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PRESS RELEASE

**NORANDA ACQUIRES OPTION OVER
HIGHLANDS PACIFIC'S COPPER PROPERTIES**

Highlands Pacific (HPL) and Noranda Inc. have entered into an agreement whereby Noranda has a 5-year option to acquire a 72% interest in HPL's Frieda, April River and Bundi tenements. The target of the program is copper / gold deposits.

Mr Ian Holzberger, Managing Director of HPL, said "the company is delighted to welcome Noranda to the projects and to PNG.

"The agreement represents a strategic alliance between HPL and Noranda to explore and develop copper projects in PNG which offers a huge, substantially untested potential." Mr Holzberger added.

The key elements of the agreement are:

- the option is for a period of 5 years during which Noranda will sole fund HPL's share of exploration expenditure on the properties, with a minimum expenditure commitment of USD750,000 per annum;
- Noranda can exercise the option at any time during the 5 years;
- HPL will manage the exploration programme but Noranda can elect to take over the management after spending USD3 million;
- After the exercise of the option, Noranda are obligated to fund HPL's share of a bankable feasibility study, which is to be completed within 5 years of the option being exercised;
- The Nena deposit (which is contained within the Frieda tenements) is excluded from the option, but Noranda have the option to acquire a 72% interest in the Nena deposit for a payment of USD10.8 million to HPL; and
- Noranda will provide a completion guarantee for HPL's share of any project debt related to the commercial development of the project.

The relevant interests in the tenements are:

	Current		Option Exercised	
	Frieda	April River & Bundi	Frieda	April River & Bundi
Noranda	-	-	72%	72%
HPL	88%	100%	16%	28%
OMRD	12%	-	12%	-

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