



GALE PACIFIC LIMITED
(ASX: GAP)

ASX and Media Release

Renounceable rights issue

25 February 2009

The Manager
Company Announcements Office
ASX Limited
Level 45 – South Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir/Madam,

On 11 February 2009, Gale Pacific Limited (**Gale Pacific**) announced it would undertake a renounceable rights issue (the **Offer**).

I attach the following documents relating to the Offer. These are being mailed today to eligible shareholders:

- 1 Letter from Harry Boon, Gale Pacific's Chairman
- 2 Offer information – renounceable rights issue
- 3 Entitlement and Acceptance Form (with Payment Slip)

I also attach a letter which is being mailed today to ineligible shareholders.

Yours sincerely

A handwritten signature in black ink, appearing to read "Sophie Karzis".

Sophie Karzis
Company secretary

For personal use only



25 February 2009

Dear shareholder

Renounceable rights issue

On 11 February 2009 Gale Pacific Limited (**Gale Pacific**) announced details of the renounceable rights issue that it is offering to eligible shareholders (the **Offer**), and the reasons why the Offer is being made.

The documents you are now receiving contain further details of the Offer, as well as the entitlement and acceptance form for the Offer (the **E&A Form**). You should read them all carefully.

In essence, the structure of the Offer is 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 Offer price is A\$0.035 per new share in Gale Pacific – this Offer price represents a discount of approximately 33% to the average closing price of Gale Pacific shares on ASX over the 5 trading days up to and including 30 January 2009
- the Offer is substantially underwritten by Gale Pacific's 2 largest major shareholders – with the result that the Offer will raise at least A\$5 million
- eligible shareholders may apply for more new shares than their entitlement
- the Offer opens on Wednesday 25 February 2009 and closes at 5:00pm (Melbourne time) on Thursday 12 March 2009
- funds raised under the Offer will be used to replenish working capital which Gale Pacific has used to pay down bank debt over recent months on its Australian and Chinese banking facilities in addition to assuring the renewal of ongoing banking facilities.

A table setting out the key dates for the Offer is included in the 'Offer information – renounceable rights issue' document accompanying this letter.

The Company has continued to implement its turnaround plan which saw significantly increased profits last financial year. Gale Pacific continues to invest in new products, develop new markets and make strategic decisions such as restructuring its European operations, which all seek to improve long term profitability.

On behalf of all at Gale Pacific, I thank you for your continued support during the difficult and uncertain economic times that we all face, and I invite you to consider this investment opportunity after obtaining any professional advice you may require to evaluate whether or not to participate in the Offer. Each director, the Chief Executive Officer and the Chief Financial Officer intend to take up their entitlements under the Offer in full.

Yours sincerely

A handwritten signature in black ink, appearing to read "Harry Boon".

Harry Boon
Chairman



Offer information – renounceable rights issue

This document sets out:

- 1 Contact details for the Offer
- 2 Key dates for the Offer
- 3 How to apply for new shares under the Offer
- 4 General information in relation to the Offer
- 5 Information in relation to rights and rights trading
- 6 The purpose and effect of the Offer
- 7 Investment and business risks
- 8 Treatment of ineligible shareholders
- 9 Additional information relevant to the Offer

1 Contact details for the Offer

If you have any queries or questions in relation to the renounceable rights issue (the **Offer**), you should contact the share registry of Gale Pacific Limited ACN 082 263 778 (**Gale Pacific**), as follows:

Share registry – Computershare Investor Services Pty Limited (**Computershare**)

Phone 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)
between 8:30am and 5:00pm (Melbourne time) Monday to Friday

Email web.queries@computershare.com.au

2 Key dates for the Offer

EVENT	DESCRIPTION	DATE
Announcement date	The Offer was announced	Wednesday 11 February 2009
Ex date	Existing shares commenced trading without the entitlement to participate in the Offer	Friday 13 February 2009
Rights trading start date	Rights trading commenced on ASX	Friday 13 February 2009
Record date	The date for determining entitlements to new shares under the Offer	7:00pm (Melbourne time) on Thursday 19 February 2009
Offer document despatch date	Offer documents lodged with ASX and despatched to eligible shareholders	Wednesday 25 February 2009
Opening date	The Offer opens	Wednesday 25 February 2009
Rights trading end date	Rights trading on ASX ends	Wednesday 4 March 2009
Deferred settlement trading start date	Deferred settlement trading commences on ASX	Thursday 5 March 2009
Closing date	The Offer closes	5:00pm (Melbourne time) on Thursday 12 March 2009
Shortfall notification date	ASX is notified of any shortfall	Tuesday 17 March 2009
Issue date	New shares applied for under the Offer are issued	Wednesday 18 March 2009
Holding statement despatch date	Holding statements are despatched to participating shareholders	Thursday 19 March 2009
Deferred settlement trading end date	Deferred settlement trading on ASX ends	Thursday 19 March 2009
Ineligible shareholder payment date	Any net proceeds of the sale of ineligible shareholders' rights are despatched to them	Thursday 19 March 2009
Normal trading start date	Normal trading of new shares issued under the Offer commences on ASX	Friday 20 March 2009

Gale Pacific reserves the right, subject to the ASX Listing Rules, the agreement of the Underwriters (see section 9.4), the *Corporations Act* 2001 (the **Act**) and other applicable laws to, without notice, vary any or all of the dates of the Offer (whether or not they are key dates), including extending the Offer, closing the Offer early, accepting late applications either generally or in particular cases, or withdrawing the Offer. In the event of withdrawal of the Offer, application moneys will be returned as required by the Act, without interest.

Accordingly, you are encouraged to either:

- lodge your payment slip (at the bottom of the E&A Form – the **Payment Slip**) and application moneys; or
- make payment by BPAY[®],

as soon as possible after the Offer opens – see sections 4.9, 4.10 and 4.11 for more details. No cooling-off rights apply to the Offer, and once made, an application may not be withdrawn or revoked.

3 How to apply for new shares under the Offer

To apply for new shares in Gale Pacific under the Offer, follow these 3 simple steps:

- Read this document carefully.
Please pay particular attention to the investment and business risks set out in section 7.
- Complete the Payment Slip.
Remember that you may apply for new shares in addition to your entitlement. Oversubscriptions for shares will be dealt with in the manner described in section 4.4. You do not need to sign your Payment Slip.
- Either:
 - detach and return your Payment Slip with payment of your full application moneys (in the accompanying reply-paid envelope – if you are in New Zealand you will need to affix the appropriate postage); or
 - pay your full application moneys via BPAY[®] following the instructions on the back of the E&A Form.

Remember that for your application to be received in time, it must be received with full application moneys by the date the Offer closes, **currently expected to be 5:00pm (Melbourne time) on Thursday 12 March 2009** – see sections 4.9, 4.10 and 4.11 for more details on the payment procedure.

If you take no action you will not be issued any new shares in Gale Pacific under the Offer and your entitlement under the Offer will lapse.

If your Payment Slip has not been completed correctly, your application may still be treated as valid by Gale Pacific. Gale Pacific's decision as to whether or not to accept an application as valid and whether or not and how to construe, amend or complete a Payment Slip or BPAY[®] application is final and binding on all affected persons.

Receipt of the Payment Slip with your payment, or paying by BPAY[®], will constitute acceptance in accordance with, and your agreement to, the terms and conditions of the Offer, including those set out in this document.

IMPORTANT NOTE: Before deciding whether or not to participate in the Offer, you should consider your particular investment objectives and circumstances, and you

should consult your stockbroker, accountant or other independent financial adviser if you have any queries or you are uncertain about any aspect of the Offer.

4 General information in relation to the Offer

4.1 What is the structure of the Offer?

The Offer is a 1.25 for 1 renounceable rights issue at A\$0.035 per new share in Gale Pacific to raise up to A\$6 million (less the costs of the Offer). It is open to shareholders who had a registered address in Australia or New Zealand on the record date of 7:00pm (Melbourne time) on Thursday 19 February 2009. The Offer price represents a discount of approximately 33% to the average closing price of Gale Pacific shares on ASX over the 5 trading days up to and including 30 January 2009 (the trading day before the underwriting of the Offer was announced to ASX).

Gale Pacific has 136,834,516 shares on issue, it will issue up to 171,043,145 new shares under the Offer, and if all of these are issued, Gale Pacific will then have 307,877,661 shares on issue.

The Offer opens on Wednesday 25 February 2009 and closes at 5:00pm (Melbourne time) on Thursday 12 March 2009. The Offer is substantially underwritten by Gale Pacific's 2 largest major shareholders – with the result that the Offer will raise at least A\$5 million.

4.2 Is this document a prospectus?

No it is not. There is no prospectus in relation to the Offer, and this document does not contain all of the information that would ordinarily be contained in a prospectus. The Offer is being made under provisions of the Act which allow Gale Pacific to offer shares to existing shareholders after providing certain information to the market. As a result, it is important that you read and understand the information on Gale Pacific which is publicly available, prior to accepting all or part of your entitlement to new shares or applying for additional new shares under the Offer. In particular, please refer to:

- Gale Pacific's annual reports and other announcements made available at www.galepacific.com or www.asx.com.au;
- the announcement of the Offer which was lodged with ASX on Wednesday 11 February 2009 and mailed to you on Thursday 12 February 2009; and
- the 'cleansing notice' Gale Pacific lodged with ASX on Wednesday 25 February 2009. A copy of the 'cleansing notice' accompanies this document.

Neither ASX nor ASIC takes any responsibility for the content of this document.

4.3 What is your entitlement under the Offer?

Your entitlement to new shares under the Offer is set out on the accompanying E&A Form and has been calculated by multiplying the number of Gale Pacific shares you held as at the record date by 1.25 and then rounding-down to the nearest whole share.

If you have more than 1 holding of Gale Pacific shares you will receive more than 1 set of Offer documents and you will have a separate entitlement for each holding.

4.4 Can you apply for extra shares in addition to your entitlement?

Yes you can. The E&A Form allows you to apply for new shares in addition to your entitlement. Gale Pacific has sole discretion to issue all, none or some of any additional shares you may apply for. Additional shares will be issued at the same time as shares applied for under your entitlement. Application moneys for any additional shares you apply for but which are not issued to you will be refunded without interest. Gale Pacific will only issue up to the aggregate number of new shares that are offered under each eligible shareholder's entitlement, therefore it may be necessary to scale-back applications for additional shares if applications exceed this number.

Gale Pacific intends to honour all applications for additional shares where possible. This will reduce any shortfall which may otherwise be issued to the Underwriters (see section 9.4).

4.5 Can you apply for less than your entitlement?

Yes you can. The E&A Form allows you to apply for less new shares than your entitlement.

4.6 What will the new shares in Gale Pacific be?

New shares issued under the Offer will be fully-paid ordinary shares ranking equally with Gale Pacific ordinary shares currently on issue.

Gale Pacific has applied to ASX for quotation of the new shares to be issued under the Offer, and ASX has already granted permission for the quotation of the new shares.

If you sell new shares issued under the Offer before you receive a holding statement, you do so at your own risk.

No brokerage or stamp duty is payable on the issue of new shares under the Offer.

4.7 Will the Gale Pacific directors be taking up their entitlements?

Yes they will. Each Gale Pacific director, as well as the Chief Executive Officer and the Chief Financial Officer intend to take up their entitlements in full.

4.8 Is the Offer being underwritten?

The Offer is substantially underwritten. Further details on the Underwriters and the terms of the underwriting is included in section 9.4.

4.9 What payment options do you have?

You can pay for new shares under the Offer by 1 of the following 4 options:

- cheque;
- money order;
- bank draft; or
- BPAY®.

Payment cannot be made in cash or by direct debit. A receipt for payment will not be issued.

4.10 How do you pay by cheque, money order or bank draft?

If you want to pay by cheque, money order or bank draft, your cheque, money order or bank draft must satisfy all 5 of the following:

- it must be for the amount equal to A\$0.035 multiplied by the number of new shares that you are applying for (being part of your entitlement, all of your entitlement or all of your entitlement plus any additional new shares you are applying for);
- it must be in Australian currency and drawn on an Australian branch of a financial institution;
- it must be made payable to 'Gale Pacific Limited – Rights Issue Account';
- it must be crossed 'Not Negotiable'; and
- it must accompany your completed Payment Slip.

Any agreement to issue new shares to you following receipt of your application is conditional on your cheque, money order or bank draft being honoured on first presentation.

The Offer is expected to close at 5:00pm (Melbourne time) on Thursday 12 March 2009. To participate in the Offer, your Payment Slip and full payment must be received no later than this time by mailing to:

Gale Pacific Rights Issue

c/- Computershare Investor Services
GPO Box 253
SYDNEY NSW 2001
AUSTRALIA

for your convenience, a reply-paid envelope accompanies this document – if you are in New Zealand you will need to affix the appropriate postage

4.11 How do you pay by BPAY® and what are the consequences of doing so?

If you want to pay by BPAY®:

- follow the BPAY® payment instructions set out on the E&A Form;
- you should instruct payment well before 4:00pm (Melbourne time) on the date the Offer closes (currently expected to be Thursday 12 March 2009) to enable payment to be received by Gale Pacific before the Offer closes; and
- you do not need to lodge a Payment Slip.

5 Information in relation to rights and rights trading

5.1 What is rights trading?

The Offer is 'renounceable' which means that you may sell or transfer all or any of your rights to apply for new shares that you do not wish to exercise yourself, in order to realise the value which may attach to those rights.

If you like, you can exercise some of your rights, and sell or transfer some or all of the rights you do not exercise. If you hold any rights when the Offer closes, these will expire.

You can renounce rights by:

- selling them on-ASX – in which case the purchaser may exercise them. Such a sale must occur on or before the rights trading end date; or
- transferring them off-ASX – in which case the transferee may exercise them. Such a sale must occur on or before the closing date of the Offer.

Gale Pacific encourages shareholders to sell any rights they do not wish to exercise, rather than allowing them to expire.

The ASX code for the rights is GAPR.

5.2 How can you sell your rights?

If you wish to sell any of your rights on-ASX, you will need to have a broker to assist you. Please contact your broker and provide details to them as requested.

You may also exercise some of your rights by completing the Payment Slip and lodging it with the relevant application moneys or paying by BPAY®, and selling the balance on-ASX as described above.

The sale of any rights must be completed by the rights trading end date (currently expected to be Wednesday 4 March 2009).

Neither Gale Pacific nor Computershare is able to assist you with the sale of your rights. Please give any instructions to sell rights to your broker only.

5.3 How can you transfer your rights?

If you wish to transfer any of your rights off-ASX to a person who wishes to exercise them:

- you must obtain and complete a standard renunciation form in favour of the transferee (this is available from your broker or from Computershare – see section 1 for Computershare’s contact details);
- the transferee must complete the Payment Slip; and
- the standard renunciation form, Payment Slip and the transferee’s full application moneys must be lodged in accordance with the directions set out in section 4.10. BPAY® cannot be used to make this payment.

6 The purpose and effect of the Offer

6.1 What is the purpose of the Offer?

Gale Pacific is making the Offer to raise funds in response to prevailing market conditions which have caused it to employ surplus working capital to retire debt. The Offer is a defensive measure which the directors consider to be in the best interests of Gale Pacific.

The funds raised will be used to return Gale Pacific to a normal level of working capital.

6.2 What is the effect of the Offer on shareholder dilution and the control of Gale Pacific?

If you exercise your full entitlement under the Offer you will not be diluted. If you do not exercise your full entitlement under the Offer you will be diluted. Ineligible shareholders will have their holdings diluted by the Offer. The extent of any dilution will depend on the level of participation in the Offer and the extent to which the underwriting is called upon.

The effect of the Offer on the control of Gale Pacific will depend upon a number of factors including:

- the level of shareholder participation (including both the taking up of entitlements and applications for additional shares);
- which shareholders participate; and
- the extent to which rights are traded, exercised and who may decide to exercise them.

If every shareholder was to take up their full entitlement, there would be no effect on the control of Gale Pacific, as the Offer is made pro-rata and in that case there would not be any scope for any shareholder to apply for additional new shares under the Offer and there would be no shortfall for the Underwriters (see section 9.4).

Investec Wentworth Private Equity Limited (**Investec**) currently owns 22.1% of Gale Pacific and Thorney Holdings Pty Ltd (**Thorney**) owns 22.3%. At the completion of the Offer:

- if all entitlements are taken up – Investec will own 22.1% and Thorney will own 22.3%; and
- if no entitlements are taken up other than by the Underwriters – Investec will own 36.4% and Thorney will own 36.5%.

Each of Investec and Thorney has advised Gale Pacific that it does not presently intend to change its existing relationship with Gale Pacific (other than the number of Gale Pacific shares it holds) including the continuation of the business of Gale Pacific, major changes to the business of Gale Pacific including redeployment of the fixed assets, the future employment of the present employees of Gale Pacific and its position relating to the current composition of Gale Pacific's board.

The final shareholding interests of each of the Underwriters upon completion of the Offer will depend upon the factors noted earlier in this section 6.2.

It should be noted that the Underwriters hold their Gale Pacific shares independently of each other, and that at the date of this document they are not acting in concert or otherwise associates of each other.

The following can be said about the potential effect of the Offer on the control of Gale Pacific:

- currently, neither Underwriter controls Gale Pacific, but each has a degree of influence that an approximate 20% shareholder would be expected to have in an otherwise relatively widely-held ASX listed company;
- currently, one of the directors of Gale Pacific is an employee of the Investec group;

- as noted above, if every shareholder was to take up their full entitlement, there would be no effect on the control of Gale Pacific following the Offer;
- should other shareholders elect not to participate in the Offer, it would result in each of the Underwriters increasing their holding in Gale Pacific, giving each of them increased voting rights as well as gaining a greater degree of influence over the operations of Gale Pacific; and
- following the Offer, if each of the Underwriters hold over 25% of Gale Pacific's shares, either of them could prevent the passing of a special resolution by Gale Pacific's shareholders.

7 Investment and business risks

An investment in Gale Pacific shares is subject to investment and other known and unknown risks, including possible loss of income and principal invested. Gale Pacific had implemented strategies, actions, systems and safeguards for known risks, however, some risks are beyond its control. Consequently, the prevailing price or value of new shares issued under the Offer may be more or less than the Offer price.

In any event, Gale Pacific does not guarantee any particular rate of return, the performance of Gale Pacific, the payment of any dividends, the repayment of capital from Gale Pacific, any price for Gale Pacific shares or any particular tax treatment.

7.1 General risks

General risks that may impact significantly on Gale Pacific, its performance and the price of its shares include:

- economic conditions in Australia and internationally;
- investors' sentiment and share market conditions;
- changes in fiscal and monetary policy by governments;
- changes in relevant taxation and other legal regimes;
- default of customers and suppliers;
- natural disasters; and
- availability of credit.

7.2 Business specific risks

Detailed information in relation to certain business specific risks that may impact on Gale Pacific, its performance and the price of its shares was included in Gale Pacific's ASX announcement of the Offer which was mailed to shareholders on Thursday 12 February 2009. In summary, these identified risks are:

- market price;
- banking facilities;

- foreign exchange;
- commodities;
- market competition and consumer demand;
- current economic downturn;
- intangible assets; and
- onerous lease.

The above risks should not be taken to be exhaustive of the risks faced by Gale Pacific or its shareholders. Those risks, and others not specifically referred to, may materially affect the financial performance of Gale Pacific and the price of its shares in the future.

8 Treatment of ineligible shareholders

Gale Pacific has decided that it is unreasonable to extend the Offer to any shareholder with a registered address outside Australia or New Zealand, having regard to:

- the small number of shareholders with addresses in such other countries;
- the number and value of the shares they hold; and
- the cost to Gale Pacific of complying with applicable legal and regulatory requirements in such other countries.

Shareholders who are not eligible to apply for new shares under the Offer will have the rights to apply for new shares under the Offer that they are not permitted to receive sold for them by a nominee to be appointed by Gale Pacific, and their proportionate share of any net sale proceeds will be remitted to them in accordance with the key dates set out in section 2.

It may be that there is no market for these rights, or that the gross proceeds will be less than the expenses of the sale process. In this case, these rights will, at Gale Pacific's discretion, either be allowed to expire or be sold and Gale Pacific will retain any proceeds.

The nominee has discretion to determine the timing and the price at which rights may be sold and the manner in which any sale is made, but the nominee will be obliged to achieve the best price reasonably obtainable at the time of the sale. Gale Pacific and its officers, employees, agents and contractors (including the nominee) disclaim all liability in tort (including negligence), contract, under statute or otherwise to any person for any failure to sell any rights at any specific price or on any specific day.

Any net proceeds will be paid in Australian dollars in accordance with their existing payment instructions provided to Gale Pacific in respect of their shareholding (i.e. mailed to the address on Gale Pacific's register of shareholders or deposited into the nominated bank account), at the ineligible shareholder's risk.

9 Additional information relevant to the Offer

9.1 No financial product advice

This document, any document which accompanied it and any other document of Gale Pacific in relation to the Offer (each a **Gale Pacific Document**) is not, and may not be taken to be, financial product advice or a recommendation to acquire Gale Pacific shares by Gale Pacific, its officers, employees or advisers. They have been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision you should consider all relevant information having regard to your own objectives, financial situation and needs, and consult your stockbroker, accountant or other independent financial adviser.

9.2 Authorised and unauthorised information and representations

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in a Gale Pacific Document.

Any information or representation in relation to the Offer which is not contained in a Gale Pacific Document may not be relied upon as having been authorised by Gale Pacific.

9.3 No tax advice

There may be tax consequences associated with being issued new shares under the Offer. None of Gale Pacific, its officers, employees or advisers is giving or is able to give you advice about the specific tax consequences for you. You should consult your own independent professional tax adviser.

9.4 What are the details of the underwriting arrangements?

Gale Pacific has entered into an underwriting agreement with each of its 2 largest major shareholders, being Investec and Thorney (each an **Underwriter**).

Each Underwriter has agreed to underwrite the Offer such that together with those shareholders (and their respective related bodies corporate) taking up their full entitlements under the Offer, they will each contribute up to A\$2.5 million, therefore, the Offer will raise at least A\$5 million.

Under the underwriting arrangements, each Underwriter is committed to:

- apply for its, and procure that its related bodies corporate apply for their, full entitlements under the Offer; and
- apply or procure applications for (generally speaking) half of any shortfall between the number of shares actually applied for under the Offer and a number of shares that if applied for would raise A\$5 million.

In line with similar underwritings in offers similar to the Offer:

- For personal use only
- Gale Pacific will indemnify each Underwriter, its related bodies corporate, and their directors, officers and employees against certain losses in connection with the Offer, with limitations on that liability in conventional terms;
 - Gale Pacific gives a range of conventional warranties and both positive and negative undertakings in favour of each Underwriter;
 - either Underwriter may terminate its underwriting agreement and thereby be released from its obligations on the occurrence of certain conventional events, including if:
 - there is an event, material change or development affecting Gale Pacific or its industry which would have a material adverse effect on Gale Pacific or the Offer;
 - an outbreak of new hostilities or significant act of terrorism occurs which involves Australia or the USA; or
 - the ASX All Ordinaries Index, S&P/ASX 200 Index or S&P/ASX Small Ordinaries Index closes at least 15% below its closing level on the day before the date of the agreement and remains at or below that level for 3 consecutive trading days; and
 - for assuming the above risks and providing its services, each Underwriter will be remunerated by Gale Pacific paying a sum equal to 4% of its maximum underwriting financial commitment (but not for exercising its entitlement), and paying its costs and expenses up to a capped figure not exceeding \$20,000.

The potential impact of the underwriting arrangements on shareholder dilution and the control of Gale Pacific is explained in section 6.2.

Oversubscriptions under the Offer from shareholders other than the Underwriters will reduce the amount of any shortfall which would otherwise be taken by the Underwriters.

9.5 Foreign securities laws

No Gale Pacific Document or any other document that is related to any Gale Pacific Document constitutes an offer in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer and no action has been taken to register Gale Pacific shares or otherwise permit a public offering of those shares in any jurisdiction. If you apply for new shares under the Offer you represent that there has been no breach by you of any such law. Eligible shareholders who are nominees, trustees or custodians should seek independent advice as to how to proceed.

The distribution of a Gale Pacific Document or any other document that is related to any Gale Pacific Document outside Australia may be restricted by law. In particular, a Gale Pacific Document, any other document that is related to any Gale Pacific Document or any copy of any of them must not be taken into or distributed or released in the United States or distributed or released by any U.S. Person or to any person acting for the account or benefit

of a U.S. Person. Any person who comes into possession of a Gale Pacific Document or any other document that is related to any Gale Pacific Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a breach or violation of applicable securities laws, and Gale Pacific disclaims any liability in relation to any such breach or violation.

9.6 What are the privacy considerations in submitting a Payment Slip?

The Payment Slip requires you to provide information that may be personal information for the purposes of the *Privacy Act* 1988. Gale Pacific and Computershare collect, hold and use personal information in order to assess applications for new shares under the Offer, service the needs of shareholders, provide facilities and services and to administer Gale Pacific generally.

Access to this information may also be provided to Gale Pacific's or Computershare's related bodies corporate, agents and service providers (including mail houses) and regulatory bodies.

If you do not provide the information requested of you in the Payment Slip, Computershare may not be able to process your application or administer your holding of Gale Pacific shares appropriately.

9.7 What discretions does Gale Pacific have?

Without limiting the other powers and discretions set out in this document, the directors of Gale Pacific (or their delegate for this purpose) may:

- implement the Offer in the manner they think fit; and
- settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this document, as they think fit, whether generally or in relation to any shareholder or any shares, and the determination of the directors (or their delegate) is conclusive and binding on all relevant shareholders and other persons to whom the determination relates.

9.8 What is the governing law of the Offer?

The Gale Pacific Documents, the Offer and the contracts formed on acceptance of applications made under the Offer are governed by the law applicable in Victoria, Australia. Each person who applies for new shares under the Offer submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.



25 February 2009

Dear shareholder

Renounceable rights issue – notification to ineligible shareholders

On 11 February 2009, Gale Pacific Limited (**Gale Pacific**) announced that it would undertake a 1.25 for 1 renounceable rights issue at A\$0.035 per new share to raise up to A\$6 million (the **Offer**), and that the Offer would be extended only to eligible shareholders.

Eligible shareholders were those who:

- were on the Gale Pacific register of shareholders as at 7:00pm (Melbourne time) on Thursday 19 February 2009; and
- had a registered address in Australia or New Zealand.

You did not satisfy these criteria, and consequently, you are not able to participate in the Offer.

However, as the Offer is renounceable, Gale Pacific will be appointing a nominee to sell the rights to apply for new shares under the Offer that you are not permitted to receive. The nominee will be obliged to achieve the best price reasonably obtainable for the rights at the time of the sale. This sale process will occur during the Offer period and it is expected that you will be sent your proportionate share of any net proceeds of that sale on Thursday 19 March 2009. Any net proceeds will be paid in Australian dollars in accordance with your existing payment instructions provided to Gale Pacific in respect of your shareholding (i.e. mailed to your address on Gale Pacific's register of shareholders or deposited into your nominated bank account), at your risk.

It may be that there is no market for these rights, or that the gross proceeds will be less than the expenses of the sale process. In this case, these rights will, at Gale Pacific's discretion, either be allowed to expire or be sold and Gale Pacific will retain any proceeds. Gale Pacific and its officers, employees, agents and contractors (including the nominee) disclaim all liability in tort (including negligence), contract, under statute or otherwise to any person for any failure to sell any rights at any specific price or on any specific day.

If you have any queries, please contact Gale Pacific's share registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Yours faithfully

A handwritten signature in black ink, appearing to read "Harry Boon".

Harry Boon
Chairman

For personal use only

Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 253 Sydney
NSW 2001 Australia
Enquiries (within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
web.queries@computershare.com.au
www.computershare.com

000001
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SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a **black pen**.
Print in **CAPITAL** letters
inside the grey areas.

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For your security keep your SRN/HIN confidential.

Entitlement and Acceptance Form (including application for additional shares)

This personalised form can only be used in relation to the shareholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document, please consult your financial or other professional adviser.

Renounceable rights issue closes

5:00pm Melbourne time on 12 March 2009

Renounceable rights issue on the basis of 1.25 new shares for every 1 share registered at the record date at an issue price of A\$ 0.035 per new share.

You may apply for additional new shares under the rights issue using this Form.

If your holding is held on the CHESS subregister the rights referred to in this Form may be transferred electronically in CHESS without using this Form.

Rights trading commenced on 13 February 2009 and is expected to close on 4 March 2009.

A	Securityholder Entitlement details
Subregister	Issuer
Existing shares entitled to participate at record date (19 February 2009)	XXX,XXX,XXX
Entitlement to new shares on a 1.25 for 1 basis	XXX,XXX,XXX
Amount payable on full acceptance at A\$ 0.035 per new share	X,XXX,XXX.XX
Entitlement Number	123456789012

Receipt of the payment slip below by 5:00pm Melbourne time on 12 March 2009 with your payment, utilising a payment option on the back of this Form or payment by BPAY®, will constitute acceptance in accordance with, and your agreement to, the terms and conditions of the rights issue set out in the offer documentation lodged with ASX and mailed to shareholders on 25 February 2009.

I/We enclose my/our payment for the amount shown below being payment of A\$ 0.035 per new share applied for. I/We hereby authorise you to register me/us as the holder(s) of the shares allotted to me/us, and I/we agree to be bound by the constitution of Gale Pacific Limited (GAP). Gap may change the dates set out on this Form. You do not need to sign the payment slip.



IRRB 024898_V1

See back of form for completion guidelines



PLEASE DETACH HERE



Please see overleaf for Payment Options

Ent:	X,XXX	Pay:	X,XXX
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B PAY	Biller Code: 123456
	Ref No: 123412341234123412

Paperclip
cheque(s)
here.
Do not
staple.

B Number of new shares applied for	C Number of additional shares applied for	D Amount paid at A\$0.035 per share applied for
<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

E Payment Details – Please note that funds are unable to be directly debited from your bank account				
Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque, money order or bank draft payable to 'Gale Pacific Limited – Rights Issue Account' and crossed 'Not Negotiable'

F Contact Details
Please provide your contact details in case we need to speak to you about this payment slip
Name of contact person
Contact person's daytime telephone number
<input type="text"/>
<input type="text"/>

1234567890123456+1234567890-1234+12

How to complete the Entitlement and Acceptance form

Please note that photocopies of this Form will not be accepted. These instructions are cross-referenced to each section of this Form.

A Shareholder entitlement details

Details of your entitlement based on your shareholding at 7:00pm Melbourne time on 19 February 2009 are shown in Box A.

B Number of new shares applied for

You can accept either all or part of your entitlement. Write the number of new shares you wish to accept from your entitlement in Box B.

C Number of additional shares applied for

Write the number of additional shares you wish to apply for (if any) in Box C. This can be any number you wish.

You are not assured of receiving any shares you apply for in addition to your entitlement.

D Amount paid

Write the total amount of money payable. This amount is the total number of new shares you have applied for in Box B, plus any number of additional shares in Box C, multiplied by A\$0.035

E Payment Details

You can pay for shares by any one of the payment options detailed below. **Please note that funds are unable to be directly debited from your bank account.**

Your cheque, money order or bank draft must be in Australian currency and drawn on an Australian branch of a financial institution, and made payable to 'Gale Pacific Limited - Rights Issue Account' and crossed "Not Negotiable". Payments not properly made may be rejected.

Cheques will be processed on the day of receipt so sufficient cleared funds must be in your account. Cheques returned unpaid may not be re-presented and may result in your application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip where indicated. Cash will not be accepted. A receipt for payment will not be issued.

F Contact Details

Write the name of a contact person and telephone number. These details will only be used in the event that Computershare Investor Services Pty Limited (CIS) has a query regarding your payment slip.

Lodgement of Acceptance

If you are applying for shares and your payment is being made by BPAY®, you do not need to return the payment slip. Your payment must be received by no later than 5:00pm Melbourne time on 12 March 2009. You should be aware that your financial institution may implement earlier cut off times for electronic payment processing, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted (including through BPAY®) are received in time.

If you are paying by cheque, money order or bank draft, the payment slip must be received by CIS in Sydney by no later than 5:00pm Melbourne time on 12 March 2009. You must allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. New Zealand shareholders will need to affix the appropriate postage. Return the payment slip with payment attached. Neither CIS nor GAP accepts any responsibility if you lodge the payment slip at any other address or by any other means.

Sale of your entitlement in full by your stockbroker/agent

If you wish to sell your rights entitlement in full, you should instruct:

- Your stockbroker personally and provide details to them requested.

DO NOT forward your request for sale to CIS

Sale of your entitlement in part by your stockbroker/agent and acceptance of the balance

If you wish to sell part of your entitlement and accept the balance you should:

- Instruct your stockbroker personally and provide details as requested, AND
- Complete and then forward the payment slip to CIS with your payment OR make payment using BPAY®, for the part you wish to accept.

Disposal of your entitlement other than through a stockbroker (for shareholders on the Issuer Sponsored Subregister)

A standard renunciation form must be used for an off market transfer of rights. This form may be obtained from your stockbroker or CIS.

If you have any enquiries concerning this Form or your entitlement please contact CIS on 1300 850 505.

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Payment Options:



Billers Code: 534180

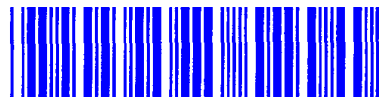
Ref No: 123412341234123412

Telephone & Internet Banking – BPAY®

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



By mail
Computershare Investor Services Pty
Limited
GPO Box 253
Sydney, NSW 2001
AUSTRALIA



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000

Privacy Statement

Personal information is collected on this Form by CIS, as registrar for GAP, for the purpose of maintaining registers of shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by GAP in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this Form or e-mail privacy@computershare.com.au

If you have any enquiries concerning this Form or your entitlement, please contact CIS on 1300 850 505.

