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**MEDIA RELEASE**

**Drilling at Kainantu confirms continuous high grade gold mineralisation over 1,100 metres**

**Inferred resource estimate of 1.78 million ounces of contained gold**

Highlands Pacific Limited (ASX: HIG, 'Highlands') has reported encouraging signs of substantial gold deposits within the Company's Kainantu Gold Prospect in Papua New Guinea.

In a recent report, Highlands state that a diamond drilling program completed in the December quarter has confirmed continuous high grade gold mineralisation in the Irumafimpa structure over a 1,100 m strike length.

Highlands' Managing Director, Mr Ian Holzberger said the results were excellent and highlighted the project's potential to contain high grade multi-million ounce gold deposits.

"Based on drilling results to date, Kainantu has an inferred resource estimate of 1.84 million tonnes at 30.1 g/t gold, or 1.78 million ounces of contained gold *(See Table 1)*.

"Best results include **2 metres at 200.0 g/t gold, 8.5 metres at 18.7 g/t gold and 2.0 metres at 14.4 g/t gold** *(See Table 2)*.

"On the basis of these results the Joint Venture is now considering a resource drillout to improve the resource's status and provide a basis for a feasibility study of a mining operation," Mr Holzberger said.

The Irumafimpa structure remains open at depth and along strike. Surface workings indicate that the mineralised zone could extend for a further 1,500 metres and down dip. At this stage only 200 metres of the vertical potential has been tested.

The Kainantu Gold Project (HIG 100% interest, diluting 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 a US\$3.5 million exploration program.

Since exploration sampling and drilling began in August 1999, two major gold veins, Irumafimpa and Maniape/Arokempa, have been identified.

**Contact:**

Ian Holzberger  
Managing Director  
Phone: 07-3864 0710  
Mobile: 0418 886 165  
Email: irh@highpacific.com.au

Jeff Forbes  
General Manager – Finance  
Phone: 07-3864 0710  
Mobile: 0408 756 790  
Email: jif@highpacific.com.au

**TABLE 1 - Irumafimpa Inferred Resource Estimate by Polygons**

ID	Width (m)	Vol (m <sup>3</sup> )	Mass (t)	Au (g/t)	Ag (g/t)	Contained Gold (oz)
006BD92	1.9	133,170	332,929	8.1	0.5	86,930
004BD92	0.9	12,160	30,412	24.3	4.5	23,760
005BD92	1.1	13,850	34,625	12.0	1.0	13,360
034BD99	1.7	94,750	236,863	7.3	0.3	55,600
003BD92	1.1	6,540	16,342	8.2	0.5	4,290
030BD99	1.5	136,070	340,172	80.0	8.0	875,040
002BD92	5.7	56,020	140,059	34.2	151.6	153,930
011BD94	1.0	20,350	50,866	15.8	5.0	25,840
028BD99	4.9	79,070	197,666	11.0	3.7	69,910
027BD99	3.3	83,280	208,190	35.7	7.0	238,980
001BD92	1.9	14,220	35,562	53.1	1.3	60,670
007BD93	1.5	16,610	41,535	63.1	10.5	84,270
009BD93	0.6	13,750	34,386	24.7	13.1	27,310
023BD99	3.5	36,500	91,259	15.0	N/A	44,020
010BD94	0.4	20,630	51,581	11.0	38.0	18,240

## Notes:

- Resource based on the drill hole centered polygonal estimate method.
- Diamond drill core split by diamond saw and half core dispatched for assay.
- 80 g/t Au upper cut applied to drill hole assays.
- All gold assays by 50g charge fire assay.
- Check assays undertaken by ALS.
- Bulk density estimated at 2.5.
- Hole 023BD99 penetrated an old stope for this resource estimate the interval and hence the polygon was assigned a grade of 15 g/t Au.

**TABLE 2 - Irumafimpa Diamond Drill Hole Assay Results**

Hole	Nth. (m)	East (m)	RL (m)	From (m)	To (m)	Int. (m)	Au g/t
027BD99	9318535	374357	1521	142.0	150.5	8.5	18.7
And				197.5	199.5	2.0	14.4
028BD99	9318673	374497	1555	180.0	188.0	8.0	9.4
And				191.0	194.0	3.0	6.2
029BD99	9318892	374370	1487	18.0	20.0	2.0	7.0
030BD99	9318517	374763	1665	370.0	372.0	2.0	200.0
031BD99	9318670	374620	1598	70.3	71.1	0.8	12.8
034BD99	9319030	374130	1393	72.0	76.0	4.0	5.8