



26 July 2011

Ramu Nickel Project to Commence Operations

Highlands Pacific Ltd has been advised that a judgment today in the National Court of Madang has cleared the path for the commissioning of the fully constructed US\$1.5 billion Ramu Nickel Project in Papua New Guinea. Together with this positive news from the courts is the further positive news that the work order restriction issued by the Chief Inspector of Mines in early June has also been removed.

Highlands is a current 8.56% equity holder in the project and can increase its interest to 20.55% in the future. Once in operation Ramu will produce 31,150tpa of nickel and 3,300tpa cobalt for at least 20 years.

The judgement in the National Court of Madang has refused to grant a permanent injunction and removed the existing injunction that had been placed on the project relating to the potential environmental impact of the Project's purpose built Deep Sea Tailings Placement (DSTP) system.

The court judgement dates back to an application over a year ago, with a final substantive hearing taking place in March 2011 on the efficacy of DSTP which had previously been studied, reviewed and government approved in 2000 as part of the Project's comprehensive Environment Impact Statement and granting of the Project's Special Mining Lease.

Given the judgement is in this National Court there is the potential for the decision to be appealed to the High Court of PNG however the Project would remain confident of the same outcome.

Managing Director of Highlands Pacific Mr John Gooding said: "Given the significant delays posed by the environmental legal actions of the past 18 months and the loss of revenue to the project, landowners and the PNG economy it would be extremely disappointing and counterproductive to seek to tie up this project in further legal actions through appeals by the plaintiffs. Contrary to public commentary the PNG Government has statutory regulatory authorities which use rigorous processes to review or action issues of concern at operations like Ramu. The recent review by the Chief Inspector of Mines is a case in point. Like any project there may be some initial teething problems, and it is only fair that the operators, Ramu NiCo Management Ltd, be given a fair opportunity to explain those issues and its approach and actions so that the project's modern facilities can be made fully operational. This is a great result and the right result."

About the 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%.

For further information, please contact:

John Gooding or Craig Lennon
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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: 3.6 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 Williame-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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About Highlands Pacific Limited

Highlands Pacific is 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 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\$17 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

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