



11 February 2015

Star Mountains Joint Venture Agreements Executed

Highlands Pacific Limited (ASX: HIG) and a wholly owned subsidiary of Anglo American Plc (“Anglo American”) have executed the joint venture and farm-in agreements for the Star Mountains copper gold project in Papua New Guinea.

The exploration and development joint venture proposal was originally announced on 8 December 2014 and the general terms of the joint venture and farm-in remain as announced at that date.

Preparation for the upcoming exploration and drilling campaign will now ramp-up, with a four hole, 3,000 metre campaign to commence in April 2015. A helicopter-magnetic survey is currently being completed and a LIDAR survey will commence in the coming weeks.

Highlands Pacific Managing Director John Gooding said the execution of the agreements represented a major step forward for Highlands.

“Anglo American is a highly reputable international company that brings great exploration and development experience to the Star Mountains project. Together we can move forward with a defined exploration program that will test the size and grade of these exciting targets.”

“We believe Star Mountains has a great deal of potential. The area has only been drilled twice in the last 50 years. First by Kennecott in the late 1960’s when they discovered the Mt Fubilan deposit that Ok Tedi Mining Limited has been operating for decades and then by Highlands for three years from 2010 where 28 diamond drill holes were drilled over six prospects which produced some major intersections of copper gold porphyry mineralisation,” he said.

The joint venture and farm-in agreements consist 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.



Star Mountains Exploration Tenements:

Highlands' Star Mountains exploration tenements cover 515 sq kms and are located within the prospective New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as the Frieda River deposit.



Highland's Pacific projects in PNG

Highlands has identified 17 copper gold targets to date at Star Mountains 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.

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

For information about Anglo American, please visit www.angloamerican.com

For further information, please contact:

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ASX Code: HIG

POMSoX Code: HIG

Shares on Issue: 921 million

Options on Issue: 7.2 million

Performance Rights: 19.9 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
Leslie Nand, GM Exploration 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 in the Star Mountains. 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. 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. PanAust with the remaining 80% 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.