



26 October, 2009

US\$3 million Nong River, PNG exploration program

- 20km from the Ok Tedi mine infrastructure and services
- Highlands will fund and manage the program
- Exciting drill intersections from previous drilling
- Copper gold porphyry and skarn prospectivity

ASX Code: HIG

PoMSox Code: HIG

Shares on Issue: 656 million

Options on Issue: 98 million

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Highlands Pacific will embark on a significant new exploration campaign at the Nong River prospect adjacent to the giant Ok Tedi copper-gold mine in the western region of Papua New Guinea.

Highlands has exercised its option to accelerate the development of the Nong River exploration area (EL 1312) by sole funding an exploration program over the known copper gold porphyry prospects covered by the Nong River and Tifalmin (EL 1392) area.

Nong River EL is in a joint venture with Xstrata Copper (refer below) while Tifalmin is 100% owned by Highlands. This area is only 20km from the Ok Tedi mine – a mine that has been operational for 25 years and produced over 3.7 Mt of copper and 11.1 Moz of gold.

The exploration program – initially US\$3 million, will commence later this quarter and consist of 860km of airborne electromagnetic survey over both exploration licences and 2,400m of diamond drilling during 2009 and 2010.

“The Company is very excited by this opportunity, which has the potential to grow into a third major asset in our portfolio together with the \$US1.4bn Ramu nickel and \$US4bn Frieda copper gold project” said Mr Gooding.

“What we already know about Nong River is the shallow copper-gold hits achieved by Kennecott’s drilling in the early 1970s. The use of modern geophysical surveys in association with previous work on the ground will be the key to pinpointing areas for drilling and revealing its full potential. .”

“Its close proximity to Ok Tedi is of particular advantage and opportunity in terms of infrastructure, people and services,” said Mr Gooding

The area covered by the Nong River exploration licence has been explored by a number of major mining companies in the past. In 1972 Kennecott (now part of Rio Tinto Plc) had the following results:

DDH – 1: 22m (78m to 100m) @ 0.28% Cu and 0.3 g/t gold

DDH – 2: 94m (94m to 190m) @ 0.36% Cu and 0.6 g/t gold

DDH – 3: 89m (16m to 105m) @ 0.6% Cu and 0.4g/t gold

DDH – 4: 90m (24m to 107m) @ 0.66% Cu and 0.35 g/t gold

Highlands’ exploration program will follow up on known porphyry copper and skarn mineralisation identified by Kennecott and other parties. Some of the results of this previous work have grades and thicknesses that in today’s terms can be potentially economic.



The Tifalmin EL is 100% owned by Highlands Pacific and adjoins the Nong River exploration licence to the north and Ok Tedi's exploration licences to the south.

The Nong River EL is subject to a joint venture agreement with Xstrata whereby they can earn a 72% interest by producing a feasibility study. Under the agreement Highlands can sole fund its own exploration program and retain 100% of the EL in the absence of an Xstrata-funded exploration program. Xstrata has the right to revert to a 72% interest by paying Highlands three (3) times the expenditure incurred by Highlands.

The attached map (Figure 1) shows the two EL's and the prospects contained within, together with their close proximity to the Ok Tedi mine and associated infrastructure.

Figure 2 shows a map for PNG, highlighting Nong's location and also Highlands other assets Ramu and Frieda.

Figure 1

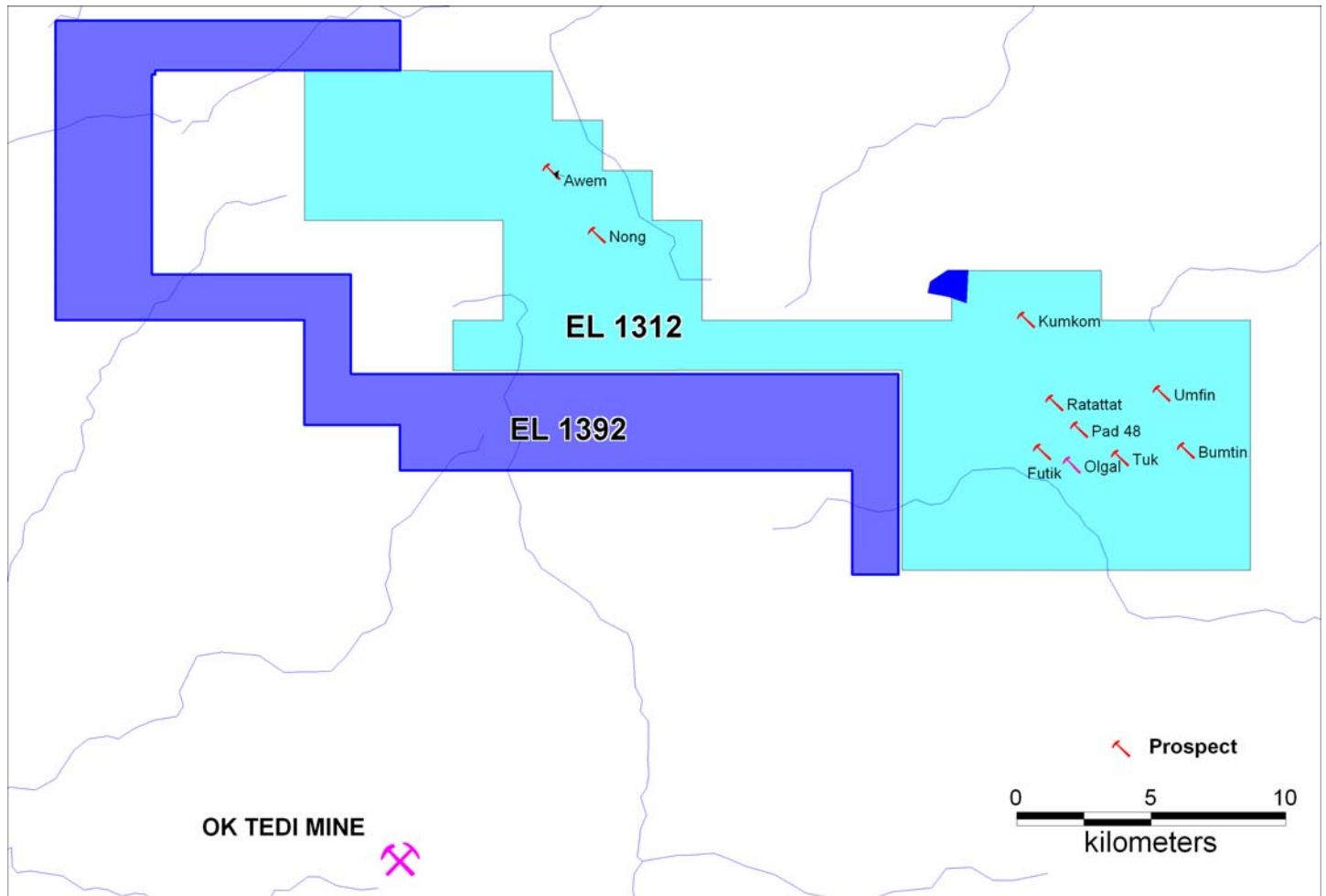




Figure 2

