9 February, 2011

Frieda Copper Gold Project, PNG

79% lift in resource tonnage at Horse Ivaal Trukai deposit
Project inventory rises to 8.6 Mt of contained copper and 14.3 Moz of gold
Total Frieda district resources approaching 11 Mt Cu & 18 Moz Au
Measured + Indicated resource now greater than the mine plan in the PFS
Frieda a world-class Tier 1 multi-decade open-pit mine project

Highlands Pacific today reports a 79% increase in estimated mineral resource tonnage to 1.9 billion tonnes, at its Frieda Horse Ivaal Trukai (HIT) open pit copper gold project in Papua New Guinea, which reaffirms Frieda as one of the world's premier copper gold porphyry assets available for development this decade.

The resource upgrade prepared by Xstrata Copper will be used as part of the US$122 million Bankable Feasibility Study (BFS) that Xstrata must complete by January 2012 to retain its 81.82% interest in the project. Highlands is free carried to completion of the BFS. A further Frieda resource update is expected mid-2011 as part of Xstrata's BFS work.

Using a cut-off grade of 0.20% copper, the HIT deposit is estimated to contain 1,900 Mt of copper mineralisation at a grade of 0.45% copper, 0.22 g/t gold and 0.70 g/t silver. This equates to 8.6 Mt (18.6 billion pounds) of contained copper, 14.3 M oz of gold and 46 M oz of silver. The new resource is constrained by an updated economic pit shell calculated with current modifying factors.

Separate to the HIT open pit-constrained deposit - but within the Frieda district area - are a further 270 Mt of Inferred copper resource at the Koki deposits, together with mineralisation that extends below the proposed HIT open pit and in surrounding areas (namely Ekwai).

The Nena deposit is not part of the HIT open pit and at this stage is 100% owned by Highlands with Xstrata having an option to include this in the Joint Venture by paying Highlands US$10.8 million by January 2012.

Managing Director of Highlands Pacific Mr John Gooding said today: *"As the pre-feasibility study in November demonstrated, at a production rate of almost 250,000 tpa of copper and 380,000ozpa of gold in its first eight years, Frieda has the capacity to be one of the largest, lower-operating cost copper projects in the world. Equity markets are chasing copper and gold stocks for good reason given the tight supply fundamentals. Assets like Frieda with their major inventory and multi-decade potential are rare in the portfolios of junior resource companies and their value in corporate portfolios should not be underestimated. Given equity markets are valuing inferred copper resources at US6-12c/lb copper equivalent this implies Highlands' share of the HIT pit alone is greater than our current enterprise value, excluding our AU$20m in cash and our value for Ramu, Star Mountains, Nena and greater Frieda assets."*

In summary the new mineral resource statement (focused on the Horse Ivaal Trukai deposit) estimates:

- A 79% increase in mineral resource, up from 1,060 Mt (at a 0.30% copper cut off grade) to 1,900 Mt (using a 0.20% copper cut off grade).
- Measured + Indicated Mineral Resources (1,100 Mt) comprise 58% of the reported total resource – and are more than the PFS current mine plan total tonnage.
- The estimated contained 8.6 Mt of copper and 14.3 M oz of gold are within updated pit profile.

Full details of the Xstrata-prepared JORC-compliant estimate are attached.

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Table 1: Horse-Ivaal-Trukai Mineral Resources at 0.20% Cu cut off as at 31 December 2010

Category	MT	Cu(%)	Au(g/t)	Ag(g/t)
Measured	*300*	*0.52*	*0.31*	*0.8*
Indicated	*800*	*0.48*	*0.24*	*0.8*
Inferred	*800*	*0.40*	*0.2*	*0.7*
Total	**1900**	**0.45**	**0.22**	**0.7**

Notes:
The Mineral Resources stated are based on “HIT 2010, feasibility study Mineral 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.
The information in the report that relates to Mineral Resources presented in Tables 1 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.

Table 2: Koki Mineral Resources at 0.20% Cu cut off

Category	MT	Cu(%)	Au(g/t)	
Inferred	*274*	*0.44*	*0.3*	

Notes:
• The Koki deposit has been intersected by 30 drill holes on a nominal 150 m x 300 m grid.
• The resource information for Koki is based on information compiled by Lawrence Queen, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Queen is a full-time employee of Highlands Pacific and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Queen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 3: Nena Mineral Resources at 0.5% Cu cut off

Category	MT	Cu(%)	Au(g/t)	As(%)	Sb ppm
Indicated	*37*	*2.67*	*0.63*	*0.21*	*143*
Inferred	*14*	*1.80*	*0.42*	*0.13*	*86*
Total	**51**	**2.43**	**0.57**	**0.19**	**127**

Notes:
1. Copper resource – lower cut off grade 0.5% copper,
2. Mineral Resources stated herein are based on the “Nena 2008 Conceptual Stage Resource Model”
3. These figures are constrained by topography; no economic pit has been applied to constrain the estimate. Numbers have been rounded for tabulation.
The information in the report that relates to Mineral Resources presented in Tables 3 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.

Frieda Copper Project

Frieda River is 170 kms NW of the giant Porgera gold mine in PNG. Subject to permitting and funding, construction could commence in 2012 with production in 2017. The following is a summary of the Pre-feasibility results released in November 2010:

Topic	PFS Fundamentals LOM	
Mining Method	Open Cut	
Construction Time	4 years – permitting 2012, production 2017	
Capital Cost incl. contingency	US$5.3bn	
Hydro-scheme incl. contingency	US$803m (included in Capital cost)	
Topic	**First 8 Years**	**PFS LOM**
Strip Ratio	1.1:1	1:1
Mill rate	60Mtpa	50Mtpa
Recoveries	85% Cu & 72% Au	85% Cu & 70% Au
Concentrate (dry)	930ktpa average	716ktpa average
Production (payable)	246ktpa Cu and 379kozs pa Au average	190ktpa Cu and 284kozs pa Au average
C1 Cash Operating Costs	US43 cents/lb	US58 cents/lb
	US$8.36/t ore treated	US$8.68/t ore treated
Free Cash Flow	US$933m pa average	US$612m pa average

ASX Code: HIG
PoMSox Code: HIG
Shares on Issue: 686 million
Options on Issue: 23 million

Market Capitalisation **A$250m**
Cash on Hand (31/12/10) **A$20m**

Directors
Ken MacDonald, Chairman
John Gooding, Managing Director
Mike Carroll
Dan Wood
Drew Simonsen
Fiu Williame-Igara

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

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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 Star Mountain (Nong River and Tifalmin) licenses approximately 20km north of the Ok Tedi Mine. 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$20 million with no debt.

Frieda Copper/Gold Project

The Frieda copper gold project is one of the Asia-Pacific's largest undeveloped copper/ gold resources. The Frieda project is 175 kms NW of the giant Porgera gold mine and 75 km NE of the Ok Tedi mine. The project owners are Xstrata (81.82% and manager) and Highlands (18.18%). Highlands has a free-carried interest through to completion of a bankable feasibility study (required by Jan 2012). Xstrata have approved a US$122m budget for the BFS stage. Xstrata's spend for Frieda in 2009 was US$38m and in 2010 was US$79.3m. The pre-feasibility study released in November 2010 indicated a 60Mtpa throughput for the first eight years with output averaging 246,000tpa of copper and 379,000ozpa of gold. The multi-decade life mine will have an average throughput of 50Mtpa.

Star Mountain Prospects

Star Mountain licenses, which include Nong River EL1312 and Tifalmin EL 1392, are located approximately 20km north of the Ok Tedi Mine. These prospects lie within the highly prospective New Guinean Orogenic Belt, home to deposits like Grasberg, Ok Tedi, Frieda, Porgera and Hidden Valley.

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 2010. Production at this stage is expected to commence in the 2011 March quarter with a staged ramp up through the year. The project is currently subject to a court case to be held in early 2011 in regards to the Deep Sea Tailings Disposal system.