13 May, 2010

Frieda Copper Gold Project, PNG

Further excellent drilling results as project enters the final stages of drilling
Pre-feasibility study on track for completion in third quarter 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. Infill drilling that will be used to define the Horse/Ivaal/Tukai copper gold porphyry resource for the Frieda project bankable feasibility study is schedule to be closed in the next 12 months.

The exploration programme at the Horse-Ivaal-Trukai copper gold porphyry deposit within the Frieda project area has approximately 220 people on site with seven rigs that are currently drilling approximately 5,000 metres per month. This activity is part of an extensive 50,000 metre drilling programme, which forms a portion of the US$78 million budget for 2010.

With a Pre-feasibility Study scheduled to be completed in the third quarter of this year, the Frieda project is on track for this important milestone.

Managing Director of Highlands Pacific Ltd Mr John Gooding said today:
"The drilling results are just confirming our expectations that the Frieda Project is going to be one of the new generation of world class copper gold mines. We expect that the Pre-feasibility Study planned for release in the third quarter of this year will add a significant new dimension to this project, and now with 18.18% of the project Highlands' shareholders will be the beneficiaries."

The significant intersections at a 0.2% Cu lower cutoff include:

Hole 279XC09	280 metres @ 0.48% Cu and 0.08 g/t gold from 168 metres down hole
Hole 300XC09	716 metres @ 0.55% Cu and 0.30 g/t gold from 40 metres down hole
Hole 318XC09	492 metres @ 0.60% Cu and 0.34 g/t gold from 28 metres down hole
Hole 320XC09	691 metres @ 0.46% Cu and 0.16 g/t gold from 110 metres down hole
Hole 321XC09	230 metres @ 0.60% Cu and 0.31 g/t gold from 134 metres down hole
Hole 327XC10	411 metres @ 0.54% Cu and 0.36 g/t gold from 14 metres down hole
Hole 333XC10	240 metres @ 0.53% Cu and 0.55 g/t gold from 62 metres down hole
Hole 335XC10	332 metres @ 0.75% Cu and 0.28 g/t gold from 180 metres down hole
Hole 336XC10	271 metres @ 0.52% Cu and 0.17 g/t gold from 38 metres down hole
Hole 339XC10	272 metres @ 0.35% Cu and 0.21 g/t gold from 48 metres down hole
Hole 340XC10	506 metres @ 0.55% Cu and 0.38 g/t gold from 34 metres down hole
Hole 341XC10	316 metres @ 0.52% Cu and 0.42 g/t gold from 74 metres down hole
Hole 342XC10	370 metres @ 0.57% Cu and 0.23 g/t gold from 64 metres down hole

Update on the Ramu Nickel Cobalt project, PNG

The project remains under an interim injunction with regards to the construction activities of the Deep Sea Tailings Displacement (DSTP) facility being constructed at the Basamuk process plant site, although all other activities continue. A hearing in the National Court in Madang earlier this week failed to overturn the injunction, however the defendants being Ramu NiCo (MCC) Management Limited (as operator and manager), the Mineral Resources Authority (MRA) of PNG, the Department of Environmental Conservation and The Independent State of Papua New Guinea all remain confident that a solution will be forth coming.

Highlands not affected by Resource Super Profits Tax (RSPT)

As Highlands projects are located in PNG and it is a PNG incorporated and registered company it is not subject to the Australian taxation system.

Hole	North	East	Level	Azimuth	Dip	Total Depth (m)
279XC09	9480003	583611	927	210	-70	492.3
280XC09	9480330	584896	579	240	-73	978.1
282XC09	9480452	584053	687	30	-60	404.3
291XC09	9480510	584316	647	245	-70	427.4
299XC09	9480933	584031	830	300	-65	450.2
300XC09	9480437	584351	646	55	-70	933.8
308XC09	9480345	583472	817	315	-70	325.6
310XC09	9480150	584023	729	210	-50	215.2
318XC09	9480563	584695	601	210	-73	601.3
320XC09	9479957	585031	612	260	-66.5	801
321XC09	9480072	585484	547	210	-75	489.1
326XC10	9480095	585445	569	210	-70	400.4
326XC10	9480095	585445	569	210	-70	400.4
327XC10	9480163	584944	569	210	-60	425.3
328XC10	9480194	585605	518	210	-50	337.4
328XC10	9480194	585605	518	210	-50	337.4
329XC10	9480166	583942	778	210	-55	243.1
329XC10	9480166	583942	778	210	-55	243.1
330XC10	9480072	585484	547	259.6	-46	221.4
331XC10	9479943	585404	541	259.6	-45	141.8
332XC10	9480563	584695	601	30	-65	234.9
333XC10	9480177	585066	557	209.6	-45	302.7
334XC10	9480081	584991	620	209.6	-45	301.2
335XC10	9480384	583664	753	90	-70	550.6
336XC10	9480534	584404	637	208.8	-63	309.7
337XC10	9480642	584564	614	30	-67	86.7
338XC10	9480523	584599	609	348	-61	346.4
339XC10	9480535	584494	625	30	-65	362.7
340XC10	9480081	584991	620	210	-65	539.8
341XC10	9480177	585066	558	210	-65	486
342XC10	9480563	584695	603	210.3	-90	454.3
344XC10	9480654	584332	666	30	-65	292.8

Notes:

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

- *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	From	To	Downhole Interval (m)	Cu (%)	Au (ppm)	Core Recovery %
279XC09	110	122	12	0.3	0.03	96
	168	448	280	0.48	0.08	89
	464	492.3	28.3	0.26	0.05	70
Including the following intervals at a 0.5% Cu lower cut-off						
	172	174	2	0.84	0.1	77
	184	198	14	0.52	0.07	77
	208	296	88	0.7	0.09	92
	326	330	4	1.07	0.11	96
	434	438	4	0.65	0.09	91
	476	478	2	0.76	0.09	85
282XC09	62	64	2	0.24	0.02	80
	86	94	8	0.17	0.01	56
	190	192	2	0.27	0.03	100
	208	210	2	0.3	0.01	100
	240	250	10	0.19	-0.01	85
291XC09	36	146	110	0.45	0.16	89
	318	320	2	0.58	0.06	67
	332	352	20	0.27	0.08	82
	364	376	12	0.21	0.07	67
	404	406	2	0.2	0.04	70
Including the following intervals at a 0.5% Cu lower cut-off						
	36	92	56	0.6	0.22	92
	318	320	2	0.58	0.06	67
299XC09	58	150	92	0.61	0.03	88
	158	160	2	0.21	0.02	92
	206	222	16	1.01	0.46	91
	352	354	2	0.21	0.05	55
Including the following intervals at a 0.5% Cu lower cut-off						
	58	66	8	0.81	0.03	99
	78	94	16	0.8	0.02	78

	102	108	6	1.18	0.03	91
	116	132	16	1.12	0.05	84
	206	222	16	1.01	0.46	91
300XC09	40	756	716	0.55	0.3	93
	764	772	8	0.2	0.06	100
	780	808	28	0.3	0.11	100
	816	856	40	0.28	0.09	100
	878	884	6	0.2	0.09	100
	896	933.4	37.4	0.36	0.1	100
Including the following intervals at a 0.5% Cu lower cut-off						
	40	42	2	1.99	0.1	50
	52	54	2	0.56	0.27	80
	96	134	38	0.66	0.25	84
	142	292	150	0.73	0.4	84
	306	312	6	0.5	0.2	88
	320	326	6	1.04	0.4	95
	340	342	2	0.67	0.44	95
	356	484	128	0.68	0.33	100
	508	516	8	0.54	0.37	100
	524	534	10	0.68	0.44	100
	548	564	16	0.68	0.45	100
	576	580	4	0.59	0.28	100
	594	658	64	0.59	0.4	100
	670	674	4	0.55	0.48	99
	690	700	10	0.61	0.39	100
	720	722	2	0.61	0.34	100
	740	742	2	0.96	0.34	100
	916	918	2	0.56	0.13	100
308XC09	16	28	12	0.24	0.03	96
	82	178	96	0.3	0.05	86
	192	196	4	0.27	0.04	63
	264	266	2	0.2	0.06	100
Including the following intervals at a 0.5% Cu lower cut-off						
	16	18	2	0.78	0.07	96
	82	104	22	0.4	0.05	83
310XC09	22	162	140	0.3	0.09	89
	174	200	26	0.29	0.14	88
	214	215.2	1.2	0.23	0.05	83
Including the following intervals at a 0.5% Cu lower cut-off						
	22	24	2	0.55	0.2	100
	32	44	12	0.52	0.09	76
	54	56	2	0.72	0.44	83
	140	144	4	0.56	0.11	77
	188	192	4	0.95	0.47	87

318XC09	28	520	492	0.6	0.34	91
	534	601.3	67.3	0.29	0.2	96
Including the following intervals at a 0.5% Cu lower cut-off						
	28	34	6	0.6	0.2	94
	44	68	24	0.61	0.14	93
	88	106	18	0.62	0.16	98
	116	156	40	0.65	0.21	80
	164	178	14	0.48	0.18	85
	190	194	4	0.81	0.28	100
	202	310	108	0.96	0.46	79
	320	360	40	0.58	0.44	97
	374	390	16	0.46	0.36	98
	398	450	52	0.56	0.58	99
	462	464	2	0.95	1.24	100
	482	486	4	0.76	0.63	97
	502	504	2	0.5	0.43	97
320XC09	6	26	20	0.29	0.44	96
	34	72	38	0.37	0.15	97
	80	88	8	0.27	0.15	98
	96	100	4	0.27	0.16	100
	110	801	691	0.46	0.16	99
Including the following intervals at a 0.5% Cu lower cut-off						
	6	8	2	0.52	0.66	95
	44	52	8	0.71	0.2	96
	110	206	96	0.72	0.29	93
	258	272	14	0.6	0.21	100
	290	298	8	0.5	0.05	100
	310	312	2	0.63	0.05	100
	344	346	2	0.93	0.22	100
	386	388	2	0.57	0.18	100
	426	446	20	0.54	0.18	100
	458	490	32	0.52	0.16	100
	500	502	2	0.69	0.21	93
	520	522	2	0.59	0.16	100
	532	554	22	0.5	0.18	100
	576	624	48	0.57	0.21	100
	638	640	2	0.55	0.2	100
	652	704	52	0.52	0.19	100
	716	762	46	0.53	0.17	100
	798	801	3	0.58	0.1	100
321XC09	8	72	64	0.53	0.28	92
	82	86	4	0.23	0.1	93
	94	114	20	0.21	0.12	93
	134	364	230	0.6	0.31	88
	374	408	34	0.27	0.11	97
	416	418	2	0.26	0.09	97
	482	489.1	7.1	0.27	0.13	97
Including the following intervals at a 0.5%						

Cu lower cut-off						
	10	38	28	0.89	0.43	90
	148	152	4	0.69	0.47	78
	166	318	152	0.78	0.4	87
	378	380	2	0.53	0.27	100
326XC10	12	126	114	0.55	0.18	92
	262	286	24	0.26	0.09	92
	310	312	2	0.25	0.06	100
	328	330	2	0.22	0.05	95
	346	348	2	0.23	0.04	100
Including the following intervals at a 0.5% Cu lower cut-off						
	22	36	14	1.09	0.19	96
	48	74	26	0.49	0.17	90
	96	124	28	0.66	0.19	88
327XC10	14	425.3	411.3	0.54	0.36	96
Including the following intervals at a 0.5% Cu lower cut-off						
	14	16	2	0.87	0.33	80
	26	54	28	0.71	0.37	92
	62	64	2	0.57	0.35	83
	80	82	2	0.57	0.24	100
	94	186	92	0.68	0.63	93
	194	196	2	0.57	0.84	95
	204	206	2	0.58	0.92	95
	220	222	2	0.78	0.34	100
	244	346	102	0.66	0.35	98
	390	420	30	0.55	0.17	97
328XC10	80	120	40	0.37	0.10	78
	128	156	28	0.38	0.10	76
	248	288	40	0.71	0.25	74
	300	302	2	0.42	0.12	100
	312	337.4	25.4	0.61	0.36	98
Including the following intervals at a 0.5% Cu lower cut-off						
	82	98	16	0.47	0.12	68
	132	142	10	0.49	0.13	86
	250	288	38	0.73	0.26	75
	314	336	22	0.65	0.39	100
329XC10	14	62	48	0.65	0.16	83
	102	158	56	0.39	0.09	68
	166	244	78	0.83	0.10	79
Including the following intervals at a 0.5% Cu lower cut-off						
	20	48	28	0.90	0.18	88
	104	106	2	0.55	0.18	95
	132	134	2	0.53	0.11	100
	148	156	8	0.63	0.13	60
	182	242	60	1.00	0.10	77

330XC10	10	44	34	0.35	0.19	38
	58	206	148	0.54	0.22	91
	220	221.4	1.4	0.24	0.15	65
Including the following intervals at a 0.5% Cu lower cut-off						
	14	18	4	0.84	0.25	39
	32	34	2	0.55	0.32	80
	58	62	4	0.58	0.22	87
	70	174	104	0.63	0.26	91
331XC10	8	136	128	0.48	0.29	90
Including the following intervals at a 0.5% Cu lower cut-off						
	16	56	40	0.65	0.43	85
	66	98	32	0.49	0.34	89
	130	132	2	0.63	0.27	100
332XC10	46	64	18	0.20	0.06	97
	76	152	76	0.30	0.06	95
	164	166	2	0.21	0.05	70
	184	188	4	0.21	0.05	100
	224	226	2	0.58	0.16	100
Including the following intervals at a 0.5% Cu lower cut-off						
	80	82	2	0.67	0.11	93
	90	116	26	0.44	0.10	100
	224	226	2	0.58	0.16	100
333XC10	24	40	16	0.84	0.47	69
	62	302.7	240.7	0.53	0.55	92
Including the following intervals at a 0.5% Cu lower cut-off						
	24	38	14	0.89	0.50	65
	66	102	36	0.67	0.51	73
	128	168	40	0.70	0.85	91
	210	282	72	0.62	0.68	100
	290	300	10	0.58	0.47	100
334XC10	4	18	14	0.28	1.77	78
	30	32	2	0.25	0.56	85
	56	301.2	245.2	0.51	0.26	83
Including the following intervals at a 0.5% Cu lower cut-off						
	56	58	2	0.69	0.37	80
	78	158	80	0.73	0.44	79
	204	230	26	0.57	0.21	76
	240	244	4	0.63	0.15	100
	284	286	2	1.36	0.51	100

335XC10	66	172	106	0.48	0.19	73
	180	512	332	0.75	0.28	96
	548	550.6	2.6	0.26	0.12	100
Including the following intervals at a 0.5% Cu lower cut-off						
	76	100	24	0.63	0.24	48
	112	114	2	0.84	0.18	80
	124	134	10	0.67	0.26	95
	142	154	12	0.59	0.17	87
	164	166	2	0.87	0.35	100
	188	192	4	0.70	0.41	100
	216	222	6	0.58	0.24	99
	248	250	2	0.73	0.28	92
	284	286	2	1.09	0.39	100
	304	512	208	1.02	0.36	97
336XC10	38	309.7	271.7	0.52	0.17	94
Including the following intervals at a 0.5% Cu lower cut-off						
	78	214	136	0.63	0.21	
	222	248	26	0.54	0.19	
	256	268	12	0.40	0.13	
	278	298	20	0.62	0.15	
337XC10	22	86.7	64.7	0.85	0.28	79
Including the following intervals at a 0.5% Cu lower cut-off						
	22	86.7	64.7	0.85	0.28	79
338XC10	30	56	26	0.28	0.07	88
	74	248	174	0.38	0.18	88
	256	286	30	0.36	0.14	89
	306	310	4	0.21	0.12	93
	318	320	2	0.25	0.06	92
Including the following intervals at a 0.5% Cu lower cut-off						
	106	134	28	0.84	0.45	69
	176	178	2	0.54	0.29	100
	192	202	10	0.36	0.17	99
	244	246	2	1.08	0.37	100
	278	282	4	1.24	0.24	75
339XC10	48	320	272	0.35	0.21	93
	342	344	2	0.27	0.10	96
	354	356	2	0.30	0.24	100
Including the following intervals at a 0.5% Cu lower cut-off						
	68	70	2	0.71	0.32	100
	82	84	2	0.56	0.31	87
	98	116	18	0.53	0.44	92
	124	140	16	0.51	0.34	89

	150	164	14	0.51	0.36	91
	190	194	4	0.92	0.35	100
	216	218	2	0.95	0.55	97
	262	264	2	0.66	0.26	92
340XC10	2	26	24	0.30	1.53	82
	34	540	506	0.55	0.38	97
Including the following intervals at a 0.5% Cu lower cut-off						
	2	4	2	0.55	1.16	90
	44	52	8	0.85	0.32	97
	84	216	132	0.73	0.73	93
	224	274	50	0.67	0.66	100
	282	296	14	0.56	0.48	100
	314	382	68	0.62	0.20	99
	400	402	2	0.61	0.21	100
	410	412	2	0.59	0.11	100
	420	422	2	0.64	0.19	100
	438	440	2	0.52	0.14	100
	466	500	34	0.56	0.17	99
	520	530	10	0.58	0.16	100
341XC10	8	44	36	0.74	0.70	79
	74	390	316	0.52	0.42	96
	408	412	4	0.22	0.11	100
	432	434	2	0.21	0.17	97
	448	450	2	0.29	0.09	100
	458	462	4	0.29	0.13	100
	470	482	12	0.19	0.10	99
Including the following intervals at a 0.5% Cu lower cut-off						
	12	44	32	0.78	0.75	82
	74	144	70	0.75	0.57	86
	160	208	48	0.72	0.83	100
	228	230	2	0.64	0.25	100
	248	250	2	0.52	0.27	100
	264	266	2	0.50	0.53	100
	288	302	14	0.82	0.51	99
	320	324	4	0.58	0.41	100
	332	334	2	0.57	0.36	85
	346	348	2	0.68	0.38	100
	360	362	2	0.56	0.33	100
342XC10	26	28	2	0.22	0.06	100
	38	52	14	0.26	0.06	99
	64	434	370	0.57	0.23	93
	444	450	6	0.29	0.17	100
Including the following intervals at a 0.5% Cu lower cut-off						
	108	110	2	1.49	0.95	35
	122	128	6	0.51	0.15	92
	144	160	16	0.71	0.16	72
	178	180	2	0.66	0.14	97

	214	216	2	0.53	0.09	93
	228	314	86	1.12	0.46	94
	354	356	2	0.51	0.29	95
	374	420	46	0.72	0.37	99
344XC10	50	70	20	0.27	0.07	96
	86	292.8	206.8	0.56	0.15	87
Including the following intervals at a 0.5% Cu lower cut-off						
	116	118	2	0.67	0.19	100
	132	248	116	0.70	0.19	81
	264	276	12	0.59	0.17	97
	290	292.8	2.8	0.64	0.15	96

Table I: **Horse-Ivaal-Trukai Mineral Resources at 0.30% Cu cut-off as at 23 December 2009**

Resource Class	Mt	Cu (%)	Au (g/t)	Mo (ppm)	Ag (g/tn)
Measured	30	0.60	0.32	38	0.7
Indicated	390	0.57	0.33	33	0.8
Inferred	640	0.51	0.26	32	0.8
Total	**1,060**	**0.53**	**0.29**	**33**	**0.8**

Note: Mineral Resources stated are based on “HIT 2009, pre-feasibility Resource Model”. These figures are constrained by topography and an economic pit calculated with Measured, Indicated and Inferred resources. Numbers may not be exact as they are rounded for tabulation.

Note:

The information in the report that relates to Mineral Resources 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.

ASX Code: HIG
PoMSox Code: HIG
Shares on Issue: 665 million
Options on Issue: 35 million

Market Capitalisation **A$176m**
Cash on Hand (31/03/10) **A$24m**

Directors
Ken MacDonald, *Chairman*
John Gooding, *Managing Director*
Mike Carroll
Rod Mitchell
Drew Simonsen
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 St Media - 03 9224 5319

Investor Enquiries to:
David Waterhouse
Waterhouse IR - 03 9670 5008

Website: www.highlandspacific.com

About Highlands Pacific Limited

Highlands Pacific is listed on the ASX and PoMSox exchanges. Its major development assets include the US$1.4bn Ramu nickel cobalt project, the Frieda River copper gold project and exploration on the highly prospective Nong River and Tifalmin licenses approximately 20km north of Ok Tedi. Highlands also holds exploration ground in the Wau/Bulolo close to the new Hidden Valley and Wafi gold projects and has cash reserves of A$24 million with no debt.

Frieda Copper/Gold Project

The Frieda copper project is one of the world's largest undeveloped copper/ gold resources. Frieda River is 170 kms NW of the giant Porgera gold mine. The project owners are Xstrata (81.82%) and Highlands (18.18%). Highlands has a free-carried interest through to completion of a bankable feasibility study (required by Jan 2012). Xstrata's spend for Frieda in 2009 was US$38m and in 2010 will be US$77.5m. A extended scoping study released in early 2009 indicated a 40Mtpa plant with a 27 year mine life averaging 160,000 tpa of copper metal and 240,000 ozpa of gold (with higher output in the first 10 years). The pre-feasibility study due in the third quarter of 2010 is currently considering larger throughput and production options. Subject to the project continuing to meet its project hurdles, a 12-month feasibility study would commence in 3Q 2010 with possible construction in 2012 and production in 2017.

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 31,150 tonnes of nickel and 3,300 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. Highlands 8.56% interest in the Ramu will increase to 11.3% at no cost after repayment of the project debt (estimated to be 8 years). From commissioning, Highlands has 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%. Progressive commissioning commenced late in the December quarter 2009 and is expected to continue through to June quarter 2010. Production is expected to commence after that with a staged ramp up through the December quarter 2010 and in 2011.