Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

GALE PACIFIC LIMITED

ABN

80 082 263 778

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Options to subscribe for fully paid ordinary shares.
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	370,000
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	The options were issued under the Company's employee option plan to employees on 24 October 2006. The principal terms of the issue of options under the plan are as follows: 1. Each option entitles the holder to subscribe for one fully paid ordinary share. 2. The exercise price is $1.52 per option. 3. The expiry date of the options is 31 December 2008. 4. The holder may only exercise the following number of options on the following times and conditions: a. Provided that the Company meets a certain NPAT Target the holder may from 12 months after the date the Company lodges with the ASX the relevant Audited Financial Report, exercise 50% of the total number of Options. b. Provided that the Adjusted Weighted Average Earnings Per Share of the Company for the year ended 30 June 2007 increases by a

3	Continued	certain percentage or more over the Adjusted Weighted Average Earnings Per Share for the year ended 30 June 2006 , the holder may from 12 months after the date the Company lodges with the ASX its Audited Financial Report, exercise 50% of the total number of Options. For the purpose of the above paragraphs: **"Adjusted Weighted Average Earnings Per Share"** means: (1) for any financial year ("Relevant Financial Year"), the diluted earnings per share of the Company as disclosed in the Company's Audited Financial Report for the Relevant Financial Year ("Relevant Report"). However, if: (A) there is any change to the accounting standards (as defined in the *Corporations Act* 2001 (Commonwealth)), including without limitation, as a result of the adoption of International Financial Reporting Standards; and (B) that change results in the earnings specified in the Relevant Report as having been used in the calculation of diluted earnings per share ("Total Earnings") for the Relevant Financial Year being determined on a basis different from that on which Total Earnings for the financial year immediately preceding the Relevant Financial Year ("Prior Year Total Earnings") was determined, then, for the purpose of: (C) calculating Adjusted Weighted Average Earnings Per Share for the Relevant Financial Year; or (D) determining whether there has been any increase in Adjusted Weighted Average Earnings Per Share for the Relevant Financial Year over Adjusted Weighted Average Earnings Per Share for the financial year prior to the Relevant Financial Year, Total Earnings for the Relevant Financial Year or Prior Year Total Earnings must be adjusted to the extent necessary to ensure that Total Earnings for the Relevant Financial Year and Prior Year Total Earnings are determined on the same or a comparable basis. **"Audited Financial Report"** means the Company's audited financial report as defined in the *Corporations Act* 2001 (Commonwealth). **"Options"** means the total number of options issued to the holder, rounded to the nearest whole number, subject to any adjustments made under the terms of the Option Plan.
4	Do the +securities rank equally in all respects from the date of allotment with	No. Options will not be quoted or rank equally with any class of quoted securities. However, fully paid

+ See chapter 19 for defined terms.

an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	ordinary shares issued on the exercise of the options will be quoted. Under the terms of issue of the options, those shares will rank: • For any dividend with a record date (for determining entitlements to it) which is the same as or after the date of issue of the shares equally with the fully paid ordinary shares then on issue; and • From the date of issue of the shares, in all other respects, equally with the fully paid ordinary shares then on issue.

5	Issue price or consideration	NIL
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The options are issued under the Company's existing employee share plan with the objective of providing an incentive to those key employees of the group to whom options have been issued to improve the group's performance.
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	Certificates will be dispatched on or before 31 October 2006.

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)	96,834,516	ORDINARY

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)	1,240,000	Options to subscribe for ordinary fully paid shares

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The options do not entitle their holders to dividends. Ordinary fully paid shares issued on exercise of the options will carry a right to receive dividends: refer to item 4 above.

Part 2 - Bonus issue or pro rata issue

+ See chapter 19 for defined terms.

11	Is security holder approval required?	**N/A**
12	Is the issue renounceable or non-renounceable?	**N/A**
13	Ratio in which the +securities will be offered	**N/A**
14	+Class of +securities to which the offer relates	**N/A**
15	+Record date to determine entitlements	**N/A**
16	Will holdings on different registers (or sub registers) be aggregated for calculating entitlements?	**N/A**
17	Policy for deciding entitlements in relation to fractions	**N/A**
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	**N/A**
19	Closing date for receipt of acceptances or renunciations	**N/A**
20	Names of any underwriters	**N/A**
21	Amount of any underwriting fee or commission	**N/A**
22	Names of any brokers to the issue	**N/A**
23	Fee or commission payable to the broker to the issue	**N/A**
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	**N/A**
25	If the issue is contingent on +security holders' approval, the date of the meeting	**N/A**
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	**N/A**

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	**N/A**
28	Date rights trading will begin (if applicable)	**N/A**
29	Date rights trading will end (if applicable)	**N/A**
30	How do +security holders sell their entitlements *in full* through a broker?	**N/A**
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	**N/A**
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	**N/A**
33	+Despatch date	**N/A**

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☐ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000

+ See chapter 19 for defined terms.

10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	
39	Class of +securities for which quotation is sought	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)		

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

+ See chapter 19 for defined terms.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

  - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .... Date: 25 October 2006
(Company Secretary)

Print name: **Sophie Karzis**

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