



Quarterly Activities Report - for the period ended 30 June 2015

ASX Code: HIG

Shares on Issue: 921 million
Performance Rights: 37.3 million
Shareholders: ~8,300

Market Cap: A\$83m (8.5c-per-share)
Cash at Bank*: A\$13.6m

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*
Leslie Nand, *GM Exploration Projects*

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HIGHLIGHTS

Frieda River Copper Gold Project (20%)

- Feasibility study preparation continued according to schedule, with completion due by the end of 2015.
- Project concept is based on 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.
- Engineering and design concepts continued to be refined to maximize value.

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

- Highlands Pacific became entitled to receive cashflow from the Ramu joint venture for the first time during the June quarter. The Ramu operation achieved net cashflow (unaudited) of US\$18.8 million in the half year to June, after capital expenditure of US\$2.5 million. Highlands was entitled to an 8.56% share of the cashflow, equivalent to US\$1.62 million, of which US\$1.3 million was applied to repayment of Highlands' share of project debt.
- The Ramu project produced 5,943 tonnes of nickel and 573 tonnes of cobalt in the June quarter, which was slightly below the record production achieved in the three months to the end of March.
- A production rate of 76% of nameplate capacity was achieved in the quarter, compared with 79% in the prior three months.
- The project is continuing to target production of approximately 25,800 tonnes of nickel in the full year, rising to more than 31,000 tonnes in 2016.

Star Mountains (Copper Gold Porphyry Exploration)

- Drilling campaign being conducted with joint venture partner Anglo American has produced encouraging results in line with expectations.
- At the end of June, one hole had been drilled with two further holes in progress and subsequently completed at time of writing.
- Assay results expected for the three completed holes in late August.

Sewa Bay Nickel and Gold Exploration

- Auger drilling program completed during the quarter, funded by Sojitz Group. Results due to be released in the next few weeks.
- Highlands and Sojitz signed an MOA in late 2014 to develop a joint venture to progress the Sewa Bay nickel laterite project on Normanby Island in PNG.

Corporate

- Cash at Bank of US\$10.5 million (A\$13.6 million) at the end of the quarter, which was up on the prior quarter due to the receipt of joint venture cash calls in advance of expenditure.
- An additional US\$5 million payment is due from Anglo American in February 2016 as part payment for its interest in the Star Mountains project.

Managing Director of Highlands Pacific Mr John Gooding said: "The June quarter saw some important landmarks for Highlands Pacific, including becoming entitled to cashflows from Ramu for the first time, commencement of our exploration program at Star Mountains and completion of the initial exploration work at Sewa Bay. At Frieda River, solid progress is being made in the preparation of the feasibility study, and the acquisition of our joint venture partner, PanAust, by Chinese group GRAM, potentially enhances the project's funding options and capability.

"During the remainder of 2015, we aim to further advance the Star Mountains exploration campaign and drive operational progress at Ramu, while at Frieda, we look forward to the finalisation of the feasibility study by year end."



About Frieda River

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

Ownership: PanAust (GRAM) 80% Highlands 20%.

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 2.1 billion tonnes at a grade of 0.45% copper, 0.22g/t gold and 0.70g/t silver.

Development: Feasibility study due by end 2015

FRIEDA RIVER COPPER - GOLD PROJECT (20%)

The feasibility study for the Frieda River project continued to make solid progress during the June quarter.

The feasibility study is being managed by PanAust, which was acquired by Chinese company Guangdong Rising Assets Management (GRAM) during the quarter and was subsequently delisted from the Australian Stock Exchange on June 12.

As the major shareholder and operator of the project, with an 80% interest, GRAM remains fully committed to the successful development of Frieda River. The PanAust project team remains in place and is continuing to advance the various design and engineering components of the feasibility study.

During the quarter, the project team worked with various consultants to undertake open pit geotechnical analysis and progress the design and layout of the process plant and integrated storage facility. Aspects of the project, including transportation, milling and tailings management are being refined to maximise value.

An updated mineral resource model is being prepared as part of the study, as well as new models being developed to optimise metallurgical recovery and throughputs.

PanAust is continuing to work towards completion of the main components of the feasibility study by the end of 2015.

The 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.

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 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 also is 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	920	0.4	0.2	0.7
Total	2110	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	0.38	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. No additional resource drilling or modelling has taken place on Horse/Ivaal/Trukai, Koki or Ekwai since the 2013 Resource Report, however reporting of the HIT Inferred Resources tonnes has been changed from one significant figure in the 2013 Resource (900 MTonnes) to two significant figures for the 2014 Resource (920 MTonnes). This brings reporting of the Inferred Resource in line with the reporting of the measured and Indicated. 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 Ramu nickel project produced 15,086 tonnes of concentrate in the June quarter, which was down slightly on the record production recorded in the prior March quarter due to unplanned plant maintenance.

During the quarter the Basamuk refinery experienced loss of capacity in the iron and aluminium filtration circuit, which caused throughputs and recoveries to be reduced. Additional filtration is currently being installed.

A total of 5,943 tonnes of nickel and 573 tonnes of cobalt was produced in the quarter, achieving an overall production rate of 76% of nameplate. The plant continues to target an average production rate of 83% for the current year, ramping up to 100% in 2016.

Progress in the September quarter has been encouraging, with production rates in excess of 80% being achieved consistently.

	2014 Sept Qtr	2014 Dec Qtr	2015 Mar Qtr	2015 Jun Qtr	Nameplate Annual
Ore Processed (dry tonnes)	612,665	626,239	693,573	681,762	3,400,000
MHP Produced (dry tonnes)	16,540	15,481	16,413	15,086	78,000
Contained Nickel (tonnes)	6,018	5,577	6,212	5,943	31,150
Contained Cobalt (tonnes)	636	542	600	573	3,300
MHP Shipped (dry tonnes)	16,259	16,584	12,850	12,067	78,000
Contained Nickel (tonnes)	5,968	6,021	4,851	4,711	31,150
Contained Cobalt (tonnes)	635	615	467	456	3,300
% of Nameplate capacity	77	72	79	76	100



Nomination

Highlands Pacific announced during the March quarter that it had nominated to begin receiving its share of the cash operating surpluses from Ramu, commencing 1 January 2015.

Under the joint venture agreement in place for the project, Highlands was shielded from losses incurred during commissioning, and was entitled to nominate the date when it wished to begin participating in the operating results.

As a result of the nomination, Highlands Pacific became entitled to receive net cashflows from Ramu for the first time during the June quarter. The joint venture achieved unaudited net cashflow of \$18.1 million in the half year to June, after capex of \$2.5 million. HIG is entitled to receive 8.56% of the net cashflow, equivalent to approximately \$1.62 million, of which \$1.3 million (80%) is applied to repayment of HIG's share of project debt.

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

Kurumbukari			
Category	MT	Ni(%)	Co(%)
Measured	38	0.9	0.1
Indicated	7	1.4	0.1
Inferred	4	1.2	0.1
Total	49	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(%)
	129	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	33	0.9	0.1	
Probable	6	1.4	0.1	11
Total	39	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(%)	
	53	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 "December 14 Ramu Mineral Resource & Ore Statement" created on 13 March 2015 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: In February 2015, Highlands Pacific and a subsidiary of Anglo American Plc formed a joint venture company for exploration and development of the Star Mountains project, which includes the Tifalmin lease (EL 1392), Munbil (EL 1781), Benstead (EL 2001) and the Nong River leases (EL 1312). Under the terms of that joint venture, Anglo American holds the rights to move to an 80% interest in the project, subject to achieving certain spending commitments and completing a bankable feasibility study. The PNG Government retains the right to acquire up to a 30% interest in 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 a total of approximately 3500 metres.*

STAR MOUNTAINS - COPPER GOLD PORPHYRY EXPLORATION

A major drilling campaign is under way at Star Mountains following the formation of a joint venture farm-in agreement with Anglo-American in the March quarter.

At the end of June, one hole had been drilled with two further holes in progress and subsequently completed at time of writing. To 30 June 1,200 metres had been drilled which has since increased to 2,000 metres at the time of writing. Early indications are that the drilling results are in line with expectations, with porphyry and skarn style type mineralisation and alteration being logged in the holes at the Olgal and Kum Kom prospects. Assay results for key target areas are due in late August.

One of the targets being drilled is the Olgal prospect, where an earlier drilling campaign in 2012 produced an intersection of 596m at 0.61%Cu and 0.85g/t gold, as well as 294m at 0.67%Cu and 1.25g/t gold. The other target is the Kum Kom prospect following up on the skarn mineralisation found in 2012.

Depending on results an additional three holes are planned to test expected high grade zones at depth in coming months.

The joint venture and farm-in agreements consist of the following:

US\$10 million payment – Anglo American is paying Highlands US\$10 million in two tranches of US\$5 million each. The first payment of US\$5 million was received in February and the second payment of US\$5 million is due in February 2016.

Phase 1 (51% interest) – Anglo American 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.

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.



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 and international trading house Sojitz have completed an augur drilling program at the Sewa Bay nickel laterite project on Normanby Island in PNG.

The results of the program, which was funded by Sojitz, are due for release in the coming weeks.

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

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



Appendix 5b

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HIGHLANDS PACIFIC LIMITED

ACN or ARBN

ARBN 078 118 653

QUARTER ENDED ("CURRENT QUARTER")

30 June 2015

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 0.7680.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current quarter \$US'000	Current quarter \$A'000	Year to date (6 months) \$US'000	Year to date (6 months) \$A'000
Cash flows related to operating activities				
1.1 Receipts from product sales and related debtors	4	5	4	5
1.2 Payments for:				
(a) exploration and evaluation	(128)	(167)	(344)	(448)
(b) development	-	-	-	-
(c) production	-	-	-	-
(d) administration	(918)	(1,195)	(2,292)	(2,985)
1.3 Dividends received	-	-	-	-
1.4 Interest and other items of a similar nature received	19	25	45	59
1.5 Interest and other costs of finance paid	-	-	-	-
1.6 Income taxes paid	(2)	(3)	(2)	(3)
1.7 Other - management fees received from JV management	146	190	279	363
Net Operating Cash Flows	(879)	(1,144)	(2,310)	(3,007)
Cash flows related to investing activities				
1.8 Payment for purchases of:				
(a) prospects	-	-	-	-
(b) equity investments	-	-	-	-
(c) other fixed assets	(7)	(9)	(11)	(14)
1.9 Proceeds from sale of:				
(a) prospects	-	-	5,000	6,510
(b) equity investments	-	-	-	-
(c) other fixed assets	-	-	-	-
1.10 Loans to other entities	-	-	-	-
1.11 Loans repaid by other entities	-	-	-	-
1.12 Other - JV contributions received	3,768	4,906	4,321	5,626
Other - JV contributions expended	(2,298)	(2,992)	(3,510)	(4,570)
Net investing cash flows	1,463	1,905	5,800	7,553
1.13 Total operating and investing cash flows (carried forward)	584	761	3,490	4,545



flows related to financing activities				
Proceeds from issues of shares, options, etc	-	-	-	-
Proceeds from sale of forfeited shares	-	-	-	-
Proceeds from borrowings	-	-	-	-
Repayment of borrowings	-	-	-	-
Dividends paid	-	-	-	-
Other	-	-	-	-
Net financing cash flows	-	-	-	-
Net increase (decrease) in cash held	584	761	3,490	4,545
Cash at beginning of quarter/year to date	10,055	13,171	7,106	8,664
Exchange rate adjustments to item 1.20 - unrealised	(168)	(298)	(125)	425
Cash at end of quarter	10,471	13,634	10,471	13,634

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	94
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)	103	134
Total Exploration and evaluation	103	134
4.2 Development		
Other	-	-
Total Development	-	-
4.3 Ramu Production - Holding Costs (joint venture costs funded by MCC)	100	130
4.4 Administration	795	1,035
Total	997	1,299

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	4,708	6,131	4,308	5,643
5.2 Deposits at call	-	-	-	-
5.3 Bank overdraft	-	-	-	-
5.4 Other short-term deposits	5,763	7,503	5,747	7,528
Total cash at end of quarter (item 1.22)	10,471	13,634	10,055	13,171

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 Attachment 1 in Quarterly Report		
6.2 Interests in mining tenements acquired or increased		Refer Attachment 1 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	920,577,086	920,577,086		
7.4 Issued during quarter	Nil	Nil	Nil	Nil
+ Convertible debt securities <i>(description 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	Nil	Nil	Refer attached	Nil
Performance Rights Plan	37,265,000	Nil	Refer attached	Nil
7.8 Issued during quarter (Performance Rights)	17,325,000	n/a	n/a	n/a
7.9 Exercised during quarter (Performance Rights)	Nil	Nil	n/a	n/a
7.10 Expired & lapsed during quarter (Options & 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 July 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

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	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)		
Exercise Price	A\$0.00	
Number of Performance Rights	17,325,000	
Expiry Date	31 Dec 2017	
(Subject to service and performance conditions)		

The following Performance Rights were issued during the quarter

Details	Issued	Previously Exercised
Exercise Price	A\$0.00	
Number of Performance Rights	17,325,000	
Expiry Date	31 Dec 2017	
(Subject to service and performance conditions)		

No Performance Rights were exercised during the quarter

No Performance Rights lapsed during the quarter