



8 December, 2009

## Update: Frieda Copper Project, PNG Resource update due January 2010 64,000 metres to be included

**ASX Code:** HIG  
**PoMSox Code:** HIG  
**Shares on Issue:** 660 million  
**Options on Issue:** 95 million

### **Directors**

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

### *Management*

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Larry Queen, *Chief Geologist*  
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**Highlands Pacific expects to release the revised resource estimate for the porphyry deposit at its Frieda River copper gold project in Papua New Guinea in January 2010. The planned work program for the year ahead will also be reported at that time.**

A resource update had been anticipated in mid-December, however due to the size of the revised drill hole database and geological models, joint venture partner Xstrata Copper has indicated the estimate will now be available in January. The previous (2008) resource estimate was based on 29,000m of diamond drilling in 110 holes whilst the current estimate will be based on 64,000m drilling in 209 holes. The drilling campaign has been focused on increasing confidence in the resource inventory and extending drilling beyond the margins of the deposit, particularly the depth extensions. The Resource Estimate forms part of the pre-feasibility study which is timetabled to be delivered in August 2010.

### **Managing Director of Highlands Pacific Mr John Gooding said today:**

*"Whilst it is disappointing to wait a little longer, the four week delay is not significant against the backdrop of such a successful program in 2009. I have little doubt the upgrade will highlight Frieda as one of the world's Tier 1 copper assets ripe for development in a world increasingly short on new low-cost open-pit copper. The US\$36m 2009 exploration campaign has been a great success and a budget and program for 2010 will be available in the New Year."*

### **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 kms NW of the giant Porgera gold mine. The project owners are Xstrata (76.2%), Highlands Pacific (16.9%) and OMRD (6.9%).

Highlands has a free-carried interest through to completion of a Feasibility Study (required by Jan 2012). Xstrata's budgeted spend for Frieda in 2009 was US\$36m, with similar annualised levels expected in the first half of 2010

A scoping study released in early 2009 indicated a 40Mtpa plant with an 27 year mine life averaging 200,000 tpa of copper metal and 240,000 ozpa of gold. The pre-feasibility study due in August 2010 is currently considering larger throughput and production options. Subject to the project continuing to meet its project hurdles, a 12-month definitive feasibility study would commence in August/Sept 2010. This would allow the project to potentially commence construction in 2012 and production in 2016.



**About Highlands Pacific Limited:**

Highlands Pacific is listed on the ASX and PoMSox exchanges. As at 4 December 2009 it had a market capitalisation of A\$240 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 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%.