



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

**Registered Office**

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24 March 2009

Patrick O'Connor  
Adviser, Issuers (Brisbane)  
Australian Stock Exchange  
Level 5  
Riverside Centre  
123 Eagle Street  
Brisbane Qld 4000

Facsimile (07) 3832 4114

Dear Patrick

**PRICE QUERY, HIGHLANDS PACIFIC LIMITED**

We refer to your letter of 23 March 2008 noting a change in the price of Highlands Pacific's (the Company) securities and an increase in the volume of trading. Set out below is our response to your query.

1. *Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading the securities of the Company?*

The Company is in the process of finalising its full year accounts including consideration of the reversal of the impairment charge previously recognised in relation to the Frieda River project. This reversal is based on the advancing of the project to the pre-feasibility stage which was indicated to the market on 27 January 2009 and also in the Company's December Quarterly Report which was released on 29 January 2009. This would be a book value adjustment with no cash flow impact and not an operating profit and is comparable to a similar adjustment made last year to the Ramu project book value. The Company expects to be in a position to sign together with the Company's auditors PricewaterhouseCoopers and release the accounts to the ASX and POMS0X mid to late this week.

The Company is not aware of any other information concerning it that has not been announced, which if known, could be an explanation for recent trading in the securities of the Company. The Company would like to draw attention to an article written by Barry Fitzgerald in The Age paper yesterday being Monday 23<sup>rd</sup> March 2009 which may be the cause of recent interest in the Company. The article highlighted what the Company has been promoting for some time now, that being that the Company's current share price does not reflect the true value of assets that it owns. Up until recently the Company's share price has been trading in a range that has the Company's market capitalisation being cash backed which is difficult to understand given the world class assets that it has an interest in and the rate which they are advancing to production.

The Company has indicated that it is reviewing and has reviewed a number of projects and companies with the view of a merger or acquisition and this will continue. The Company will announce any developments on this area once the discussions are significantly completed or in the unfortunate circumstances that confidentiality is breached.

The share price has moved from a closing price of 6.1 cents on Friday 20<sup>th</sup> March 2009 to a closing price of 7.5 cents on Monday 23<sup>rd</sup> March 2009 on volume of 2,598,327 which represents a value of approximately A\$175,000.

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2. *If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made.*

Refer 1 above.

3. *Is there any reason to think that there may be a change in the operating result before abnormal items and income tax so that the figure for the financial year ended 31 December 2008 would vary from the previous financial year by more than 15%? If so, please provide details as to the extent of the likely variation.*

Refer 1 above. The previous years financial result included various items that are not recurring in the current years financial result; that being the Kainantu gold mine operating result and the upward re-valuation of the Ramu project book value.

4. *Is there any reason to think that the Company may record any material abnormal or extraordinary profit for the financial year ended 31 December 2008? If so, please provide details.*

Refer 1 and 3 above.

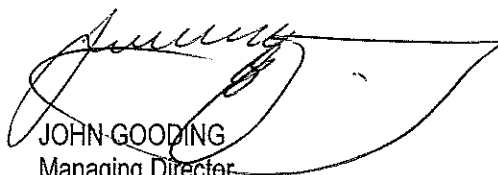
5. *Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?*

No.

6. *Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.*

The Company confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely



JOHN GOODING  
Managing Director  
Highlands Pacific Group