



**HIGHLANDS
PACIFIC**



15 December 2014

Sojitz and Highlands Pacific to investigate direct shipping export options for Sewa Bay nickel laterites, PNG

Highlands Pacific Limited (ASX: HIG) and international trading house Sojitz Group (“Sojitz”) have agreed to work towards a potential joint venture to investigate the discovery and export of nickel laterites from Highland’s Sewa Bay tenements on Normanby Island, part of Papua New Guinea’s southernmost province Milne Bay.

Highlands is the holder of the 758sqkm exploration licence (EL 1761 Esa’ala) and in July 2013 conducted a reconnaissance auger-drill sampling and rock chip recovery exploration programme for nickel bearing laterite developed on ultramafic rock. The shallowly subcropping and outcropping nickel bearing ultramafic laterites at Sewa Bay are geologically similar to a number of South-West Pacific laterites that are host to nickel deposits.

Sojitz and Highlands have signed a Service Agreement and Memorandum of Understanding with the aim of developing a Farmin-Joint Venture Agreement which would see Sojitz emerge as the majority partner and responsible for funding further drilling and study programmes.

The initial six (6) month work programme that will commence in early 2015 and cost approximately US\$465,000 will be funded solely by Sojitz. The programme will consist of 1,500 metres of auger drilling, with 1,500 samples being taken for assaying.

Managing Director of Highlands Pacific Mr John Gooding said today: “Sojitz is one of the world’s leading and most experienced trading houses. Both Sojitz and Highlands Pacific believe there is an opportunity for a modest in scale and modest in cost direct-shipping export nickel mining operation to be developed on the Sewa Bay nickel laterite – similar to a number of small but cost effective nickel laterite mines presently operating in Indonesia. Achieving this outcome will require more work by both parties, landowners and government authorities over the next 12-18 months and represents a great opportunity for Highlands to develop another project in PNG in partnership with a large international corporation.”

**About the Sewa Bay Nickel laterites:**

Highlands currently has an exploration tenement covering the western portion of Normanby Island in the D'Entrecasteaux group of Islands, Milne Bay Province. The ground was taken up to explore the potential of known nickeliferous laterite that has developed over exposures of Cretaceous Ultramafic rocks. A scout soil auger programme undertaken in July 2013 confirmed the extent of the ultramafic bedrock (dunites and pyroxenites) and the wide spread development of laterite soil over these rocks. Thickness of the laterite soil varied from 0 metres on the slopes to +3 metres over the low relief benches and hilltops.

<http://www.highlandspacific.com/current-projects/exploration>

About Sojitz:

Sojitz Corp is listed on the Tokyo Stock Exchange. As a general trading company, the Sojitz Group is engaged in a wide range of businesses globally, including buying, selling, importing, and exporting goods, manufacturing and selling products, providing services, and planning and coordinating projects, in Japan and overseas. The Group also invests in various sectors and conducts financing activities. The broad range of sectors in which Sojitz operates includes those related to automobiles, plants, energy, mineral resources, chemicals, foodstuff resources, agricultural and forestry resources, consumer goods, and industrial parks.

For further information, please contact:

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ASX Code: HIG

PoMSox Code: HIG

Shares on Issue: 919 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
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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 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).

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. PanAust 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.

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. 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.

* 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.