



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

Registered Office

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

Telephone: (675) **321 7633**

Facsimile: (675) 321 7551

Website: www.highlandspacific.com

Registered Office in Australia

GPO Box 3086, Brisbane QLD 4001
Australia
Level 4, 167 Eagle Street
Brisbane Qld 4000
Australia

Telephone: (617) **3239 7800**

Facsimile: (617) 3221 6727

Email: info@highlandspacific.com

28 February 2007

Dear Shareholder,

MEETING OF SHAREHOLDERS, 20 MARCH 2007

Please find attached a notice of a Special Meeting of shareholders to be held at Ballroom 3 of the Crown Plaza Hotel in Port Moresby at 2:00pm on Tuesday 20 March 2007. Also attached is the explanatory memorandum that provides a background to the four resolutions to be put to shareholders at that meeting.

The meeting has been called to consider a number of resolutions relating to the recently announced placement of shares and options to Resource Capital Fund IV LP (RCF IV) to raise USD 20 million.

On 12 February 2007, Highlands announced that it had agreed terms with RCF IV for a placement of ordinary shares to raise USD 20 million. This is a new investment fund managed by Resource Capital Funds (RCF), a private equity funds manager based in Denver, Colorado, USA. Its various funds have investments in mining projects around the world in a range of commodities, including gold, base metals, coal and industrial minerals. Over recent years RCF has invested in a number of Australian based resource companies, but this is the first investment by the fund in PNG.

Given the problems faced by the Company as a result of the delayed ramp-up of gold production at Kainantu, your Board regards this major investment by RCF IV as very much a vote of confidence in the prospects of Highlands Pacific. As a nominee of RCF, Ian Burvill will be joining the Board and his experience in the mining sector will be of real value to the Company going forward.

The full placement to RCF IV is made up of approximately 86.0 million new ordinary shares priced at AUD0.2974 and, for each eight ordinary shares issued, four free three year option entitlements that could be exercised according to a schedule of prices, being one option at AUD0.50, one option at AUD0.55, one option at AUD0.60 and one option at AUD0.65. The first tranche of ordinary shares (82.7 million shares approximately) to raise USD19.2 million will be issued to RCF IV on 6 March 2007. The purpose of Resolution 1 and 2 is to obtain shareholder approval to enable the issue of the second tranche of shares (3.3 million approximately) and the issue of the options.

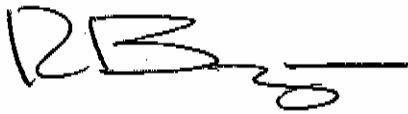
It should be noted that the shares issued to RCF IV are priced at a premium to the then weighted average market price rather than the usual discount to market price for a private placement. In light of that, it is proposed to issue to RCF IV the additional options at no further cost but which have significant over market exercise prices as part of the subscription package. For the reasons noted in the explanatory memorandum, the directors are of the view this has the benefit of providing cash injections in the future (as the options are exercised) and given the over market exercise prices, also shows RCF IV's faith in the Company's present course.



Resolutions 3.1 and 3.2 seek shareholder ratification of the issue of the shares in the first tranche to RCF IV and the issue of 2.0 million options to employees of the Company during the last 12 months. These options were issued in accordance with executive remuneration arrangements, and will vest subject to continuous employment of those executives on 31 July 2007.

I recommend that all shareholders support these resolutions.

Yours faithfully

A handwritten signature in black ink, appearing to read 'RB' followed by a stylized flourish.

ROBERT BRYAN
CHAIRMAN OF DIRECTORS



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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that a Special Meeting of members of Highlands Pacific Limited will be held in Ballroom 3 at Crowne Plaza Hotel, cnr Hunter & Douglas Streets, Port Moresby, Papua New Guinea on Tuesday, 20th March 2007, at 2.00pm.

AGENDA

ORDINARY BUSINESS

1. Issue of Shares to Resource Capital Fund IV L.P.

To consider and, if thought fit, pass the following resolution:

“That pursuant to ASX Listing Rule 7.1 and POMSx Listing Rule 7.1 the shareholders of the Company approve the allotment and issue of 3,336,300 ordinary fully paid shares in the Company by way of a share placement to Resource Capital Fund IV L.P.”

The Company will, in accordance with Rule 14.11 of the Listing Rules of the Australian Stock Exchange Limited, disregard any votes cast in respect of this resolution by Resource Capital Fund IV L.P., or any associate of the same.

However, the Company will not disregard any votes on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Issue of Options to Resource Capital Fund IV L.P.

To consider and, if thought fit, pass the following resolution:

“That pursuant to ASX Listing Rule 7.1 and POMSx Listing Rule 7.1 the shareholders of the Company approve the issue and allotment of the following options in the Company to Resource Capital Fund IV L.P. :

- 10,756,477 options at an exercise price of AUD0.50
- 10,756,477 options at an exercise price of AUD0.55
- 10,756,477 options at an exercise price of AUD0.60
- 10,756,477 options at an exercise price of AUD0.65”

The Company will, in accordance with Rule 14.11 of the Listing Rules of the Australian Stock Exchange Limited, disregard any votes cast in respect of this resolution by Resource Capital Fund IV L.P., or any associate of the same.

However, the Company will not disregard any votes on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.1. Ratification of Issue of Shares to Resource Capital Fund IV L.P.

To consider and, if thought fit, pass the following resolution:

"That for the purpose of ASX Listing Rule 7.4 and POMS0X Listing Rule 7.4, the shareholders of the Company ratify the allotment and issue of 82,715,518 ordinary fully paid shares in the Company to Resource Capital Fund IV L.P. "

The Company will, in accordance with Rule 14.11 of the Listing Rules of the Australian Stock Exchange Limited, disregard any votes cast in respect of this resolution by Resource Capital Fund IV L.P., or any associate of the same.

However, the Company will not disregard any votes on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.2. Ratification of Issue of options to employees

To consider and, if thought fit, pass the following resolution:

"That for the purpose of ASX Listing Rule 7.4 and POMS0X Listing Rule 7.4, the shareholders of the Company ratify the issue of 2,000,000 options to employees."

The Company will, in accordance with Rule 14.11 of the Listing Rules of the Australian Stock Exchange Limited, disregard any votes cast in respect of this resolution by any person who received any of the options issued or any associate of them.

However, the Company will not disregard any votes on the resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy

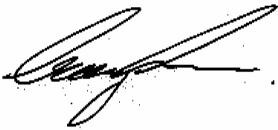
As a member of the Company you are entitled to appoint a proxy to attend this meeting on your behalf. The proxy does not need to be a member of the Company. If you are entitled to cast two (2) or more votes, you are entitled to appoint not more than two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to appoint a proxy, please fill out, sign and return the attached proxy form as directed by the notes on the proxy form.

Incorporation of Explanatory Memorandum

The Explanatory Memorandum to Shareholders attached to this Notice of Special Meeting, is hereby incorporated into and forms part of this Notice of Special Meeting.

By Order of the Board



C.T. LENNON
COMPANY SECRETARY

28 February 2007

Highlands Pacific Limited

ARBN 078 118 653

EXPLANATORY MEMORANDUM FOR SPECIAL MEETING OF SHAREHOLDERS TO BE HELD AT 2:00pm on 20 MARCH 2007

The purpose of this Explanatory Memorandum is to provide shareholders with information to assist them in assessing the merits of the resolutions contained in the accompanying Notice of Special Meeting of Highlands Pacific Limited (**Highlands**).

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Introduction

On 12 February 2007, Highlands announced that it had entered into a Subscription Agreement with RCF IV for an equity injection of USD20 million into Highlands.

The equity injected is to fund optimisation of the gold production at Kainantu and to support ongoing exploration focusing in the immediate vicinity of the Kainantu mine.

Under the terms of the Subscription Agreement with RCF IV:

1. In a first tranche, Highlands will issue 82,715,518 ordinary fully paid shares at a price of AUD0.2974 to RCF IV by way of placement of shares. The placement will be completed and the securities issued on 6 March 2007. The issue price is a AUD0.01 premium to the 20 day volume weighted average price of Highlands' ordinary shares as at 8 February 2007. These shares will be issued by Highlands pursuant to its existing capacity under Listing Rule 7.1.
2. Highlands will issue 3,336,300 ordinary fully paid shares at AUD0.297 to RCF IV, again by way of placement of shares. This second tranche will raise a further USD0.8 million. These shares, combined with the shares issued in the first tranche, will result in a total placement of 86,051,818 shares to RCF IV, raising USD20 million. This issue will occur following shareholder approval, or when Highlands has the capacity to do so under listing rule 7.1.
3. For each eight ordinary shares issued to RCF IV, four options will also be issued to RCF IV. This equates to a total number of 43,025,908 options being issued. The options can be exercised any time up to the exercise date which is three years from the date on which the options are issued. The options will be unquoted and will be issued for no cash consideration. The exercise price for the options is as follows:
 - 10,756,477 at AUD0.50
 - 10,756,477 at AUD0.55
 - 10,756,477 at AUD0.60
 - 10,756,477 at AUD0.65

This issue will occur following shareholder approval, or when Highlands has the capacity to do so under listing rule 7.1.

As Highlands is a Papua New Guinean registered company, this agreement and the issue of shares and options to a foreign shareholder required regulatory approval, including the Foreign Exchange Control approval. All necessary approvals have been received.

Resolution 1 – Issue of 3,336,300 Shares to RCF IV

Resolution 1 seeks shareholder approval under Listing Rule 7.1 to issue to RCF IV the shares referred to in paragraph 2 of the Introduction. Listing Rule 7.1 broadly provides that a company must not, subject to certain exceptions, issue during any 12 month period, any equity securities if the number of such securities exceeds 15% of the number of securities in the same class on issue at the commencement of the 12 month period. One circumstance where such an issue is permitted is where the issue has the prior approval of shareholders in a general meeting. As Highlands has fully utilised its capacity to issue shares under Listing Rule 7.1, it seeks shareholder approval pursuant to resolution 1 to issue a further 3,336,300 ordinary fully paid shares prior to the issue of those shares.

Information relevant to Resolution 1 is:

- (a) **(Identity of Subscriber):** The identity of the person who will receive the shares issued pursuant to resolution 1 will be RCF IV. RCF IV is a private equity fund with its headquarters in Denver, Colorado, United States of America. RCF IV is the fourth private equity fund managed by the Resource Capital Funds group. The Resource Capital Funds group has been investing in the resources industry since 1998 with numerous investments in the Asia Pacific region. A number of Resource Capital Fund's funds are invested in both private and public companies in this region – including, among others, St Barbara Mines Limited, Ausenco Limited and Australian Solomons Gold Limited.
- (b) **(Number of Securities):** 3,336,300 shares will be issued.
- (c) **(Issue Price):** Issue price of the securities issued pursuant to resolution 1 will be AUD0.2974 per share – this is the same price that the initial placement was undertaken to RCF IV and represents a AUD0.01 premium to the 20 day weighted average market price as at 8 February 2007.
- (d) **(Use of Proceeds):** Highlands is required by the Subscription Agreement to apply the proceeds from the securities issued under it as follows:
 - (1) to expand production at the Kainantu Gold Mine;
 - (2) to conduct exploration at Kainantu;
 - (3) general working capital,and no part of the proceeds may be used for any other purpose.
- (e) **(Terms of Securities):** The shares will be ordinary shares ranking equally with all existing shares. Application will be made for quotation of the shares.
- (f) **(Other Terms and Conditions):**
 - (1) It is a condition precedent to the subscription by RCF IV that, subject to the constitution of Highlands and the Listing Rules, its nominee shall be appointed to the board of Highlands. RCF IV has nominated Mr Ian Burvill as its representative.
 - (2) RCF IV also has the right to observe the processes of the board, access to board papers and the right to consult in good faith with the board with respect to management decisions of the board (it being acknowledged that the management of Highlands is ultimately an issue for the board).
 - (3) If resolution 1 fails to gain shareholder approval, the Subscription Agreement provides that the resolutions be re-submitted to shareholders for consideration at

Highland's next Annual General Meeting. If approval is not obtained at that meeting, then the issue will be undertaken when sufficient capacity is available under Listing Rule 7.1.

- (g) **(Timing of Issue):** Highlands intends to issue the shares referred to in Resolution 1 within 14 days of the date of this resolution but in any event no later than 3 months from the date of this resolution.

Directors recommend shareholders vote in favour of Resolution 1 as it will enable Highlands to further advance development and production at the Kainantu Gold Mine.

Resolution 2 – Issue of Option to RCF IV

Resolution 2 seeks approval to issue the options described in paragraph 3 of the Introduction pursuant to Listing Rule 7.1. The effect of Listing Rule 7.1 is described in the information provided in support of Resolution 1.

Information relevant to Resolution 2 is:

- (a) **(Identity of Subscriber):** The identity of the person who will receive the options issued pursuant to resolution 2 will be RCF IV. Background information with respect to RCF IV has been provided with the information provided for Resolution 1 above.
- (b) **(Number of Securities):** The total number of options to be issued is 43,025,908 with exercise prices as follows:
- (1) the initial 10,756,477 at AUD0.50;
 - (2) the second 10,756,477 at AUD0.55;
 - (3) the third 10,756,477 at AUD0.60; and
 - (4) the final 10,756,477 at AUD0.65.
- (c) **(Issue Price):** The options are issued pursuant to the Subscription Agreement and do not carry an issue price.
- (d) **(Use of Proceeds):** Highlands intends that the proceeds from exercise of the options will be applied to in the same manner as the proceeds from the share subscription under the Subscription Agreement.
- (e) **(Terms of Securities):** The terms of the options, save for exercise price, are set out in schedule 1.
- (f) **(Other Terms and Conditions):** The options are issued pursuant to the Subscription Agreement and therefore the additional terms and conditions are described above with respect to Resolution 1.
- (g) **(Timing of Issue):** Highlands intends to issue the options referred to in Resolution 2 within 14 days of the date of this resolution but in any event no later than 3 months from the date of this resolution.

Directors recommend shareholders vote in favour of Resolution 2 as it will also enable Highlands to further advance the development and production at Kainantu Gold Mine and with proceeds from the exercise of the options to be received over the next 3 years should assist with cash flow during further ramp up and development phase.

Resolutions 3.1 and 3.2 – Ratification of the issue of 82,715,518 shares and 2,000,000 options

As discussed in relation to resolutions 1 and 2, Listing Rule 7.1 provides that a listed company must not issue or agree to issue in any 12 month period more than 15% of the total number of issued securities without shareholder approval (“15% limit”) subject to certain exceptions set out in the Listing Rules.

The exception to this rule contained in Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of Shareholders under Listing Rule 7.1 if subsequently approved by Shareholders, thereby “refreshing” Highland’s ability to issue shares within the 15% limit, and restoring Highland’s ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

Highlands issued a total of 82,715,518 shares and 2,000,000 options within its existing 15% Limit.

While the securities described in above were issued within the 15% limit, Highlands seeks shareholder ratification of the issue of those securities for the purpose of Listing Rule 7.4, so that Highland’s ability to issue securities will be “refreshed” and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to shareholders to allow them to assess the ratification of the issue of the securities, the subject of these Resolutions:

- (a) **(Allottees):** RCF IV will be issued 82,715,518 shares on 6 March 2006 pursuant to the Subscription Agreement. In the last 12 month period, Highlands has also issued without shareholder approval 2 million options to its employees. Further details on these issues are contained in point 1 in the “Introduction” above.
- (b) **(Related Parties):** None of the allottees are related parties.
- (c) **(Terms of Issue):** The shares issued to RCF IV rank equally with all existing shares. The options are unquoted, were issued for no cash consideration, have an exercise price of AUD0.423 and, subject to continuous employment, vest to the employee on 31 July 2007. Following vesting, the options may be exercised at any time up until 31 July 2010.
- (d) **(Use of Proceeds):** Under the Subscription Agreement, the proceeds from the issue of the 82,715,518 shares (being USD19.2 million) must be applied in the same manner as the other securities issued under the Subscription Agreement which is described above in relation to Resolution 1. The proceeds from the issue of the employee options will be applied to general working capital.

The Directors recommend you ratify the issue of 82,715,518 shares and 2,000,000 options as it will refresh Highlands’ placement capacity, under listing rule 7.1, should it be required going forward.

Definitions:

"Subscription Agreement" means the agreement between Resource Capital Fund IV L.P. and Highlands Pacific Limited.

"Highlands" means Highlands Pacific Limited ARBN 078 118 653.

"RCF IV" means Resource Capital Fund IV L.P., a Caymans Limited Partnership.

"Listing Rule 7.1" means Listing Rule 7.1 of the ASX Listing Rules and Listing Rule 7.1 of the Port Moresby Stock Exchange Listing Rules – both of which are on the same terms.

"Listing Rule 7.4" means Listing Rule 7.4 of the ASX Listing Rules and Listing Rule 7.4 of the Port Moresby Stock Exchange Listing Rules – both of which are on the same terms.

"Listing Rule 7.5" means Listing Rule 7.5 of the ASX Listing Rules and Listing Rule 7.5 of the Port Moresby Stock Exchange Listing Rules – both of which are on the same terms.

Capital Structure

As of 27 February 2007 Highlands has 564,770,123 ordinary fully paid shares on issue and 15,375,733 options issued. If all resolutions are passed, there will be 650,821,941 ordinary fully paid shares on issue and 58,401,641 options issued.

The closing share price on 27 February 2007 was AUD0.30 and the high / low for the last 3 months up to 27 February 2007 was AUD0.43 / AUD0.255.

Schedule – Option Terms

- (a) The exercise of each Option will entitle the holder to one Share.
- (b) The exercise price of each:
 - (i) Fifty Cent Option is A\$0.50;
 - (ii) Fifty-five Cent Option is A\$0.55;
 - (iii) Sixty Cent Option is A\$0.60; and
 - (iv) Sixty-five Cent Option is A\$0.65.
- (c) The Options will expire three years from the date on which they were granted.
- (d) Exercise of the Options is effected by completing the "Election Form to Exercise Options" attached to the Subscription Agreement and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
- (e) An Option holder is required to exercise the Option in order to participate in a bonus or entitlement issue of shares made by the Company. Option holders will be provided with at least 14 days' written notice of the terms of the issue to shareholders and afforded that period as determined by the ASX Listing Rules and POMSoX Listing Rules to exercise their Options if they wish to participate in the bonus or entitlement issue.
- (f) If, prior to the expiry of an Option, there is a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (i) the number of Shares subject to the Option and/or the exercise price will be adjusted in the manner required by the ASX Listing Rules and POMSoX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
 - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- (g) If there is a pro rata issue (except a bonus issue) to the holders of the underlying securities, the exercise price of an option may be reduced in accordance with ASX Listing Rule 6.22.2 and POMSoX Listing Rule 6.22.2.
- (h) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (i) All shares issued upon exercise of the Options will, from the date they are issued, rank equally in all respects with the Company's then issued Shares.
- (j) Shares allotted and issued pursuant to the exercise of an Option will be allotted within the time prescribed by the ASX Listing Rules and POMSoX Listing Rules.
- (k) The Company will apply for official quotation of Shares issued pursuant to the exercise of Options in accordance with the ASX Listing Rules and POMSoX Listing Rules.
- (l) A certificate will be issued for Options, which certificate must take effect as a deed.
- (m) Application will not be made for official quotation of the Options on ASX and POMSoX.
- (n) Options are freely transferable without any further consents or approvals from the Board.
- (o) The Company is obliged to give an Option holder copies of all notices, circulars and other documents sent by the Company to its shareholders.
- (p) While the Company is admitted to the Official List of the ASX and POMSoX, the terms of the Options shall only be amended in accordance with the ASX Listing Rules and POMSoX Listing Rules.

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Proxy Form

All correspondence to:

Computershare Investor Services Pty Limited
GPO Box 523 Brisbane
Queensland 4001 Australia
Enquiries (within Australia) 1300 552 270
(outside Australia) 61 3 9415 4000
Facsimile 61 7 3237 2152
www.computershare.com



Appointment of Proxy

I/We being a member/s of Highlands Pacific Limited and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Highlands Pacific Limited to be held at Ballroom 3, Crowne Plaza Hotel, Cnr Hunter & Douglas Streets, Port Moresby, Papua New Guinea on 20 March 2007 at 2.00pm and at any adjournment of that meeting.

IMPORTANT: FOR ITEMS BELOW



If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

Voting directions to your proxy - please mark to indicate your directions

		For	Against	Abstain*
1.	To approve the issue of 3,336,300 shares to Resource Capital Fund IV L.P.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	To approve the issue of 43,025,908 options to Resource Capital Fund IV L.P.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.1	Ratify the issue of 82,715,518 shares to Resource Capital Fund IV L.P.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2	Ratify the issue of 2,000,000 options to employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy



Mark with an 'X' if you wish to appoint a second proxy.

AND

 %

OR

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 24 hours before the commencement of the meeting at 2.00pm on 20 March 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

- IN PERSON Share Registry, Computershare Investor Services Pty Ltd, Level Nineteen, 307 Queen St, Brisbane, Queensland, 4001, Australia; or Share Registry, Kina Securities, Lvl 2, Deloitte Tower, Douglas Street, Port Moresby, Papua New Guinea
- BY MAIL Share Registry, Computershare Investor Services Pty Limited, GPO Box 523, Brisbane QLD 4001 Australia; or Share Registry, Kina Securities, PO Box 1141, Port Moresby, Papua New Guinea
- BY FAX Australia Facsimile 61 7 3237 2152; or Papua New Guinea Facsimile 675 308 3899