



10 June, 2011

Ramu Nickel Project, PNG Update

Highlands Pacific Ltd as a current 8.56% shareholder in the constructed US\$1.5 billion Ramu Nickel Project in Papua New Guinea, has been advised by the project's operator / manager, Ramu NiCo Management Ltd, that the Chief Inspector of Mines has ordered that all work must cease and all persons be withdrawn from the Basamuk Refinery Site pending further direction.

Managing Director of Highlands Pacific Mr John Gooding said: *"The Company is working with its joint venture partners, the operator / manager and the Chief Inspector of Mines (CIM) to develop a plan to move forward. We support the CIM in his actions as the safety of employees is paramount to having a successful operation and we are confident that actions now put into place by Highlands will assist to resolve the issue in the near future."*

"The Company is also working within the terms of the joint venture agreement to ensure that Highlands shareholders are able to realise the full value of this constructed project which is due to enter the commissioning phase in the near future subject to an imminent court decision on Deep Sea Tailings Placement. For this purpose the Company has initiated the consultative process provided under the joint venture agreement with all of the joint venturers about the issues underlying the cease work order."

"The delays of the past 12 months has cost the project and the PNG economy significant amounts in lost revenue. Whilst the delays are disappointing, Highlands' shareholders have a free carried interest in Ramu and we look forward to its commissioning."

"It remains that the Ramu project is a world class project that will provide benefits to all the stakeholders and PNG for 20 plus years. Once in operation this project will produce an annual output of 31,150 tonnes of nickel and 3,300 tonnes of cobalt with reserves in place for 20 years of operation and resources in place for a further 15-20 years. This will be one of the great projects in PNG when it commences and we as one of the owners of this project intend to do all that is needed to bring it into operation."

For further information, please contact:

John Gooding or Craig Lennon
Highlands Pacific - 07 3239 7800

Media Enquiries to:

Simon Jemison
Collins St Media - 03 9224 5319



ASX Code: HIG
PoMSox Code: HIG
Shares on Issue: 686 million
Options on Issue: 23 million

Market Capitalisation **A\$250m**
Cash on Hand (31/03/11) **A\$17m**

Directors

Ken MacDonald, Chairman
John Gooding, Managing Director
Mike Carroll
Dan Wood
Drew Simonsen
Fiu Williams-Igara

Management

Craig Lennon, CFO & Co.Sec
Larry Queen, Chief Geologist
Terry Smith, GM Mining & BD
Peter Jolly, GM Projects
Ron Gawi, GM Port Moresby

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Website: www.highlandspacific.com

About Highlands Pacific Limited

Highlands Pacific is listed on the ASX and PoMSox exchanges. Its major development assets include the US\$1.4bn Ramu nickel cobalt project, the Frieda River copper gold project and exploration on the highly prospective Star Mountains (Nong River and Tifalmin) licenses approximately 20km north of the Ok Tedi Mine. Highlands also holds exploration ground in the Wau/Bulolo close to the new Hidden Valley and Wafi gold projects and has cash reserves of A\$20 million with no debt.

Frieda Copper/Gold Project

The Frieda copper gold project is one of the Asia-Pacific's largest undeveloped copper/ gold resources. The Frieda project is 175 kms NW of the giant Porgera gold mine and 75 km NE of the Ok Tedi mine. The project owners are Xstrata (81.82% and manager) and Highlands (18.18%). Highlands has a free-carried interest through to completion of a bankable feasibility study (required by Jan 2012). Xstrata have approved a US\$122m budget for the BFS stage. Xstrata's spend for Frieda in 2009 was US\$38m and in 2010 was US\$79.3m. The pre-feasibility study released in November 2010 indicated a 60Mtpa throughput for the first eight years with output averaging 246,000tpa of copper and 379,000ozpa of gold. The multi-decade life mine will have an average throughput of 50Mtpa.

Star Mountains Prospects

Star Mountains licenses, which include Nong River EL1312 and Tifalmin EL 1392, are located approximately 20km north of the Ok Tedi Mine. These prospects lie within the highly prospective New Guinean Orogenic Belt, home to deposits like Grasberg, Ok Tedi, Frieda, Porgera and Hidden Valley. A drilling program is underway with some significant copper gold intersections reported recently with the program extending through 2011.

Ramu Nickel Cobalt Project

The Ramu nickel project is located 75 km west of the provincial capital of Madang, PNG and will produce an annual output of 31,150 tonnes of nickel and 3,300 tonnes of cobalt contained in high grade concentrate over a 20 year mine life. The mineral resources at Ramu have the potential to increase the mine life by a further 15-20 years. Highlands 8.56% interest in the Ramu will increase to 11.3% at no cost after repayment of the project debt (estimated to be 8 years). From commissioning, Highlands has access to its pro-rata 8.56% share of Ramu's post-debt servicing net cash flow. Highlands also has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%. Progressive commissioning commenced late in the December quarter 2009 and has continued through 2010 The project is currently awaiting a decision from the judge who presided over the court case held in February in regards to the Deep Sea Tailings Disposal system.