



Quarterly Activities Report - for the period ended 30 Sept 2016

ASX Code: HIG

Shares on Issue: 928 million
Performance Rights: 30 million
Shareholders: ~7,500

Market Cap: A\$55m (6.0c-per-share)

Cash at bank*: A\$13.5m

Directors

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

Management

Craig Lennon, *CFO & MD/CEO elect*
Ron Gawi, *GM Port Moresby*
Leslie Nand, *GM Exploration Projects*

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HIGHLIGHTS

Star Mountains (*Copper/Gold Porphyry Exploration*)

- \$3 million exploration drilling campaign has commenced.
- Program involves four diamond drill holes of approximately 800 metres each.
- Drilling focused on Unfin and Fune prospects identified through airborne surveys and fieldwork.
- First assay results expected by year end.

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

- Operations reached record rates of production in recent weeks, having ramped up steadily following suspension of work during June quarter.

Frieda River Copper Gold Project (*Highlands 20%, GRAM/PanAust 80%*)

- Frieda River feasibility study being reviewed following release in June quarter.
- Work continuing on environmental impact studies, community engagement and liaison with Mineral Resources Authority as part of the application for a Special Mining Lease.

Corporate

- Corporate restructure being implemented to reduce costs and preserve cash.
- Management transition proceeding to plan, with the current CFO Craig Lennon to take over the role as CEO from John Gooding from the end of November and current Financial Controller, Sylvie Moser to replace Craig Lennon as CFO at this time (previously announced).
- Cash totalled US\$10.3 million (A\$13.5 million) at the end of September.

Highlands Pacific Managing Director John Gooding said Highlands Pacific was well positioned to begin a new chapter in its history, with the recent successful restructuring of the management team and the smooth implementation of the CEO transition plan. "The Company has completed the September quarter with a solid cash balance, attractive project suite and substantial potential to generate returns for shareholders as commodity prices recover. I look forward to further strong progress in the development of the Company's projects under the stewardship of Craig Lennon, and wish him well in the coming years. Over time, we have been able to successfully reshape the company to confront the many past challenges and lately the unfavourable commodity prices, and I thank shareholders for their support over that period and wish them strong returns in future," he said. I have enjoyed immensely working with the skilled management team and the people of PNG to ensure all stakeholders will see the benefits of our world class assets.



Location: The Star Mountains refers to a range of mountains in far west PNG. The tenements are approximately 20kms NE of the Ok Tedi copper mine. Total tenement 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 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: Nine hole program for a total of 5,387 metres.

2016 Exploration Program: Four hole program for approximately 3,500 metres

STAR MOUNTAINS COPPER/GOLD PORPHYRY EXPLORATION

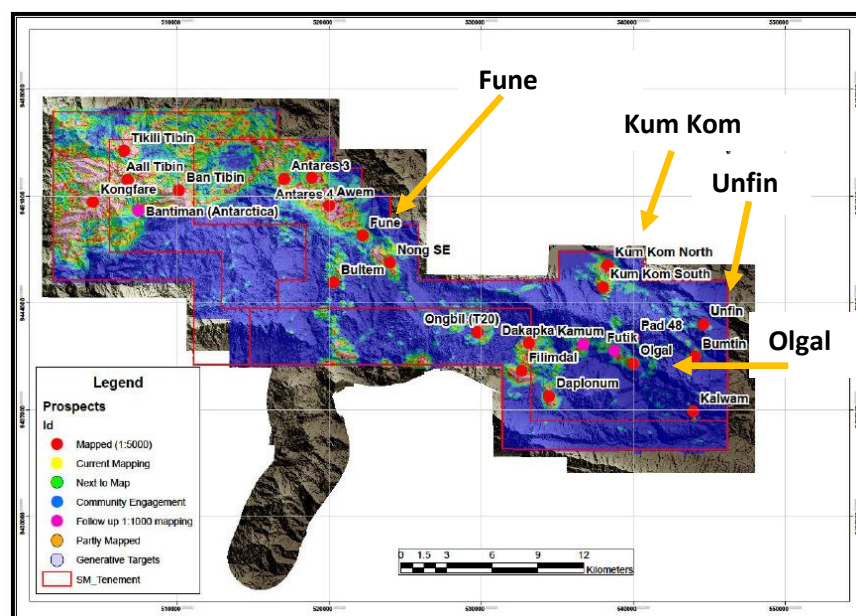
Highlands and its joint venture partner Anglo American plc commenced a US\$3 million exploration drilling program at the Star Mountains in October. This program will increase the exploration budget for 2016 to US\$9 million (funded by Anglo American).

The campaign will involve four diamond drill holes of approximately 800 metres each at two highly prospective targets - Unfin and Fune - identified through extensive airborne surveys and fieldwork during the past 12 months.

Drilling has commenced at the first hole at Unfin, with a second rig starting work at Fune. The first assay results are expected to be received by the end of the year, with the drilling campaign scheduled to be completed by January 2017.

The exploration campaign builds on drilling completed in 2015 which confirmed the presence of mineralisation at the nearby Olgal and Kum Kom prospects. Aero-magnetic surveys, ZTEM surveys and extensive prospect mapping over the past 12 months identified Unfin and Fune as the two most promising untested targets in the tenements, and the current drilling is designed to test the potential for mineralisation at depth.

Nine holes were drilled in the 2015 campaign for a total of 5387 metres, with results confirming the presence of copper/gold mineralisation at Olgal and Kum Kom.





About Ramu Nickel Cobalt Mine

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.

Equity: Highlands has an 8.56% interest in the mine which will increase to 11.3% at no cost after internal project debt has been repaid (refer below). Highlands has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.

Funding: MCC Ramu NiCo was responsible for development and financing the project. Highlands share of the project borrowings (capped to a specified development threshold) are held in Highlands' wholly owned subsidiary, Ramu Nickel Limited, and are non-recourse to Highlands Pacific Limited or other group companies. The borrowings are to be repaid out of Ramu Nickel's share of operating surpluses from the project (sales revenue less operating costs and on-going capital expenditure) rather than operating and financing cashflows generated by the Highlands Group.

About MCC: The mine'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 Mine), with a number of other Chinese end user entities holding the remaining 39%.

RAMU NICKEL COBALT MINE (8.56% with potential to move to 20.55%)

The Ramu nickel mine resumed operation in early July following a three month suspension after the failure of a high pressure steam pipeline at the Basamuk process plant.

Production increased steadily during the September quarter, with output growing from 44% of nameplate capacity in July, to 90% in August and 102% in September.

Overall production in the quarter totalled 16,218 dry tonnes of MHP, containing 4,706 tonnes of nickel and 448 tonnes of cobalt.

	2015 Dec Qtr	2016 Mar Qtr	2016 June Qtr	2016 Sept Qtr
Ore Processed (dry kt)	656	725	88	613
MHP Produced (dry t)	16,024	17,848	2,439	16,218
Contained Ni (t)	6,320	7,074	951	6,123
Contained Co (t)	626	694	93	589
MHP shipped (dry t)	14,579	17,467	12,684	12,281
Contained Ni (t)	5,696	6,786	4,968	4,706
Contained Co (t)	539	664	489	448

Financial Performance

The mine realised a net cash outflow (unaudited) of US\$4.7 million for the September quarter, after capital expenditure of US\$2.4 million. The month of September however realised a net cash inflow (unaudited).

YTD there has been a net cash outflow (unaudited) of US\$24.9 million, after capital expenditure of US\$12.9 million. This cash outflow, working capital requirements and cash calls are being funded by joint venture partner MCC on behalf of the JV and are required to be repaid before any distributions are made.



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

Kurumbukari			
Category	MT	Ni(%)	Co(%)
Measured	36	0.9	0.1
Indicated	7	1.4	0.1
Inferred	4	1.2	0.1
Total	46	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(%)
	126	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 was a full-time employee of Highlands Pacific, now a consultant to 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	31	0.9	0.1	
Probable	6	1.3	0.1	9
Total	37	1.0	0.1	9

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(%)	
	51	1.0	0.1	9

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 mine is extracted from the report entitled: "Update Resources of the Ramu Nickel-Cobalt Operation, PNG" prepared March 2016 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 Frieda River

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

Ownership: Highlands owns 20%. PanAust, a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd. (GRAM) owns 80%.

The Frieda River district endowment totals some 2.8 billion tonnes of mineral resource containing approximately 13 Mt of copper and 21 Moz of gold.

FRIEDA RIVER COPPER - GOLD PROJECT (20%)

Highlands Pacific received the Frieda River Project Feasibility Study from its joint venture partner PanAust in the June quarter, and an application for a Special Mining Lease was submitted to the PNG Mineral Resources Authority.

The study contemplates a project comprised of a large-scale, open-pit mining operation feeding ore to a conventional process plant with nominal throughput capacity of 40 million tonnes per annum. Average annual production of metal in concentrate is 175,000 tonnes of copper and 250,000 ounces of gold, with an initial mine life of 17 years. The project is designed to have an average life of mine C1 cash cost of US\$0.69/lb¹ of copper and an all in sustaining cost of US\$1.23/lb² of copper.

The Study concludes that the project will have an estimated initial pre-production capital cost of US\$3.6 billion, excluding mobile mining fleet and an oil fired power generation facility. An additional US\$2.3 billion will be spent over the life of the mine on development and sustaining capital.

During the September quarter, the feasibility study was the subject of an independent technical review that has yet to be finalised.

Meanwhile, work is continuing on an Environmental Impact Assessment which is scheduled for submission in the current December quarter. Community consultation programs also are being undertaken.

Full details of the feasibility study are included in the ASX release entitled "Frieda Study Received", released on May 19, 2016.

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.

¹ C1 cash cost: Brook Hunt convention for the reporting of direct cash costs comprising: mine site, product transportation and freight, treatment and refining charges and marketing costs; based on payable metal content and metal prices of US\$3.30/lb copper, US\$1,455/oz gold and US\$23/oz silver.

² All-in sustaining cost: the C1 cash cost plus royalties, corporate support and shared services costs; and, sustaining capital; and lease principal and interest charges.



Frieda River Resources

The Frieda River Copper-Gold Project exploits the HITEK porphyry copper-gold deposits which contain an estimated total combined Measured, Indicated and Inferred Mineral Resource of 2,750 million tonnes. HITEK is a large-scale porphyry-style copper-gold deposit with low concentrations of deleterious elements.

The Mineral Resource estimates are reported under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition). The estimate was based on data from 464 diamond core drill holes.

2015 HITEK Global Mineral Resource estimate (copper cut-off grade 0.2% (total copper))

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)
Measured	829	0.49	0.27
Indicated	1,018	0.40	0.19
M+I subtotal	1,846	0.44	0.23
Inferred	895	0.38	0.22
MII total	2,742	0.42	0.23

Horse-Ivaal-Trukai (HIT) Mineral Resource (copper cut-off grade 0.2% (total copper))

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)
Measured	829	0.49	0.27
Indicated	1,018	0.40	0.19
M+I subtotal	1,846	0.44	0.23
Inferred	273	0.39	0.18
MII total	2,119	0.43	0.22

Koki Mineral Resource (copper cut-off grade 0.2% (total copper))

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)
Measured	-	-	-
Indicated	-	-	-
M+I subtotal	-	-	-
Inferred	452	0.37	0.25
MII total	452	0.37	0.25

Ekwai Mineral Resource (copper cut-off grade 0.2% (total copper))

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)
Measured	-	-	-
Indicated	-	-	-
M+I subtotal	-	-	-
Inferred	170	0.38	0.23
MII total	170	0.38	0.23



Competent Person Statement: The data in this report that relate to Mineral Resources for Frieda River (HIT, Koki and Ekwai) are based on information reviewed by Mr Shaun Versace who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Versace is a full time employee of PanAust Limited. Mr Versace has sufficient experience 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 Versace consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

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.

2016 HIT Ore Reserve estimate

Classification	Tonnes (Mt)	Copper (%)	Gold (g/t)
Proved	469	0.51	0.30
Probable	139	0.41	0.16
Ore Reserves	608	0.49	0.27

Competent Person Statement: The data in this report that relate to Ore Reserves for the Frieda River Project are based on information reviewed by Mr Scott Cowie who is an Australasian Institute of Mining and Metallurgy Chartered Professional, (MAusIMM(CP)). Mr Cowie is a full time employee of PanAust Limited. Mr Cowie has sufficient experience relevant 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 Cowie consents to the inclusion in the report of the Ore Reserves in the form and context in which they appear.

The information on the Horse-Ivaal, Trukai, Ekwai and Koki Resource and the HIT Reserve is extracted from the report entitled "Frieda River Study Received" created on 19 May 2016 and available on the Company website. No additional resource drilling or modelling has taken place for the Horse-Ivaal-Trukai deposit since the 19 May 2016 Resource and Reserve Report. Additional resource drilling and testwork have been carried out at Ekwai and Koki. The results of this work are currently being analysed and reviewed. An updated Resource and Reserve Report are expected to be released in the December quarter 2016.

The information on the Nena Resource is extracted from the report entitled "2014 Mineral Resource and Ore Reserve Statements" created on 14 March 2014 and available on the Company website. No additional resource drilling or modelling has taken place for the Nena deposit since the 2014 Resource and Reserve Report

Highlands confirms that, apart from that disclosed above on Ekwai and Koki, 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: Normanby Island, Milne Bay Province

Ownership: The Esa'ala lease (EL 1761) is 100% owned by Highlands.

Area: 758 km²



SEWA BAY – NICKEL LATERITE / GOLD EXPLORATION

Discussions are continuing with exploration partner Sojitz regarding further drilling at Sewa Bay.

CORPORATE

As announced at the end of June, Highlands Pacific has concluded a strategic review which resulted in a number of management changes to reduce operating costs and preserve cash.

The review has resulted in a reduction in senior executive numbers and remuneration. Three senior managers have ceased full time employment and salaries for other executives have been reduced.

As part of the restructure, Managing Director John Gooding elected to depart the group at the end of November 2016, with current CFO Craig Lennon to assume the position of Managing Director and Chief Executive Officer. The transition is now well advanced and proceeding in a well-planned and orderly fashion.

Highlands' current financial controller, Ms Sylvie Moser, will take over as Chief Financial Officer and Company Secretary.

For full details, see ASX announcement of June 30, 2016, entitled Strategic Review Outcomes.

Cash at bank at the end of the September quarter totalled US\$10.3 million (A\$13.5 million).

Forward Looking Statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Highlands Pacific Limited are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Highlands Pacific Limited that could cause Highlands Pacific Limited's actual results to differ materially from the results expressed or anticipated in these statements.

Highlands Pacific Limited cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Highlands Pacific Limited does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.



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 ELA 2467	49% - Note 1 49% - Note 1	49% - Note 1 49% - Note 1	Sandaun Province Sandaun 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	Sandaun Province Sandaun & 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 2376 (previously 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 – ELA 2467 has been applied for during the quarter and will form part of the Star Mountains joint venture.

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 September 2016

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 0.7630.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current quarter \$US'000	Current quarter \$A'000	Year to date (9 months) \$US'000	Year to date (9 months) \$A'000
Cash flows related to operating activities				
1.1 Receipts from customers	1	1	5	7
1.2 Payments for:				
(a) exploration and evaluation (Frieda holding costs) *	(13)	(17)	(400)	(524)
(b) development	-	-	-	-
(c) production (Ramu holding costs) *	(38)	(50)	(125)	(164)
(d) staff costs	(455)	(596)	(1,915)	(2,510)
(e) administration and corporate costs	(77)	(101)	(488)	(640)
1.3 Dividends received	-	-	-	-
1.4 Interest received	25	33	58	76
1.5 Interest and other costs of finance paid	-	-	-	-
1.6 Income taxes (paid)/refund	(6)	(8)	3	4
1.7 Research and development refunds	-	-	-	-
1.8 Other - management fees received from JV management	213	279	435	570
1.9 Net Operating Cash Flows	(350)	(459)	(2,427)	(3,181)
Cash flows from investing activities				
2.1 Payments to acquire:				
(a) property, plant and equipment	-	-	(7)	(9)
(b) tenements	-	-	-	-
(c) investments	-	-	-	-
(d) other non-current assets	-	-	-	-
2.2 Proceeds from the disposal of:				
(a) property, plant and equipment	-	-	-	-
(b) tenements	-	-	-	-
(c) investments	-	-	5,000	6,553
(d) other non-current assets	-	-	-	-
2.3 Cash flows from loans to other entities	-	-	-	-
2.4 Dividends received	-	-	-	-
2.5 Other - JV contributions received	695	911	5,172	6,779
Other - JV contributions expended	(1,681)	(2,203)	(6,447)	(8,450)
2.6 Net cash from / (used in) investing activities	(986)	(1,292)	3,718	4,873

* Includes staff costs pertaining to these projects



Cash flows from financing activities				
3.1 Proceeds from issue of shares	-	-	(2)	(3)
3.2 Proceeds from issue of convertible notes	-	-	-	-
3.3 Proceeds from exercise of share options	-	-	-	-
3.4 Transaction costs related to issue of shares/options	-	-	-	-
3.5 Proceeds from borrowings	-	-	-	-
3.6 Repayment of borrowings	-	-	-	-
3.7 Transaction costs related to loans and borrowings	-	-	-	-
3.8 Dividends paid	-	-	-	-
3.9 Other (provide details if material)	-	-	-	-
3.10 Net cash from / (used in) financing activities	-	-	(2)	(3)
Net increase (decrease) in cash and cash equivalents for the period	(1,336)	(1,751)	1,289	1,689
4.1 Cash and cash equivalents at beginning of the period	11,533	15,530	8,990	12,305
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(350)	(459)	(2,427)	(3,181)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(986)	(1,292)	3,718	4,873
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-	(2)	(3)
4.5 Effect of movement in exchange rates on cash held	80	(310)	(2)	(525)
4.6 Cash and cash equivalents at end of period	10,277	13,469	10,277	13,469

Reconciliation of cash and cash equivalents

at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

	Current quarter	Current quarter	Previous quarter	Previous quarter
	\$US'000	\$A'000	\$US'000	\$A'000
5.1 Bank balances	4,003	5,246	5,347	7,200
5.2 Call deposits	-	-	-	-
5.3 Bank overdrafts	-	-	-	-
5.4 Other short-term deposits	6,274	8,223	6,186	8,330
5.5 Cash and cash equivalents at the end of quarter	10,277	13,469	11,533	15,530

Payments to directors of the entity and their associates

	Current quarter	
	\$US'000	\$A'000
6.1 Aggregate amount of payments to these parties (included in item 1.2)	50	66
6.2 Aggregate amount of cash flow from loans to these parties (included in item 2.3)	nil	nil
6.3 Include below any explanation necessary to understanding of the transactions included in 6.1 and 6.2		

Payments to related entities of the entity and their associates

	Current quarter	
	\$US'000	\$A'000
7.1 Aggregate amount of payments to these parties (included in item 1.2)	nil	nil
7.2 Aggregate amount of cash flow from loans to these parties (included in item 2.3)	nil	nil
7.3 Include below any explanation necessary to understanding of the transactions included in 7.1 and 7.2		



Financing facilities available

	Amount available		Amount used	
	\$US'000	\$A'000	\$US'000	\$A'000
8.1 Loan facilities	Nil	Nil	n/a	n/a
8.2 Credit standby arrangements	Nil	Nil	n/a	n/a
8.3 Other (please specify)	Nil	Nil	n/a	n/a
8.4 Include below a description of each facility above.				

Estimated cash outflows for next quarter

	\$US'000	\$A'000
9.1 Exploration and evaluation		
Nong River / Tifalmin project costs (funded by Anglo American)	-	-
Frieda Holding Costs (joint venture costs funded by PanAust)	124	162
9.2 Development	-	-
9.3 Ramu Production – Holding Costs (joint venture costs funded by MCC)	79	103
9.4 Staff costs	760	996
9.5 Administration and corporate costs	78	102
9.6 Other	-	-
9.7 Total estimated cash outflows	1,041	1,363

Changes in mining tenements (items 2.1(b) and 2.2(b) above)

	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements lapsed, relinquished or reduced		Refer Attachment 1 in Quarterly Report		
10.2 Interests in mining tenements acquired or		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.

7.3	+ Ordinary securities	927,777,086	927,777,086		
7.4	Issued during quarter	Nil	Nil	Nil	Nil
	+ Convertible debt securities <i>(description and conversion factor)</i>				
7.5					
7.6	Issued during quarter				
7.7	Options <i>(description and conversion factor)</i>	Refer Attachment A		<u>Exercise Price</u>	
	Directors' and Executives' Option Incentive Scheme	Nil	Nil	Refer attached	Nil
	Performance Rights Plan	29,755,000	Nil	Refer attached	Nil
7.8	Issued during quarter (Performance Rights)	Nil	Nil	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	Nil	n/a	n/a
7.11	Debentures	Nil	Nil		
	<i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil		

COMPLIANCE STATEMENT

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company Secretary)

Date: 28 October 2016

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. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.



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	12,605,000	
Expiry Date	31 Dec 2016	
(Subject to service and performance conditions)		
Exercise Price	A\$0.00	
Number of Performance Rights	17,150,000	
Expiry Date	31 Dec 2017	
(Subject to service and performance conditions)		

No Performance Rights were issued during the quarter

No Performance Rights were exercised during the quarter

No Performance Rights lapsed during the quarter