



16 October 2009

Dear Shareholder

Enclosed please find Notice of the Company's 2009 Annual General Meeting and Proxy Form.

This should be read in conjunction with the Company's 2009 Annual Report. If you have elected to receive printed paper copies of annual reports, a copy of the Company's 2009 Annual Report is enclosed with this letter and the Notice of Meeting. If you have elected NOT to receive a printed paper copy of the Company's annual reports, the Company's 2009 Annual Report is accessible via the Company's website, www.galepacific.com.

The Company's 2009 Annual General Meeting (AGM) is to be held at 11.00am on Tuesday 17 November 2009 at the offices of Pitcher Partners at Level 19, 15 William Street, Melbourne Victoria 3000.

Details of the resolutions to be put before shareholders at the AGM are set out in the Explanatory Notes which accompany and form part of the Notice.

I look forward to seeing you at the Annual General Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read "Harry Boon", written over a thin horizontal line.

Harry Boon
Chairman

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Notice of Annual General Meeting

NOTICE is given that the 2009 annual general meeting of Gale Pacific Limited ACN 082 263 778 ("**Company**") will be held at the offices of Pitcher Partners at Level 19, 15 William Street, Melbourne Victoria 3000 on Tuesday 17 November 2009 at 11.00 am

Business

Shareholders are invited to consider the following items of business at the annual general meeting:

Ordinary business

1. Financial and related reports

To lay before the annual general meeting the financial report of the Company and its controlled entities and the related directors' and auditor's reports for the year ended 30 June 2009 for shareholders to receive and consider.

2. Adoption of Remuneration Report (non-binding vote)

That the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2009 be adopted.

The vote on this item is advisory only and does not bind the directors or the Company.

3. Re-election of director

Mr John Murphy retires as a director of the Company by rotation in accordance with rule 7.1(f) of the constitution of the Company and, being eligible, offers himself for re-election.

4. Performance Rights Share Plan – approval for exception 9(b), listing rule 7.2

To consider and if thought fit pass the following resolution as an **ordinary resolution**:

That the issue of performance rights and underlying performance shares in the Company under the Company's Performance Rights Share Plan established by the directors on 21 November 2006, the terms and conditions of which are summarised in the explanatory notes to the notice convening this annual general meeting be approved as an exception to ASX listing rule 7.1 in accordance with exception 9(b) of ASX listing rule 7.2.

5. Approval of issue of Performance Rights to the Company's Chief Executive Officer, Mr Peter McDonald

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

That approval be given for the purposes of Listing Rule 10.14 and all other purposes to the grant of Performance Rights and underlying Performance Shares to the Chief Executive Officer and executive director of the Company, Mr Peter McDonald, pursuant to the Company's Performance Rights Plan as described in the Explanatory Notes accompanying this Notice of Annual General Meeting.

Dated 16 October 2009

By order of the Board of Gale Pacific Limited

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

Sophie Karzis, Company Secretary

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Voting information

Voting by proxy

- (a) A shareholder entitled to attend and vote at the annual general meeting may appoint one proxy or, if the shareholder is entitled to cast 2 or more votes at the meeting, 2 proxies, to attend and vote instead of the shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the meeting.
- (e) A proxy form accompanies this notice. If a shareholder wishes to appoint more than 1 proxy, they may make a copy of the proxy form attached to this notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power of authority **by 11.00 am (Melbourne time) on 15 November 2009** at the share registry, being the office of Computershare Investor Services Pty Ltd:
- by post at GPO Box 242, Melbourne, Victoria 3001; or
 - by personal delivery at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067; or
 - by facsimile: (03) 9473 2555.

Voting and other entitlements at the annual general meeting

A determination has been made by the board of the Company under regulation 7.11.37 of the *Corporations Regulations* 2001 that shares in the Company which are on issue at 7.00 pm (Melbourne time) on 15 November 2009 will be taken to be held by the persons who held them at that time for the purposes of the annual general meeting (including determining voting entitlements at the meeting).

Voting exclusion statement

The Company will disregard in respect of Resolution 4 and Resolution 5, any votes cast by a director of the Company and their associates.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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Explanatory notes to notice of annual general meeting

1. Financial and related reports

The 2009 annual report contains the directors' reports, the financial reports and the Remuneration Report. The Company's 2009 annual report is available from the Company's website (www.galepacific.com).

2. Adoption of Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the 2009 annual report and is available from the Company's website (www.galepacific.com).

The Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;
- sets out the remuneration arrangements in place for each director and for certain members of the senior management team; and
- explains the differences between the basis for remunerating non-executive directors and senior executives, including the Chief Executive Officer and executive director.

The vote on this item is advisory only and does not bind the directors. The Company's Remuneration Committee will take into account the discussion on this item and the outcome of the vote when considering the future remuneration policies and practices of the Company.

3. Re-election of director

Please refer to the 2009 annual report for information about Mr Murphy.

The Board, with Mr Murphy abstaining, recommends that shareholders vote in favour of Mr Murphy's re-election.

4. Performance Rights Share Plan

In general, ASX Listing Rule 7.1 prohibits a company from issuing more than 15% of its securities in any 12 month period, without obtaining shareholder approval, unless an exception applies. Exception 9 in Listing Rule 7.2 provides that shareholder approval is not required for an issue under an employee incentive scheme if, within 3 years before the date of the issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

Accordingly, shareholders are being asked, pursuant to exception 9 in Listing Rule 7.2, to approve issues of securities under the Performance Rights Share Plan (PRSP) the terms and conditions of which are summarised below, as exceptions to Listing Rule 7.1.

The PRSP is designed as a standard component of senior executive remuneration and is intended to comprise the long term incentive component of remuneration for senior

executives, including executive directors. Accordingly, performance rights under the PRSP will be granted at no cost.

The PRSP has replaced the Company's previous option plan under which no options have been issued since 2006. All options issued under the previous option plan have now either been exercised, lapsed or expired in accordance with the terms of their issue.

Grants made under the PRSP are be subject to a performance period (usually set at 3 years) and Performance Rights will only vest if the relevant performance conditions are satisfied at the end of the relevant assessment period. The PRSP has generally been designed to link rewards to eligible senior executives with improvements in Company performance and the delivery of returns to shareholders, and for other executives, to reward their performance.

Since the PRSP was approved by shareholders at the Company's annual general meeting on 21 November 2006, the Company has issued 9,850,000 performance rights to seven (7) senior executives in the Company, and of these 8,000,000 are currently on foot (1,850,000 performance rights having lapsed due to performance conditions not being met, such conditions including continuation of employment).

A summary of the key terms of the PRSP is set out below:

Eligibility	Executives of the Company as determined by the Board.
Form of grant	Performance Rights, being a right to acquire fully paid ordinary shares in the Company subject to satisfaction of relevant performance conditions. Each Performance Right granted will entitle the executive to 1 fully paid ordinary share in the Company.
Participation	Eligible executives may be invited by the Board to participate in the PRSP.
Maximum Number of Performance Rights	The aggregate number of Performance Rights to be issued under this PRSP is limited to no more than 5% of the total number of shares on issue at that time.
Performance conditions	The Board has discretion under the Rules to set performance conditions which will apply to a grant of Performance Rights. The relevant performance conditions may vary between grants.
Grant price	Although the Board has the discretion under the PRSP to set a grant price, it is intended that Performance Rights will be granted at no cost to the participating executive (on the basis that the grant comprises part of the executive's remuneration).
Vesting and exercise price	There is no exercise price for Performance Rights, once relevant Performance conditions are met, the Performance Rights vest and executive may call for the underlying Performance Shares to be issued to them.
Restrictions attaching to Performance Rights	Performance Rights may only be transferred with the consent of the Board or by force of law (i.e. upon death or bankruptcy), and will lapse immediately where an executive purports to transfer them in breach of the Rules.
Restrictions attaching to Performance Shares	The Board has discretion under the PRSP to impose trading or other restrictions on Performance Shares issued to an executive upon vesting of a Performance Right.

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Cessation of employment	<p>If the Executive ceases to be employed by a group company due to death, disability, bona fide redundancy or other reason with the approval of the Board:</p> <ul style="list-style-type: none"> the Board has the discretion to determine that some or all of the executive's unvested Performance Rights will vest; and if the Board does not make a determination, or determines that only some of the executive's Performance Rights will vest, then all remaining unvested Performance Rights will lapse. <p>If the executive ceases to be employed for any other reason the executive's unvested performance rights will lapse.</p> <p>If the executive acts fraudulently or dishonestly or is in breach of his or her obligations to any group company, the Board may deem any unvested Performance Rights of the executive to have lapsed, and deem all or any Performance Shares held by the executive to be forfeited.</p>
Takeover/scheme of arrangement	<p>In the event of a takeover bid or scheme of arrangement in respect of the Company, the Board has discretion to determine that some or all of an executive's Performance Rights vest, having regard to pro rata performance against the relevant performance conditions.</p>
Bonus issues, rights issues and reconstruction	<p>If shares are issued pro rata to the Company's shareholders generally by way of bonus issue or rights issue or any reorganisation of the issued capital of the Company is effected, the number of Performance Rights to which an executive is entitled will be adjusted by the Board to ensure that no advantage or disadvantage accrues to the executive.</p>
Amendment to the PSP	<p>Subject to the Listing Rules and to specified restrictions in the Rules, the Company may at any time by written instrument or by resolution of the Board, amend the Rules or the terms of Performance Rights granted.</p>

The non-executive directors recommend that shareholders vote in favour of Resolution 4.

5. Approval of issue of Performance Rights to the Company's Chief Executive Officer, Mr Peter McDonald

In general, ASX Listing Rule 10.14 provides that a company must not permit a director to acquire securities under an employee incentive scheme without shareholder approval.

In accordance with the Listing Rules, shareholders are being asked under Resolution 5 to approve the grant of Performance Rights (and to the extent those Performance Rights vest, Performance Shares) to the Company's Chief Executive Officer, Mr Peter McDonald under the Company's Performance Rights Share Plan (PRSP) for the 2010 financial year. A summary of the terms of the PRSP is set out above in the notes to the previous resolution.

There are 8,000,000 Performance Rights on issue at the date of this notice. These Performance Rights have been granted to the Company's senior executives and are based on performance hurdles relating to diluted earnings per share (DEPS) targets over a 2 year period. None of these Performance Rights are on issue to the Chief Executive Officer, Mr Peter McDonald. In December 2006, shareholders approved an issue of 150,000 Performance Rights to Peter McDonald; these Performance Rights were issued in January 2007 and contained performance conditions relating to a 2 year period up to 30 June 2009. The Board has determined that these rights lapsed on 30 September 2009. In November 2008, the shareholders approved an issue of



900,000 Performance Rights to Peter McDonald. These Performance Rights were never issued to Peter McDonald.

Approval is being sought for the grant of Performance Rights to the Chief Executive Officer, Mr. Peter McDonald in respect of the 2010 financial year.

If approval is required for grants of options in future financial years then separate shareholder approvals will be sought in respect of such grants.

The number of Performance Rights to be granted to Mr. Peter McDonald for the 2010 financial year will be no more than 3,000,000. As each Performance Right represents an entitlement to one ordinary share in the Company, the maximum number of shares which may be acquired by the Chief Executive Officer, Mr Peter McDonald, is equal to the number of Performance Rights issued (subject to certain changes in the Company's capital during the performance period – as noted in the summary of the terms of the PRSP above). Performance Rights will only vest if the relevant performance conditions are satisfied. The performance conditions for this grant of Performance Rights will be tested over a 3 year performance period commencing on 1 July 2009 and ending 30 June 2012 (the Performance Period).

The performance conditions will be based on achievement by the Company of a target based on diluted earnings per share and the Chief Executive Officer remaining in continuous employment with the Company for the Performance Period.

The Performance Rights will vest in accordance with the following terms:

- For the year ending 30 June 2010, if the Company achieves a DEPS of 1.6 cents, and the Participant remains in continuous employment with the Company until the end of the Performance Period, then 25% of the Performance Rights will vest at the end of the Performance Period and the corresponding number of shares will be allocated as soon as practicable after the end of the Performance Period;
- For the year ending 30 June 2011, if the Company achieves an increase in DEPS of not less than 10% above the base of 1.6 cents (or a greater increase as determined by the Board), and the Participant remains in continuous employment with the Company until the end of the Performance Period, then 25% of the Performance Rights will vest at the end of the Performance Period and the corresponding number of shares will be allocated as soon as practicable after the end of the Performance Period;
- If, over the two years ended 30 June 2010 and 30 June 2011, the Company achieves a combined DEPS which equals or exceeds 1.6 cents plus the required DEPS target for the second year as determined by the Board, and the Participant remains in continuous employment with the Company until the end of the Performance Period, then 50% of the Performance Rights will vest at the end of the Performance Period and the corresponding number of shares will be allocated as soon as practicable after the end of the Performance Period.

Determination of the extent to which the Performance Conditions have been achieved will be made by the Board at the end of each year of the Performance Period, based on the audited accounts of the Company.

If shareholder approval is obtained, then it is intended that grants to the Chief Executive Officer for the 2010 financial year will be made shortly after this meeting, and in any case no later than 1 month from the date of this meeting.

Details of the shares acquired by Executives under the PRSP will be published in each annual report of the Company relating to a year in which an award is made under the Plan (including a note that approval for the acquisition of those shares was obtained under Listing Rule 10.14).

The Non-Executive Directors recommend that shareholders vote in favour of this item 5.

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

Lodge your vote:



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(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 11:00am on Sunday 15 November 2009

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

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

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

Turn over to complete the form ➔



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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Gale Pacific Limited to be held at the offices of Pitcher Partners, Level 19, 15 William Street, Melbourne on Tuesday, 17 November 2009 at 11:00am and at any adjournment of that meeting.

Important for Items 4 and 5: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 4 and 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4 and 5 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4 and 5.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



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

	For	Against	Abstain
Item 2 Adoption of Remuneration Report (non-binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of director - Mr John Murphy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Performance Rights Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of issue of Performance Rights to CEO - Mr Peter McDonald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____