



AMENDMENT TO EXPLANATORY MEMORANDUM

Notice is hereby given that there is an amendment to the Explanatory Memorandum pertaining to the Annual General Meeting of members of Highlands Pacific Limited being held in Ballroom 2, Crowne Plaza Hotel, cnr Hunter & Douglas Streets, Port Moresby, Papua New Guinea on Tuesday, 20 May 2008 at 10:00am.

Some text was inadvertently omitted from Resolution 3.

Resolution 3 in its entirety should read:

RESOLUTION 3 ELECTION OF DIRECTOR – JOHN FOWLER

The following statement has been provided by Mr Fowler with his nomination. The Company has not independently verified this material and takes no responsibility for its content.

“Mr Fowler has been a shareholder of Highlands Pacific Limited since its inception, and in its predecessor Highlands Gold Limited. He is 62 years of age and has been investing in Australian listed equities for over 40 years. Since graduating from University of Queensland mining school in 1967 he also has over 40 years of professional work experience in the resources sector as a mining engineer, investment analyst in corporate and stockbroking contexts. He has operational and mine planning experience in underground coal and open pit iron ore and manganese operations, resources analyst experience in base, precious and industrial minerals, as well as upstream oil and gas, and minerals marketing experience.

More recently he provided technical due diligence services to National Australia Bank's Project Finance and Corporate Finance units over a period of 16 years to 2006, as an employee in the role of Director, Technical Services, and from 2001 as a full time consultant and adviser as Principal of his incorporated entity Technical and Credit Support Pty Ltd. He has extensive experience in technical and investment due diligence (including reviews of Feasibility Studies and debt facility structuring) for the full range of resources, infrastructure, power generation, petrochemicals and oil and gas financings.

He has participated in all the Highlands Pacific equity offerings to shareholders and has taken an active interest in the company's development. Since early 2006 he has been concerned about the company's performance and now believes that the company board has lost its way and should be held accountable for errors of judgment in relation to selection and direction of management, operational performance, and the financing strategy adopted for the Kainantu gold mine development. He believes the incumbent board was slow to recognise and address the company's operational and financial problems, necessitating the sale of the company's sole operational asset to repay project debt and associated out-of-the-money hedging obligations. As a result the Board has presided over a huge reduction in shareholder value and significant decline in market capitalisation for the companies' securities.

Following the Kainantu sale and stabilisation of the company's finances the company now faces the challenge of re-assessing its remaining joint venture assets at Ramu and Freida River, and in synthesising and executing a new strategy and direction. For this task a process of board renewal appears warranted.

John Fowler submits his board nomination for consideration by shareholders at the forthcoming AGM because he believes that the board needs 'new blood' and that he has the background, experience and energy to work with the existing board to procure for all shareholders a more disciplined, robust and ultimately successful approach in the future.

... cont'd...

If elected to the board his key objectives would be to assist the company in:

- *improved shareholder consultation and communication, via establishment of a mechanism for regular formal shareholder presentations in Australia*
- *refinement of the company's corporate growth and development strategy consistent with its new circumstances, shareholder views, and investment horizon*
- *development of an asset management strategy and management plan to maximise the shareholder value of the company's established joint venture project interests. This may include consideration of appropriate exit strategies.*
- *provision to shareholders and to the market of a corporate vision and valuation*
- *development of a management structure and board interface which is appropriate to the renewed corporate strategy.*

Shareholders who may have been disappointed by past company performance are requested to support my candidature as part of a process of board renewal. I shall be attempting to make contact with as many shareholders as possible. Should you wish to provide comment on the company's performance, or if you have suggestions for future improvement my contact details are:

*John Fowler
4 Marriott Street
Caulfield
Victoria 3162*

*Tel 61 3 9523 9572
Mob 0403 851 352
Email johnfowler@optusnet.com.au*

All Directors believe that Mr Fowler does not have the skills and level of experience required of a Director of the Company, and his participation as a Director would not add value to the Company for shareholders. It is noted that Mr Fowler holds 102,902 shares in the Company.

The Board recommends that shareholders vote against the resolution to elect Mr Fowler.

Should you wish to change your vote as a result of this omitted text now being included, please visit www.computershare.com/au/proxy/hig or alternatively, please contact Computershare to request a new Proxy Form on:

Telephone: (61 3) 9415 4688; or
Freecall (Australia): 1300 369 895

For further information contact:

Mr John Gooding
Managing Director
Highlands Pacific Ltd
Phone: (61 7) 3239 7800

or

Mr Craig Lennon
Chief Financial Officer
Highlands Pacific Ltd
Phone: (61 7) 3239 7800