



GALE PACIFIC LIMITED
(ASX: GAP)

ASX and Media Release

Gale announces underwriting of proposed rights issue

2 February 2009

- **Underwriting of proposed rights issue secured**
- **Proposed renounceable rights issue of 1.25 for 1 to raise approximately A\$6 million**
- **Proposed offer price of A\$0.035 per new share**

Gale Pacific Limited (**Gale Pacific**) is pleased to announce that it has entered into separate agreements with each of its 2 largest shareholders (Investec Wentworth Private Equity Limited and Thorney Holdings Pty Ltd (each an **Underwriter**)) to partially underwrite a proposed renounceable rights issue (the **Offer**).

The proposed Offer would raise at least A\$5 million, and each Underwriter has agreed to contribute up to A\$2.5 million to take up its full entitlement and to underwrite the proposed Offer.

Please note that this is an announcement of the underwriting agreements only, and is not an announcement of the proposed Offer. The formal announcement of the proposed Offer, including full details of its structure and terms, is expected to occur later this week.

Under the underwriting agreements, each Underwriter is committed to:

- subscribe for its, and procure that its related bodies corporate subscribe for their, full entitlements under the Offer; and
- subscribe or procure subscriptions for approximately half of any shortfall between the number of shares actually subscribed for under the Offer and a number of shares that if subscribed for would raise A\$5 million.

The underwriting agreements contain clauses in relation to indemnities, warranties and undertakings given by Gale Pacific, and termination events, in line with similar underwritings in offers similar to the proposed Offer. For providing its services, each Underwriter will be remunerated by Gale Pacific paying a sum equal to 4% of its maximum underwriting financial commitment, and paying its costs and expenses up to a capped figure not exceeding \$20,000.

The key terms of the proposed Offer are expected to be as follows:

- a 1.25 for 1 renounceable rights issue to raise up to A\$6 million
- shareholders with a registered address in Australia or New Zealand may participate
- the proposed Offer price would be A\$0.035 per new share in Gale Pacific

- the Offer would be partially underwritten on the terms described above
- eligible shareholders may apply for more new shares than their entitlement
- the proposed Offer would open on Wednesday 18 February 2009 and close at 5:00pm (Melbourne time) on Wednesday 4 March 2009
- funds raised under the proposed Offer would be used to replenish surplus working capital which Gale Pacific has used to pay down bank debt over recent months on its Australian and Chinese banking facilities.

Full details of the proposed Offer will be provided when it is formally announced.

For further information please contact Mr. Peter McDonald on (03) 9518 3352.

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Gale Pacific is a leading manufacturer and marketer of advanced polymer fabrics and related products with subsidiaries in the USA, Europe, UAE, New Zealand and China.

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