



HIGHLANDS PACIFIC LIMITED ARBN 078 118 653
Incorporated in Papua New Guinea

Registered Office
PO Box 1486
Level 9 Pacific Place
Musgrave Street
Port Moresby NCD 121
Papua New Guinea

Telephone: (675) 321 7633
Facsimile: (675) 321 7551

Registered Office in Australia
GPO Box 3086, Brisbane Qld 4001
Level 4
167 Eagle Street
Brisbane Qld 4000
Australia

Telephone: (617) 3239 7800
Facsimile: (617) 3221 6727

E-MAIL info@highlandspacific.com
WEB SITE www.highlandspacific.com

14 March 2006

THIS IS AN
IMPORTANT
DOCUMENT

Dear Shareholder

OFFER TO PARTICIPATE IN SHARE PURCHASE PLAN

The Directors of Highlands Pacific are pleased to offer its shareholders an opportunity to participate in the capital raising initiatives of the company through a Share Purchase Plan (SPP).

On 8 March 2006, Highlands Pacific announced the placement of 62 million shares at 67 cents each raising A\$41.5 million. The placement was made to international and domestic institutional investors and was jointly arranged and managed by ABN AMRO Rothschild and ABN AMRO Morgans Limited. The placement represented 12.9% of the issued capital of Highlands Pacific.

The main thrust behind the SPP is to provide shareholders with the opportunity to participate in the growth of the Company. Each shareholder can subscribe for up to 7,460 new fully paid ordinary shares at a price of 67 cents per share, the same price as shares issued under the share placement.

The details of the SPP and the application form to purchase shares in the SPP are attached. Please note that applications and cheques under the SPP must be received not later than 5.00pm on 21 April 2006.

The funds raised from both the placement and the SPP will be used to define additional gold resources and reserves at the Kainantu gold project. This in turn will enable an expansion of mine production, the refinancing of the existing project loan, and further growth opportunities.

A copy of the presentation to institutional investors is available on the Company's web site www.highlandspacific.com and from the Australian Stock Exchange.

I believe that this represents an outstanding buy opportunity, and would commend the Company's SPP to shareholders.

I commend the SPP to you.

Yours faithfully

Robert Bryan
Chairman



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SHAREHOLDERS' SHARE PURCHASE PLAN Australian and New Zealand Offer

14 March 2006

This Share Purchase Plan (SPP) entitles shareholders in Highlands Pacific Limited, irrespective of the size of their shareholding, to purchase up to 7,460 fully paid ordinary shares at a price of 67 cents.

The terms and conditions of the SPP are set out below. By agreeing to purchase shares in the SPP you will agree to be bound by the terms and conditions of the SPP.

Applications must be received on or before 21 April 2006.

Participation

Participation in the SPP is optional and open to all persons registered as holders of fully paid ordinary shares of Highlands Pacific on 7 March 2006 with a registered address in Australia, New Zealand or Papua New Guinea. Only one parcel of SPP shares is available to each registered holder.

Offers made under the SPP are not renounceable. This means that shareholders cannot transfer their right to purchase shares under this offer to another person.

Pricing

The SPP enables each shareholder to subscribe for up to 7,460 fully paid ordinary shares at a price of 67 cents per share, being the same price that applied to shares issued under the share placement on 8 March 2006. The pricing was set at a 5% discount to the 5-day volume weighted average price prior to the placement being made.

Shareholders will not pay any brokerage or other transaction costs in relation to purchases of Highlands Pacific shares under the SPP.

You should note that the market price of Highlands Pacific shares may rise or fall between the date of this offer and the date the shares are allotted to you. This means that the price you pay per share under this offer may exceed the price of Highlands Pacific shares at the time the shares are allotted to you under the SPP. Accordingly, you should seek your own financial advice in relation to this offer and your participation in the SPP.

Shares Offered

Eligible shareholders may apply for a specified number of shares, under one of the following alternative offers:

Offer	No. of Shares Offered	Subscription Amount AUD
A	3,000	\$2,010.00
B	5,200	\$3,484.00
C	7,460	\$4,998.20

The offer to shareholders is restricted to one of these three offerings of shares (Offer A, B or C). It is not possible to apply for less shares than Offer A, or more shares than Offer C.

This SPP offer complies with Australian Securities and Investments Commission Class Order 02/831. Under that Class Order, the maximum number of 7,460 shares will apply even if you receive more than one offer (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate accounts). Highlands Pacific reserves the right to reject any application for shares where it believes this rule has not been complied with.

All new shares issued under the SPP will rank equally with existing fully paid ordinary shares in Highlands Pacific at the date of allotment and will carry the same voting rights, dividend rights and other entitlements at the allotment date.

Highlands Pacific reserves the right to reject any application for SPP shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

Scaling Back of Applications

The Highlands Pacific Board has determined that the SPP should be subject to a target amount raised of A\$10 million (approximately 15 million shares). If the aggregate value of applications received by Highlands Pacific under the SPP exceeds this limit, Highlands Pacific may scale back the applications.

If scaling back does occur:

- all applications made under a relevant Offer category (A, B or C) will be scaled back in the same way; and
- Highlands Pacific will refund the excess application money (without interest).

Any determination in respect of scaling back will be made by the Board of Highlands Pacific.

Allotment of shares

Shares issued under the SPP will be allotted on or about the allotment date, 28 April 2006. Highlands Pacific will promptly after allotment make application to the Australian Stock Exchange and Port Moresby Stock Exchange for the shares to be listed for quotation. Individual statements of shares allotted under the SPP should be received shortly after the allotment date.

Timetable

Record date	7 March 2006
SPP offer closes	21 April 2006
Issue and allotment of Shares	28 April 2006
Anticipated quotation of Shares on ASX & POMSoX	3 May 2006

Applications received after 21 April 2006 will not be accepted. If the exact amount of money is not tendered with the Application Form, Highlands Pacific reserves the right to accept it in respect of a number of shares for which the subscription amount is equal to or less than your payment

If you have any questions in respect of the SPP, please contact your stockbroker, financial adviser or Highlands Pacific's share registry, Computershare Investor Services Pty Limited on 1300 552 270 (within Australia) or 617 3237 2100 (outside of Australia).

Acceptance of Offer

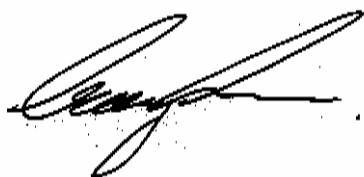
If you wish to apply for shares under the SPP, you should complete the enclosed Application Form and forward it with your payment by cheque made payable to "Highlands Pacific Share Purchase Plan" to the share registry at the address below in the enclosed reply paid envelope. Applications must be received no later than 5.00 pm on 21 April 2006:

Hand deliver to:

Computershare Investor Services Pty Ltd.
Level 19
CPA Building
307 Queen Street
Brisbane Qld 4000

OR Post to:

Computershare Investor Services Pty Ltd.
GPO Box 523
Brisbane Qld 4001



C T LENNON
Company Secretary