



HIGHLANDS PACIFIC LIMITED ARBN 078 118 653
Incorporated in Papua New Guinea

Registered Office

PO Box 1486, Port Moresby NCD 121
Papua New Guinea
Level 1, Allotment 6, Section 58, Sir
Hubert Murray Highway
Boroko NCD
Papua New Guinea

Telephone: (675) **323 5966**

Facsimile: (675) 323 5990

Website: www.highlandspacific.com

Registered Office in Australia

GPO Box 3086, Brisbane QLD 4001
Australia
Level 4, 167 Eagle Street

Brisbane Qld 4000
Australia

Telephone: (617) **3239 7800**

Facsimile: (617) 3221 6727

Email: info@highlandspacific.com

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FRIEDA RIVER COPPER EXPLORATION BUDGET INCREASED

Frieda River JV partners have increased the 2008 Drilling Program Budget from US\$25m to US\$30.9m

Highlands Pacific (ASX: HIG) is pleased to announce that Xstrata Frieda River Limited, a wholly owned subsidiary of Xstrata Copper and the manager of the Frieda River project in PNG, has increased the 2008 Program budget from US\$25m to US\$30.9m.

The increased budget will allow the current extended scoping study to be completed by December 2008 and a decision made on progressing to pre-feasibility in 2009.

The principle activities in the extended scoping study include:

- resource in-fill drilling, with seven diamond drills operating before year end;
- metallurgical test work;
- environmental base line studies; and
- infrastructure studies.

Highlands is additionally reporting today further excellent results from recent drilling in the Horse/Ivaal/Trukai resource with significant intersections at a 0.2% Cu lower cutoff including:

264 metres @ 0.67% Cu and 0.67 g/t gold from 4m below the surface

108 metres @ 0.64% Cu and 0.44 g/t gold from 12 metres below the surface

281 metres @ 0.63% Cu and 0.31 g/t gold from 36 metres below the surface

"This is very encouraging for the project, and combined with these further positive drill hole results, it can only increase the confidence in the project for all the stakeholders" said John Gooding, Managing Director of Highlands Pacific Limited. "With the copper prices buoyant and expected to remain so, we are very confident that the project will progress forward in 2009 and that the level of activity at the project will be significantly increased on the 2008 Program" stated Mr Gooding.

"The Frieda River Copper Gold project is one of the largest undeveloped copper and gold porphyry systems in the world" said Mr Gooding, "and Highlands is fortunate to have a free carried interest to feasibility study completion in partnership with Xstrata Copper and OMRD."

The results from the latest round of holes from the diamond drilling program are a continuation of the announcement on 5 August and are part of an infill drilling program at the Horse/Ivaal/Trukai copper gold porphyry deposit. The aim of the current program is to lift the resource estimation confidence so that the bulk of the resource is in the JORC Indicated category or better by late 2009.

These holes are all within the known extent of the Horse/Ivaal/Trukai deposit and the results continue to demonstrate the world-class nature of this copper gold porphyry system.

The tabulated results below show intercepts at a 0.2% Cu cut-off and higher grade portions at 0.5% cut-off. Maximum internal dilution in the zones quoted below is 6m.

Drilling production to the end of August totalled 9,498m with 20,000m planned in 2008.

Notes:

The following statements apply to the Horse/Ivaal/Trukai exploration results:

- Mineralised intersections are quoted as down hole widths. The porphyry mineralisation occurs as disseminations and vein stockworks.
- Collar locations are in UTM Zone 54 co-ordinates using the AGD66 horizontal datum.
- Drill core is PQ, HQ or NQ size.
- Assays were carried out on half sawn core. The half core is crushed and pulverized to ~ 180 mesh on site. 200 gram samples are despatched for assay. QAQC control samples make up approximately 10% of each batch sent for analysis. The unused half core is stored on site.
- Samples were analysed at ALS-Chemex in Townsville. Gold is by 50g fire assay and copper by ICP-AES on an aqua regia digest. Samples assaying greater than 0.5% Cu are re-assayed using an ore grade method suitable for higher grade samples.
- Hole positions are based on surveys of the drill pad. Actual collars are within 10m of stated locations.
- The exploration results reported here are based on information compiled by Mr L.D. Queen who is a member of the Australian Institute of Mining and Metallurgy, and who is employed by Highlands Pacific Limited. Mr Queen has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2004 Edition". He consents to the inclusion in the report of the matters based on the information compiled by him in the form and context in which it appears.

Hole	North	East	Level	Azimuth	Dip
137XC08	9480377	584411	661	210	-50
138XC08	9480058	585098	573	210	-50
139XC08	9479899	585522	572	210	-50
140XC08	9479997	585062	583	210	-50
141XC08	9480434	584448	644	210	-50
142XC08	9480141	584800	678	210	-50
143XC08	9480020	585617	612	210	-50
144XC08	9479931	585025	594	210	-50
145XC08	9480462	584547	647	210	-50
146XC08	9480001	585672	609	210	-60
148XC08	9480630	584558	609	210	-50
149XC08	9479813	585280	585	210	-50
150XC08	9480071	584925	633	210	-60
151XC08	9479898	585771	592	210	-60
152XC08	9479813	585280	585	210	-70
153XC08	9480677	584326	674	210	-60
154XC08	9479804	584848	620	210	-50

Hole	From	To	Meters	Cu (%)	Au (ppm)	Core Recovery %
138XC08	6	194	188	0.38	NA	84
	202	228	26	0.24	NA	100
	236	303.2	67.2	0.61	NA	100
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	12	30	18	0.7	NA	80
	88	112	24	0.61	NA	79
	238	303.2	65.2	0.61	NA	100
139XC08	4	268	264	0.67	0.65	90
	278	290	12	0.17	0.09	85
	298	300	2	0.27	0.08	100
	316	323.4	7.4	0.16	0.11	92
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	4	8	4	0.73	3.41	60
	16	22	6	0.52	0.54	72
	42	102	60	0.82	0.97	92
	114	146	32	0.69	0.5	97
	156	238	82	0.86	0.57	92
	250	260	10	0.92	1.05	95
140XC08	12	120	108	0.64	0.44	91
	144	172	28	0.54	0.18	65
	184	294	110	0.44	0.13	100
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	14	40	26	1.48	0.98	91
	48	58	10	0.91	0.61	83
	66	72	6	0.58	0.26	100
	146	152	6	0.71	0.13	74
	160	172	12	0.7	0.31	55
	186	244	58	0.55	0.16	100
	280	284	4	0.77	0.3	100
141XC08	22	305.9	283.9	0.64	0.27	93
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	22	72	50	0.7	0.27	99
	80	98	18	0.71	0.4	91
	106	108	2	0.51	0.19	100
	118	168	50	0.5	0.29	90
	176	305.9	129.9	0.73	0.26	92
142XC08	80	347	267	0.74	0.28	84
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	82	184	102	0.99	0.36	79
	194	196	2	0.77	0.24	90
	204	208	4	0.59	0.19	94
	220	336	116	0.65	0.26	88
	344	347	3	0.66	0.17	98

Hole	From	To	Meters	Cu (%)	Au (ppm)	Core Recovery %
143XC08	56	66	10	0.4	0.22	75
	76	232	156	0.58	0.33	98
	242	256	14	0.3	0.17	100
	278	413.3	135.3	0.57	0.45	80
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	62	64	2	0.5	0.28	65
	84	140	56	0.92	0.4	95
	150	166	16	0.45	0.32	100
	202	208	6	0.78	0.35	100
	216	230	14	0.53	0.42	100
	290	318	28	0.62	0.78	98
	328	386	58	0.7	0.47	64
	404	410	6	0.71	0.33	97
144XC08	10	28	18	0.24	0.22	69
	38	52	14	0.29	0.14	61
	64	70	6	0.3	0.14	87
	86	210	124	0.5	0.16	83
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	40	42	2	0.57	0.13	55
	92	120	28	0.59	0.2	70
	128	154	26	0.61	0.21	73
	168	180	12	0.5	0.14	99
	200	206	6	0.7	0.21	100
145XC08	36	317.4	281.4	0.63	0.31	90
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	48	68	20	1.33	0.31	97
	92	112	20	0.72	0.36	90
	130	146	16	0.58	0.31	81
	154	196	42	0.64	0.27	92
	206	317.4	111.4	0.67	0.38	91
146XC08	32	46	14	0.23	0.1	92
	56	78	22	0.25	0.17	97
	162	166	4	0.61	0.37	95
	174	258	84	1.29	1.07	97
	286	343.3	57.3	0.54	0.46	95
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	162	164	2	0.85	0.52	96
	176	256	80	1.34	1.12	97
	286	300	14	0.99	1.02	99
	308	312	4	1.25	1.05	99
	328	330	2	0.64	0.36	100
148XC08	34	305.8	271.8	0.68	0.66	90
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	34	72	38	1.3	0.38	67
	104	180	76	0.71	1.08	95
	188	238	50	0.67	0.69	87
	246	248	2	0.56	0.57	100
	256	305.8	49.8	0.63	0.58	98

Hole	From	To	Meters	Cu (%)	Au (ppm)	Core Recovery %
149XC08	4	128	124	0.76	0.69	72
	138	226	88	0.44	0.46	87
	288	301	13	0.3	0.15	100
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	6	76	70	0.82	0.83	68
	86	104	18	1.2	0.39	57
	114	126	12	0.81	0.62	78
	138	162	24	0.79	0.72	90
	170	182	12	0.69	0.72	92
	300	301	1	0.59	0.2	100
150XC08	16	22	6	0.24	0.45	79
	30	40	10	0.21	0.3	90
	50	320.8	270.8	0.54	0.29	78
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	62	110	48	0.59	0.4	64
	126	128	2	0.5	0.54	80
	152	154	2	0.54	0.17	43
	168	284	116	0.65	0.3	76
	294	308	14	0.51	0.2	99
	318	320.8	2.8	0.77	0.24	100
151XC08	114	124	10	0.24	0.07	91
	132	214	82	0.42	0.08	92
	312	323.4	11.4	0.24	0.09	100
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	138	144	6	1.72	0.11	90
	160	166	6	0.51	0.13	87
	210	212	2	0.78	0.14	90
152XC08	4	136	132	0.7	0.63	74
	144	192	48	0.38	0.35	84
	206	300	94	0.25	0.29	96
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	4	46	42	0.8	1.02	65
	54	116	62	0.8	0.49	69
	124	134	10	0.65	0.4	82
	150	152	2	0.53	0.36	80
	160	166	6	0.72	0.44	100
	176	180	4	0.92	1.13	95
153XC08	14	16	2	0.26	0.43	90
	44	112	68	0.73	0.18	93
	144	170	26	0.35	0.12	84
	178	198	20	0.32	0.14	85
	226	236	10	0.28	0.11	92
	264	298	34	0.49	0.23	86
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	44	64	20	1.03	0.16	93
	72	108	36	0.71	0.21	92
	178	188	10	0.46	0.17	85
	276	278	2	0.79	0.41	83
	286	298	12	0.65	0.28	78
154XC08	12	36	24	0.22	0.05	63

The Frieda River project is a joint venture between Highlands Pacific, Xstrata Copper (operating partner) and OMRD. Highlands Pacific has a 16.6% stake in the joint venture with a free carried interest to the completion of the bankable feasibility study due in January 2012.

For more information of the Frieda River project please refer to the company's website – www.highlandspacific.com

For further information contact:

Mr John Gooding or
Managing Director
Highlands Pacific Ltd
Phone: (61 7) 3239 7800

Mr David Waterhouse
Waterhouse IR
Investor Relations
Phone: (61 3) 9670 5008

Mr Craig Lennon
Chief Financial Officer
Highlands Pacific Ltd
Phone: (61 7) 3239 7800

Mr Brian Thornton
Farrington Group
Media Relations
Phone: (61 2) 9332 4448