



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

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8 March 2006

ANNOUNCEMENT

SHARE PLACEMENT & SHARE PURCHASE PLAN

Share Placement

Highlands Pacific has successfully completed a share placement (Placement) of 62 million shares (12.9% of its issued capital) at 67 cents (the "Placement Price"). The Placement, which will raise A\$41.5 million, has been jointly managed by ABN AMRO Rothschild and ABN AMRO Morgans.

Participants in the placement represent a broad range of institutional investors based in the United States, UK, Europe, Australia and Papua New Guinea.

Demand for the placement was strong with the placement well over-subscribed. The Placement Price of A\$0.67 is a discount of 5% to the five trading days volume weighted average price immediately prior to the suspension of trading in HIG shares on 6 March 2006.

Mr Ian Holzberger, Managing Director, said "we are delighted with the interest shown in the Company by institutions based both locally and internationally. We welcome many new investors onto the register"

Share Purchase Plan

The Company also intends to offer its shareholders an opportunity to purchase additional shares at the Placement Price by undertaking a Share Purchase Plan (SPP).

The SPP will be an offer to eligible shareholders to purchase up to A\$5,000 worth of shares at a price of 67 cents per share. Total subscriptions under the SPP will be capped at A\$10 million. Any scale back will be pro-rata to the value of applications.

The SPP will be offered to all Australian, Papua New Guinean and New Zealand shareholders on the register as at the 7th March 2006.

Application of Funds

Mr Ian Holzberger, Managing Director, said “the funds raised from the Placement and the SPP will be used to define additional gold resources and reserves at the Kainantu gold project, with the objective of expanding the mine production; to refinance the existing project loan and growth opportunities.”

A copy of the presentation to institutional investors is available on the Company’s web site and from the Australian Stock Exchange.

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