



HIGHLANDS PACIFIC LIMITED ARBN 078 118 653
Incorporated in Papua New Guinea

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HIGHLANDS PACIFIC LTD TO SELL ITS SHARE IN THE KAINANTU GOLD MINE AND SURROUNDING EXPLORATION LICENSES FOR \$US141.5M

Highlands Pacific Ltd (ASX:HGL) is pleased to announce that it has signed a binding Sales and Purchase Agreement with Barrick Gold Corporation for the sale of its interest in the Kainantu Gold Mine and surrounding exploration tenements in the Kainantu region of Papua New Guinea. The sale price is USD141.5 million, with the agreement subject to PNG regulatory and shareholder approvals. Shareholder approval will be sought before the end of the calendar year.

Mr John Gooding, the Managing Director of Highlands, said that the Group's future would be secured by paying out the monetised gold hedge program of approximately USD93 million, and the loan facility which totals a further USD19.8 million. On completion of the sale, Highlands would have cash reserves of approximately USD29 million to pursue other growth strategies and allow it to retain full exposure to its Ramu nickel and Frieda copper/gold assets.

"Barrick is the world's largest gold miner, and is presently operating the Porgera Goldmine in PNG in which it has a 95% interest. Barrick has all the required attributes and capacity to successfully manage the Kainantu operation" Mr Gooding said.

The Barrick offer of \$141.5m effectively recapitalises Highlands whilst removing the significant financial risk faced by the Company and shareholders from a deteriorating hedge book. The sale of Kainantu was the very best outcome for all stakeholders in Highlands, and will enable the Company to unlock the value of its interest in two other world-class assets at Ramu and Frieda", Mr Gooding said.

At Ramu, Highlands has an 8.56% interest carried to production, which can be increased to 11.30% at no cost to the Company after the debt for the financing of the project has been repaid from the project's surplus cash flow. At this time, Highlands will also have the option to purchase up to an additional 9.25% at market value which, if exercised, would take Highlands' total interest to 20.55%. This world-scale nickel/cobalt project being developed by MCC is on track for commissioning in 2009. Planned production is 32,000 tonnes of nickel and 3,100 tonnes of cobalt annually.

In the world-class copper/gold project at Frieda, Highlands has a 16.22% interest carried to bankable feasibility study stage. The project is managed by Xstrata.

Mr Gooding said that Highlands' shareholders could now look forward to a very bright and secure future with the upside from participation in these two world-class projects, and cash of USD29 million, but without the growing hedge book risks associated with Kainantu.

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