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UPDATE - RAMU NICKEL / COBALT PROJECT

- US\$1.37bn project on time and on budget
 - 90% of project procurement committed
 - Power generators and autoclaves delivered
- Commissioning expected to commence in late-2009

Highlands Pacific Limited (ASX: HIG) is pleased to announce that construction of the US\$1.37bn Ramu nickel cobalt project in Papua New Guinea is progressing well with commissioning on track for later in 2009.

Project expenditure to date stands at approximately US\$1 billion with approximately 90% of procurement committed. This provides a level of confidence that the budgeted total expenditure of US\$1.37 billion is on target to be met.

Highlands Pacific's Managing Director Mr John Gooding said, "Ramu is progressing well, with construction on track to allow commissioning to commence by the end the year. The continued commitment by development partners MCC Ramu NiCo Limited during the global financial crisis will enable Ramu to realise its full potential now that markets are improving."

"The project continues to meet its major construction milestones and the arrival of the power generators will assist greatly with commissioning," said Mr Gooding.

Power Stations


Two power generators are currently being commissioned - one at the Kurumbakari mine site and other at the refinery site at the port area in Basamuk Bay. The units supplied, by Finnish company Wartsila Corporation, will provide a minimum of 90 megawatts equivalent (MWe) in total.

Second and third autoclaves positioned

The second and third autoclaves, manufactured in China by renowned Japanese company Morimatsu, and made from the highest grade titanium, have also been delivered to site and are being plumbed into position. Each of the autoclaves weighs in excess of 750 tonnes and is approximately 40 meters in length. The first of the three autoclaves was positioned in January this year.

Project Development

Other notable project construction achievements include:

- **Pipeline** - The 135 km slurry pipeline is 75 % completed with all major river crossings finished.
 - **Procurement** - Equipment procurement is nearing completion. Many of the critical components, such as the autoclave pumps (Wirth), autoclave stirrers and seals (Ekato), autoclave valves (Mogas) and the filters (Larox) are all sourced from recognized world class suppliers in the field.
 - **Office** - The Madang offices are completed with staff now moving in.
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The first sustainability report for the project has also been prepared and released by the manager and operator, Ramu NiCo Management (MCC) Limited, and is available on the Highlands Pacific website and also the project website (www.ramunico.com). The report summarizes work completed and planned in the important areas of environment and community development.

Highlands' share of production from Ramu (based on its 8.56% share) will be 2,666 tonnes of nickel and 282 tonnes of cobalt per annum, rising to 3,520 tonnes of nickel and 373 tonnes of cobalt when the Company's equity increases to 11.3%.

About Highlands Pacific Limited:

Highlands Pacific is listed on the ASX and PoMSox exchanges. As at 1 June 2009 it had a market capitalisation A\$65 million and held A\$28m (US\$23m) in cash. Its major development assets are holdings in two of Papua New Guinea's major resource assets - the US\$1.37bn Ramu nickel cobalt project and the Frieda River copper gold project.

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 31,500 tonnes of nickel and 3300 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 has an 8.56% interest in the Ramu project which will increase to 11.3% at no cost to the Company after repayment of the debt raised to finance the project has been completed from operating cash flow (estimated to be 10 years). From commissioning, Highlands is able to have 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%.

About the Frieda Copper Gold Project:

The Frieda Copper project is one of the world's largest undeveloped copper/ gold resources. The project owners are Xstrata Frieda River Limited (76.2%), Highlands (16.9%) and OMRD (6.9%). Highlands has a free-carried interest in the Frieda project through to completion of a Feasibility Study (required to be completed by January 2012). The project is currently the subject of an 18-month pre-feasibility study due in mid-2010. The results of an extended scoping study were released in early 2009 and envisaged a 40Mtpa plant with production over an initial 27 year mine life averaging 160,000 tonnes of copper metal and 240,000 ounces of gold per year. Xstrata's budgeted expenditure for 2009 is US\$36 million, with similar annualised levels of expenditure expected for the first half of 2010 prior to a decision on a 12 month feasibility study. Recent important drill hole results have been previously published and are available for viewing on the Highlands website.

www.highlandspacific.com

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