



Registered Office
PO Box 1486, Port Moresby NCD 121
Papua New Guinea
Level 1 Allotment 6, Section 58
Sir Hubert Murray Highway
Boroko NCD
Papua New Guinea

Telephone: (675) 323 5966
Facsimile: (675) 323 5990
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

DEALING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

The Company's securities trading policy regulates dealings by directors, officers and employees in securities issued by the Company. In certain circumstances this policy also applies to contractors and consultants.

The Company's securities are listed on the Australian Securities Exchange ("ASX") and the Port Moresby Stock Exchange ("POMSOX").

GENERAL RESTRICTIONS WHEN IN POSSESSION OF INSIDE INFORMATION

Inside trading laws

The insider trading laws of the Australian Corporations Act and the PNG Securities Act cover all directors and employees of the Company. If a person is in possession of any unpublished price-sensitive information, it is a criminal offence to take advantage for personal gain or that of an associate.

Price-sensitive information is any information which if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities, or would be likely to influence a person in deciding whether to buy or sell the Company's securities.

Directors, officers and employees must not sell or purchase securities (meaning any change whatsoever including, but not limited to sale, purchase, exercise of options (even if due to expire), discharge of any right or obligation, or transfer) while there is any matter which constitutes unpublished price-sensitive information in relation to the Company's securities, of which they are aware or would be expected to have knowledge of.

The laws regarding insider trading extend to dealings in securities of any company of which a person possesses material price sensitive information which is not generally publically available; including, for example, companies in a joint venture arrangement with the Company.

Confidential information

Directors, officers and employees also have a duty of confidentiality to the Company. A person must not reveal any confidential information concerning the Company; use that information in any way which may cause loss to the Company; or use that information to gain an advantage for themselves or anyone else.

Limiting Risk

Directors, officers and employees must not enter into a transaction or arrangement which limits the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chairman.

ADDITIONAL TRADING RESTRICTIONS FOR DIRECTORS, OFFICERS AND EMPLOYEES

In accordance with ASX Listing Rules, additional restrictions on trading in the Company's securities apply to all Company directors, officers and employees.

Prohibited Periods

Directors, officers and employees must not trade in the Company's securities, or in financial products issued or created over or in respect of the Company's securities, during a **Prohibited Period**.

A Prohibited Period means any **Closed Period** (see definition below) or additional period when directors, officers and employees are prohibited from trading, which is imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.

Closed Period means:

- The period from two weeks before to two trading days after the publication of the Company's annual results (or, if shorter, the period from its financial year end to the time of publication);
- The period from two weeks before to two trading days after the publication of the Company's half year results (or, if shorter, the period from its half year end to the time of publication);
- The period from two weeks before to two trading days after the announcement of its quarterly results (or, if shorter, from the relevant financial period end up to and including the time of the announcement).

Exceptional Circumstances

In exceptional circumstances, the Chairman (or the Managing Director where applicable) may provide written clearance to directors, officers and employees to trade in a Prohibited Period if:

- The sale of the Company's securities is necessary to alleviate severe personal hardship – the Company may require the employee to swear a statutory declaration in support of their claim of financial hardship;
- The director, officer or employee is required by a court order, or there are court enforceable undertakings to transfer or sell the securities of the Company or there is some other overriding legal or regulatory requirement for him or her to do so;
- There are other circumstances which have not been identified in this Securities Trading Policy, that are deemed exceptional by the Chairman, or the Managing Director where the Chairman is involved, and the proposed sale or disposal of the relevant securities is the only reasonable course of action available; and
- Where the dealing occurs under an offer to all or most of the holders of the Company's securities such as in a rights issue or pursuant to a takeover offer.

Requirements before trading

Before trading, or giving instructions for trading in the Company's securities, a director must:

- (a) Notify the Chairman in writing of the intention to trade;
- (b) Confirm that the director does not hold any inside information;
- (c) If the director is seeking clearance to trade in exceptional circumstances, provide full disclosure of such circumstances;
- (d) Have been notified in writing by the Chairman (such response to be provided as soon as practicable upon receipt of notification but in any event no more than 48 hours after receipt of notification) that there is no reason to preclude the director from trading in the Company's securities as notified; and
- (e) Comply with any conditions on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance which as a standard is 5 business days in order to trade).

Where the Chairman intends to trade in the Company's securities, the Chairman must notify and obtain clearance in the abovementioned manner from at least one other director and the Managing Director before trading, or giving instructions for trading.

In the case of any officer or employee, the person must notify and obtain clearance from the Managing Director before trading, or giving instructions for trading.

Written notification under this Securities Trading Policy via email is acceptable.

In the case of all approvals for trading the Company Secretary will maintain a register of the approval date given by the Chairman, Managing Director or director as the case may be, and the 5 day clearance period or other time period as may be directed.

Director Notification of trading

A director must notify the Company Secretary of any dealings in the Company's securities immediately any such dealings occur. The Directors appoint the Company as their agent for the purposes of compliance with the disclosure requirement on Directors share trading contained in ASX Listing Rule 3.19. Directors shall be responsible for providing information to the Company Secretary in order for the Company Secretary to ensure compliance with Listing Rule 3.19.

If a Director engaged in trading during a Closed Period, the Director must confirm to the Company Secretary that written clearance to trade was provided by the Chairman and the date on which this was provided.

Trading not subject to the Trading Policy

The following is excluded from the operation of this Trading Policy:

- Transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the director, officer or employee is a beneficiary;
- An investment in, trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- Where a director, officer or employee is a trustee, trading in the securities of the Company by that trust, provided that the director, officer or employee is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the restricted person;
- Undertakings to accept, or the acceptance of a takeover offer;
- Trading under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy back, where the plan that determines the timing and structure of the offer have been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements under a renounceable pro-rata issue;
- Disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period;
- Trading under a non-discretionary trading plan for which prior written clearance has been provided by the Board and;
 - The director, officer or employee did not enter the plan or amend the plan during a Closed Period;
 - The trading plan does not permit the director, officer or employee to exercise any influence or discretion over how, when or whether to trade; and
 - The trading plan cannot be cancelled during a Closed Period except in exceptional circumstances.

BREACHES OF POLICY

Strict compliance with this policy is a condition of employment. It is the responsibility of all Highlands Pacific personnel to comply with this policy and the law when dealing in the Company's securities. If you are in any doubt of your obligations when dealing in the Company's securities, independent legal advice should be sought.