



25 June 2012

## Agreement Finalised

### Cornerstone Investment with PNG Sustainable Development Program Limited

Further to the announcement on 20 June 2012 Highlands Pacific Limited (ASX: HIG) today announces that it has entered into a Share Placement Agreement (“Agreement”) with PNG Sustainable Development Program Limited (“PNGSDP”), with PNGSDP investing US\$15 million into Highlands.

Under the Agreement, PNGSDP will subscribe for 102,930,373 fully paid ordinary shares to raise US\$15 million (A\$14.9 million equivalent), which results in an issue price of approximately A14.5c per share. Upon completion of the placement HIG will have approximately US\$23 million in cash reserves and will be well placed to continue its exploration program at Star Mountains for the next 18-24 months.

As part of the Agreement, Highlands will appoint a PNGSDP nominee to the Highlands’ Board of Directors.

The placement will be undertaken by Highlands under its 15% limit and at the completion of the placement PNGSDP will hold a 13.04% interest in the company. The placement will be conditional on Highlands obtaining a waiver from ASX Listing Rule 6.18 to grant PNGSDP a right to participate on a pro-rata basis in any future capital raisings. It is anticipated that this waiver will be granted shortly and following the receipt of this Highlands will receive the placement funding from SDP. The rights attaching to this fall away should PNGSDP’s shareholding in Highlands drop below 10%.

**Managing Director of Highlands Pacific Mr John Gooding said today:** “As stated the other day the relationship with PNGSDP has the potential to deliver significant benefits to Highlands, giving it the financial and technical backing of a very large investment company that has strong ties in Papua New Guinea and is the majority shareholder of Ok Tedi Mining Limited (“OTML”).”



### **About PNG Sustainable Development Program Limited**

PNGSDP was established in 2002, when BHP Billiton divested its 52 per cent shareholding in OTML. PNGSDP has the task to support and promote sustainable development through projects and initiatives to benefit the people of PNG, especially the people of Western Province. PNGSDP is also a substantial financial institution with the function of investment of its Long Term Fund and Development Fund so that it can support a high level of development expenditure in Western Province and PNG in general.

PNGSDP is a company registered in Singapore and “limited by guarantee”, which means that it has no share capital, debentures, share options or unissued shares. The total net assets of PNGSDP in 2011 amounted to US\$1.43 billion.

### **About Ok Tedi Mine**

OTML operates the Ok Tedi mine which is located in the Star Mountains region of the Western Province. The mine started operations in 1984, and has become the single largest business contributor to the economies of the Western Province and PNG.

The Ok Tedi mine is a major producer of copper concentrate for the world smelting market in Germany, India, Japan, Korea and the Philippines. The mine exports copper as the main product but it also extracts gold and silver.

#### **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**

**Performance Rights: 3.5 million**

Market Capitalisation ~ **A\$106m**

Cash on Hand (31/03/12) **A\$12m**

**Directors**

Ken MacDonald, Chairman

John Gooding, Managing Director

Mike Carroll

Dan Wood

Drew Simonsen

Fiu Williame-Igara

**Management**

Craig Lennon, CFO & Co.Sec

Larry Queen, Chief Geologist

Peter Jolly, GM Projects

Ron Gawi, GM Port Moresby

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**Website:**

[www.highlandspacific.com](http://www.highlandspacific.com)

## 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 development assets include the US\$1.5bn Ramu nickel cobalt project, the Frieda River copper gold project and exploration on the highly prospective Star Mountains (Nong River, Mt Scorpion 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.

### Frieda Copper/Gold Project\*

The Frieda copper gold project is one of the Asia-Pacific's largest undeveloped copper/ gold resources. The Project is 175kms north-west of the giant Porgera gold mine and 75km north-east of the Ok Tedi mine. The project owners are Xstrata (81.82% and manager) and Highlands (18.18%). 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 379,000 ozpa of gold. The multi-decade life mine will have an average throughput of 50Mtpa.

### Star Mountains Prospects\*

Star Mountains leases, which include Nong River EL1312, Mt Scorpion EL1781 and Tifalmin EL 1392, are located approximately 20km north of the Ok Tedi mine, in Western Province, PNG. 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.

### Ramu Nickel Cobalt Mine

The Ramu nickel mine is located 75km 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 mine is currently being commissioned and the mineral resources at Ramu have the potential to increase the mine life by a further 15-20 years. Highlands 8.56% interest in 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%.

\* 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.