



Highlands Pacific Limited

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Thursday, 21 May 2009 at 10:00 am
Crowne Plaza Hotel, cnr Hunter & Douglas Streets,
Port Moresby, Papua New Guinea



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of members of Highlands Pacific Limited will be held in Ballroom 2, Crowne Plaza Hotel, cnr Hunter & Douglas Streets, Port Moresby, Papua New Guinea on Thursday, 21 May 2009 at 10:00am.

A G E N D A

ORDINARY BUSINESS

1. To receive accounts and reports

To receive and consider the accounts (including balance sheet and income statement) for the year ended 31 December 2008, together with the reports of the Directors and the Auditors thereon, and if thought fit, pass the following resolution:

"That the accounts (including balance sheet and income statement) for the year ended 31 December 2008 are hereby adopted".

2. Election of Director – Ian Burvill

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

"That Mr Ian Burvill, retiring in accordance with Regulation 10.3(b) of the Company's Constitution and being eligible, be elected as a Director of the Company".

3. Election of Director – Fiu Williame-Igara

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

"That Ms Fiu Williame-Igara, retiring in accordance with Regulation 10.3(b) of the Company's Constitution and being eligible, be elected as a Director of the Company".

4. Approval of Auditors

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

"That Messrs PricewaterhouseCoopers be appointed as Auditors of the Company".

SPECIAL BUSINESS

5. Approval of Executive Share Option Scheme

To receive and consider the Executive Share Option Scheme and, if thought fit, pass the following resolution:

"That, in accordance with Listing Rules 7.2 Exception 9(b), that the Executive Share Option Scheme attached to the Notice of Meeting be approved."

The Company will, in accordance with Rule 14.11 of the Listing Rules, disregard any votes cast in respect of this resolution by any Director who is eligible to participate in the scheme and any associate of the Director.

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.

6. Approval of issue of executive options to Managing Director

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

"That, in accordance with Listing Rule 10.14, the issue of 2,000,000 executive options to Mr John Gooding, the Managing Director of the Company, under the Executive Share Option Scheme in accordance with the terms described in the Explanatory Memorandum is approved."

The Company will, in accordance with Rule 14.11 of the Listing Rules, disregard any votes cast in respect of this resolution by any Director who is eligible to participate in the scheme and any associate of the Director.

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.

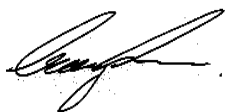
If you wish to appoint a proxy, please fill out, sign and return the attached proxy form as directed by the notes on the proxy form.

For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at 10.00am (Port Moresby and Brisbane time) on Tuesday, 19 May 2009. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

INCORPORATION OF EXPLANATORY MEMORANDUM

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

By Order of the Board



C.T. LENNON
COMPANY SECRETARY

16 April 2009



EXPLANATORY MEMORANDUM

INTRODUCTION

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 Annual General Meeting of Highlands Pacific Limited (**Highlands**).

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

RESOLUTION 2

ELECTION OF DIRECTOR – IAN BURVILL

Mr Ian Burvill retires from his position as Director in accordance with the retiring-by-rotation provisions of Regulation 10.3(b) of the Company's Constitution.

Mr Burvill has an extensive background in mining finance and engineering. He is a Senior Vice President with Resource Capital Funds (**RCF**), a resource-focused private equity firm that is Highlands' largest shareholder. Before joining RCF, Mr Burvill was an Associate Director in the resource banking department of Rothschild Australia Limited, and prior to that held design and project engineering positions with Minproc Engineers and Lycopodium. He is currently a Non-Executive Director of both Highlands and the Toronto listed Australian Solomons Gold Limited and has previously served as a Non-Executive Director of five other listed and unlisted mining companies.

Mr Burvill brings to Highlands his knowledge of project development, debt and equity markets, and mining asset transactions. He is able to share this experience with the Board and management of Highlands when setting and implementing company strategy.

The Board recommends the re-election of Mr Burvill as a Director.

RESOLUTION 3

ELECTION OF DIRECTOR – FIU WILLIAME-IGARA

Ms Fiu Williame-Igara retires from her position as Director in accordance with the retiring-by-rotation provisions of Regulation 10.3(b) of the Company's Constitution.

Ms Williame-Igara brings to the Board extensive experience in government affairs, economic and social development issues at the national, pacific regional and international levels. She is currently advisor in the Public Sector Reform Unit of the Department of Prime Minister & National Executive Council. Prior to this, Ms Williame-Igara held senior management roles in the Departments of Finance and Planning in Papua New Guinea managing relationships, development programs and financing both from bilateral sources and financial development institutions. She also served with the Pacific Forum Secretariat in Fiji. Ms Williame-Igara is also Managing Director of her family business which is engaged in real estate and management advisory services. Ms Williame-Igara holds a BA from University of the South Pacific (Fiji) and a Masters in Public Policy from the Sydney University.

The Board recommends the re-election of Ms Williame-Igara as a Director.

RESOLUTION 5

APPROVAL OF EXECUTIVE SHARE OPTION SCHEME

Resolution 5 seeks shareholder approval under ASX Listing Rule 7.2 Exception 9(b) and POMSoX Listing Rule 7.2 Exception 9(b) for the Executive Share Option Scheme (**Scheme**), the terms of which are set out in Attachment A.

The original Scheme was approved by shareholders on 8 April 1997 and the current Board believes it is appropriate to renew this approval. The amendments to the Scheme centre around the removal of clauses relating to the initial issue of options to the Non-Executive Directors at Highlands' initial public offer and therefore simplifying the Scheme documentation. The Scheme now allows the Directors to determine the Exercise Price and Option Period at their discretion.

Information relevant to Resolution 5 is as follows:

Identity of persons entitled to participate in the Scheme

The Managing Director and other executives who are employed by Highlands on a full time or permanent part time basis are entitled to participate in the Scheme. However, any options issued to the Managing Director will be subject to further shareholder approval (see Resolution 6).

Options already issued

For the purpose of Listing Rule 7.2 Exception 9(b), 31,390,000 options have been issued under the Scheme since it was originally approved on 8 April 1997. The options were issued for no consideration and no options have ever been exercised. 22,990,000 options remain outstanding.

Voting exclusion

In accordance with Listing Rule 14.11, Highlands will disregard any votes cast by any Director who is eligible to participate in the Scheme and any associate of the Director in respect of this resolution (the only eligible Director is Mr Gooding as he is the only Executive Director).

Directors recommendation

Each of the Directors (other than Mr Gooding) recommends the approval of the Scheme and recommends that you vote in favour of this resolution. Mr Gooding makes no recommendation in view of his personal interest in the outcome. None of the Directors (other than Mr Gooding) have an interest in the outcome of the resolution.

RESOLUTION 6

APPROVAL OF ISSUE OF EXECUTIVE OPTIONS TO MANAGING DIRECTOR

Background and reason for the proposal

The purpose of Resolution 6 is to approve the grant of up to 2,000,000 options (**Options**) to Mr Gooding, the Managing Director of Highlands under the Scheme.

The Board wants to ensure that the remuneration of Highlands' executives is in line with the market and that there is an effective incentive for the executives to improve Highlands' performance and the value of investments of the shareholders.

Subject to approval by shareholders, the Board proposes that the Options be issued to Mr Gooding under the Scheme and on the terms summarised below. In the Board's view the share price performance hurdle, which must be satisfied before the Options are exercisable, link the ultimate value of the Options to the continued growth in Highlands' earning and further improvement in total shareholder returns.

Shareholder approval and the proposal

The Board believes that the granting of the Options to Mr Gooding under the Scheme could be regarded as the giving of a financial benefit to a related party of Highlands which requires approval of shareholders in a General Meeting.

The Australian Securities Exchange (**ASX**) also requires Highlands to obtain the approval of shareholders for the issue of options to a Director under an employee incentive scheme.

Terms of issue of the Options

Approval is sought under ASX Listing Rule 10.14, for the issue to Mr Gooding, the Managing Director of Highlands, of 2,000,000 Options, the terms of which are set out below. On satisfaction of the relevant vesting conditions as referred to below, Mr Gooding will be entitled to exercise each Option at the Exercise Price and be issued with one fully paid ordinary share (**Share**) in Highlands (subject to the terms of issue of the Options relating to capital of Highlands (see clause 7 of Attachment A) and other matters required by the Listing Rules). The Options may be exercised in whole or in part.

No. of Options	Share Price Performance Hurdle – VWAP* per Share (AUD)	Exercise Price – per Share (AUD)**	Aggregate Value of the Options (AUD)***	Vesting Date****	Expiry Date
2,000,000	0.156	0.078	36,916	28 Feb 11	28 Feb 2013

*VWAP means the volume weighted average share price for Highlands' shares on ASX in 20 consecutive trading days.

**Exercise price was set at the VWAP for the 20 consecutive days ending 29 January 2009. Share price performance hurdle was set at two times the exercise price.

***The aggregate value of the Options was calculated independently using the Black Scholes option pricing model that takes into account the exercise price, the term of the Option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the Option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate of the term of the option. The Board draws Shareholders' attention to the fact that the stated valuation does not constitute and should not be taken as audited financial information. The Board believes the method of valuation is appropriate in these circumstances.

****Vesting Date is the date by which the share price performance hurdle is required to be met in order for the Options to be exercisable. If the share price performance hurdle is met by this date, the Options can then be

exercised up to the expiry date. If the share price performance hurdle is not met by this date, then the Option expires.

Mr Gooding currently holds 12,000,000 options previously issued under the Scheme, as follows:

No. of Options	Price Hurdle – VWAP (AUD)	Exercise Price – (AUD)	Vesting Date	Expiry Date
1,500,000	0.25	0.155	21 May 07	21 May 2010
3,500,000	0.35	0.155	21 May 08	21 May 2010
5,000,000	0.50	0.155	21 May 09	21 May 2010
2,000,000	0.30	0.135	28 Feb 11	28 Feb 2013

Terms of the Scheme

The full terms of the Scheme under which the Options may be issued are set out in Attachment A to this Explanatory Statement.

Other information relating to the proposed grant of Options

In accordance with Listing Rules 10.14 and 10.15, the following information is provided for shareholders:

Identity of persons entitled to participate in the Scheme

The Managing Director and other executives who are employed by Highlands on a full time or permanent part time basis are entitled to participate in the Scheme. However, any options issued to the Managing Director are subject to shareholder approval.

Maximum number of options that may be issued

The maximum number of Options that may be acquired by Mr Gooding under this resolution is 2,000,000 Options.

Effect of the proposal

If all of Mr Gooding's options which he currently holds and the Options currently under consideration are exercised, based on the current number of issued shares in Highlands, he would hold approximately 2.1% of the issued shares in Highlands.

Use of funds raised

The funds raised by the exercise of the Options will be used by Highlands for working capital.

Consideration of options

The Options will be issued for no consideration.

How an issue of Shares will affect the Exercise Price

If Highlands makes a pro rata issue of Shares to shareholders (other than a bonus issue), the Exercise Price of the Options is reduced in accordance with the formula set out in clause 6 of the terms of the Scheme (see Annexure A).

How an issue of bonus Shares will affect the number of Shares to be issued by the exercise of the Options

If Highlands makes a bonus issue of Shares to shareholders, the number of Shares over which an Option is exercisable is increased by the number of bonus Shares which Mr Gooding would have received if the Option had been exercised before the record date of the bonus Shares.

Issue of options since last approval

No persons referred to in Listing Rule 10.14 have received securities under the Scheme since the last shareholder approval (being the Special Meeting of Shareholders of 20 May 2008 – Resolution 8).

Terms of any loan in relation to the acquisition

No loan will be provided by Highlands in relation to the grant or exercise of the Options.

Voting exclusion

In accordance with Listing Rule 14.11, Highlands will disregard any votes cast by Mr Gooding and any associate of Mr Gooding in respect of this resolution.

Issue date of the Options

The Options, if approved, will be issued by Highlands to Mr Gooding within three months of the date of shareholders approval.

Directors recommendation

Each of the Directors (other than Mr Gooding) recommends the issue of the Options to Mr Gooding for the reason set out above and recommends that you vote in favour of this resolution. Mr Gooding makes no recommendation in view of his personal interest in the outcome. None of the Directors (other than Mr Gooding) have an interest in the outcome of the resolution.

Attachment A

EXECUTIVE SHARE OPTION SCHEME

TERMS AND CONDITIONS

1. INTERPRETATION

1.1 The following words have these meanings in this Scheme unless the contrary intention appears.

“**ASX**” means Australian Stock Exchange Limited.

“**Business Day**” has the meaning given to that term in the Listing Rules.

“**Companies Act**” means Companies Act Chapter 196 of the Revised Laws of Papua New Guinea.

“**Company**” means **HIGHLANDS PACIFIC LIMITED**.

“**Directors**” means the Directors of the Company from time to time.

“**Eligible Person**” means an Executive.

“**Executive**” means an Executive who is employed by the Company on a full time or permanent part time basis.

“**Exercise Notice**” means a notice in substantially the same form as that contained in the Schedule.

“**Exercise Price**” as defined by the Board.

“**Listing Rules**” means the official listing rules from time to time of ASX.

“**Option**” means an option to acquire a Share at the Exercise Price.

“**Option Period**” as defined by the Board.

“**Participant**” means an Eligible Person who has been issued and presently holds Options.

“**Record Date**” has the meaning given to that term in the Listing Rules.

“**Scheme**” means the executive share option scheme of the Company comprising the terms and conditions herein set out.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Takeover Offer**” means a take-over offer as defined in the Companies Act.

1.2 The singular includes the plural and vice versa.

1.3 The masculine includes the feminine and neuter; the feminine includes the masculine and neuter, the neuter includes the masculine and feminine.

2. ISSUE OF OPTIONS

2.1 The Directors may issue Options to Eligible Persons.

- 2.2 The number of Options on issue at any time pursuant to this Scheme shall not exceed the number equivalent to 5% of the number of Shares then on issue.
- 2.3 The Directors may in their sole discretion select Eligible Persons to whom Options shall be offered and determine the number of Options to be offered to an Eligible Person.
- 2.4 The number of Options to be offered to an Eligible Person under the Scheme shall be notified in a letter of offer from the Company. Acceptance of such offer shall be in writing in a form acceptable to the Directors.

3. EXERCISE

- 3.1 Each Option shall entitle the Participant to subscribe for one Share upon exercise of the Option.
- 3.2 Subject to clause 3.7, the Options may be exercised during the Option Period at the times and subject to any share price performance hurdles determined by the Directors and notified in the letter of offer issued pursuant to clause 2.4.
- 3.3 The Options shall be exercisable wholly or in part by delivering to the Company at its registered office a duly completed and executed Exercise Notice.
- 3.4 Shares issued pursuant to the exercise of Options will be allotted not more than 15 Business Days after (but not including) the date of receipt by the Company of:
- (a) the Exercise Notice;
 - (b) the option certificate; and
 - (c) payment of the Exercise Price.
- 3.5 The Participant's right to exercise the Options shall continue until the expiration of the Option Period, subject to the following conditions:
- 3.5.1 In the event of a Participant ceasing to be an Eligible Person (except in the case of normal retirement, retrenchment or death), any Options held by the Participant and not at that time exercised shall, if the option period has not commenced, lapse immediately upon termination of employment; if the exercise period has commenced, the options will lapse at the end of the exercise period, unless the Directors in their absolute discretion determine otherwise.
 - 3.5.2 If a Participant ceases to be an Eligible Person due to normal retirement or retrenchment prior to the expiration of the Option Period, the Participant's rights to exercise Options shall continue in accordance with this Scheme.
 - 3.5.3 If a Participant dies whilst an Eligible Person prior to the expiration of the Option Period, the Participant's Options shall vest in the Participant's executor and/or administrator, as the case may be.
- 3.6 Each Option may be exercised at the Exercise Price.
- 3.7 Notwithstanding any other provision of this Scheme, each Option shall become exercisable immediately upon any person making a Takeover Offer in relation to the Shares.

4. SHARE RANKING AND QUOTATION

- 4.1 Options will not confer an entitlement to share in dividends declared and paid by the Company.
- 4.2 Options will not be quoted by ASX.

- 4.3 Each Share issued pursuant to the exercise of an Option shall rank equally in all respects with the issued Shares.
- 4.4 The Company shall apply for official quotation by ASX of Shares issued pursuant to the exercise of Options within the period required by the Listing Rules.

5. ASSIGNMENT

- 5.1 Options are not assignable or transferable except in the case of the death of a Participant when Options may be transmitted to the personal representative of the deceased.

6. NEW ISSUES

- 6.1 Option holders are not permitted to participate in new issues of securities made by the Company.
- 6.2 In the event that the Company makes a pro rata issue of Shares to its shareholders (other than a bonus issue), the Exercise Price of Options shall be reduced in accordance with the following formula:

$$E = \frac{P - (S + D)}{N + 1}$$

where:

- E = The new exercise price (which shall not be less than the par value of the Shares).
- P = the weighted average market price of Shares sold in the ordinary course of trading on ASX during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for securities under the pro rata issue.
- D = any dividends due but not yet paid on existing Shares (except those to be issued under the pro rata issue).
- N = the number of securities with rights or entitlements required to be held to receive a right to one new security.

- 6.3 In the event that the Company makes a bonus issue of securities to the holders of Shares, the number of Shares over which an Option is exercisable shall be increased by the number of bonus Shares which the Option holder would have received if the Option had been exercised before the Record Date.

7. RECONSTRUCTION

- 7.1 In any reconstruction, Options shall be treated in the following manner:
- (a) in the event of a consolidation of the share capital of the Company, the number of Options shall be consolidated in the same ratio as the ordinary share capital and the Exercise Price shall be amended in inverse proportion to that ratio;
 - (b) in the event of a subdivision of the share capital of the Company, the number of Options shall be subdivided in the same ratio as the ordinary share capital and the Exercise Price shall be amended in inverse proportion to that ratio;
 - (c) in the event of a reduction of par value by return of share capital, the number of Options shall remain the same and the Exercise Price of each Option shall be reduced by the same amount as the reduction of the par value of each ordinary Share;

- (d) in the event of a reduction of par value of each Share by a cancellation of share capital that is either lost or not represented by available assets the number of Options and the Exercise Price of each Option shall remain unaltered;
- (e) in the event of a pro rata cancellation of Shares, the number of Options shall be reduced in the same ratio as the ordinary share capital and the Exercise Price of each Option shall be amended in inverse proportion to that ratio;
- (f) in the event of any other reconstruction of the share capital of the Company, the number of Options or the Exercise Price of the Options or both shall be reorganised in a manner which will not result in any benefits being conferred on Option holders which are not conferred on shareholders; and
- (g) nothing in this clause presents a rounding up of the number of Shares to be received on exercise of an Option if the rounding up is approved at the meeting of security holders which approves the reconstruction.

8. ADMINISTRATION AND AMENDMENT OF PLAN

The Scheme shall in all respects be administered by the Directors, who may make such rules for the conduct of the Scheme consistent with its terms and conditions as they see fit.

The terms and conditions of the Scheme may be altered by special resolution of the Company in general meeting. At any meeting called to approve an alteration of the Scheme, the shareholders who are eligible to participate in the Scheme and their associates shall not vote on the matter.

000001 000 HIG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 552 270
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10.00am (Port Moresby and Brisbane time) 20 May 2009

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 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 sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Highlands Pacific Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 Annual General Meeting of Highlands Pacific Limited to be held in Ballroom 2, Crowne Plaza Hotel, cnr Hunter & Douglas Streets, Port Moresby, Papua New Guinea on Thursday, 21 May 2009 at 10:00am and at any adjournment of that meeting.

STEP 2 Items of Business

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

ORDINARY BUSINESS

	For	Against	Abstain
1. To receive accounts and reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Director – Ian Burvill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Director – Fiu Williame-Igara	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

5. Approval of Executive Share Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of issue of executive options to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____