



Quarterly Activities Report - for the period ended 31 December 2014

ASX Code: HIG

Shares on Issue: 921 million
Options on Issue: 7.2 million
Performance Rights: 19.9 million
Shareholders: ~8,300

Market Cap: A\$53.3m (5.7c-a-share)

Cash at Bank*: A\$8.7m

Debt/Hedge: nil

Directors

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

Management

Craig Lennon, *CFO & Company Secretary*
Larry Queen, *Chief Geologist*
Peter Jolly, *GM Technical*
Ron Gawi, *GM Port Moresby*

For further information, please contact:

Joe Dowling
Stockwork Corporate
Communications
0421 587755

The resources, reserves and exploration results contained in this document are unchanged from those previously reported under the 2012 edition of the JORC Code

www.highlandspacific.com

HIGHLIGHTS

Frieda River Copper Gold Project (20%)

- Feasibility study being prepared by PanAust Limited has progressed according to plan and is scheduled for completion in 2015.
- Feasibility study concept is based on an open pit feeding ore to a conventional flotation processing plant at an average processing rate of 30Mtpa over a 20-year mine life to produce average annual copper and gold in concentrate of 125,000t and 200,000oz respectively.
- Planning for geotechnical and hydrogeological drilling continued in the December quarter, with drilling commenced in January 2015

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

- Average production rate of 72% of nameplate rate achieved for the December quarter, and 67% for the full year.
- Ore mined during the quarter was 1,644,000t (wet). Ore transported to the treatment plant during the quarter was 626,000t (dry).
- During the quarter 15,481t (dry) of mixed nickel cobalt hydroxide intermediate product produced containing approximately 5,577t of nickel and 542t of cobalt.
- Continuing to assess merits of nominating into the project to receive share of operating surpluses.

Star Mountains – Copper Gold Porphyry Exploration

- Joint venture being finalised with a wholly owned subsidiary of Anglo American plc, covering exploration and development of the Star Mountains project.
- Proposed JV envisages Anglo American moving in stages to an 80% interest in the JV by meeting exploration spending hurdles, achieving a 43-101/JORC resource of 3 million tonnes of copper equivalent, and completing a bankable feasibility study.
- 3000 metre drilling campaign to commence in April 2015 subject to completion of JV agreement.
- Proposed JV with Anglo American has Highlands receiving US\$10 million in two tranches of US\$5 million each - the first payment of US\$5 million is payable on execution of the JV agreements with the second payment of US\$5 million to be made 12 months later
- Project includes four licences covering 515sqkms, approximately 25kms from the Ok Tedi Mine.

Sewa Bay Nickel and Gold Exploration

- Highlands and Sojitz Group have signed an MOA to develop a joint venture to progress the Sewa Bay nickel laterite project on Normanby Island in PNG.
- Sojitz funded exploration program to commence early in the current year.

Managing Director of Highlands Pacific Mr John Gooding said today: “Highlands made excellent progress during the December quarter, announcing an important proposed joint venture with Anglo American Plc covering the exciting Star Mountains project, and signing a Memorandum of Understanding with Japanese trading house Sojitz Group to advance exploration at Sewa Bay. These important milestones follow the introduction of PanAust Limited in August as a shareholder in the Frieda River Copper-Gold project, to drive forward the feasibility study, and as our Ramu nickel operation continues its steady production ramp up. Highlands Pacific is now perfectly placed to take advantage of an upswing in commodity prices over the medium term, providing investors with major exposures to copper, nickel and gold, and with projects at each stage of the exploration, development and production chain.”



About Frieda River

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

Ownership: PanAust 80% Highlands 20%.

2007 - 2013: Glencore's spend was US\$300m on project studies and exploration.

2014: PanAust acquires 80% interest in the project.

Late 2015: Feasibility study expected to be completed.

2016: Approvals phase commences.

The Frieda River district endowment totals some 2.8 billion tonnes of resource containing 12.9 Mt of copper and 20.4 Moz of gold. This makes it PNG's largest and most important copper-gold project. The studies to date have focused only on the three deposits Horse, Ivaal and Trukai; estimated to contain 2,090 million tonnes at a grade of 0.45% copper, 0.22g/t gold and 0.70g/t silver

FRIEDA RIVER COPPER - GOLD PROJECT (20%)

Following the completion of PanAust Limited's (PanAust) acquisition of Glencore plc's 80% interest in the Frieda River Copper-Gold project in the September quarter of 2014, PanAust continued to advance a project feasibility study, which remains due for completion in 2015.

By the end of January 2015, three drill rigs were in operation to provide additional geotechnical and hydrogeological data at the proposed locations for the integrated storage facility and in local areas of the open-pit. The quantity and quality of the existing geological data set for the Frieda River project deposit means that no further resource drilling is required under the current study.

The Frieda River project feasibility study concept is currently based on an open-pit feeding ore to a conventional flotation processing plant at an average processing rate of 30Mtpa over a 20-year mine life to produce average annual copper and gold in concentrate of 125,000t and 200,000oz respectively.

Relatively soft and highly fragmented ores are expected to be processed in the first five years of operation allowing mill throughput rates of more than 20% above the life-of-mine average and as a consequence above average metal production. Thereafter, the ore is expected to become progressively harder, reducing throughput rates in the final years of operation.

Further details of the project concept, which included a staged development requiring lower capital costs and the potential use of hydro-power were included in announcements to the Australian Securities Exchange on 2 September 2014 and 13 October 2014.

PanAust is 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.



Horse-Ivaal-Trukai Mineral Resources at 0.2% Cu cut off and constrained by a pit shell (US\$2.50/lb Cu & US\$1,000/oz Au)				
Category	MT	Cu(%)	Au(g/t)	Ag(g/t)
Measured	780	0.51	0.28	0.79
Indicated	410	0.44	0.20	0.72
Inferred	900	0.4	0.2	0.7
Total	2090	0.45	0.22	0.76

Koki Mineral Resources at 0.2% Cu cut off			
Category	MT	Cu(%)	Au(g/t)
Inferred	452	0.37	0.25

Ekwai Mineral Resources at 0.2% Cu cut off			
Category	MT	Cu(%)	Au(g/t)
Inferred	170	0.37	0.23

Competent Person Statement: The database information used for the Horse-Ivaal-Trukai, Koki and Ekwai Resource Estimates was compiled and verified as suitable for this estimate by Mr Larry Queen. Details contained in this report that pertain to the Horse-Ivaal-Trukai, Koki and Ekwai Resource Estimates are based upon, and fairly represent, information and supporting documents compiled by Mr Simon Tear. Mr Queen is a full-time employee of Highlands Pacific Group and a Member of The Australasian Institute of Mining and Metallurgy. Mr Tear is a full-time employee of H&S Consulting Pty Ltd and a Member of The Australasian Institute of Mining and Metallurgy. Both Mr Queen and Mr Tear have sufficient experience which is relevant to the style of mineralisation 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'. Mr Queen and Mr Tear consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Nena Mineral Resources at 0.3% Cu cut off					
Category	MT	Cu(%)	Au(g/t)	As(%)	Sb(ppm)
Indicated	33	2.81	0.65	0.22	153
Inferred	12	1.84	0.45	0.14	88
Total	45	2.55	0.60	0.20	136

Competent Person Statement: Details contained in this report that pertain to the Nena Resource Estimates are based upon, and fairly represent, information and supporting documents compiled by Mr Paul Gow. Mr Gow is a Member of The Australasian Institute of Mining and Metallurgy and was a full-time employee of Glencore Xstrata plc at the time the estimate was prepared. Mr Gow has sufficient experience which is 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 Gow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information on the Frieda River project is extracted from the report entitled "Frieda – Mineral Resource & Ore Statement" created on 14 March 2014 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.



About Ramu Nickel Cobalt Project

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.

Production: The 3 autoclave Basamuk treatment plant is designed to have an annual production of 31,150 tonnes of nickel and 3,300 tonnes of cobalt.

Equity: Highlands has an 8.56% interest in the project which will increase to 11.3% at no cost after internal project debt has been repaid from operating cash flow. Highlands has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.

Share: Highland's share of product based on its 8.56% share is 2,666 tpa of nickel and 282 tpa of cobalt, rising to 3,520 tpa of nickel and 373 tpa of cobalt when equity increases to 11.30%. Highlands can market its share of product.

Free Carry: The Ramu project debt funding is non-recourse to Highlands with Highlands' equity interest free carried.

About MCC: The project's operator and majority owner is Hong Kong and Shanghai listed Metallurgical Corporation of China Limited (MCC). MCC is a multi-asset multi-disciplinary company, well known for its strength in scientific research, industrial engineering practice and international trading. MCC hold a 61% interest in MCC Ramu NiCo Limited which holds an 85% interest in the Project, with a number of other Chinese end user entities holding the remaining 39%.

RAMU NICKEL PROJECT (8.56% with potential to move to 20.55%)

The Kurumbukari mine, the Basamuk treatment plant and the 135km slurry pipeline to the treatment plant continues to ramp up to full production.

The plant has achieved an average of 72% of nameplate capacity for the December quarter against a planned rate of 73%.

For the year to the end of December, the plant achieved total nickel production of 20,987 tonnes, which was slightly below forecast of 22,000 tonnes and equivalent to 67% of nameplate production of 31,150 tonnes.

Sales contracts are in place for the full 2015 forecast production with Chinese and international buyers.

	2012 Year	2013 Year	2014 Year	Name- plate
Ore Mined (wet tonnes)	1,547,000	3,481,800	6,009,450	8,500,000
Ore Processed (dry tonnes)	647,000	1,252,998	2,273,276	3,400,000
MHP Produced (dry tonnes)	13,777	29,736	57,360	78,000
Contained Nickel (tonnes)	5,283	11,369	20,987	31,150
Contained Cobalt (tonnes)	469	1,013	2,134	3,300
MHP Shipped (dry tonnes)	576	39,472	57,216	78,000
Contained Nickel (tonnes)	217	15,123	21,100	31,150
Contained Cobalt (tonnes)	19	1,338	2,164	3,300
Percentage of Nameplate Production Capacity	17%	36%	67%	100%

	2014 Mar Qtr	2014 June Qtr	2014 Sept Qtr	2014 Dec Qtr
Ore Mined (wet tonnes)	1,283,975	1,449,950	1,631,625	1,643,900
Ore Processed (dry tonnes)	454,466	579,906	612,665	626,239
MHP Produced (dry tonnes)	10,871	14,468	16,540	15,481
Contained Nickel (tonnes)	4,080	5,312	6,018	5,577
Contained Cobalt (tonnes)	413	543	636	542
MHP Shipped (dry tonnes)	5,433	18,940	16,259	16,584
Contained Nickel (tonnes)	2,081	7,030	5,968	6,021
Contained Cobalt (tonnes)	203	711	635	615
Percentage of Nameplate Production Capacity	52%	68%	77%	72%



All major operating elements of the treatment plant are working as designed. A fourth washplant was successfully commissioned in the quarter, at no cost to Highlands, providing additional operational flexibility and reliability, accelerating the ramp up in production to nameplate capacity.

Importantly for Highlands there is no recourse for operating cash flow shortages during this ramp-up stage, with Highlands and its PNG Joint Venture partner MRDC protected from capital increases and ramp-up operating losses.

Highlands is continuing to assess nomination into the project as production performance continues to improve. Nomination will provide access to operating surpluses which will be applied to pay our capped share of development costs, with the remainder flowing through to Highlands.

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

Kurumbukari			
Category	MT	Ni(%)	Co(%)
Measured	40	0.9	0.1
Indicated	7	1.4	0.1
Inferred	4	1.2	0.1
Total	51	1.0	0.1

Ramu West			
Category	MT	Ni(%)	Co(%)
Indicated	17	0.8	0.1
Inferred	3	1.5	0.2
Total	20	0.9	0.1

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

Global Total	MT	Ni(%)	Co(%)
	131	1.0	0.1

Competent Persons Statement: The information in this report that relates to Ramu Mineral Resources is based on information compiled by Mr Larry Queen, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Queen is a full-time employee of Highlands Pacific 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 Queen 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

Kurumbukari				
Category	MT	Ni(%)	Co(%)	Rocks +2mm MT
Proved	35	0.9	0.1	
Probable	7	1.4	0.1	11
Total	42	1.0	0.1	11

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(%)	
	55	1.0	0.1	11

Competent Persons Statement: Details contained in this report that pertain to the Ramu Ore Reserve Estimate are based upon, and fairly represent, information and supporting documentation compiled by Mr Patrick Smith, a Member of The Australasian Institute of Mining and Metallurgy CP (Min) and a full-time employee of AMC Consultants Pty Ltd. Mr Smith 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 Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information on the Ramu project is extracted from the report entitled "Ramu – Mineral Resource & Ore Statement" created on 14 March 2014 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: The Star Mountains refers to a range of mountains in far west PNG. The first prospect drilled, Olgal, is approximately 20kms NE of the Ok Tedi copper mine. Total area 515km²

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

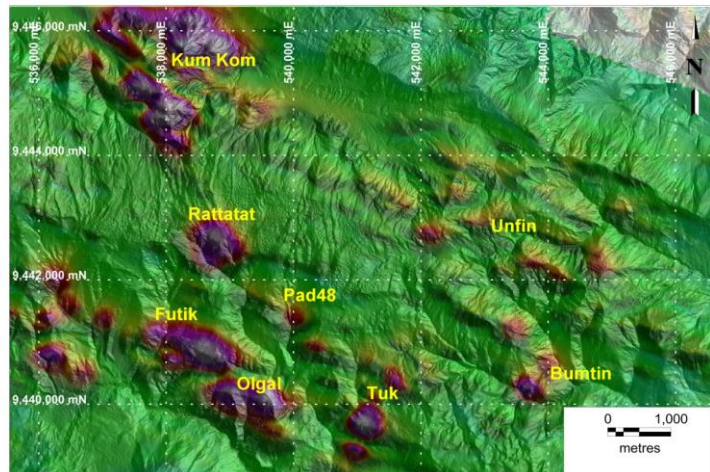
Ownership: The Tifalmin lease (EL 1392), Munbil (EL 1781), Benstead (EL 2001) and the Nong River lease (EL 1312) are 100% owned by Highlands. All lease interests are subject to potential 30% PNG Government participation should it elect to do so. In December 2014, Highlands announced plans to form a joint venture with Anglo American plc covering future exploration and development of the project.

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: *four hole program for 3,000m of drilling*

STAR MOUNTAINS - COPPER GOLD PORPHYRY EXPLORATION



Highlands Pacific announced in December that it was finalising a joint venture agreement with Anglo American Plc covering exploration and development of the Star Mountains copper gold project.

The joint venture agreement, expected to be completed imminently, consists of the following:

- **US\$10 million payment** – Anglo American will pay Highlands US\$10 million in two tranches of US\$5 million each. The first payment of US\$5 million is payable on execution of the agreements with the second payment of US\$5 million to be made 12 months later.
- **Phase 1 (51% interest)** – Anglo can earn a 51% interest in the joint venture by spending US\$25 million on exploration over four years, and declaring a 43-101/JORC compliant inferred resource of 3 million tonnes of contained copper-equivalent within five years.
- **Phase 2 (80% interest)** – Anglo American can move to an 80% interest in the Joint Venture by completing and funding a Bankable Feasibility Study (BFS) within 15 years of the execution of the Farm-in and Joint Venture Agreements.
- **Development Free-Carry** – Anglo American will provide Highlands with up to US\$150 million in project development funding as a deferred free-carry following completion of the BFS.

Highlands will continue to manage the project, however, Anglo American will have the right to take over management of the project when it has invested US\$25 million in project expenditure.

The project is in the advanced stage of planning an initial drilling campaign involving four holes, for a total of 3,000 metres. Drilling is to commence in April, after completion of helicopter-magnetic surveys to assist in identifying drill targets and the completion of the JV agreements.



About the Star Mountains Exploration Tenements:

The 100% Highlands owned Star Mountains exploration tenements, which include Nong River EL1312, Mt Scorpion EL1781, Munbil EL2001 and Tifalmin EL1392, cover 515 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. Highlands has identified 17 copper gold targets to date and drilled six of these targets, of which all but one encountered mineralisation.

Intercepts include:

- ☐ 596m @ 0.61% Cu & 0.85g/t Au from 24 m down hole,
 - ☐ 22m @ 1.42% Cu & 0.57 g/t Au from 146m down hole,
 - ☐ 68m @ 0.97% Cu & 0.37 g/t Au from 280m down hole.
-



Location: Normanby Island, Milne Bay Province

Ownership: The Esa'ala lease (EL 1761) is 100% owned by Highlands. A Memorandum of Agreement was signed with international trading house, Sojitz, to develop a Farm-in agreement to fund future exploration and development.

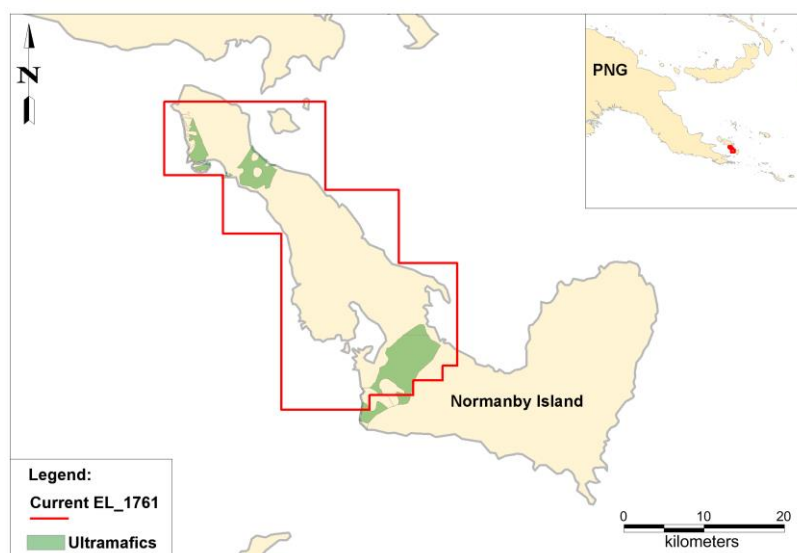
Area: 758 km²

SEWA BAY – NICKEL LATERITE / GOLD EXPLORATION

Highlands also announced in December that it was working with international trading house Sojitz Group to form a joint venture to progress the Sewa Bay nickel laterite project on Normanby Island in PNG.

Sojitz and Highlands have signed a Service Agreement and Memorandum of Understanding to develop a Farm-in-Joint Venture Agreement which would see Sojitz emerge as the majority partner and responsible for funding further drilling and study programmes.

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



STAR MOUNTAINS & SEWA BAY

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 Larry Queen, a member of the Australasian Institute of Mining and Metallurgy, and who is a full-time employee of 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.

The information on Star Mountains and Sewa Bay is extracted from the report entitled “Exploration – Table One Results” created on 14 March 2014 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.



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)			
ELs 1312, 1392, 1781 and 2001	100% Note 1	100% Note 1	Sanduan Province
EL 1761	100% Note 1	100% Note 1	Milne Bay Province
EL 2131	100% Note 1	100% Note 1	Western Province
Frieda River Project (Highlands Frieda Limited)			
ELs 0058, 1895 and 1956	20% Note 1, 3	20% Note 1, 3	Sanduan Province
ELs 1212, 1746 and 1957	20% - Note 1,3	20% Note 1, 3	Sanduan & East Sepik Province
ELs 1743, 1744, 1745, and 1896	20% - Note 1,3	20% - Note 1,3	East Sepik Province
Ramu Project (Ramu Nickel Limited)			
SML 8	8.56%	8.56%	Madang Province
ML 149	8.56%	8.56%	Madang Province
LMPs 42, 43, 44, 45, 46, 47, 48 and 49	8.56%	8.56%	Madang Province
MEs 75, 76, 77, 78 and 79	8.56%	8.56%	Madang Province
ELs 193 and 1178	8.56%	8.56%	Madang Province

Mining Tenements acquired or disposed of during the quarter – nil.

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 – The Star Mountains EL's (1312, 1392, 1781 and 2001) are currently are currently in joint venture discussions with Anglo American plc..

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
- Refer section on Frieda for change in ownership explanation.



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 December 2014

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 0.8202

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current quarter \$US'000	Current quarter \$A'000	Year to date (12 months) \$US'000	Year to date (12 months) \$A'000
Cash flows related to operating activities				
1.1 Receipts from product sales and related debtors	2	2	9	11
1.2 Payments for:				
(a) exploration and evaluation	(457)	(557)	(1,792)	(2,185)
(b) development	-	-	-	-
(c) production	-	-	-	-
(d) administration	(1,134)	(1,383)	(3,811)	(4,646)
1.3 Dividends received	-	-	-	-
1.4 Interest and other items of a similar nature received	35	43	122	149
1.5 Interest and other costs of finance paid	-	-	-	-
1.6 Income taxes paid	-	-	-	-
1.7 Other	-	-	-	-
Net Operating Cash Flows	(1,554)	(1,895)	(5,472)	(6,672)
Cash flows related to investing activities				
1.8 Payment for purchases of:				
(a) prospects	-	-	-	-
(b) equity investments	-	-	-	-
(c) other fixed assets	(2)	(2)	(2)	(2)
1.9 Proceeds from sale of:				
(a) prospects	-	-	-	-
(b) equity investments	-	-	-	-
(c) other fixed assets	-	-	-	-
1.10 Loans to other entities	-	-	-	-
1.11 Loans repaid by other entities	-	-	-	-
1.12 Other	-	-	-	-
Net investing cash flows	(2)	(2)	(2)	(2)
1.13 Total operating and investing cash flows (carried forward)	(1,556)	(1,897)	(5,474)	(6,674)



Cash flows related to financing activities				
1.14 Proceeds from issues of shares, options, etc	-	-	4,367	5,324
1.15 Proceeds from sale of forfeited shares	-	-	-	-
1.16 Proceeds from borrowings	-	-	-	-
1.17 Repayment of borrowings	-	-	-	-
1.18 Dividends paid	-	-	-	-
1.19 Other	-	-	-	-
Net financing cash flows	-	-	4,367	5,324
Net increase (decrease) in cash held	(1,556)	(1,897)	(1,107)	(1,350)
1.20 Cash at beginning of quarter/year to date	9,131	10,433	8,609	9,139
1.21 Exchange rate adjustments to item 1.20 - unrealised	(469)	128	(396)	875
1.22 Cash at end of quarter	7,106	8,664	7,106	8,664

Payments to directors of the entity and associates of the directors

Payment to related entities of the entity and associates of the related entities

	Current quarter	
	\$US'000	\$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	72	88
1.24 Aggregate amount of loans to the parties in item 1.10	nil	nil
1.25 Explanation necessary for an understanding of the transactions	<div>Refer Quarterly Report</div>	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	None
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	None



Financing facilities available

	Amount available		Amount used	
	\$US'000	\$A'000	\$US'000	\$A'000
3.1 Loan facilities	Nil	Nil	n/a	n/a
3.2 Credit standby arrangements	Nil	Nil	n/a	n/a

Estimated cash outflows for next quarter

	\$US'000	\$A'000
4.1 Exploration and evaluation		
Wau/Bulolo	-	-
Nong River / Tifalmin project costs (funded by Anglo American)	-	-
Frieda Holding Costs (joint venture costs funded by PanAust)	99	121
Total Exploration and evaluation	99	121
4.2 Development		
Other	-	-
Total Development	-	-
4.3 Ramu Production - Holding Costs (joint venture costs funded by MCC)	258	315
4.4 Administration	723	881
Total	1,080	1,317

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$US'000	Current quarter \$A'000	Previous quarter \$US'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,423	2,954	3,404	3,889
5.2 Deposits at call	-	-	-	-
5.3 Bank overdraft	-	-	-	-
5.4 Other short-term deposits	4,683	5,710	5,727	6,544
Total cash at end of quarter (item 1.22)	7,106	8,664	9,131	10,433

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note 2)	Interest at beginning of qtr	Interest at end of qtr
6.1 Interests in mining tenements relinquished, reduced or lapsed		Refer Table 2 in Quarterly Report		
6.2 Interests in mining tenements acquired or increased		Refer Table 2 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	918,694,336	918,694,336		
7.4 Issued during quarter	-	-		
+ Convertible debt securities <i>(decscription 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>	
Directors' and Executives' Option Incentive Scheme	7,225,000	Nil	Refer attached	Nil
Performance Rights Plan	24,370,000	Nil	Refer attached	Nil
7.8 Issued during quarter (Performance Rights)	Nil	n/a	n/a	n/a
7.9 Exercised during quarter (Performance Rights)	Nil	n/a	n/a	n/a
7.10 Expired & lapsed during quarter (PR's)	Nil	n/a	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 under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:
(Director/Company Secretary)

Date: **30 January 2015**

Print name: **C T LENNON**

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 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.



ATTACHMENT A

HIGHLANDS PACIFIC LIMITED APPENDIX 5B – ITEM 7.7

OPTIONS (DESCRIPTION AND CONVERSION FACTOR)

Outstanding at the end of the quarter

Details	Issued	Previously Exercised
Exercise Price	A\$0.266	
Number of Options	5,000,000	Nil
Expiry Date	31 Mar 2015	
Exercise Price	A\$0.266	
Number of Options	2,725,000	500,000
Expiry Date	31 Mar 2015	

There were no options that lapsed during the quarter

There were no options issued during the quarter

There were no options exercised during the quarter



PERFORMANCE RIGHTS (DESCRIPTION AND CONVERSION FACTOR)

Outstanding at the end of the quarter

Details	Issued	Previously Exercised
Exercise Price	A\$0.00	
Number of Performance Rights	4,430,000	
Expiry Date	31 Dec 2014	
(Subject to service and performance conditions)		
(Refer announcement 27 th January 2015)		
Exercise Price	A\$0.00	
Number of Performance Rights	7,200,000	
Expiry Date	31 Dec 2015	
(Subject to service and performance conditions)		
Exercise Price	A\$0.00	
Number of Performance Rights	12,740,000	
Expiry Date	31 Dec 2016	
(Subject to service and performance conditions)		

No Performance Rights were issued during the quarter

No Performance Rights lapsed or were exercised during the quarter