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## FRIEDA (PNG) COPPER GOLD PROJECT

- **More significant deep hole drilling results continue in July**
  - **Resource upgrade expected by December**
- **Xstrata study to review plant options greater than 40 Mtpa**

**Highlands Pacific (ASX: HIG) today reports significant exploration drilling results from its world class Frieda copper project in Papua New Guinea which provide further valuable data for an expected resource upgrade later this year.**

The current work programme at the Horse-Ivaal-Trukai copper gold porphyry deposit within the Frieda project area has 220 people on site, with four drill rigs undertaking approximately 2,400 metres of drilling per month as part of an extensive 35,000 metre US\$36 million budget for 2009.

The drilling results reported today include shallow and deep drilling (some to a depth of 622 metres). The results will be included in the revised resource model that will be constructed in late 2009. A revised resource statement due in December this year will be used to prepare a mining plan for the pre-feasibility study that is due for delivery in mid-2010.

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

Hole 233XC09	122 metres @ 0.41% Cu and 0.13 g/t gold from 46 metres down hole
Hole 242CX09	312 metres @ 0.72% Cu and 0.26 g/t gold from 38 metres down hole
Hole 247XC09	434 metres @ 0.60% Cu and 0.35 g/t gold from 162 metres down hole and
Hole 249XC09	210 metres @ 0.59% Cu and 0.40 g/t gold from 150 metres down hole

*More detailed drilling results are contained below in appendix 1*

**Highlands Pacific Managing Director Mr John Gooding said today:** "Frieda continues to return outstanding exploration results and it is not surprising that Xstrata continues to invest in this major copper project. Whilst the aim of the drilling programme was predominantly as in-fill to the previously defined 840 million tonne resource, the joint venture partners now expect a significant resource upgrade later this year. Xstrata which is managing the pre-feasibility study recently indicated it will consider plant production options and configurations in-excess of the 40 Mtpa identified last year in a scoping study."

### **About Highlands Pacific Limited:**

Highlands Pacific is listed on the ASX and PoMSOX exchanges. As at 30 July 2009 it had a market capitalisation A\$91 million and held A\$27m (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 has spent approximately US\$47m in the past 18 months.

### **About the Frieda Copper Gold Project:**

The Frieda copper project is one of the world's largest undeveloped copper/ gold resources. Frieda is 170 kilometres NW of the giant Porgera gold mine. The project owners are Xstrata Frieda River Limited (76.2%), Highlands (16.9%) and OMRD (6.9%). Highlands has a free-carried interest through to completion of a Feasibility Study (required to be completed by January 2012).

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 ozpa. 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.

A pre-feasibility study 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.

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. Currently under construction, commissioning is 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 can access 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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## *Appendix 1 – Frieda Copper Project Drilling Results*

*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)
230XC09	585535	9479632	546	80	60	359.4
232XC09	583736	9480271	811	210	75	192.9
233XC09	584695	9480563	601	210	55	170.5
235XC09	585437	9479602	538	210	50	313.2
240XC09	583597	9480460	745	90	70	478
241XC09	585676	9479702	474	210	50	320.5
242XC09	584641	9480490	608	30	65	363
246XC09	585810	9479756	529	260	50	495.6
247XC09	584150	9480351	687	222	65	622.7
249XC09	585345	9479742	528	80	60	511.7

Hole	From	To	Downhole Interval (m)	Cu (%)	Au (ppm)	Core Recovery %	
<b>230XC09</b>	72	134	62	0.26	0.07	90	
	146	150	4	0.29	0.06	100	
	174	186	12	0.27	0.09	97	
	194	240	46	0.26	0.07	96	
	250	280	30	0.24	0.09	100	
	292	298	6	0.34	0.09	99	
	334	352	18	0.18	0.04	99	
<b>232XC09</b>	40	116	76	0.46	0.06	79	
	146	172	26	0.18	0.06	71	
	180	182	2	0.21	0.02	92	
	<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	40	60	20	0.66	0.08	83	
	68	78	10	0.49	0.15	79	
	86	98	12	0.53	0.05	68	
108	110	2	0.95	0.05	65		
<b>233XC09</b>	46	168	122	0.41	0.13	82	
	<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	126	168	42	0.75	0.26	84	
<b>235XC09</b>	18	40	22	0.26	0.04	87	
	48	50	2	0.20	0.10	80	
	74	84	10	0.23	0.07	95	
	92	98	6	0.24	0.08	97	
	242	248	6	0.23	0.08	98	
	258	260	2	0.23	0.05	85	
	298	300	2	0.24	0.06	100	
<b>240XC09</b>	34	218	184	0.34	0.05	85	
	226	322	96	0.35	0.06	91	
	330	386	56	0.27	0.05	88	
	400	444	44	0.23	0.05	99	
	458	474	16	0.14	0.04	97	
	<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	52	58	6	0.54	0.04	84	
	68	70	2	0.52	0.06	98	
	106	110	4	1.60	0.13	69	
	134	136	2	0.51	0.08	100	
	176	178	2	0.68	0.13	85	

	200	202	2	1.36	0.26	90
	216	218	2	0.62	0.13	100
	232	236	4	0.62	0.08	70
	244	260	16	0.43	0.05	95
	344	348	4	0.54	0.10	80
<b>241XC09</b>	22	48	26	0.29	0.08	95
	62	68	6	0.19	0.08	98
	80	208	128	0.29	0.08	87
	230	236	6	0.26	0.05	95
	280	288	8	0.21	0.04	99
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	136	138	2	0.53	0.10	40
	156	158	2	0.65	0.24	70
	174	178	4	0.69	0.27	98
<b>242XC09</b>	38	350	312	0.72	0.26	88
	362	363	1	0.24	0.23	96
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	38	82	44	0.87	0.25	95
	90	108	18	0.71	0.21	78
	122	172	50	0.63	0.19	87
	182	184	2	0.61	0.08	70
	192	332	140	0.92	0.38	84
<b>246XC09</b>	86	88	2	1.10	0.03	95
	102	104	2	0.28	0.07	80
	112	176	64	0.37	0.09	95
	232	248	16	0.44	0.14	99
	256	286	30	0.47	0.19	98
	300	384	84	0.51	0.18	95
	410	478	68	0.46	0.29	98
	492	495.6	3.6	0.16	0.11	89
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	86	88	2	1.10	0.03	95
	132	142	10	0.66	0.13	97
	152	160	8	0.44	0.11	90
	232	238	6	0.59	0.18	100
	268	282	14	0.55	0.22	97
	300	330	30	0.63	0.19	97
	340	374	34	0.56	0.23	91
	424	446	22	0.62	0.31	97
	458	476	18	0.53	0.47	99
<b>247XC09</b>	34	58	24	0.58	0.12	100
	70	96	26	0.37	0.05	100
	132	134	2	0.22	0.21	98
	162	596	434	0.60	0.35	96
	604	622.7	18.7	0.46	0.16	97
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	36	58	22	0.59	0.12	100
	76	78	2	0.53	0.11	100
	88	92	4	0.60	0.06	100
	162	166	4	0.60	0.08	100
	176	184	8	0.57	0.11	99
	194	208	14	0.44	0.09	94

	222	224	2	0.54	0.13	95
	242	256	14	0.61	0.19	96
	264	270	6	0.64	0.15	95
	284	434	150	0.69	0.45	93
	452	460	8	0.56	0.38	100
	468	594	126	0.73	0.48	99
	608	614	6	0.70	0.20	97
<b>249XC09</b>	4	10	6	0.24	0.43	71
	26	56	30	0.36	0.23	93
	72	90	18	0.28	0.15	99
	124	140	16	0.26	0.29	100
	150	360	210	0.59	0.40	96
	402	404	2	0.37	0.05	100
	446	456	10	0.41	0.17	94
	504	511.7	7.7	0.22	0.09	95
<i>Including the following intervals at a 0.5% Cu lower cut-off</i>						
	28	42	14	0.48	0.22	88
	86	88	2	0.54	0.16	100
	160	174	14	0.63	0.55	90
	206	272	66	0.80	0.67	98
	292	318	26	0.76	0.49	95
	328	356	28	0.77	0.32	99
	446	452	6	0.45	0.20	92

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.