



GALE PACIFIC LIMITED

ACN 082 263 778

Share Trading Policy

Approved by the Board on 10 November 2005
Reviewed and updated by the Board on 26 September 2006

1. INTRODUCTION AND PURPOSE

Gale Pacific Limited (Gale or the Company) is committed to ensuring that the Company and its employees do not breach prohibitions on insider trading or create any perception of senior managers or employees dealing in shares when they should not do so.

This Policy establishes procedures that provide protection to the Company and its directors, senior management and employees against the misuse of unpublished price sensitive information which could materially affect the value of the Company's shares.

2. SCOPE

This Policy applies to all employees of Gale and its subsidiaries nominated as being in possession of Price Sensitive Information, and specifically to all directors and senior management. For the purposes of this Policy, senior management shall include any employee who has access to consolidated Group financial information.

3. DEALING IN SECURITIES

Gale is required under the ASX Listing Rules to immediately provide all information which may have a material effect on the price or value of the Company's shares ("Price Sensitive Information"). Employees may come into possession of Price Sensitive Information before the Company has made that information available to the market. It is imperative that all such employees keep that Price Sensitive Information confidential and do not trade in the Company's shares before that Price Sensitive Information is released and becomes generally available. To deal in Gale shares at these times would breach the insider trading provisions of the Corporations Act which provide as follows:

A person is prohibited from dealing in, or procuring others to deal in, securities of a relevant entity where:

- *the person possesses information which is not generally available; and*
- *that information may have a material effect on the Company's share price ; and*
- *the person knows or ought reasonably to know that the information is not generally available and if it were, it might have a material effect on the share price.*

Penalties for individuals who breach insider trading rules are serious and can result in:

- *a criminal penalty of up to \$220,000 or imprisonment for up to 5 years or both;*
- *a civil penalty of up to \$200,000; and*
- *a court order that compensation be paid to the Company, including profits made by the individual as a result of breaching insider trading rules.*

4. ACCOUNTABILITIES UNDER THIS POLICY

The Board is responsible for:

- establishing and reviewing this Share Trading Policy; and
- interpreting the Policy if so requested by the Company Secretary.

The Company Secretary is accountable for:

- communicating the Policy to employees;
- providing advice as to compliance with the Policy;
- maintaining guidelines for establishing compliance with this Policy and the law relating to dealing in securities; and
- maintaining the required registers and records.

5. TRADING RESTRICTIONS

Directors and senior management of the Company must not trade in Gale securities between 1st January until the release to the ASX of Gale's half yearly results, or between 1st July and the release to the ASX of Gale's full year results, or at any other time when in possession of Price Sensitive Information.

At other times, before trading in Gale securities, Directors and senior management of the Company should check with the Company Secretary to ensure that they are not in possession of Price Sensitive Information that is not generally available.

Following a trade of securities by Directors, confirmation of price and quantity must be provided to the Company Secretary within three days to ensure that the notification obligations of Directors under ASX Listing Rule 3.19A or s. 205G of the Corporations Act are satisfied.

Other employees may trade in Gale's securities at any time other than when they are in possession of Price Sensitive Information not generally available to the market.

Employees, Directors and senior managers may subscribe for Gale securities by participating in the Gale Dividend Reinvestment Plan, or in any Gale employee Share Plan at any time.

Where doubt exists as to the possession of Price Sensitive Information not available to the market, advice should be sought from the Company Secretary before trading in the Company's securities.

6. DEALING IN SHARES OF OTHER COMPANIES

If employees have Price Sensitive Information relating to a company outside Gale which is not generally available to the market, the same insider trading rules outlined above apply to buying and selling shares in that company. Examples of this may include, but are not limited to, the following:

- Another company may provide Price Sensitive Information about itself to Gale in the course of a proposed transaction;

- Another company with whom Gale is dealing may provide Price Sensitive Information about a third company;
- Information concerning Gale or actions which may be taken by Gale (e.g. a planned transaction or strategic change) could reasonably be expected to have an effect on a third party company; or

Apart from the application of the insider trading rules to shares in other companies, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

7. CONFIDENTIALITY OF PRICE SENSITIVE INFORMATION

Employees must ensure that contractors, advisers, consultants and other outside parties retained by the Company who may come into possession of Price Sensitive Information are bound by appropriate assurances of confidentiality.

8. ADVICE

Any employee requiring advice about a proposed dealing in Gale's shares should contact the Company Secretary.