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XSTRATA COPPER COMPLETES SCOPING STUDY FOR FRIEDA RIVER COPPER GOLD PROJECT

Highlands Pacific Ltd (ASX: HIG) is pleased to announce that the Scoping Study for the Frieda River copper gold exploration project in Papua New Guinea (PNG) has been completed by Xstrata Frieda River Limited ("Xstrata Copper").

Highlands has a 16.4% interest in the joint venture with Xstrata Copper (73.7%) and OMRD Frieda Co. Limited (9.9%).

The Frieda River Project, located in the Sandaun Province of western PNG, is one of the world's largest undeveloped copper and gold deposits.

Current resources include:

- Nena deposit
 - copper resource (72mt @ 2.0% Cu, 0.5 g/t Au), and
 - gold resource (18mt @ 1.4 g/t Au, 0.1% Cu);
- Horse Ivaal / Trukai deposit
 - (1,005 mt @ 0.5% Cu, 0.3 g/t Au); and
- Koki deposit
 - (274 mt @ 0.4% Cu, 0.3 g/t Au);

containing a total of 7.5 million tonnes of copper and 14.3 million ounces of gold.

The study envisages open pit operations situated at Horse Ivaal / Trukai (processing 40Mtpa for 26 years) and Nena (processing 3Mtpa for 20 years). Copper concentrate production forecasts for the project yield an average payable copper metal of 190,000 tonnes per annum and payable gold of 295,000 ounces per annum.

Highlands Pacific Limited's Managing Director, Mr John Gooding, said that the project's average C1 cash cost of USD0.81c/lb (net of gold credits at USD700/oz) over the life of the project is certainly competitive in today's market.

The project shows positive NPV above a flat copper price of USD1.68/lb. The Scoping Study runs a number of sensitivities and under one sensitivity there is the potential for an ungeared project NPV of USD681million and an IRR of 17.7% using the following variables - an initial capital estimate of USD2.57 billion, a copper price of USD2/lb, a gold price of USD700/oz and a discount rate of 10%.

"Under this sensitivity, the indicated payback period is 3.5 years for a project that has an estimated life in excess of 25 years. This is a great opportunity for Highlands' shareholders," Mr Gooding said.

The report highlighted that there is potential to capture more value from the Nena deposit in particular and from the project in general, through further optimisation. Work scheduled for the remainder of 2008 includes 16,000 metres of drilling at Horse Ivaal / Trukai for resource definition and continuing infrastructure, environmental, process engineering, mine scheduling and planning studies.

Mr Gooding said that, further to the work previously undertaken by Highlands and other project owners, the scoping study confirms that Frieda River can be a world-class project with the potential to deliver significant value over a long period of time for the Papua New Guinean Government and people, and for the Joint Venture partners and their shareholders.



The following resource estimates have previously been released by Highlands Pacific in relation to the Frieda River project -

Nena Deposit – Identified Mineral Resource (0.2% Cu lower cut off)												
Resource Style	Measured			Indicated			Inferred			Total		
	Mt	Cu%	Au g/t	Mt	Cu%	Au g/t	Mt	Cu%	Au g/t	Mt	Cu %	Au g/t
Gold resource	13.8	0.1	1.4	3.4	0.1	1.4	0.8	0.1	1.5	18.0	0.1	1.4
Copper resource	40.4	2.1	0.5	31.4	1.9	0.4				71.8	2.0	0.5

Notes:

1. Copper resource – lower cut off grade 0.2% copper, Gold resource – lower cut off grade 0.6 g/t gold

Nena Deposit – Identified Mineral Resource (0.5% Cu lower cut off)									
Resource Style	Measured			Indicated			Total		
	Mt	Cu%	Au g/t	Mt	Cu%	Au g/t	Mt	Cu%	Au g/t
Copper resource	27.0	2.94	0.65	18.8	2.96	0.45	45.8	2.95	0.6

Notes:

1. Copper resource – lower cut off grade 0.5% copper,
2. The Nena copper resource estimate is based on and accurately reflects information compiled by Stan Clemmer, who was formerly employed by Falconbridge and has relevant experience sufficient to qualify as a competent person as defined in the Australian Code for reporting of Identified Mineral Resources and Ore Reserves 1999. Mr Clemmer consents to the inclusion in this report of the Nena resource estimate.

Horse / Ivaal Deposit / Tru Kai - Identified Mineral Resource (0.2% Cu lower cut off)								
Indicated			Inferred			Total		
Mt	Cu%	Au g/t	Mt	Cu%	Au g/t	Mt	Cu%	Au g/t
109	0.6	0.3	895	0.5	0.3	1005	0.5	0.3

Horse / Ivaal Deposit / Tru Kai - Identified Mineral Resource (0.5% Cu lower cut off)								
Indicated			Inferred			Total		
Mt	Cu%	Au g/t	Mt	Cu%	Au g/t	Mt	Cu%	Au g/t
74.6	0.63	0.4	360	0.6	0.4	434.6	0.60	0.4

Notes:

1. The Horse Ivaal / Trukai resource is reported at a 0.5% Cu and a 0.5% Cu lower cut off grade.
2. The constraining envelope and mineralisation domains are based on 221 diamond and percussion drillholes.
3. Drill section spacing is generally 150 m N-S with infill drilling on 75m spacing in a portion of the Horse deposit. Hole spacing on section is variable but is commonly at 150m centres.
4. Constraining envelopes for grade estimation are based upon lower cutoff's of 0.2% and 0.5% copper.
5. Dry bulk density has been assigned according to domains and adjusted with depth based on results from 1,833 determinations.
6. Assay data within the constraining envelope comprises over 12,457 samples.
7. The resource estimate is quoted as dry tonnes and grade.
8. Raw sample data has been composited to 2 m prior to the interpolation of grade to parent block cell.
9. Outlier values are controlled by applying percentile top-cuts for gold and copper.
10. Block model cell size is 25 m N-S, 25 m E-W and 15 m RL.
11. Ordinary kriging has been used to assign grade values to model cells.
12. Data integrity, drill hole spacing, the number of holes on a section, and kriging variance were used to classify the resource as Indicated or Inferred.

Koki Deposit – Identified Mineral Resource (Inferred)		
Mt	Cu%	Au g/t
274	0.4	0.3

Note:

1. The Koki deposit has been intersected by 30 drill holes on a nominal 150 m x 300 m grid.

The resource information for Koki is based on, and accurately reflects, information compiled by Mr I R Holzberger, Mr L D Queen and Mr S P Hitchman who are Members of the Australasian Institute of Mining and Metallurgy. Mr Queen, who is employed by Highlands Pacific and Mr Hitchman and Mr Holzberger, who were former employees, all have relevant experience in relation to the mineralisation being reported on to qualify as Competent Persons as defined in the *Australasian Code for reporting of identified mineral resources and ore reserves 1999*. Mr Holzberger, Mr Queen and Mr Hitchman consent to the inclusion in this report of the summary Horse/Ivaal resource estimate.

The Horse Ivaal / Trukai resource estimate is based on, and accurately reflects, information compiled by Mr Craig MacDougall and Mr Stefan Mujdrica who are Members of the Australasian Institute of Mining and Metallurgy. Mr MacDougall supervised the validation of the digital databases and interpretation of the geological model and Mr Mujdrica supervised the construction and reporting of the resource model. Mr MacDougall was employed by Noranda Pacific while Mr Stefan Mujdrica is employed with Snowden Mining Industry Consultants, all have relevant experience in relation to the mineralisation being reported on to qualify as Competent Persons as defined in the *Australasian Code for reporting of identified mineral resources and ore reserves 1999*. Mr MacDougall and Mr Mujdrica consent to the inclusion in this report of the summary Horse/Ivaal/Trukai resource estimate

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