



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

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28 August 2007

**MANAGING DIRECTOR REMUNERATION DETAILS**

As per the continuous disclosure requirements the Company provides the following information in relation to remuneration details of the Managing Director, Mr John Gooding.

**Base Salary**

AUD\$500,000 per annum inclusive of superannuation and motor vehicle allowance.

**Short Term Incentive Plan**

The short term incentive plan operates for the financial year ending 30 June 2008. Any incentive payable will be paid in July 2008. If Mr Gooding ceases employment prior to 30 June 2008 no incentive, or pro-rata incentive, will be payable in respect of the financial year ending 30 June 2008 (unless otherwise determined by the Board). The incentive is calculated as follows:

Production of Gold by Highlands Pacific during the financial year ended 30 June 2008	Incentive Payment(% of Base Salary)
Less than 40,000 ounces	Nil
40,000 ounces	AUD\$100,000 (i.e. 20% of Base Salary)
>40,000 to <70,000 ounces	Pro-rata between AUD\$100,000 and AUD\$250,000
70,000 ounces	AUD\$250,000 (i.e. 50% of Base Salary)
>70,000 to <90,000 ounces	Pro-rata between AUD\$250,000 and AUD\$400,000
90,000 ounces and above	AUD\$400,000 (i.e. 80% of Base Salary)

**Share Options**

The options shall be issued under the terms of the Directors' and Executives' Share Option Scheme subject to shareholder approval – proposed date of shareholder meeting is 27 September 2007. For the purpose of the details below "VWAP" refers to the Volume Weighted Average Price of Highlands Pacific shares on the Australian Stock Exchange in ten consecutive trading days.

The Options shall consist of:

- Tranche 1 – 1,500,000 options exercisable at any time once the VWAP exceeds AUD0.25;
- Tranche 2 – 3,500,000 options exercisable at any time once the VWAP exceeds AUD0.35 at any time after the first anniversary of the grant of the options; and
- Tranche 3 – 5,000,000 options exercisable at any time once the VWAP exceeds AUD0.50 at any time after the second anniversary of the grant of the options.

All exercisable options may be exercised up to three years from the date of the grant of the options. Any options not exercised by this date will lapse. The exercise price of each option is the VWAP up to and including the date the employment contract was signed – being 11 May 2007.

Other terms of the issue of the options are:

- Each option will entitle the option holder to subscribe for 1 fully paid ordinary share in the Company upon exercise of the option and payment of the exercise price.
- The options in each tranche will only be exercisable if the hurdle for that tranche is achieved by the required date.
- The options in each tranche will only become exercisable ("vest") if and when the hurdle for that tranche is achieved by the required date.

- Each option will be exercisable by giving notice of exercise to the Company, and paying the exercise price for the option.
- Options will not confer an entitlement to receive dividends declared and paid by the Company, nor an entitlement to vote at general meetings of the Company.
- Subject to the Company's constitution, each share issued on the exercise of an option will rank equally in all respects with other issued shares.
- The option holder will not be entitled to participate in new issues without exercising the options.
- The Company will not apply to ASX for official quotation of the options.
- The Company will apply for official quotation by ASX of the shares issued upon exercise of options within the time period required by the ASX listing rules.
- Neither an option nor an option holder will be assignable or transferable except to a company controlled by the Executive or (in the case of death) to the deceased's personal representative.
- If the option holder holds unexercised options when the Executive's employment with the Company terminates the unexercised options will lapse as follows:
  - a) if the exercise period has not commenced, the options will lapse immediately upon termination of employment;
  - b) if the exercise period has commenced, the options will lapse at the end of the exercise period.
- Options not exercised prior to the expiry of the exercise period will lapse at the end of the exercise period.
- If a takeover bid is made for shares all options will be exercisable during the offer period regardless of the exercise period and exercise hurdles.
- In the event of a reorganisation of the capital of the Company, the rights of the option holder will be changed to the extent necessary to comply with the listing rules of the ASX applying to a reorganisation of capital at the time of the reorganisation.
- If the capital of the Company is reconstructed, the number of options and / or the exercise price of the options will be correspondingly reconstructed in a manner which will not result in any additional benefits being conferred on option holders which are not conferred on shareholders.

#### Termination

Unless terminated for cause, either party may terminate on 1 months notice. If Mr Gooding's employment is terminated for any other reason other than unsatisfactory performance or conduct, Mr Gooding will be paid the equivalent of 50% of his Base Salary at the time of termination.

#### For further information contact:

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