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KAINANTU GOLD PROJECT - STRIKE DRIVE ASSAYS

The Board of Directors of Highlands Pacific Limited (ASX: HIG, 'Highlands') is pleased to report very encouraging gold assays from exploratory underground sampling at Highlands Kainantu project in PNG.

An average grade of 62.3 g/t Au (almost 2 ounces of gold per tonne) over an average width of 1.6m has been calculated for the first 15.3 m of strike drive. This grade is a volume-weighted average of 69 continuous channel samples and one 300kg bulk sample.

The results are summarised below and shown in more detail in Table 1, attached.

Mining Advance	Sample width (m)	Gold Grade g/t
0-2m (bulk sample)	1.0	90.1
4.9m	1.3	8.9
6.8m	1.5	11.5
8.7m	1.8	53.5
9.8m	1.8	60.7
11m	1.9	103.8
12m	1.8	126.1
13.9m	1.5	53.9
15.3m	1.7	36.5

The sampling confirms that the vein system is continuously mineralised over this interval but with higher gold grades and wider intercepts than had been predicted from the drilling.

Ground conditions and visual continuity in the mineralised veins remain excellent with the veins being easily identified and followed. No ground support has been required.

The current sampling is from the Puma vein but the exploratory drive is now testing the Mill vein (see attached Plan).

Highlands Pacific's Ian Holzberger said "these results are very encouraging in that they upgrade the potential of the Puma vein which had been regarded as of lessor importance than the Mill vein. Also the absolute grades and widths reported are both greater than anticipated from our drilling."

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About Kainantu

Located in the Eastern Highlands' Province of PNG, the Kainantu Gold Project (100% Highlands Pacific) consists of three exploration licences totalling 261 square kilometres encompassing the high-grade Kainantu goldfield.

A feasibility study completed in December 2001 envisages an underground gold mine producing up to 140,000 ounces of gold per annum at an average head grade of around 32g/t gold over approximately 7 years (based on the current estimated mineral resource). Returns to Highland Pacific's shareholders are expected to be very attractive.

The resource at Kainantu is estimated to contain 1.24 million ounces of gold at a high grade of 38.3 g/t Au.

The project is progressing rapidly with the granting of the Mining Lease and approval of the Environmental Plan. It is Highlands Pacific's objective to commit the project to development during the first quarter 2003.

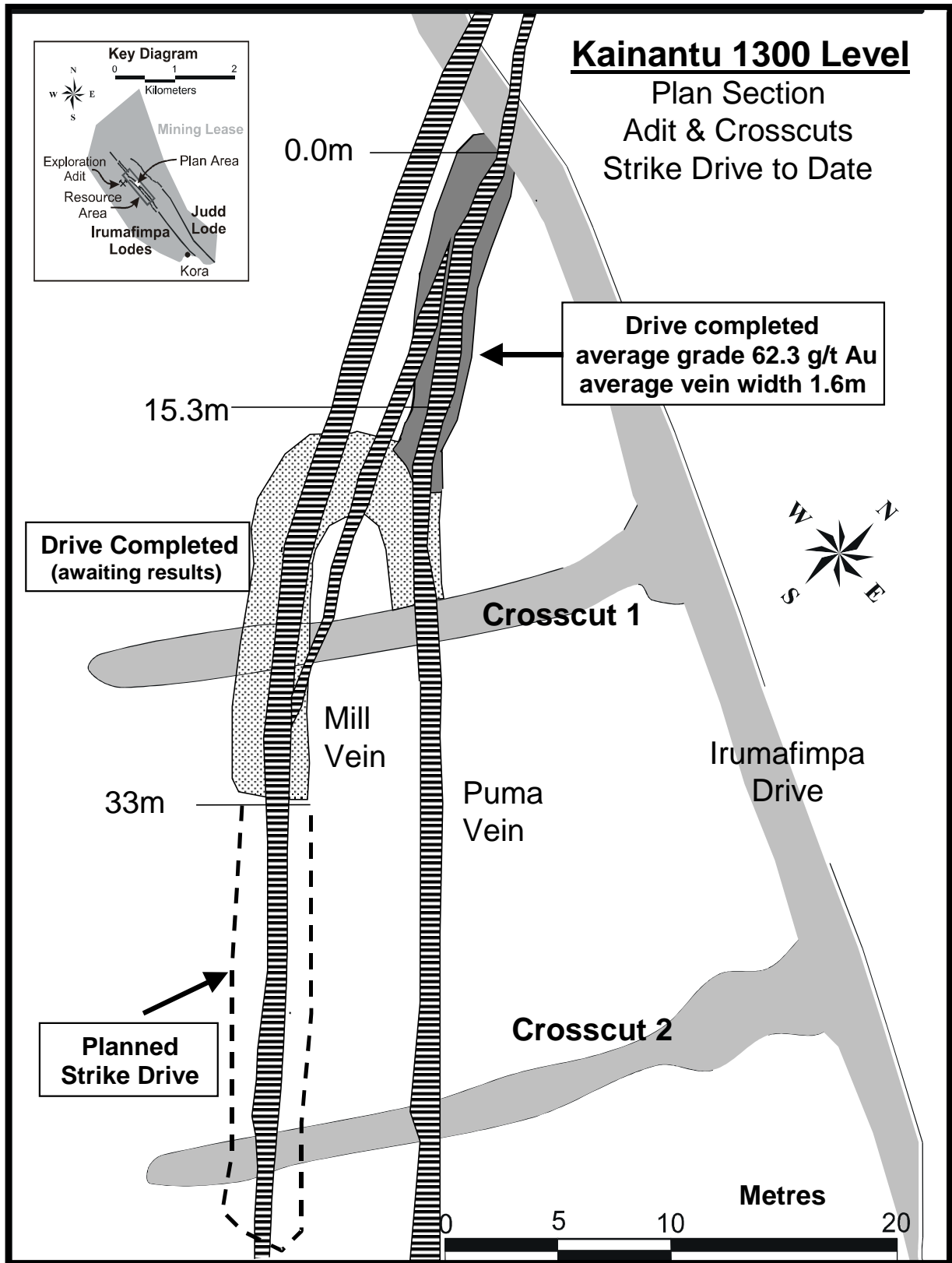


Table 1

STRIKE DRIVE SAMPLE RESULTS BY FACE

Face Position	Width (m)	Gold grade g/t
0.0m Main Drive		
Average of 17 samples	2.45	70.0
0.0 -2.0m Bulk Sample		
	2.45	90.0
4.9m		
Floor	0.9	2.8
Middle	1.0	11.6
Backs	2.0	10.1
Average	1.3	8.9
6.8m		
Floor	1.5	6.8
Middle	1.5	18.0
Backs	1.5	9.6
Average	1.5	11.5
8.7m		
Floor	1.8	59.7
Middle	2.0	71.0
Backs	1.7	26.4
Average	1.8	53.5
9.8m		
Floor	2.0	47.7
Middle	1.7	97.3
Backs	1.6	38.2
Average	1.8	60.7
11m		
Floor	1.9	164.4
Middle	1.9	107
Backs	1.9	40.2
Average	1.9	103.8
12m		
Floor	1.8	51
Middle	1.9	165.6
Backs	1.7	161.6
Average	1.8	126.1
13.9m		
Floor	1.4	103.5
Middle	1.4	30.1
Backs	1.7	32.8
Average	1.5	53.9
15.3m		
Floor	1.7	11.2
Middle	1.7	22.8
Backs	1.7	128.1
Average	1.7	36.5

Notes:

- Sampling along the strike drive after each blast.
- Samples are minimum 0.5m wide continuous channel samples.
- Channel samples are taken at three (top, middle, bottom) positions on the face.
- Widths and grades are averages the channel samples at each level
- Gold assayed by 50gm charge fire assay