

Notice of General Meeting

Notice is hereby given that a General Meeting of shareholders of Highlands Pacific Limited will be held at the Crowne Plaza Hotel, Corner Hunter & Douglas Streets, Port Moresby, Papua New Guinea, on Thursday, 14 November 2002, at 10.00am.

Business

1. Issue of shares

To consider and if thought fit, pass with or without amendment, the following resolution as an ordinary resolution:

That, for the purpose of ASX Listing Rule 7.1 and POMS0X Listing Rule 7.1, the shareholders of the Company approve the allotment and issue of 24 million ordinary fully paid shares in the Company by way of a share placement made on 9 October 2002.

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company will not disregard a vote if:

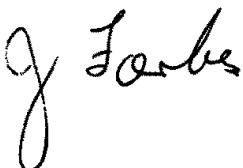
- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Share Purchase Plan

To consider and if thought fit, pass with or without amendment, the following resolution as an ordinary resolution:

That, for the purpose of ASX Listing Rule 7.1 and POMS0X Listing Rule 7.1, the shareholders of the Company approve the allotment and issue of not more than 121,000,000 ordinary fully paid shares in the Company to eligible shareholders of the Company pursuant to a Share Purchase Plan.

By Order of the Board



J I FORBES
Company Secretary

15 October 2002

Highlands Pacific Limited

ARBN 078 118 653

EXPLANATORY MEMORANDUM

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 General Meeting of Highlands Pacific.

The funds raised from the placement and the SPP will be used for the development of the high-grade Kainantu gold project.

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

Resolution 1 – Issue of shares

On 9 October 2002, Highlands Pacific raised \$6 million by way of a share placement of 24 million ordinary fully paid shares at a price of \$0.25 per share to institutional and sophisticated investors, which was arranged and managed by ABN AMRO Morgans Limited.

The new shares issued represent an increase of approximately 11% of the Company's issued capital. The new shares will rank equally with existing fully paid ordinary shares and will carry the same voting rights, dividend rights and other entitlements at the date of allotment.

ASX Listing Rule 7.1 provides that a listed company may not in any 12 month period issue more than 15% of the total number of issued securities unless the shareholders otherwise approve. The same rule applies under the Listing Rules of the Port Moresby Stock Exchange ("POMSoX").

The purpose of resolution 1 is to approve the last placement of 24 million shares, so that for the purpose of ASX Listing Rule 7.1 and POMSoX Listing Rule 7.1, the number of shares issued in the last 12 months without shareholder approval returns to zero.

Resolution 2 – Share Purchase Plan

Highlands Pacific intends to raise up to A\$30,250,000 by the issue of up to 121,000,000 of ordinary fully paid shares in the Company by way of a Share Purchase Plan ("SPP") to its existing shareholders under which each shareholder will be permitted to purchase not more than \$5,000 worth of shares at a price of \$0.25 per share (or Kina equivalent for PNG shareholders).

The directors have sought shareholders' approval to issue further shares under the SPP in accordance with the requirements of ASX Listing Rule 7.1, as the issue may exceed 15% of the Company's issued capital.

The terms and conditions of the SPP are set out in the Chairman's letter to shareholders dated 14 October 2002.

The Company will only be able to proceed with the Share Purchase Plan if this resolution is approved.

At present the Company does not intend issuing any further shares, other than under the SPP.



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 9615 5970
Facsimile 61 7 3229 9860
www.computershare.com

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



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

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing the person named, or if no person 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 the Crowne Plaza Hotel, Cnr Hunter & Douglas Streets, Port Moresby, Papua New Guinea on Thursday 14 November 2002 at 10.00am and at any adjournment of that meeting.

IMPORTANT: FOR ITEM 1 BELOW



If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on Item 1 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 that Item 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 Item 1 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 1.

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

- To ratify the placement of 24,000,000 shares.
- To approve the issue of up to 121,000,000 ordinary shares under the company's Share Purchase Plan.

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 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, or if your votes entitlement cannot be voted by the Chairman of the Meeting, 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

Contact Name

Contact Daytime Telephone

Date

/ /



How to complete this 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 person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. 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.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the 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 persons as 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 the corporation 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.

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 not later than 24 hours before the commencement of the meeting at 10.00am on Thursday 14 November 2002. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Highlands Pacific Limited share registry at the address below
- Computershare Investor Services Pty Limited
GPO Box 523 (Level 27, Central Plaza One, 345 Queen Street)
Brisbane QLD 4001 Australia
Facsimile 61 7 3229 9860

Highlands Pacific Limited share registry
Deloitte Touche Tohmatsu
PO Box 1275 (Level 12, Douglas Street)
Port Moresby NCD 121
Papua New Guinea
Facsimile 67 5 308 7001