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HIGHLANDS PACIFIC LIMITED SHAREHOLDERS' GENERAL MEETING THURSDAY, 14 NOVEMBER 2002

CHAIRMAN'S ADDRESS

On 3 October 2002, Highlands Pacific announced the successful placement of 24 million shares at a price of A\$0.25. The placement was made to Australian and International institutional and sophisticated investor clients of ABN AMRO Morgans Limited. The placement represented approximately 11% of the issued capital of the company.

At the same time, it was announced that a share purchase plan (SPP) would be offered to all shareholders who held shares in the Company as at 11 October 2002 and who had a registered address either in Australia, Papua New Guinea or New Zealand. This share purchase plan has been structured to enable qualifying shareholders to subscribe for up to A\$5,000 or PGK 11,000 worth of new fully paid shares at the same price as the shares issued in the placement (A\$0.25 or PGK0.55).

As at 11 October 2002, the Company had 15,476 shareholders that qualified to participate in the plan. The Highlands Pacific board capped the number of shares available under this plan at 121 million. If the aggregate number of shares applied for exceeds this number, the company will scale back the applications and all excess application funds will be returned to applicants.

Indications are that the SPP has been well received. Shareholders are reminded that the last date for the receipt of moneys under the SPP is 21 November 2002.

The share purchase plan is subject to shareholder approval at this meeting today.

The funds raised from the placement and the share purchase plan will be used for the development of the high-grade Kainantu gold deposit. This exciting project is located in the Eastern Highlands Province of Papua New Guinea and is wholly owned by the Company. The project comprises three exploration licenses, and one mining lease totaling 261 square kilometers, which encompasses the whole of the Kainantu gold field.

A feasibility study completed in December 2001 showed that an underground gold mine producing between 100,000 and 140,000 ounces of gold per annum at an average head grade of around 32 g/t gold over a seven year life would provide very attractive returns to the company and its shareholders. The study estimated that the

capital cost to develop a mine and processing operation was around USD 25 million and that operating costs would average between USD\$105 and USD\$115 per ounce.

Since completing the study, the Company has applied for and been granted a mining lease covering the Irumafimpa lode system. It has also received approval for its Environmental Plan for the proposed mining and treatment operations.

Current work on the project is on schedule, and it is the Company's objective to commit to the development of the project in the first quarter of 2003. Trial mining and underground development is being carried out to confirm the suitability of the selected mining method and to assess the ground conditions and the continuity of the high-grade mineralisation. Bulk sampling of the veins is also being undertaken to support process optimisation.

At this time indications are that the Company will be in a position to commit to the development of Kainantu in the first quarter of 2003 with construction to commence shortly thereafter. On that basis it could be anticipated that the mine would commence first production around 12 months later. Such a development would mark a turning point for the Company and for its shareholders and represent a welcomed new development in the PNG mineral resources sector.

At the conclusion of this meeting of shareholders Managing Director, Mr Ian Holzberger, will provide more detail on Kainantu, including the indicative capital and operating costs and the upside for the project. I think you will come away excited by the potential of Kainantu.

The Company has two other significant projects, Frieda River (copper and gold) and Ramu (nickel and cobalt).

At the Frieda River project, Noranda Inc is funding all work, but Highlands Pacific is the operator. Noranda has a five year option period to take up to a 72% interest in the project by committing to fund the completion of a feasibility study. Recent activities have included the drilling of six diamond drill holes in the Tru Kai prospect which is part of the very large Frieda River porphyry copper system. Results to hand have been positive and Noranda has committed to continue funding the project next year.

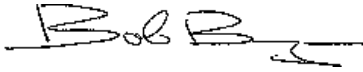
The Ramu lateritic nickel and cobalt project is currently on care and maintenance with no technical work being undertaken. All activities directed towards introducing an additional equity partner into the Joint Venture have been suspended, pending the resolution of the dispute with the Company's joint venturer Orogen Minerals Limited.

The Company's court proceedings against Orogen over a disputed Put Option agreement are set down for a hearing on 9 December 2002. The Company and its legal advisers remain confident of a successful outcome in this matter.

It is the Company's clear and immediate priority to develop Kainantu, which must represent the most exciting gold discovery in Papua New Guinea since Lihir. Whilst Kainantu will be designed as a much smaller mine than Lihir, the exceptional grade –

likely to exceed one ounce gold to the tonne – and the modest capital cost of development should ensure the project's profitability.

Finally, I would like to thank you for your continuing support of the Company and for your attendance at this meeting.

A handwritten signature in black ink, appearing to read "Bob Bryan". The signature is stylized with a long horizontal line extending to the right from the end of the name.

Bob Bryan
Chairman