



16 February 2004

Dear Shareholder

Please find enclosed a share purchase plan application form and the rules of the Company's share purchase plan ("**Plan**").

The Plan has been formulated to comply with ASIC class order relief which permits, subject to certain conditions, shares to be offered under share purchase plans without a disclosure document as would otherwise be required under the *Corporations Act* 2001.

The issue price under the Plan is \$2.60 per share, which represents a discount of 9.9% on the weighted average closing market price of a Gale ordinary share worked out over the 5 ASX trading days commencing on 29 January 2004 and ending on 4 February 2004.

As announced on 10 February 2004, your Directors have established the Plan to raise approximately \$4 million which, together with \$11 million of capital raised through a recent share placement to institutional investors, will be used to fund the acquisition of 100% of the German-based company, Jung Garten & Freizeit Vertriebsgesellschaft mbH, as well as Gale's working capital requirements and new product initiatives, and to reduce gearing.

If Gale receives acceptances under the Plan for more than 1,538,461 shares in total (that is, more than approximately \$4 million in subscriptions), Gale may scale back the number of shares to be issued to all shareholders who accepted shares under the Plan by the same proportion.

You are eligible to apply for up to 1,923 fully paid ordinary shares under the plan at \$2.60 per share, which is the same price at which shares were offered to institutional investors under the placement.

In order to participate in the Plan, you must return your completed application form and cheque to Gale's share registry, Computershare Investor Services Pty Limited, so that they are received on or before 9 March 2004.

The market price of Gale shares may rise or fall between the date of this offer and the date shares are issued under the Plan. This means the price Shareholders pay for shares under the Plan may exceed, or be less than, the market price of Gale shares at the time of issue. I recommend that shareholders take their own financial advice in relation to the Plan offer and their participation in the Plan. I also encourage you to read the enclosed Plan rules carefully. The acknowledgement is required in order to comply with the ASIC class order relief mentioned earlier.

I encourage you to consider the opportunity to acquire shares under the Plan. All Directors and their controlled entities which hold shares in Gale intend to apply for their full allotment of shares under the Plan.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Huw Davies', written over a horizontal line.

Dr Huw Davies
Chairman

**Gale Pacific Limited
ACN 082 263 778**

Share Purchase Plan

On 5 February 2004 Gale Pacific Limited (“**Company**”) approved and adopted this share purchase plan.

1. Plan

This share purchase plan allows the Company to offer shares to its shareholders without having to prepare and issue a prospectus or other disclosure document. Offers must be made in accordance with the terms of this plan and acceptances are entirely optional.

2. Offers

Under this plan, the Company may from time to time offer for subscription shares in the Company as follows:

- (a) The offers must be in writing.
- (b) The offered shares must be in a class of shares which are quoted on the financial market operated by Australian Stock Exchange Limited (“**ASX**”) and trading in the class must not be suspended at the time the offer is made. At the date of adoption of this plan the only class of quoted shares in the Company are ordinary shares.
- (c) An offer must be made to each eligible shareholder of the Company.
- (d) The offers must be made on the same terms irrespective of the number of shares held by the eligible shareholders.
- (e) The offers must be made on a non-renounceable basis.
- (f) The issue price of each share offered for subscription may be determined by the board of directors of the Company but must be less than the average market price of shares in the same class calculated over the last 5 days on which sales in the shares were recorded before a date determined by the board of directors of the Company. This 5 day period must occur in the 30 days prior to either the date of the offer or the date of the issue of the shares.
- (g) The maximum amount that an eligible shareholder may subscribe for shares offered under the plan in any consecutive 12 month period must not exceed \$5,000.

3. Eligible shareholders

The eligible shareholders who are entitled to receive offers for shares under this plan are all persons:

- (a) who are registered as holders of shares in the same class as the offered shares at the record date for the offer determined by the board of directors of the Company; and
- (b) whose address (as recorded in the Company's register of members) is in a jurisdiction where, in the reasonable opinion of the board, it is lawful and practical for the Company to offer and issue shares under the plan.

4. Other terms

Offers may be made on any other terms determined by the Company which are consistent with this plan.

5. Acceptance

An offer made to an eligible shareholder under this plan may only be accepted by the eligible shareholder completing and returning the application form provided by the Company, together with payment of the subscription amount, by no later than the closing date for the offer specified in the application form and otherwise in accordance with the instructions on the application form.

The eligible shareholder must also provide the Company on application for the shares with a certification to the effect that the aggregate subscription amount for:

- (a) the shares the subject of the application; and
- (b) any other shares in the class applied for by the eligible shareholder under the plan or any similar plan in the previous 12 months;

does not exceed \$5,000. The form of this certification has been included in the application form.

If an eligible shareholder subscribes an amount which is not exactly divisible by the issue price for the shares, in calculating the number of shares to be issued, all fractional entitlements will be rounded down to the nearest whole number, and the balance of the subscription amount will be retained by the Company.

6. Issue of shares

The Company may issue to any person fewer shares than the number the person subscribed for under this plan (or none at all) if the Company believes that the issue of those shares would contravene this plan, any law or ASX listing rule.

Shares issued under this plan will rank equally with all other shares of the same class in the Company on issue at the date of issue, unless the terms of the offer of shares under the plan otherwise provide.

Following the Company receiving valid acceptances of offers made under this plan, the Company will:

- (a) issue the accepted shares as soon as reasonably practical after the closing date of the offer;

- (b) apply for those shares to be quoted on the stock market of ASX within the period required by the ASX listing rules; and
- (c) send the relevant shareholders a holding statement in respect of the shares issued to them under the plan within the period required by the ASX listing rules.

7. Notices

Notices and statements to eligible shareholders may be given in any manner determined by the Company from time to time.

8. Amendment, suspension and termination

The Company may, in its discretion, amend, suspend or terminate this plan at any time and adopt any administrative procedures it thinks appropriate in relation to the plan.

9. Dispute resolution

The Company may, in its discretion, settle any difficulties, anomalies or disputes which may arise under or in connection with the operation of this plan, whether generally or in relation to any shareholder or class of shareholders, offer, acceptance or shares and the decision of the Company will be conclusive and binding on all shareholders and other persons to whom the determination relates.

The Company reserves the right to waive compliance with any provision of this plan.

10. Interpretation

In this plan, unless the context otherwise requires:

- (a) if 2 or more persons are recorded in the register of members of the Company as jointly holding shares in the Company they are taken to be a single shareholder and a certification by any of them for the purposes of the certification required under clause 5 of this plan is taken to be a certification by all of them;
- (b) if a trustee or nominee is expressly noted on the register of members of the Company as holding shares on account of another person (“**beneficiary**”);
 - (1) the beneficiary is taken to be the shareholder in regard to those shares; and
 - (2) any application for the issue of shares or certification for the purposes of paragraph 5 of this plan by, and any issue of shares to, the trustee or nominee, is taken to be an application or certification by, or an issue to, the beneficiary;
- (c) a reference to the Company offering shares includes the Company inviting applications for the issue of the shares; and
- (d) a reference to market price has the same meaning as in the ASX listing rules, namely the closing price on SEATS, excluding special crossings, overnight sales and exchange traded option exercises.

5 February 2004

A handwritten signature in black ink, appearing to be 'R. House', enclosed within an oval shape.

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Rod House
Company secretary