



3 March 2017

## Highlands receives Frieda River Study addendum

**Highlands Pacific Ltd (ASX:HIG)** has received a "Feasibility Report Addendum (January 2017)" from PanAust (a wholly owned subsidiary of Chinese Government owned Guangdong Rising Assets Management Co Ltd (GRAM)), its joint venture partner and manager of the Frieda River project in Papua New Guinea.

Receipt of the Addendum follows the release of the initial Frieda River feasibility study in May 2016. (See ASX release of 19 May, 2016 entitled "Frieda Study Received").

The Addendum incorporates new data and information that was generated by PanAust/GRAM subsequent to the completion of the initial study, and addresses some of the issues raised in an independent peer review conducted by engineering consultants Behre Dolbear Australia (BDA).

The Addendum includes data from additional resource and geotechnical drilling at the project which has led to increases in mineral resources and reserves, an amended open-pit design and consequent updated mine plan and production schedule. This has resulted in:

- An increase in the project internal rate of return from 10.8% to 11.4%; and
- An increase in the post-tax net present value from US\$820 million to US\$1.13 billion using unchanged consumables and metal prices assumptions (US\$3.30/lb copper, US\$1,455/oz gold and US\$80/bbl Brent crude oil) and a discount rate of 7.8%. These figures have not yet been adopted by the joint venture.

Highlands Managing Director Craig Lennon welcomed the release of the Addendum.

"We are pleased to receive this additional information from GRAM that has seemingly improved the quality and completeness of the study and its economics. However, the Addendum does not address certain fundamental deficiencies in the initial study, particularly regarding the proposed integrated storage facility and hydro dam. No further information has been provided on these key elements of the project.

"The provision of the Addendum vindicates our view that the initial study undertaken by GRAM was not complete, and we continue to assert that further work is required by GRAM to complete the feasibility study properly including refining the development plan," he said.

Highlands is continuing to review the extensive information provided with the Addendum and will provide further detail on the Addendum in due course.

**For further information:**

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0421 587755**



**ASX Code: HIG**

**PoMSox Code: HIG**

**Shares on Issue: 936 million**

**Performance Rights: 17 million**

**Directors**

Ken MacDonald, Chairman  
Craig Lennon, Managing Director  
Mike Carroll  
Dan Wood  
Bart Philemon  
Ron Douglas

**Management**

Sylvie Moser, CFO and Company Secretary  
Ron Gawi, GM Port Moresby  
Leslie Nand, GM Exploration Projects

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

**About Highlands Pacific Limited**

Highlands Pacific is a mining and exploration company registered and incorporated in PNG and listed on the Australian and Port Moresby stock exchanges. Highlands has a long history of successful exploration and project development in PNG. The Company was formed in 1997 and has since established an impressive suite of projects providing investors with leveraged exposure to copper, nickel and gold. Its major assets are interests in the producing Ramu nickel cobalt mine and the Frieda River copper gold project, with exploration in progress at the highly prospective Star Mountains tenements. Highlands also has exploration territory on Normanby Island (Sewa Bay), at the south eastern tip of PNG. Through the efforts of its highly experienced staff, the Company is committed to the responsible development of mining projects for the benefit of all its stakeholders, including shareholders, landowners, business partners and the broader PNG community.

**Star Mountains Prospects**

The Star Mountains exploration tenements 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. The Star Mountains project is held within a joint venture with partner Anglo American plc.

**Ramu Nickel Cobalt Mine**

The producing Ramu nickel cobalt 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. 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 and Frieda River Limited (FRL) (a wholly owned subsidiary of PanAust Limited which in turn is a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd.) 80%.