



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

Registered Office
PO Box 1486
Level 9 Pacific Place
Musgrave Street
Port Moresby NCD 121
Papua New Guinea
Telephone: (675) 321 7633
Facsimile: (675) 321 7551

Registered Office in Australia
GPO Box 3086, Brisbane Qld 4001
Level 4
167 Eagle Street
Brisbane Qld 4000
Australia
Telephone: (617) 3239 7800
Facsimile: (617) 3221 6727

E-MAIL info@highlandspacific.com
WEB SITE www.highlandspacific.com

21 April 2005

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 19 April 2005, Highlands Pacific announced the placement of 39.3 million shares at 42 cents each raising A\$16.5 million. The placement was made to domestic and international institutional investors and was arranged and managed by ABN AMRO Morgans Limited. The placement represented 9% of the issued capital of Highlands Pacific.

The main thrust behind the SPP is to provide shareholders with the opportunity to participate in the growth of the Company. Each shareholder can subscribe for up to 11,900 new fully paid ordinary shares at a price of 42 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. Please note that applications and cheques under the SPP must be received not later than 5.00pm on 20 May 2005.

The funds raised from both the placement and the SPP will be used to further enhance the Company's gold reserve and resource base by accelerating the exploration at Kainantu, which would lengthen the life of the gold mine now under construction, and potentially expand production. It will also assist the Company through increasing its working capital base.

Detailed information on the exploration potential around the Kainantu gold mine can be obtained from the Company's web site "www.highlandspacific.com".

I believe that this present down turn in market sentiment represents an outstanding buy opportunity, and would commend the Company's SPP to shareholders.

I commend the SPP to you.

Yours faithfully

Robert Bryan
Chairman



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SHAREHOLDERS' SHARE PURCHASE PLAN Australian and New Zealand Offer

21 April 2005

This Share Purchase Plan (SPP) entitles shareholders in Highlands Pacific Limited, irrespective of the size of their shareholding, to purchase up to 11,900 fully paid ordinary shares at a price of 42 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 20 May 2005.

Participation

Participation in the SPP is optional and open to all persons registered as holders of fully paid ordinary shares of Highlands Pacific on 19 April 2005 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 SPP 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 11,900 fully paid ordinary shares at a price of 42 cents per share, being the same price that applied to shares issued under the share placement on 19 April 2005. The pricing was set at a 16% 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	4,750	A\$1,995.00
B	8,500	A\$3,570.00
C	11,900	A\$4,998.00

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

This SPP offer complies with Australian Securities and Investments Commission Class Order 02/831. Under that Class Order, the maximum number of 11,900 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 target amount raised of A\$10 million (approximately 23.8 million shares). If the aggregate value of applications received by Highlands Pacific under the SPP exceeds this limit, Highlands Pacific may 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 of Highlands Pacific.

Allotment of shares

Shares issued under the SPP will be allotted on or about the allotment date, 27 May 2005. 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	19 April 2005
SPP offer closes	20 May 2005
Issue and allotment of Shares	27 May 2005
Anticipated quotation of Shares on ASX & POMSx	31 May 2005

Applications received after 20 May 2005 will not be accepted. If the exact amount of money is not tendered with the Application Form, Highlands Pacific reserves the right 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 (within Australia) or 617 3237 2100 (outside of Australia).

Acceptance of Offer

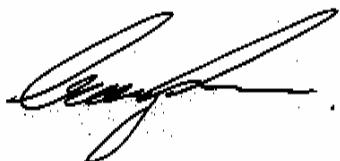
If you wish to apply for shares under the SPP, you should complete the enclosed Application Form and forward it with your payment by cheque made payable to "Highlands Pacific Share Purchase Plan" to the share registry at the address below in the enclosed reply paid envelope. Applications must be received no later than 5.00 pm on 20 May 2005:

Hand deliver to:

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

OR Post to:

Computershare Investor Services Pty Ltd.
GPO Box 523
Brisbane Qld 4001



C T LENNON
Company Secretary



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**SHAREHOLDERS' SHARE PURCHASE PLAN
 APPLICATION FORM**

Broker Code	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Broker Reference Stamp
Adviser Code	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	

TO THE DIRECTORS: I/We the above mentioned being registered as ordinary shareholder(s) in the Company as at 19 April 2005 do hereby apply for the number of new shares as stated below at an issue price of \$0.42 per share issued in accordance with the terms of the Highlands Pacific Limited Shareholder Share Purchase Plan and the Constitution of the Company.

NUMBER OF NEW SHARES	APPLICATION AMOUNT PER SHARE	AMOUNT ENCLOSED
	AT \$0.42 PER SHARE	\$ _____

IMPORTANT NOTICE

Eligible shareholders may apply for a specified number of shares, under ONE of the following alternative offers:

Offer	No. Shares	Subscription Amount
A	4,750	A\$1,995.00
B	8,500	A\$3,570.00
C	11,900	A\$4,998.00

I/we enclose payment of \$0.42 for each new fully paid ordinary share accepted, and hereby authorise you to place my/our name(s) on the register of members in respect of the new fully paid shares allotted to me/us and I/we agree to be bound by the Company's Constitution.

INSERT DETAILS OF YOUR CHEQUE OR BANK CHEQUES - PLEASE COMPLETE IN BLOCK LETTERS

Name of Drawer	Cheque No.	BSB	Amount

Daytime contact details

Please provide a daytime (business hours) telephone number so that we can contact you if we have any questions regarding your application. _____

This Share Purchase Plan Application Form with your cheque as full payment must be lodged with the Company or the Share Registry not later than 5:00 pm Brisbane time on 20 May 2005.

RETURN OF THIS DOCUMENT WITH YOUR CHEQUE WILL CONSTITUTE YOUR ACCEPTANCE OF THE TERMS AND CONDITIONS OF THE HIGHLANDS PACIFIC LIMITED SHAREHOLDERS' SHARE PURCHASE PLAN. THERE IS NO NEED TO SIGN THIS APPLICATION FORM.

INSTRUCTIONS TO COMPLETE APPLICATION FORM (SEE OVERLEAF)

INSTRUCTIONS TO COMPLETE APPLICATION FORM

Payment

The amount of your cheque must be equal to the amount stated on the front of this form as the 'amount enclosed'. If the amount of your payment is a different amount, Highlands Pacific Limited reserves the right to accept it in respect of a number of shares for which the subscription amount is equal to or less than your payment.

Payment must be made in Australian currency only. Cheques should be made payable to "**Highlands Pacific Share Purchase Plan**" and crossed "Not Negotiable". Receipts for payment will not be issued. Cash payment will not be accepted. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Acknowledgement and Certification

By forwarding and completing the Application Form, each Applicant:

- acknowledges that he/she has read, understood and agrees to be bound by the terms and conditions of the SPP;
- agrees to accept any lesser number of new shares than the number of new shares applied for in the case of a scale back; and
- certifies that the total cost of all shares applied by him/her under the Share Purchase Plan (including through joint and beneficial holdings) does not exceed \$4,998.

How to lodge your application

The completed form with your payment should be forwarded in the reply-paid envelope provided to the Share Registry of the Company located at the addresses set out below and must reach that address by 5:00pm Brisbane time on 20 May 2005.

Hand deliver to:

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

OR

Post to:

Computershare Investor Services Pty Ltd
GPO Box 523
Brisbane QLD 4001

**Your Application Form must be received no later than 5:00pm Brisbane time on
20 May 2005.**

**If you have any enquiries or would like to receive a further copy of the terms and conditions of the
Shareholders' Share Purchase Plan, please contact
Computershare Investor Services on
1300 552 270 (within Australia) or 617 3237 2100 (outside Australia).**
