



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

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24 December 2003

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 18 December 2003, Highlands Pacific announced the placement of 49.3 million shares at 38 cents each raising A\$18.7 million. The placement was made to domestic and International institutional investors and was arranged and managed by ABN AMRO Morgans Limited. The placement represented 15% of the issued capital of Highlands Pacific.

The SPP enables each shareholder to subscribe for up to 13,150 new fully paid ordinary shares at a price of 38 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.

The funds raised from the placement and the SPP will be used for the development of the high-grade Kainantu gold project. Detailed information on the project can be obtained from the Company's web site "[www.highlandspacific.com](http://www.highlandspacific.com)".

This is a splendid opportunity for shareholders to purchase shares in the Company as it is poised to commence development of the Kainantu high-grade gold project.

I commend the SPP to you.

Yours faithfully

A handwritten signature in black ink, appearing to read "R. Bryan", with a horizontal line extending to the right.

Robert Bryan  
Chairman



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## **SHAREHOLDERS' SHARE PURCHASE PLAN Australian and New Zealand Offer**

**24 December 2003**

This Share Purchase Plan (SPP) entitles shareholders in Highlands Pacific Limited, irrespective of the size of their shareholding, to purchase up to 13,150 fully paid ordinary shares at a price of 38 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 30 January 2004.

### **Participation**

Participation in the SPP is optional and open to all persons registered as holders of fully paid ordinary shares of Highlands Pacific on 17 December 2003 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 plan 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 13,150 fully paid ordinary shares at a price of 38 cents per share, being the same price that applied to shares issued under the share placement on 18 December 2003. The pricing was set at a 10.6% discount to the closing 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
A	2,650	A\$1,007
B	5,300	A\$2,014
C	7,900	A\$3,002
D	10,500	A\$3,990
E	13,150	A\$4,997

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

This SPP offer complies with Australian Securities and Investments Commission Class Order 02/831. Under that Class Order, the maximum number of 13,150 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 maximum amount raised of A\$10 million (approximately 26.3 million shares), and has therefore set a cap on the number of shares that may be issued under the SPP. If the aggregate value of applications received by Highlands Pacific under the SPP exceeds this limit, Highlands Pacific will scale back the applications.

If scaling back does occur:

- all applications made under a relevant Offer category 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.

## Allotment of shares

Shares issued under the SPP will be allotted on or about the allotment date, 6 February 2004. 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	17 December 2003
SPP offer closes	30 January 2004
Issue and allotment of Shares	6 February 2004
Anticipated quotation of Shares on ASX & POMS0X	12 February 2004

Applications received after 30 January 2004 will not be accepted. If the exact amount of money is not tendered with the Application Form, Highlands Pacific reserves the right to return your Application Form and cheque and not allot any shares to you, or 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.

## Acceptance of Offer

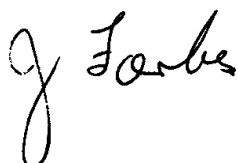
If you wish to apply for shares under the SPP, you should complete the enclosed Application Form and forward it with your payment by cheque made payable to "Highlands Pacific Share Purchase Plan" to the share registry at the address below in the enclosed reply paid envelope. Applications must be received no later than 5.00 pm on 30 January 2004:

### Hand deliver to:

Computershare Investor Services Pty Ltd.  
Level 27, Central Plaza One  
345 Queen Street  
Brisbane Qld 4000

### OR Post to:

GPO Box 523  
Brisbane Qld 4001



**J I Forbes**  
**Company Secretary**