



2 November, 2009

Update: Frieda Copper Project, PNG

968 metre copper gold intersection

Deep hole finished in mineralisation

Exploration highlights potential for a large increase in resource

ASX Code: HIG
PoMSox Code: HIG
Shares on Issue: 656 million
Options on Issue: 98 million

Directors

Ken MacDonald, *Chairman*
John Gooding, *Managing Director*
Ian Burvill
Mike Carroll
Rod Mitchell
Fiu Williame-Igara

Management

Craig Lennon, *CFO & Co.Sec*
Larry Queen, *Chief Geologist*
Terry Smith, *GM Mining & BD*
Peter Jolly, *GM Projects*

For further information, please contact:

John Gooding or Craig Lennon
Highlands Pacific - 07 3239 7800

Media Enquiries to:

Simon Jemison
Collins Street Media - 03 9224 5319

Investor Enquiries to:

David Waterhouse
Waterhouse IR - 03 9670 5008

Website: www.highlandspacific.com

Highlands Pacific today reports a 978 metre deep hole from the Horse-Ivaal-Trukai deposit at its Frieda River copper gold project in Papua New Guinea which significantly extends the depth of mineralisation and highlights Frieda's potential as one of the world's top 10 emerging copper gold projects.

Exploration drilling by Highlands joint venture partner Xstrata Copper was designed to test the depth extension of the known Frieda mineralisation as part of geotechnical and pit design work for the pre-feasibility study due in mid-2010.

An updated Mineral Resource statement for Frieda is expected by the end of 2009.

The new deep hole result (hole 280XC09) has recently been assayed and returned three copper and gold intersections at a 0.2%Cu cutoff of 412 metres at 0.6% copper, 0.2g/t gold; 10 metres of 0.2%Cu and 0.1g/t gold and 522 metres of 0.4%Cu and 0.5g/t gold, for a total hole depth of 978 metres and finishing in mineralisation.

At a 0.1% Cu cutoff the continuous intersection totals 968 metres @0.5% Cu and 0.4g/t gold starting from 10m down hole.

Managing Director of Highlands Pacific Mr John Gooding said today:

"In all my years in exploration and mining, I have never heard of such a long copper intersection in one hole. We already knew the Frieda mineralisation extended from surface to about 600 metres, but to have mineralisation at 978 metres is simply outstanding.

"The scoping study plans released earlier this year envisaged an open pit to a depth of about 400-600 metres, the base of the current resource model. Whilst we note that a single deep intersection itself will not materially change the revised resource estimate, this information provides further confidence in the size of the deposit.

Suffice to say Frieda River has the potential to become a low-cost and very large open-cut copper mine."

The deep hole drilling formed part of the Frieda River project US\$36 million budgeted work program for 2009. Drilling at Frieda is currently focussed on geotechnical work including in-pit studies, process plant site locations,



quarries and potential dam sites.

The tabulated results below show intercepts at a 0.2% Cu cut-off and higher grade portions at 0.5% cut-off. Maximum internal dilution in the zones quoted below is 6m.

Hole	From	To	m	Cu_pct	Au_ppm	Recovery %
280XC09	12	424	412	0.59	0.23	87
	436	446	10	0.23	0.12	97
	456	978	522	0.40	0.50	97
<i>Including the following intervals at a 0.5% Cu lower</i>						
	16	26	10	0.63	0.11	34
	36	38	2	0.63	0.21	85
	60	74	14	0.53	0.22	88
	90	108	18	0.67	0.28	90
	130	382	252	0.71	0.28	87
	468	498	30	0.95	0.94	99
	506	514	8	0.59	0.59	99
	522	524	2	0.51	0.54	99
	564	582	18	0.51	0.84	98
	698	700	2	0.53	0.68	99
	722	726	4	0.76	1.06	100
	752	754	2	0.70	0.60	100
	800	802	2	1.38	0.57	95
	820	822	2	0.88	0.40	100
	844	846	2	0.55	0.74	85
	908	912	4	0.55	0.63	100
	922	928	6	0.52	0.52	100
	946	978	32	0.64	0.70	97

About Highlands Pacific Limited:

Highlands Pacific is listed on the ASX and PoMSox exchanges. As at 2 November 2009 it had a market capitalisation of A\$181 million and held approximately A\$25m (US\$22m) in cash. Its major development assets are holdings in two of Papua New Guinea's major resource assets - the US\$1.37bn Ramu nickel cobalt project and the Frieda River copper gold project, where Xstrata have spent approximately US\$47m in the past 18 months. Highlands is also due to commence exploration on the highly prospective Nong River and Tifalmin licenses approximately 20km north of Ok Tedi.

About the Frieda Copper Gold Project:

The Frieda copper project is one of the world's largest undeveloped copper/ gold resources. Frieda River is 170 kilometres NW of the giant Porgera gold mine. The project owners are Xstrata Frieda River Limited (76.2%), Highlands (16.9%) and OMRD (6.9%).

Highlands has a free-carried interest through to completion of a Feasibility Study (required to be completed by January 2012). The results of an extended scoping study were released in early 2009 and envisaged a 40Mtpa plant with production over an initial 27 year mine life averaging 200,000 tonnes of copper metal and 240,000 ozpa. Xstrata's budgeted expenditure for 2009 is US\$36 million, with similar annualised levels of expenditure expected for the first half of 2010 prior to a decision on a 12 month feasibility study.



A pre-feasibility study is due for completion in August 2010 at which time, subject to the project continuing to meet project hurdles, the project will advance to a 12-month feasibility study. This would allow the project to potentially commence construction in 2012 and production in 2016.

Recent important drill hole results have been previously published and are available for viewing on the Highlands website. www.highlandspacific.com

About the Ramu Nickel Cobalt Project:

The Ramu nickel project is located 75 km west of the provincial capital of Madang, PNG and will produce an annual output of 31,500 tonnes of nickel and 3300 tonnes of cobalt contained in high grade concentrate over a 20 year mine life. The mineral resources at Ramu have the potential to increase the mine life by a further 15-20 years. The project is currently in construction phase with commissioning due to commence by the end of 2009.

Highlands has an 8.56% interest in the Ramu project which will increase to 11.3% at no cost to the Company after repayment of the debt raised to finance the project has been completed from operating cash flow (estimated to be 10 years). From commissioning, Highlands is able to have access to its pro-rata 8.56% share of Ramu's post-debt servicing net cash flow. Highlands also has an option to acquire an additional 9.25% at fair market value which could increase its interest to 20.55%.

Competent Persons Statement:

The exploration results reported here are based on information compiled by Mr L.D. Queen who is a member of the Australian Institute of Mining and Metallurgy, and who is employed by Highlands Pacific Limited. Mr Queen has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, The JORC Code 2004 Edition". He consents to the inclusion in the report of the matters based on the information compiled by him in the form and context in which it appears.

Appendix – Frieda Copper Project Drilling Results

Notes: The following statements apply to the Horse/Ivaal/Trukai exploration results:

- *Gold assays reported in this announcement are the subject of a review and should be regarded as preliminary.*
- *Mineralised intersections are quoted as down hole widths. The porphyry mineralisation occurs as disseminations and vein stockworks.*
- *Collar locations are in UTM Zone 54 co-ordinates using the AGD66 horizontal datum.*
- *Drill core is PQ, HQ or NQ size.*
- *Assays were carried out on half sawn core. The half core is crushed and pulverized to ~ 180 mesh on site. 200 gram samples are despatched for assay. QAQC control samples make up approximately 10% of each batch sent for analysis. The unused half core is stored on site.*
- *Samples were analysed at ALS-Chemex in Townsville. Gold is by 50g fire assay and copper by ICP-AES on an aqua regia digest. Samples assaying greater than 0.5% Cu are re-assayed using an ore grade method suitable for higher grade samples.*
- *Hole positions are based on surveys of the drill pad. Actual collars are within 10m of stated locations.*