EL2001 and Tifalmin EL1392, 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 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 (estimated to be paid by 2018). 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% 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 Copper/Gold Project\***

The Frieda 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, subject to the completion of the PanAust Glencore Agreement which was announced on 1 November 2013. PanAust, subject to the completion of the PanAust Glencore Agreement, will be responsible for 100% of the costs incurred by the Frieda River Joint Venture to finalise the definitive feasibility study for PanAust's development concept and will appoint and fund the cost of an independent expert to provide a peer review. PanAust will also be responsible for 100% of the costs to maintain the Frieda River project site, assets and community relations programmes up to the point in time of lodgement of the Mining Lease or Special Mining Lease application.

\* Subject to the right of the Independent State of Papua New Guinea to acquire up to a 30% equity interest in any mining development in the country.