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## FRIEDA RIVER (PNG) COPPER GOLD PROJECT SIGNIFICANT DEEP HOLE DRILLING RESULTS

- Deepest hole drilled to date terminated at 654 metres in mineralisation
- 448 metres @ 0.78% Cu and 0.38 g/t gold from 4 metres down hole from surface
  - Drilling confirms grade and depth potential beyond current resource
    - Upgraded resource model expected in December 2009

Highlands Pacific (ASX: HIG) is pleased to announce the release of further infill drilling results at the Frieda River Project in Papua New Guinea which provide further confidence of the depth potential and scale of this world class copper gold project.

The new drilling results form part of an extensive 35,000 metre US\$36 million in-fill drilling program for 2009 at the Horse-Ivaal-Trukai copper gold porphyry deposit within the Frieda River project area. To the end of May just under 20,000 metres have been drilled with 3,000 to 4,000 being drilled per month.

Of significance is the depth to which copper mineralisation has been identified. A number of the recently reported drill holes extend beyond the limits of the October 2008 resource model and will form part of an updated resource estimate due in December 2009.

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

Hole 220XC09	448 metres @ 0.78% Cu and 0.38 g/t gold from 4 metres down hole
Hole 223CX09	140 metres @ 0.51% Cu and 0.42 g/t gold from 286 metres down hole
Hole 225XC09	186 metres @ 0.52% Cu and 0.43 g/t gold from 38 metres down hole and
Hole 225XC09	262 metres @ 0.56% Cu and 0.34 g/t gold from 232 metres down hole

Hole 225XC09 at Ivaal, the deepest resource hole drilled to date, was terminated in mineralisation at 654.3m.

Managing Director of Highlands Pacific Mr John Gooding said "We are looking forward to the results of the recent drilling being incorporated into the new resource estimate due in December 2009".

"We are confident that this estimate will result in an upgrade on the October 2008 resource estimate" he said

The joint venture partners are currently working to produce an updated resource estimate for the Horse-Ivaal-Trukai deposit that should be completed in December 2009. This estimate will include all the drilling results reported by Highlands Pacific in recent months.

The majority of these holes have been infill holes designed to lift confidence in the mineral resource classification. The program aim is to lift confidence so the bulk of the resource is in the Indicated category or better by late 2010.

A pre-feasibility study for Frieda River project is due for completion by June 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.

The Frieda River Project is a joint venture between Highlands Pacific (16.9 per cent), Xstrata Frieda River Limited (operating partner with 76.2%) and OMRD (6.9%). Frieda River is 170 kilometres NW of the giant Porgera Gold Mine.

**About Highlands Pacific Limited:**

Highlands Pacific is listed on the ASX and PoMSox exchanges. As at 26 June 2009 it had a market capitalisation A\$75 million and held A\$28m (US\$23m) 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.

**About the Frieda Copper Gold Project:**

The Frieda Copper project is one of the world's largest undeveloped copper/ gold resources. The project owners are Xstrata Frieda River Limited (76.2%), Highlands (16.9%) and OMRD (6.9%). Highlands has a free-carried interest in the Frieda project through to completion of a Feasibility Study (required to be completed by January 2012). The project is currently the subject of an 18-month pre-feasibility study due in mid-2010. 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 160,000 tonnes of copper metal and 240,000 ounces of gold per year. 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. Recent important drill hole results have been previously published and are available for viewing on the Highlands website. [www.highlandspacific.com](http://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%.

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*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	North	East	Level	Azimuth	Dip	Total Depth (m)
175XC08b	585437	9479602	538	260	60	363.2
220XC09	584671	9480075	650	210	65	452.4
223XC09	585066	9480177	557	30	75	426.1
224XC09	583597	9480460	745	30	60	354
225XC09	585077	9480359	551	210	60	654.3
226XC09						
227XC09	584091	9480120	712	210	65	202.1

Hole	Downhole Interval (m)		Cu (%)	Au (ppm)	Recovery %	
	From	To				
<b>175XC08B</b>	90	140	50	0.23	94	
	170	178	8	0.54	32	
	188	220	32	0.28	97	
	254	284	30	0.25	99	
	298	322	24	0.20	100	
	336	356	20	0.25	100	
	<i>Including the following intervals at a 0.5% Cu lower cut-off</i>					
170	172	2	0.82	40		
254	256	2	0.51	100		
<b>220XC09</b>	4	452.4	448.4	0.78	98	
	<i>Including the following intervals at a 0.5% Cu lower cut-off</i>					
	4	262	258	0.81	97	
	270	424	154	0.83	99	
<b>223XC09</b>	10	72	62	0.52	92	
	204	214	10	0.18	93	
	232	260	28	0.26	95	
	268	270	2	0.21	95	
	286	426.1	140.1	0.51	97	
	<i>Including the following intervals at a 0.5% Cu lower cut-off</i>					
	16	58	42	0.65	94	
308	318	10	0.46	97		
326	356	30	0.94	98		
374	376	2	0.55	100		
396	420	24	0.54	97		
<b>224XC09</b>	28	32	4	0.29	93	
	42	166	124	0.39	89	
	174	176	2	0.25	95	

	230	232	2	0.25	0.04	95
	250	252	2	0.26	0.05	96
	260	282	22	0.24	0.05	98
	332	354	22	0.34	0.08	95
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	72	84	12	0.63	0.1	88
	100	138	38	0.5	0.09	93
<b>225XC09</b>	38	224	186	0.52	0.43	93
	232	494	262	0.56	0.34	97
	504	506	2	0.23	0.15	100
	520	522	2	0.25	0.20	100
	532	540	8	0.18	0.13	100
	548	558	10	0.24	0.16	97
	582	654.3	72.3	0.44	0.20	98
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	38	82	44	0.73	0.33	91
	92	98	6	1.03	0.41	97
	118	120	2	0.56	0.27	80
	134	190	56	0.56	0.6	92
	202	208	6	0.54	1.03	98
	218	222	4	0.63	1.17	100
	240	246	6	0.63	0.34	98
	254	302	48	0.56	0.27	97
	312	436	124	0.69	0.46	97
	458	462	4	0.57	0.19	100
	474	478	4	0.55	0.21	98
	582	592	10	0.61	0.25	98
	600	610	10	0.44	0.2	93
	632	648	16	0.51	0.22	99
<b>226XC09</b>	36	40	4	0.25	0.15	93
	48	52	4	0.22	0.08	100
	64	66	2	0.65	0.23	95
	90	94	4	0.24	0.06	100
	104	136	32	0.39	0.11	94
	152	154	2	0.25	0.08	100
	164	174	10	0.24	0.06	98
	182	200	18	0.46	0.15	96
	210	212	2	0.25	0.12	100
	232	234	2	0.24	0.10	100
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	64	66	2	0.65	0.23	95
	108	126	18	0.46	0.14	93
	188	192	4	0.82	0.2	99
<b>227XC09</b>	32	70	38	0.36	0.06	74
	82	162	80	0.33	0.08	89
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	56	68	12	0.53	0.08	70
	96	98	2	0.66	0.28	72
	132	134	2	0.54	0.09	100
	172	174	2	1.84	0.25	95

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
<b>Total</b>	<b>840</b>	<b>0.53</b>	<b>0.28</b>

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
<b>Total</b>	<b>420</b>	<b>0.67</b>	<b>0.34</b>

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.