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MEDIA RELEASE

Gold results from broader Kainantu area offer prospect of multiple high-grade gold mine developments

A thorough review of earlier gold exploration results from Highlands Pacific's 756 sq km of tenements surrounding the Kainantu gold mine development supports the view that there is excellent potential of replicating the high-grade Kainantu gold mine development now under construction. A "brown field exploration program" to follow up these leads is a priority in the upcoming dry season.

As noted by the Managing Director Ian Holzberger, the cost effectiveness of this approach can be gauged by the results achieved in the Kainantu mine area where the focus has been on the Irumafimpa lode system.

"Based only on the resource at Irumafimpa and its strike extension at Kora, Highlands Pacific has identified a resource of 1,770,000 ounces of gold. The estimated average mine grade will be 21.8 g/t gold (approximately 3/4 ounce gold per tonne). And the resource has been defined at an average cost of just USD4.50 per ounce," Mr. Holzberger said.

"The surrounding area is considered highly prospective for further Irumafimpa-style deposits, each with the potential to be a multi-million ounce high-grade ore body.

A unique signature has been recognised as defining the high-grade gold mineralisation within the Kainantu mine development on the Irumafimpa lode system. It consists of an association of tellurium, bismuth, copper, tin and tungsten. This signature will be used to prioritise exploration targets in the surrounding areas.

Defined high priority targets in the near mine area (refer Plan 1) are:

- MANIAPE: gold bearing veins tested in early 1990's with 16 widely spaced drill holes over an 800m strike length. Average vein intercept 3.2m grading 17.2g/t gold including 10 holes over a 600m strike length which intersected the main vein with an average intercept of 4.0m grading 18.5g/t gold.
- ARAKOMPA: a series of gold bearing veins tested with 18 widely spaced drill holes over a 1,000m strike length in the early 1990's. The vein intercepts averaged 3.2m grading 13.3g/t gold; and 12 of the holes intersected the main vein over an 800m strike averaging 5.8m grading 14.2g/t gold. Potentially 3,000m of strike length has been identified.

- MATI RIDGE: a recently discovered vein system which is now the subject of intense artisanal working. Coarse gold in quartz vein material is being won from shallow workings. The vein is exposed over 1,000m of strike.

Significant regional exploration targets (refer Plan 2) include:

- KATHNEL: recent sampling has identified the Irumafimpa signature at this prospect with grades up to 32g/t gold being returned with high levels of tellurium, bismuth, and copper. Small scale underground mining has been undertaken on this prospect previously
- YONKI: located on the south east extension of the Irumafimpa structure. Narrow quartz veins assayed up to 4,500g/t gold (approx 145 ounces gold per tonne). Previously mined for copper at a small scale.
- AIFUNKA: Past drilling of this prospect by other workers intersected a structurally controlled gold vein associated with intrusives suggesting Irumafimpa style mineralisation. Results include 2m grading 21.6g/tgold and 12m grading 2.6g/t gold.

Mr. Holzberger noted that the projected profitability of the Kainantu development - while already high by industry norms – would be greatly enhanced if the mine life could be extended and / or the development at Kainantu could be replicated elsewhere in the Company's Kainantu area tenements.

“Given the very encouraging gold values from our surrounding exploration tenements and the very low cost of resource definition in the Kainantu mine area, the prospects in the surrounding tenements must rate very highly indeed,” Mr. Holzberger said.

For further information contact:

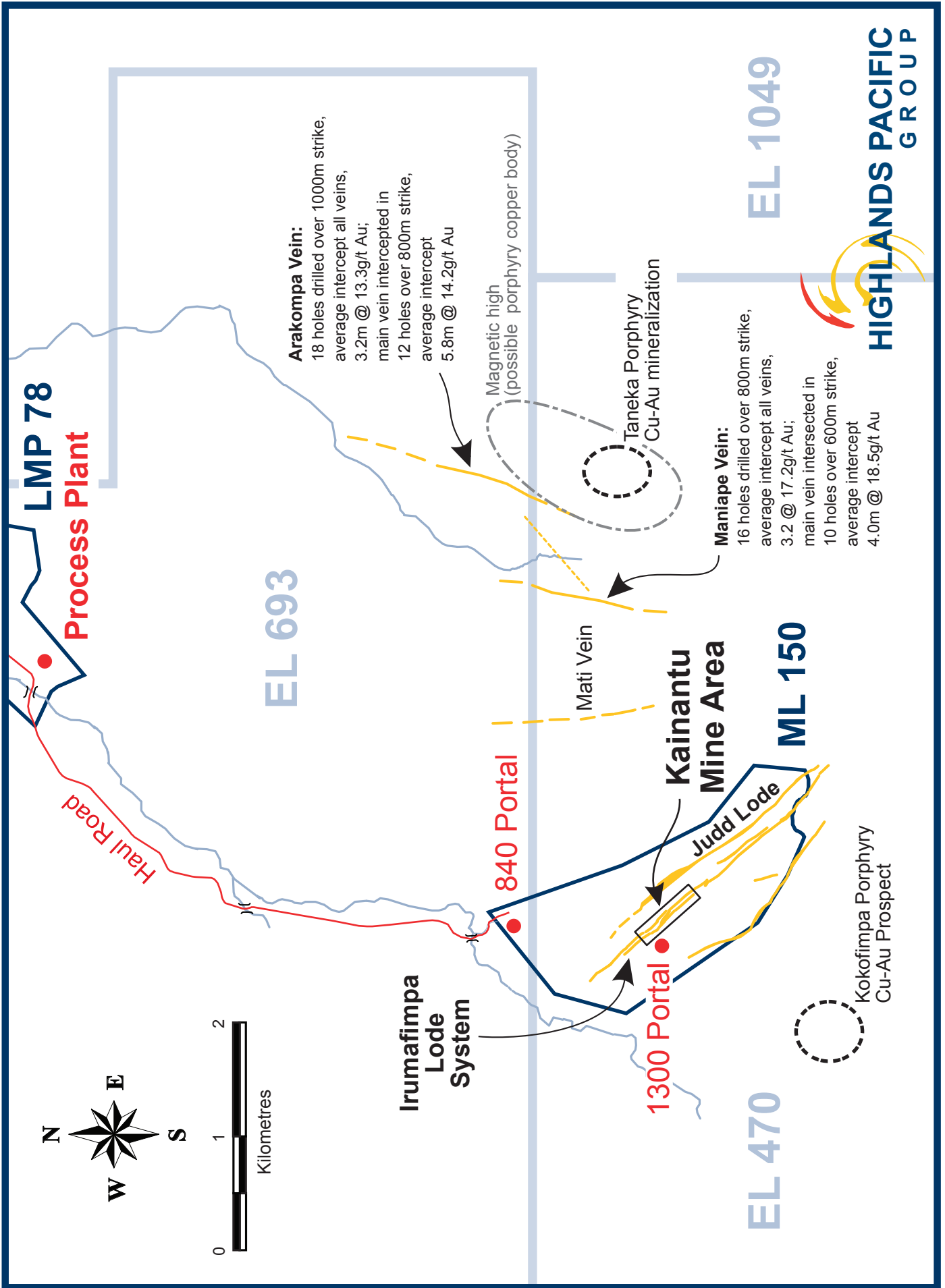
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PLAN 1 Irumfimpa Mine Area and Near Mine Prospect Areas



PLAN 2 Kainantu Project Tenements and Regional Prospect Areas

