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4 August 2000

MEDIA RELEASE

**More bonanza gold grades at Kainantu Project, PNG
Intersections include 2 metres @ 227.7g/t gold**

Highlands Pacific Limited (ASX: HIG, 'Highlands') has reported bonanza gold grades from the latest diamond drill program at the Kainantu Gold Project in Papua New Guinea.

In its recent quarterly report, Highlands announced the first results from a 6,000 metre diamond drilling program on the Irumafimpa prospect, which contains continuous high grade gold mineralisation over a 1,100 metre strike length that remains open in all directions.

Assays reported from the completed drill holes include bonanza grade intersections **of 5 metres @ 92.3g/t gold, including 2 metres @ 227.7g/t gold and 5 metres @ 12.7g/t gold, including 2 metres @ 25.3g/t gold.** (Full table of results are attached).

Highlands' Managing Director, Mr Ian Holzberger said the results provide further evidence that the mineralisation is continuous over strike and at depth.

"With each new set of results, Irumafimpa's potential as a high grade, underground mining operation is enhanced. The regularity and quality of the Irumafimpa structure, reports of high grade intersections from parallel structures, good logistics and excellent access combine to enhance the potential for development.

"With over 2,000 metres of the 6,000 metre diamond drill program completed, we expect the drilling to be finalised sometime in the September 2000 quarter, followed by a re-calculation of the resource," Mr Holzberger said.

The Kainantu Gold Project (HIG 100% interest, diluting to 50%) covers 261 square kilometres of a known goldfield in the Eastern Highlands province of PNG. In June 1999, Highlands established a joint venture with Nippon Mining and Metals of Japan, which allows Nippon MM to acquire a 50% stake in Kainantu by sole funding US\$3.5 million of expenditure.

The Irumafimpa prospect currently has an inferred resource estimate of 1.84 million tonnes at 30.1g/t gold, or 1.78 million ounces of contained gold.

Search for Ramu equity partner underway as project gathers momentum

Following the issue of the Special Mining Lease (SML) and execution of the Mining Development Contract (MDC) for the Ramu Nickel Project, Highlands Pacific and its joint venturer, Orogen Minerals Limited, have accelerated the process of securing an additional, major, joint venture equity participant.

Mr Holzberger said that the Ramu project was fortunate to be the first project to take advantage of the PNG Government's new policy initiative of providing fiscal stability to major resource sector developments. This policy will enhance the funding of the project.

"In the MDC the State has guaranteed fiscal stability for a period of 10 years after commercial production commences.

"With the permitting process now finalised, we can accelerate the search process for an additional equity participant to enhance the bankability of the project," Mr Holzberger said.

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TABLE 1 - Irumafimpa diamond drill results (June 2000 Quarter)

HOLE	Nth (m)	East (m)	RL (m)	From(m)	To (m)	Int.(m)	Au g/t
036BD00	30086.9	59650.9	1598.2	325.0	326.0	1.0	11.0
037BD00	30016.3	59650.1	1602.5	166.0	167.0	4.0	4.4
				228.0	236.0	8.0	1.1
038BD00	30135	59445	1629.8	332.0	335.0	3.0	2.0
				385.0	387.0	2.0	1.9
039BD00	30086.9	59650.9	1598.2	340.0	342.0	2.0	7.7
				343.0	348.0	5.0	92.3
			incl	343.0	345.0	2.0	227.7
				390.0	394.0	4.0	16.3
			incl.	393.0	394.0	1.0	54.5
				398.0	400.0	2.0	21.4
040BD00	30037.3	59848.6	1497.0	175.0	177.0	2.0	8.5
				215.3	220.3	5.0	12.7
			incl.	217.3	219.3	2.0	25.3
				249.0	251.0	2.0	3.3
				282.0	287.0	5.0	6.3
			incl.	284.0	286.0	2.0	13.2

Notes:

1. Half sawn diamond drill core used for assay.
2. Sample interval 1.0 meter.
3. Down hole intervals reported.
4. A 1.0 g/t Au lower cut applied to reported intervals.
5. Interval grades determined by length weighted averaging.