



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

Registered Office

PO Box 1486, Port Moresby NCD 121
Papua New Guinea
Level 1, Allotment 6, Section 58, Sir
Hubert Murray Highway
Boroko NCD
Papua New Guinea

Telephone: (675) 323 5966

Facsimile: (675) 323 5990

Website: www.highlandspacific.com

Registered Office in Australia

GPO Box 3086, Brisbane QLD 4001
Australia

Level 4, 167 Eagle Street

Brisbane Qld 4000

Australia

Telephone: (617) 3239 7800

Facsimile: (617) 3221 6727

Email: info@highlandspacific.com

8th October 2009

UPDATE - FRIEDA RIVER COPPER GOLD PROJECT

- **Deep drilling continues to deliver results with broad intersections of good mineralisation in August/September**
 - **Significant increase in Indicated Resources likely in Dec 2009**
 - **Pre-feasibility study on track for completion in mid-2010**

Highlands Pacific (ASX: HIG) today reports significant exploration drilling results from infill drilling at its world class Frieda copper gold project in Papua New Guinea. These results will be used in the revised resource estimate due later this year.

The exploration programme at the Horse-Ivaal-Trukai copper gold porphyry deposit within the Frieda project area has approximately 220 people on site with five rigs drilling approximately 2,400 metres per month. This activity is part of an extensive 36,000 metre drilling programme, which forms a portion of the US\$36 million budget for 2009.

Drilling at Frieda is currently mainly focussed on geotechnical specific work including Horse-Ivaal-Trukai in-pit studies, process plant site locations, quarries and potential dam sites.

The drilling results reported today include shallow and deep drilling (some to a depth of 600 metres).

The results will be included in a revised Resource Statement due in December which will form the basis of a pre-feasibility due by mid-2010. Highlands anticipate a significant upgrade in Frieda Resource Statement in December.

The significant intersections reported today at a 0.2% Cu lower cut off include:

Hole 252XC09	208 metres @ 0.61% Cu and 0.46 g/t gold from 22 metres down hole
Hole 256XC09	319 metres @ 0.58% Cu and 0.20 g/t gold from 2 metres down hole
Hole 257XC09	260 metres @ 0.66% Cu and 0.45 g/t gold from 148 metres down hole
Hole 258XC09	458 metres @ 0.70% Cu and 0.43 g/t gold from 12 metres down hole
Hole 262XC09	340 metres @ 0.59% Cu and 0.20 g/t gold from 2 metres down hole
Hole 268XC09	208 metres @ 0.54% Cu and 0.32 g/t gold from 12 metres down hole and
Hole 268XC09	312 metres @ 0.50% Cu and 0.22 g/t gold from 288 metres down hole

More detailed drilling results are contained below in appendix 1

Managing Director of Highlands Pacific Ltd Mr John Gooding said today:

“Drilling during August and September continued to showcase the sheer size and scale of Frieda and the potential for many decades of copper production. Recent work by Highlands suggests Frieda’s copper C1 cash cost could be less than US25c/lb, placing it amongst the lowest-cost new copper projects in the world. And the cash costs in the first five to ten years would be significantly lower. Xstrata which is managing the pre-feasibility study is likely to consider plant production options and configurations up to 50Mtpa and this study due in mid-2010 will be the key in revealing the project’s full potential.”

About Highlands Pacific Limited:

Highlands Pacific is listed on the ASX and PoMSox exchanges. As at 7 October 2009 it had a market capitalisation of A\$144 million and held approximately A\$27m (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.

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%.

For further information contact:

Mr John Gooding
Managing Director
Highlands Pacific Ltd
Phone: (61 7) 3239 7800

or

Mr Craig Lennon
Chief Financial Officer
Highlands Pacific Ltd
Phone: (61 7) 3239 7800

Mr David Waterhouse
Waterhouse IR
Investor Relations
Phone: (61 3) 9670 5008

Mr Simon Jemison
Collins Street Media
Media Relations
Phone: (61 3) 9224 5319

Appendix 1 – 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.
- *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.*

Hole	North	East	Level	Azimuth	Dip	Total Depth (m)
246XC09	9479756	585810	529	260	-50	495.6
247XC09	9480351	584151	688	222	-65	622.7
248XC09	9480562	584696	601	210	-55	597.2
249XC09	9479742	585345	528	80	-60	511.7
250XC09	9480617	584345	648	197	-61.5	365.3
251XC09	9479698	585405	495	210	-70	309.9
252XC09	9480303	583867	752	210	-50	295.6
254XC09	9480614	585035	645	320	-65	363.3
256XC09	9480183	584473	715	210	-50	320.7
257XC09	9480383	583840	765	205	-70	407.9
258XC09	9480065	584745	626	210	-75	601.5
260XC09	9479699	585230	511	260	-60	367.4
262XC09	9480183	584473	715	210	-63	483.7
268XC09	9479699	585230	511	80	-60	600.2

Hole	Downhole Interval		Cu (%)	Au (ppm)	Core Recovery %
	From	To			
250XC09	28	350	0.46	0.14	81
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>					
	32	54	22	0.70	84
	68	138	70	0.60	86
	176	178	2	0.58	92
	208	240	32	0.52	85
	254	260	6	0.53	89
	280	282	2	0.52	60
	320	360	40	0.53	68
251XC09	8	110	102	0.36	81
	126	222	96	0.33	86
	238	242	4	0.29	100

<i>Including the following intervals at a 0.5% Cu lower cut-off</i>	42	52	10	0.38	0.16	75
	62	64	2	0.60	0.20	90
	74	84	10	0.56	0.25	94
	104	106	2	0.51	0.24	45
	142	144	2	0.57	0.31	95
	216	220	4	0.54	0.14	98
252XC09	22	230	208	0.61	0.46	75
	270	272	2	0.29	0.06	80
	292	294	2	0.35	0.11	100
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>	30	154	124	0.71	0.65	82
	164	174	10	0.77	0.24	79
	206	214	8	0.62	0.11	71
256XC09	2	320.7	319	0.58	0.20	88
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>	4	64	60	1.10	0.27	95
	94	102	8	0.78	0.32	93
	116	118	2	0.71	0.21	100
	132	134	2	0.56	0.21	95
	154	218	64	0.87	0.39	69
	228	230	2	0.58	0.17	100
	294	298	4	0.57	0.16	88
257XC09	64	138	74	1.17	1.21	91
	148	407.9	260	0.66	0.45	94
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>	64	136	72	1.20	1.23	92
	154	220	66	1.12	1.02	92
	228	236	8	0.94	1.53	92
	252	292	40	0.91	0.42	96
	300	328	28	0.62	0.16	96
	342	360	18	0.50	0.13	99
	380	382	2	0.65	0.23	97
	394	396	2	0.53	0.06	100
258XC09	12	470	458	0.70	0.43	97
	482	510	28	0.85	0.93	98
	542	554	12	0.22	0.14	98
	562	601.5	39.5	0.38	0.13	97
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>	12	298	286	0.72	0.33	96
	306	448	142	0.69	0.59	98
	456	468	12	0.99	0.94	99
	482	510	28	0.85	0.93	98
	564	574	10	0.54	0.18	95
260XC09	32	74	42	0.19	0.16	80
	84	188	104	0.40	0.14	97
	200	230	30	0.35	0.13	100
	244	246	2	0.22	0.06	100
	264	266	2	0.29	0.04	100
	280	282	2	0.27	0.05	91

	292	314	22	0.20	0.03	99
	322	326	4	0.36	0.08	100
	342	360	18	0.17	0.05	98
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	94	98	4	0.60	0.37	83
	128	162	34	0.51	0.15	99
	224	230	6	0.50	0.26	100
262XC09	2	342	340	0.59	0.20	91
	356	366	10	0.18	0.08	99
	384	440	56	0.21	0.09	99
	450	460	10	0.16	0.06	100
	468	483.7	15.7	0.29	0.08	98
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	4	46	42	0.93	0.26	92
	96	132	36	0.53	0.22	95
	150	156	6	0.50	0.13	92
	164	202	38	1.01	0.39	84
	218	280	62	0.78	0.26	93
	294	312	18	0.52	0.19	56
268XC09	12	220	208	0.54	0.32	91
	276	280	4	0.35	0.19	99
	288	600	312	0.50	0.22	98
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	18	32	14	0.95	0.39	96
	40	42	2	0.67	0.23	60
	56	58	2	0.68	0.37	70
	82	90	8	0.54	0.35	76
	98	160	62	0.64	0.39	92
	170	206	36	0.62	0.31	93
	216	218	2	0.53	0.36	99
	302	324	22	0.56	0.27	97
	338	340	2	0.77	0.32	100
	354	410	56	0.57	0.25	97
	434	468	34	0.63	0.28	99
	480	486	6	0.50	0.22	100
	496	524	28	0.60	0.30	98
	532	540	8	0.64	0.21	99
	550	554	4	0.54	0.21	98
	572	586	14	0.53	0.23	98
	594	598	4	0.55	0.22	99

October 2008 resource estimate is tabulated using a cut off grade of 0.3% and 0.5% on total copper while previous estimates used a 0.2% cut off on total copper.

Table I: Horse-Ivaal-Trukai deposit estimated Mineral Resource using a 0.30% copper cut-off

Resource Category	Tonnage (Mt)	Cu %	Au g/t
Indicated	90	0.61	0.37
Inferred	750	0.53	0.26

Total	840	0.53	0.28
-------	-----	------	------

Table II: Horse-Ivaal-Trukai deposit estimated Mineral Resource using a 0.50% copper cut-off

Resource Category	Tonnage (Mt)	Cu %	Au g/t
Indicated	60	0.73	0.42
Inferred	360	0.67	0.32
Total	420	0.67	0.34

Note: These figures are constrained by topography; no economic pit has been applied to constrain the estimate. Numbers have been rounded to two significant figures for tabulation.

Note:

The information in the report that relates to Mineral Resources (Tables I and II above) is based on information compiled by Mr Raúl Roco, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Roco is a full-time employee of an Xstrata Copper entity. Mr Roco has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the estimation of Mineral Resources to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Roco consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.