



3 May 2019

## SCHEME OF ARRANGEMENT IS LEGALLY EFFECTIVE

Highlands Pacific Limited (ASX/POMSoX: HIG, **Highlands**) confirms that a certified copy of the orders made by the National Court of Papua New Guinea (**Court**) on 2 May 2019 approving the scheme of arrangement under which Cobalt 27 Capital Corp. will acquire all the issued share capital of Highlands that it does not already own (**Scheme**) was lodged with the Papua New Guinea Registrar of Companies (**Registrar**) today.

Accordingly, the Scheme is now legally effective. Accompanying this announcement is a copy of the Court's orders as lodged with the Registrar today.

Highlands will be applying for its shares to be suspended from trading on both the Australian Securities Exchange (**ASX**) and the Port Moresby Stock Exchange (**POMSoX**) with effect from the close of trading today.

The Scheme consideration will be paid to Highlands shareholders on the Implementation Date, which is expected to be Friday, 17 May 2019. Shareholders, other than those with PNG registered addresses, will be paid the Scheme consideration in A\$, by cheque or, if the requirements outlined in the Scheme booklet for receiving payments electronically have been complied with, by electronic funds transfer into an Australian dollar denominated bank account. Shareholders with PNG registered addresses will be paid the PNG Kina equivalent of the Scheme consideration<sup>1</sup>, by cheque or, if the requirements outlined in the Scheme booklet for receiving payments electronically have been complied with, by electronic funds transfer into a PNG Kina denominated bank account.

## SHAREHOLDER INFORMATION LINE

Highlands shareholders who have questions in relation to the Scheme should contact the Highlands Shareholder Information Line on 1300 352 248 (within Australia) or +61 3 9415 4125 (outside Australia), Monday to Friday between 8.30am to 5.00pm (AEST/Port Moresby time).

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<sup>1</sup> Calculated at the A\$/PNG Kina exchange rate on the Record Date, as determined by Highlands acting reasonably.



**Annexure: Court Orders**

IN THE NATIONAL COURT  
OF JUSTICE AT WAIGANI  
PAPUA NEW GUINEA

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MP NO. 7 OF 2019

IN THE MATTER OF THE *COMPANIES ACT 1997*

AND:

IN THE MATTER OF HIGHLANDS PACIFIC LIMITED



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**COURT ORDER**

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ORDERED: May 2019

ENTERED: 02 May 2019

02.05.2019  
Document No: 15  
Order: DD COM

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IN THE NATIONAL COURT  
OF JUSTICE AT WAIGANI  
PAPUA NEW GUINEA

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MP NO. 7 OF 2019



IN THE MATTER OF THE *COMPANIES ACT 1997*

AND:

IN THE MATTER OF HIGHLANDS PACIFIC LIMITED

**COURT ORDER**

THE COURT ORDERS that:

- 1 Pursuant to section 250(1) of the *Companies Act 1997*, the arrangement between Highlands Pacific Limited (the **Applicant**) and the holders of Scheme Shares (being all shares in the Applicant, other than those held by or on behalf of Cobalt 27 Capital Corp or its subsidiaries) to effect the acquisition of the Scheme Shares by Cobalt 27 Capital Corp, in the form of the scheme of arrangement as presented to the Court in these proceedings and annexed hereto as Schedule 1 (**Scheme**), be binding on the Applicant and on all holders of Scheme Shares at any relevant time.
- 2 Paragraph 1 of this Order shall take effect on and from the 3rd day of May 2019.
- 3 The time for entry of this Order be abridged to the time of settlement by the Registrar, which shall take place forthwith.

**ORDERED** the            day of May 2019

**ENTERED** the    02   day of May 2019.

BY THE COURT

A large, stylized handwritten signature in blue ink, written over the printed name and title of the Registrar.

IAN V AUGEREA  
REGISTRAR

**IN THE NATIONAL COURT  
OF JUSTICE AT WAIGANI  
PAPUA NEW GUINEA**

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**MP NO. 7 OF 2019**

**IN THE MATTER OF THE COMPANIES ACT 1997**

**AND:**

**IN THE MATTER OF HIGHLANDS PACIFIC LIMITED**

**SCHEDULE 1**

## Scheme of Arrangement pursuant to section 250(1) of the *Companies Act 1997* (PNG)

### Between

**Highlands Pacific Limited** (a company limited by shares that is incorporated in and domiciled in Papua New Guinea) of Level 1, Allotment 6, Section 58, Sir Hubert Murray Highway, Boroko NCD, Papua New Guinea (**Highlands Pacific**).

### And

Each holder of **Highlands Pacific Shares** recorded in the Register as at the Record Date (other than as holder of **Excluded Securities**) (each a **Scheme Participant** and together the **Scheme Participants**).

### Recitals

- A Highlands Pacific is a public company limited by shares, incorporated in Papua New Guinea. Highlands Pacific Shares are quoted for trading on the ASX and POMSoX.
- B Cobalt 27 is a company incorporated in British Columbia, Canada.
- C Highlands Pacific and Cobalt 27 have entered into a Scheme Implementation Agreement dated 1 January 2019 (the **Scheme Implementation Agreement**) pursuant to which:
  - (a) Highlands Pacific has agreed to propose the Scheme to Highlands Pacific Shareholders; and
  - (b) Highlands Pacific and Cobalt 27 have agreed to take certain steps to give effect to the Scheme.
- D If the Scheme becomes Effective, then:
  - (a) all of the Scheme Shares and all of the rights and entitlements attaching to them on the Implementation Date will be transferred to Cobalt 27 or the Cobalt 27 Nominee;
  - (b) the Scheme Consideration will be provided to the Scheme Participants in accordance with the terms of the Scheme and the Deed Poll; and
  - (c) Highlands Pacific will enter the name and address of Cobalt 27 or the Cobalt 27 Nominee in the Highlands Pacific Register as the holder of all of the Scheme Shares.
- E By executing the Scheme Implementation Agreement, Highlands Pacific has agreed to propose and implement the Scheme, and Cobalt 27 has agreed to assist with that proposal and implementation, on and subject to the terms of the Scheme Implementation Agreement.
- F Cobalt 27 has entered into the Deed Poll for the purpose of covenanting in favour of the Scheme Participants that it will observe and perform the obligations contemplated of it under the Scheme, and that it will procure that Cobalt 27 performs the obligations contemplated of it under the Scheme.

It is agreed as follows.

## 1 Definitions and interpretation

### 1.1 Definitions

In this document, unless the context requires otherwise:

**Additional Contingent Scheme Consideration** means A\$0.010 per Scheme Share.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the ASX operated by it.

**ASX Listing Rules** means the official listing rules of ASX.

**Base Scheme Consideration** means A\$0.105 for each Scheme Share, except that if Cobalt 27 or any of its associates (within the meaning of section 12 of the Australian Corporations Act) acquires any interest in any Highlands Pacific Share for a price higher than A\$0.105 at any time between the date of the Scheme Implementation Agreement and the Record Date, the Base Scheme Consideration will be that higher price. If Cobalt 27 or any of its associates (within the meaning of section 12 of the Australian Corporations Act) acquires any interest in a Highlands Pacific Share for a consideration which is in whole or in part non-cash, the 'price' for the purposes of the previous sentence will be calculated by reference to the fair market value of that non-cash consideration.

**Business Day** means a day that banks are open for business in each of:

- (a) Brisbane, Australia;
- (b) Toronto, Canada; and
- (c) Port Moresby, Papua New Guinea.

**CHESS** means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

**Cobalt 27** means Cobalt 27 Capital Corp (a company incorporated under the laws of British Columbia) of Suite 401, 4 King Street West, Toronto, Ontario, Canada, M5H 1B6.

**Cobalt 27 Nominee** means, in respect of the transfer of Highlands Pacific Shares under the Scheme, a wholly owned Subsidiary of Cobalt 27 nominated prior to the Record Date.

**Constitution** means the constitution establishing Highlands Pacific, as amended from time to time.

**Contingent Scheme Consideration Event** occurs if, at any time during the period from the date of this Agreement up until and including 31 December 2019, the LME Closing Price over a 5 consecutive trading day period exceeds US\$13,220 per tonne. (For the avoidance of doubt, a Contingent Scheme Consideration Event can only occur once.)

**Court** means the National Court of Papua New Guinea.

**Deed Poll** means the deed poll executed on or about the date of this document by Cobalt 27 in favour of the Scheme Participants.

**Effective** means, when used in relation to the Scheme, the coming into effect, pursuant to section 250 of the PNG Companies Act, of the orders of the Court under section 250(1) of the PNG Companies Act in relation to the Scheme, but in any event at no time before a certified copy of the orders of the Court are lodged with the PNG Registrar of Companies.

**Effective Date** means the date on which the Scheme becomes Effective.

**End Date** means 30 June 2019, or such later date as Cobalt 27 and Highlands Pacific may agree in writing.

**Excluded Securities** means Highlands Pacific Shares held by a Highlands Pacific Shareholder who:

- (a) is a member of the Cobalt 27 Group; or

- (b) holds the Highlands Pacific Shares on behalf of, or for the benefit of any member of the Cobalt 27 Group.

**Highlands Pacific Share** means an issued fully paid ordinary share in the capital of Highlands Pacific.

**Highlands Pacific Share Registry** means Computershare Investor Services Pty Limited of 117 Victoria Street, West End QLD 4101, Australia, or any replacement share registry services provider to Highlands Pacific.

**Highlands Pacific Shareholder** means a person who is registered in the Highlands Pacific Register as a holder of Highlands Pacific Shares.

**Implementation Date** means the date that is five Business Days after the Record Date, or such other date as Cobalt 27 and Highlands Pacific may agree in writing.

**LME Closing Price** means, in respect of a trading day on the London Metals Exchange (LME), the mid-point of the LME Official Cash Bid Price and LME Official Cash Offer Price at the close of trading on that trading day (as currently published on: <https://www.lme.com/Metals/Non-ferrous/Nickel#tabIndex=0>).

**PNG Companies Act** means the *Companies Act 1997* (PNG).

**PNG Registrar of Companies** means the Registrar of Companies appointed under section 394(1) of the PNG Companies Act.

**POMSoX** means Port Moresby Stock Exchange Limited or, as the context requires, the financial market operated by it.

**Record Date** means 7.00pm on the date that is five Business Days after the Effective Date, or such other date as may be agreed in writing between Cobalt 27 and Highlands Pacific.

**Register** means the register of members of Highlands Pacific maintained by or on behalf of Highlands Pacific.

**Registered Address** means, in relation to a Scheme Participant, the address of that Scheme Participant shown in the Highlands Pacific Register as at the Record Date.

**Scheme** means the scheme of arrangement under Part XVI of the PNG Companies Act between Highlands Pacific and holders of the Scheme Shares substantially in the form of this document or in such other form as Cobalt 27 and Highlands Pacific may agree in writing (such agreement not to be unreasonably withheld or delayed).

**Scheme Consideration** means the Base Scheme Consideration and, if the Contingent Scheme Consideration Event occurs, the Additional Contingent Scheme Consideration.

**Scheme Meeting** means the meeting of Scheme Participants to be ordered by the Court to be convened under section 250(2)(b) of the PNG Companies Act in relation to the Scheme, and includes any adjournment of that meeting.

**Scheme Orders** means the orders of the Court made under section 250(1) of the PNG Companies Act in relation to the Scheme.

**Scheme Shares** means the Highlands Pacific Shares on issue as at the Record Date other than the Excluded Securities.

**Scheme Transfer** means, in relation to each Scheme Participant, a form of transfer of their Scheme Shares for the purpose of section 65(2) of the PNG Companies Act, which may be a master transfer of all or part of all of the Scheme Shares.

**Second Court Date** means the first day of hearing of an application made to the Court for orders approving the Scheme or, if the hearing of such application is adjourned for any



reason, means the first day of the adjourned hearing.

**Subsidiary** has the meaning given in the PNG Companies Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is controlled by that entity (as 'control' is defined in section 6 of the PNG Companies Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;
- (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and
- (c) an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.

**Trust Accounts** means the A\$ trust account and the Kina trust account operated by Highlands Pacific (or by the Highlands Pacific Share Registry on behalf of Highlands Pacific) as trustee for the Scheme Participants.

## 1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) The following rules apply unless the context requires otherwise:
  - (i) The singular includes the plural, and the converse also applies.
  - (ii) A gender includes all genders.
  - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
  - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
  - (v) A reference to a clause is a reference to a clause of this document.
  - (vi) A reference to an agreement or document (including a reference to this document) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
  - (vii) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form.
  - (viii) A reference to a person includes the person's successors, permitted substitutes and permitted assigns (and, where applicable, the person's legal personal representatives).
  - (ix) A reference to legislation or to a provision of legislation includes a reference to the modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
  - (x) A reference to *dollars* or \$ is to Australian currency and a reference to *US dollars* or US\$ is to the currency of the United States of America.
  - (xi) Words and phrases not specifically defined in this document have the same meanings (if any) given to them in the PNG Companies Act.

- (xii) A reference to time is to Port Moresby, Papua New Guinea time.
- (xiii) If the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.

## **2 Conditions**

### **2.1 Conditions Precedent**

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date each of the conditions precedent set out in clause 3.1 of the Scheme Implementation Agreement (other than the condition precedent relating to the approval of the Court set out in clause 3.1(c) of the Scheme Implementation Agreement) has been satisfied or waived in accordance with the Scheme Implementation Agreement;
- (b) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll has been terminated in accordance with its terms;
- (c) the Court makes orders approving the Scheme under section 250(1) of the PNG Companies Act, including with such alterations made or required by the Court under section 251(1) of the PNG Companies Act as are acceptable to Cobalt 27 and Highlands Pacific (each acting reasonably);
- (d) such other conditions made or required by the Court as are acceptable to Cobalt 27 and Highlands Pacific (each acting reasonably) have been satisfied or waived in accordance with the Scheme Implementation Agreement; and
- (e) the orders of the Court made under section 250(1) of the PNG Companies Act approving the Scheme come into effect on or before the End Date.

### **2.2 Certificate**

- (a) Highlands Pacific and Cobalt 27 will provide to the Court on the Second Court Date a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not all of the conditions precedent in clauses 2.1(a) and (b) have been satisfied or waived in accordance with the Scheme Implementation Agreement as at 8.00am on the Second Court Date.
- (b) The certificate referred to in clause 2.2 constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived in accordance with the Scheme Implementation Agreement.

### **2.3 Lapsing**

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms unless Highlands Pacific and Cobalt 27 otherwise agree in writing.

## **3 Scheme becoming Effective**

Subject to clause 2.3, the Scheme will take effect on and from the Effective Date.

#### 4 Implementation of Scheme

- (a) If the conditions precedent in clause 2.1 are satisfied or waived, Highlands Pacific must lodge with PNG Registrar of Companies, in accordance with section 250(4) of the PNG Companies Act, an office copy of the Scheme Orders as soon as practicable after, and in any event by no later than 5.00pm on the first Business Day after, the day on which the Scheme Orders are entered, or such other date as agreed by Highlands Pacific and Cobalt 27.
- (b) On the Implementation Date, subject to Cobalt 27 having satisfied its obligations in clause 5, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Cobalt 27 (or, if Cobalt 27 has nominated a Cobalt 27 Nominee, to the Cobalt 27 Nominee), without the need for any further act by any Scheme Participant (other than acts performed by Highlands Pacific or any of its directors and officers as attorney and agent for Scheme Participants under the Scheme), by:
  - (i) Highlands Pacific delivering to Cobalt 27 (or, if Cobalt 27 has nominated a Cobalt 27 Nominee, to the Cobalt 27 Nominee) for execution duly completed Scheme Transfers to transfer all of the Scheme Shares to Cobalt 27 (or, if Cobalt 27 has nominated a Cobalt 27 Nominee, to the Cobalt 27 Nominee), duly executed by Highlands Pacific (or any of its directors and officers) as the attorney and agent of each Scheme Participant as transferor under clause 8.3;
  - (ii) Cobalt 27 (or, if Cobalt 27 has nominated a Cobalt 27 Nominee, the Cobalt 27 Nominee) executing the Scheme Transfers as transferee and delivering them to Highlands Pacific for registration; and
  - (iii) Highlands Pacific, immediately after receipt of the Scheme Transfers under clause 4(b)(ii), but subject to stamping of those transfers if required (which may occur after the Implementation Date), entering, or procuring the entry of, the name and address of Cobalt 27 (or, if Cobalt 27 has nominated a Cobalt 27 Nominee, the Cobalt 27 Nominee) in the Highlands Pacific Register as the holder of all of the Scheme Shares.

#### 5 Scheme Consideration

##### 5.1 Entitlement to Scheme Consideration

Subject to the terms of the Scheme, each Scheme Participant will be entitled to receive the Base Scheme Consideration for all of the Scheme Participant's Scheme Shares.

##### 5.2 Payment of Scheme Consideration

Cobalt 27 must, by no later than 12pm on the Business Day before the Implementation Date:

- (a) deposit (or procure the deposit) in cleared funds into the Trust Accounts (with the Base Scheme Consideration payable to Scheme Participants with a Registered Address outside Papua New Guinea being paid into the A\$ Trust Account and the Scheme Consideration payable to Scheme Participants with a Registered Address in Papua New Guinea being paid into the Kina Trust Account) an amount at least equal to the aggregate amount of:
  - (i) the Base Scheme Consideration payable to each Scheme Participant; and

- (ii) the Additional Contingent Scheme Consideration that has become payable to each Scheme Participant (if the Contingent Scheme Consideration Event has occurred during the period after the date of the Scheme Implementation Agreement and on or prior to the Record Date), or which may become payable to each Scheme Participant (if the Contingent Scheme Consideration Event occurs during the period after the Record Date and up to and including 31 December 2019),

provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Cobalt 27's account; and

- (b) provide written confirmation to Highlands Pacific of that deposit.

### **5.3 Payment to Scheme Participants – Scheme Consideration and Additional Contingent Scheme Consideration**

- (a) On the Implementation Date, subject to Cobalt 27 having satisfied its obligations in clause 5.2, Highlands Pacific must pay or procure the payment from the Trust Account, of the Base Scheme Consideration to each Scheme Participant.
- (b) If the Additional Contingent Scheme Consideration Event occurs on or prior to the Record Date, on or prior to the Implementation Date, subject to Cobalt 27 having satisfied its obligations in clause 5.2, Highlands Pacific must pay or procure the payment from the Trust Account of the Additional Contingent Scheme Consideration to each Scheme Participant.
- (c) If the Additional Scheme Consideration Event occurs after the Record Date, within 10 Business Days after such occurrence, subject to Cobalt 27 having satisfied its obligations in clause 5.2, Highlands Pacific must pay or procure the payment from the Trust Account of the Additional Contingent Scheme Consideration to each Scheme Participant.
- (d) The obligations of Highlands Pacific under clause 5.3(a), 5.3(b) and 5.3(c) will be satisfied by Highlands Pacific (in its absolute discretion):
  - (i) where a Scheme Participant has, before the Record Date, made a valid direction in writing to Highlands Pacific to pay the relevant amount in the relevant currency by electronic means to a bank account of the Scheme Participant, by paying or procuring the payment of the relevant amount in the relevant currency in accordance with that direction. For this purpose any such direction must comply with the reasonable requirements of the Highlands Pacific Share Registry. Where a Scheme Participant has previously made a valid election in accordance with the requirements of the Highlands Pacific Share Registry to receive dividend payments by electronic funds transfer to a bank account in the relevant currency, this will be deemed to be a direction under this clause. A Scheme Participant may give a direction that part of the Scheme Consideration be paid to that Scheme Participant be paid to one such bank account, and that the remainder of the Scheme Consideration be paid to another such bank account of the Scheme Participant; or
  - (ii) otherwise, whether or not the Scheme Participant has made an election in respect of dividend payments referred to in clause 5.3(d)(i), dispatching, or procuring the dispatch of, a cheque for the relevant amount to the Scheme Participant by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Scheme Participant (or in

the case of joint holders, in accordance with the procedures set out in clause 5.5).

- (e) If, following satisfaction of Cobalt 27's obligations under clause 5.2 but prior to the occurrence of all of the events described in clause 4, the Scheme lapses under clause 2.3(b):
  - (i) Highlands Pacific must immediately repay (or cause to be repaid) to or at the direction of Cobalt 27 the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges); and
  - (ii) the obligation to transfer Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, to Cobalt 27 or the Cobalt 27 Nominee under clause 4 will immediately cease.
- (f) If implementation of the Scheme has occurred on the Implementation Date in accordance with this clause 5.3, but the Contingent Scheme Consideration Event has not occurred by 31 December 2019, Highlands Pacific must immediately repay (or cause to be repaid) to or at the direction of Cobalt 27 the remaining funds representing the Additional Contingent Scheme Consideration that were deposited in the Trust Account (if any) plus any interest on the amounts deposited (less bank fees and other charges).
- (g) Scheme Participants with a Registered Address in Papua New Guinea will receive any Base Scheme Consideration or Additional Contingent Scheme Consideration amount in the Papua New Guinean Kina equivalent, calculated at the rate of exchange on the Record Date as determined by Highlands Pacific acting reasonably.

#### **5.4 Unknown Registered Address**

Clause 5.3 does not apply to a Scheme Participant who does not have a Registered Address or where Highlands Pacific and Cobalt 27 believe that such Scheme Participant is not known at their Registered Address.

#### **5.5 Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be sent under the Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Highlands Pacific, the holder whose name appears first in the Highlands Pacific Register as at the Record Date or to the joint holders; and
- (b) any other document required to be sent under the Scheme, will be forwarded to either, at the sole discretion of Highlands Pacific, the holder whose name appears first in the Highlands Pacific Register as at the Record Date or to the joint holders.

#### **5.6 Cancellation and re-issue of cheques**

- (a) Highlands Pacific may cancel a cheque issued under this clause 5 if the cheque:
  - (i) is returned to Highlands Pacific or the Highlands Pacific Share Registry; or
  - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Participant to Highlands Pacific or the Highlands Pacific Share Registry (which request may not be made until the date which is 20 Business

Days after the Implementation Date), Highlands Pacific must reissue a cheque that was previously cancelled under clause 5.6(a).

#### **5.7 Fractional entitlements**

Where the calculation of the Scheme Consideration to be paid to a Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, that fractional entitlement will be rounded up or down to the nearest whole number of Cobalt 27 Shares or nearest whole cent (as applicable) in accordance with the Scheme.

If Cobalt 27 is of the opinion, formed reasonably, that several Scheme Participants, each of which holds a holding of Scheme Shares which results in a fractional entitlement to New Cobalt 27 Shares have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Participant's entitlement to the Scheme Consideration, Cobalt 27 may direct Highlands Pacific to give notice to those Scheme Participants:

- (a) setting out the names and Registered Address for all of them;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after the notice has been so given, the Scheme Participant specifically identified in the notice shall, for the purposes of the Scheme, be taken to hold all those Scheme Shares and each of the other Scheme Participants whose names are set out in the notice shall, for the purposes of the Scheme, be taken to hold no Scheme Shares.

#### **5.8 Unclaimed monies**

- (a) Highlands Pacific may cancel a cheque issued under this clause 5 if the cheque:
  - (i) is returned to Highlands Pacific; or
  - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Participant to Highlands Pacific (or the Highlands Pacific Share Registry) (which request may not be made until the date which is five Business Days after the Implementation Date), Highlands Pacific must reissue a cheque that was previously cancelled under this clause 5.8.

#### **5.9 Remaining monies (if any) in Trust Account**

To the extent that, following satisfaction of Highlands Pacific's obligations under the other provisions of this clause 5 and provided Cobalt 27 has by that time acquired the Scheme Shares in accordance with the Scheme, there is a surplus in the Trust Account, then subject to compliance with applicable laws, the other terms of the Scheme, the Deed Poll and the Scheme Implementation Agreement, that surplus (less any bank fees and related charges) shall be paid by Highlands Pacific (or the Highlands Pacific Share Registry on Highlands Pacific's behalf) to Cobalt 27.

#### **5.10 Orders of a Court**

- (a) If written notice is given to Highlands Pacific (or the Highlands Pacific Share Registry) of an order or direction made by a Court that:

- (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable or required to be issued to that Scheme Participant by Highlands Pacific in accordance with this clause 5, then Highlands Pacific shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
  - (ii) prevents Highlands Pacific from providing consideration to any particular Scheme Participant in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibitive by applicable law, Highlands Pacific shall be entitled to (as applicable) retain an amount equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) court or direction or otherwise by law.
- (b) To the extent that amounts are so deducted or withheld in accordance with clause 5.10(a), such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

## **6 Dealings in Highlands Pacific Shares**

### **6.1 Dealings in Highlands Pacific Shares by Scheme Participants**

For the purpose of establishing the persons who are Scheme Participants, dealings in Highlands Pacific Shares will be recognised by Highlands Pacific provided that:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Highlands Pacific Register as the holder of the relevant Highlands Pacific Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Highlands Pacific Share Registry by 5.00pm on the day which is the Record Date at the place where the Highlands Pacific Register is located (in which case Highlands Pacific must register such transfers or transmission applications before 7.00pm on that day),

and Highlands Pacific will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Participants nor for any other purpose (other than to transfer to Cobalt 27 or the Cobalt 27 Nominee pursuant to the Scheme and any subsequent transfers by Cobalt 27 or the Cobalt 27 Nominee and their successors in title; any transfer or transmission application in respect of Highlands Pacific Shares received after such times, or received prior to such times but not in actionable or registrable form (as appropriate).

### **6.2 Highlands Pacific Register**

- (a) Highlands Pacific will, until the Scheme Consideration has been provided and the name and address of Cobalt 27 or the Cobalt 27 Nominee has been entered in the Highlands Pacific Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Highlands Pacific Register in accordance with this clause 6, and the Highlands Pacific Register in this form and the terms of the Scheme will solely determine entitlements to the Scheme Consideration.

- (b) As from the Record Date (and other than for Cobalt 27 or the Cobalt 27 Nominee following the Implementation Date), each entry in the Highlands Pacific Register as at the Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Participants to the Scheme Consideration in respect of those Scheme Shares.
- (c) As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Highlands Pacific will ensure that details of the names, Registered Addresses and holdings of Highlands Pacific Shares for each Scheme Participant as shown in the Highlands Pacific Register are available to Cobalt 27 in the form Cobalt 27 reasonably requires.

### **6.3 Effect of share certificates and holding statements**

As from the Record Date (and other than for Cobalt 27 or the Cobalt 27 Nominee following the Implementation Date), all share certificates and holding statements for Scheme Shares (other than statements of holding in respect of Excluded Securities) will cease to have effect as documents of title in respect of those Scheme Shares.

### **6.4 No disposals after Record Date**

If the Scheme becomes Effective, each Scheme Participant, and any person claiming through that Scheme Participant, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after 5.00pm on the Record Date other than to Cobalt 27 or the Cobalt 27 Nominee in accordance with the Scheme and any subsequent transfers by Cobalt 27 or the Cobalt 27 Nominee and their successors in title.

## **7 Suspension and termination of quotation of Highlands Pacific Shares**

- (a) Highlands Pacific must apply to ASX and POMSIX for suspension of trading of the Highlands Pacific Shares with effect from the close of business on the Effective Date.
- (b) Highlands Pacific must apply to ASX and POMSIX for termination of official quotation of the Highlands Pacific Shares and the removal of Highlands Pacific from the official list of ASX and POMSIX with effect from the Business Day immediately following the Implementation Date, or from such later date as may be determined by Cobalt 27.

## **8 General provisions**

### **8.1 Further assurances**

- (a) Each Scheme Participant and Highlands Pacific will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting Highlands Pacific's other powers under the Scheme, Highlands Pacific has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Scheme Implementation Agreement.

### **8.2 Scheme Participants' agreements and consents**

Each Scheme Participant:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Cobalt 27 or the Cobalt 27 Nominee in accordance with the terms of the Scheme;



- (b) acknowledges and agrees that the Scheme binds Highlands Pacific and all Scheme Participants (including those that did not attend the Scheme Meeting or did not vote at that meeting or voted against the Scheme at that Scheme Meeting) and, to the extent of any inconsistency, overrides the Constitution; and
- (c) irrevocably consents to Highlands Pacific and Cobalt 27 doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it,

without the need for any further act by that Scheme Participant.

### **8.3 Appointment of Highlands Pacific as attorney for implementation of Scheme**

Each Scheme Participant, without the need for any further act by that Scheme Participant, irrevocably appoints Highlands Pacific as that Scheme Participant's agent and attorney for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4(b)(i); and
- (b) enforcing the Deed Poll against Cobalt 27,

and Highlands Pacific accepts such appointment. Highlands Pacific, as agent and attorney of each Scheme Participant, may sub delegate its functions, authorities or powers under this clause 8.3 to all or any of its directors and officers (jointly, severally, or jointly and severally).

### **8.4 Warranty by Scheme Participants**

Each Scheme Participant is deemed to have warranted to Cobalt 27, and; to the extent enforceable, to have appointed and authorised Highlands Pacific as that Scheme Participant's agent and attorney to warrant to Cobalt 27, that all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to Cobalt 27 or the Cobalt 27 Nominee pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to Cobalt 27 or the Cobalt 27 Nominee pursuant to the Scheme. Highlands Pacific undertakes in favour of each Scheme Participant that it will provide such warranty, to the extent enforceable, to Cobalt 27 on behalf of that Scheme Participant.

### **8.5 Title to Scheme Shares**

Cobalt 27 or the Cobalt 27 Nominee will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending registration by Highlands Pacific of the name and address of Cobalt 27 or the Cobalt 27 Nominee in the Highlands Pacific Register as the holder of the Scheme Shares.

### **8.6 Appointment of Cobalt 27 as attorney and agent for Scheme Shares**

- (a) From the time that Cobalt 27 has satisfied its obligations in clause 5.2 until Cobalt 27 or the Cobalt 27 Nominee is registered in the Highlands Pacific Register as the holder of all Scheme Shares, each Highlands Pacific Shareholder:

- (i) without the need for any further act by that Highlands Pacific Shareholder, irrevocably appoints Cobalt 27 as its proxy to (and irrevocably appoints Cobalt 27 as its agent and attorney for the purpose of appointing any director or officer of Cobalt 27 as that Highlands Pacific Shareholder's proxy and, where appropriate, its corporate representative to):
    - (A) attend shareholders' meetings of Highlands Pacific;
    - (B) exercise the votes attaching to the Highlands Pacific Shares registered in the name of the Highlands Pacific Shareholder; and
    - (C) sign any Highlands Pacific Shareholders' resolution;
  - (ii) must take all other action in the capacity of a Highlands Pacific Shareholder as Cobalt 27 reasonably directs; and
  - (iii) acknowledges and agrees that in exercising the powers referred to in clause 8.6(a), Cobalt 27 and any person nominated by Cobalt 27 under clause 8.6(a) may act in the best interests of Cobalt 27 as the intended registered holder of the Scheme Shares.
- (b) From the time that Cobalt 27 has satisfied its obligations in clause 5.2 until Cobalt 27 is registered in the Highlands Pacific Register as the holder of all Scheme Shares, no Highlands Pacific Shareholder may attend or vote at any meetings of Highlands Pacific Shareholders or sign any Highlands Pacific Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 8.6.

#### **8.7 Alterations and conditions to Scheme**

If the Court proposes to approve the Scheme subject to any alterations or conditions, Highlands Pacific may, by its counsel or solicitors, and with the prior written consent of Cobalt 27:

- (a) consent on behalf of all persons concerned, including each Highlands Pacific Shareholder, to those alterations or conditions; and
- (b) each Scheme Participant agrees to any such alterations or conditions which Highlands Pacific has consented to.

#### **8.8 Enforcement of Deed Poll**

Highlands Pacific undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against Cobalt 27 on behalf of and as agent and attorney for the Scheme Participants.

#### **8.9 Consent**

Each of the Scheme Participants consents to Highlands Pacific doing all things necessary or incidental to the implementation of this Scheme, whether on behalf of the Scheme Participants, Highlands Pacific or otherwise.

#### **8.10 Notices**

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Highlands Pacific, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Highlands Pacific's registered office or by the Highlands Pacific Share Registry, as the case may be.

- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Highlands Pacific Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

#### **8.11 Duty**

Cobalt 27 will:

- (a) pay all duty (including stamp duty and any related fines, penalties and interest) payable on or in connection with the transfer by Scheme Participants of the Scheme Shares to Cobalt 27 or the Cobalt 27 Nominee pursuant to the Scheme; and
- (b) indemnify each Scheme Participant against any liability arising from failure to comply with clause 8.11(a).

#### **8.12 Governing law and jurisdiction**

This document is governed by the laws of the Independent State of Papua New Guinea. Each party submits to the non-exclusive jurisdiction of courts exercising jurisdiction there and courts of appeal from them in connection with matters concerning this document. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



**ASX Code: HIG**

**POMSoX Code: HIG**

**Shares on Issue: 1,093 million**

**Performance Rights: Nil**

**Directors**

Ron Douglas, Chairman

Craig Lennon, MD/CEO

Ernie Gangloff

Anthony Milewski

**Management**

Sylvie Moser, CFO/Co Sec.

Ron Gawi, GM Port Moresby

**Investor and Media Enquiries:**

Joe Dowling,

Stockwork Corporate

0421 587 755

**Website:**

**[www.highlandspacific.com](http://www.highlandspacific.com)**

**About Highlands Pacific Limited**

Highlands Pacific is a PNG incorporated and registered mining and exploration company listed on the ASX and POMSoX. Its major assets are interests in the producing Ramu nickel cobalt mine and the Frieda River copper gold project; with exploration in progress in the Star Mountains. Highlands also has exploration tenements at on Normanby Island (Sewa Bay).

**Ramu Nickel Cobalt Mine**

The producing Ramu nickel cobalt mine is located 75km west of the provincial capital of Madang, PNG. Highlands holds an 8.56% interest in the Ramu project that will increase to 11.3% at no cost to Highlands once Highlands' share of Ramu project debt is repaid to the project manager and joint venture partner Metallurgical Corporation of China (MCC).

**Star Mountains Prospects**

The Star Mountains exploration tenements are located approximately 20km north of the Ok Tedi mine, in the West Sepik Province, PNG. They lie within the highly prospective New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as the Frieda deposit.

**Frieda River Copper/Gold Project**

The Frieda River copper gold project is located 175km north-west of the Porgera gold mine and 75km north-east of the Ok Tedi mine. Highlands has a 20% interest in the project and Frieda River Limited (a wholly owned subsidiary of PanAust Limited which in turn is a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd.) has 80%.