



11 August 2014

# Frieda River Copper-Gold Project, PNG

## Update

Highlands Pacific Limited (ASX: HIG) is pleased to advise that PanAust Limited will become its joint venture partner in the Frieda River Copper-Gold Project in Papua New Guinea as the result of formal notification being given by Glencore plc that the condition precedent has been satisfied under the share sale and purchase agreement for PanAust to acquire Glencore's interest in the project. The transaction is scheduled to close on 25 August 2014.

PanAust and Highlands have agreed that the two parties will hold interests of 80% and 20% respectively in the Frieda River Joint Venture on completion of the PanAust Glencore Agreement. The terms of the agreement between PanAust and Highlands provide that, should the Government of PNG elect to take up its right under PNG Law to 30% of the project, PanAust will sell down the first 20% of its joint venture interest and thereafter the parties will sell down in equal amounts. Where the Government of PNG elects to take up its maximum 30% of the project, the respective joint venture interests would be PanAust 55%, the Government of PNG 30% and Highlands 15%.

PanAust will be 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 will also be responsible for 100% of the costs to maintain the Frieda River project site, assets and community relations programmes up to the time of lodgement of the Mining Lease or Special Mining Lease application.

Also upon completion of the PanAust Glencore Agreement, for a period of 90 days PanAust will have the right to subscribe to a placement of AU\$5 million at the issue price of AU7.76 cents a share. Highlands will also have the option of requiring PanAust to subscribe to this placement for the same 90 day period.

**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: 854 million**

**Options on Issue: 7.2 million**

**Performance Rights: 24.4 million**

**Directors**

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

**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 assets are interests in the producing US\$2.1bn Ramu nickel cobalt mine and the Frieda River copper gold project; with exploration in progress on the Star Mountains (Nong River, Mt Scorpion, Munbil and Tifalmin) licenses approximately 20km north of the Ok Tedi mine. Highlands also has exploration tenements at Muller Range on the border of the Western and Southern Highlands Provinces and on Normanby Island (Sewa Bay).

**Star Mountains Prospects\***

The Star Mountains exploration tenements, which include Nong River EL1312, Mt Scorpion EL1781, Munbil EL2001 and Tifalmin EL1392, are located approximately 20km north of the Ok Tedi mine, in the West Sepik Province, PNG. They lie within the highly prospective New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as the Frieda deposit.

**Ramu Nickel Cobalt Mine**

The producing Ramu nickel mine is located 75km west of the provincial capital of Madang, PNG. Highlands 8.56% interest in Ramu will increase to 11.3% at no cost to Highlands after repayment of its share of the project debt (estimated to be paid by 2018). 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% interest in Ramu at fair market value, which could increase the company's interest in the mine to 20.55%, if the option is exercised.

**Frieda River Copper-Gold Project\***

The Frieda River Copper-Gold Project is located 175kms north-west of the Porgera gold mine and 75km north-east of the Ok Tedi mine. Highlands has a 20% interest in the project. PanAust will be 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 will also be 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.

\* 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.