GALE PACIFIC LIMITED
(ASX: GAP)

ASX ANNOUNCEMENT

1 February 2007

Update on Company Refinancing

Since the update given at our Annual General Meeting held on 21 November 2006, discussions with the Company's current bankers have resulted in all existing finance facilities being extended to allow long term refinancing alternatives to be fully evaluated and implemented. It is expected that these will be finalised by 30 June 2007.

The Company has appointed advisors to assist in identifying and assessing long term refinancing options. These advisers are currently evaluating all options, which range from traditional debt or equity raising initiatives, through to potential restructure via a trade or private equity sale. The Company has formed a Board sub-committee of the Independent Directors to ensure that all options are considered objectively, with shareholders' best interests in mind.

The process is still at an early stage, and no decisions have been made in respect of any particular option. The Company will issue further updates as appropriate in the interests of continuous disclosure and a fully informed market.

More information regarding our trading and outlook guidance will be provided with our half year announcement in the coming weeks.

For further information please contact Sophie Karzis, Company Secretary on (03) 9665 0460.

Gale Pacific is a leading manufacturer and marketer of advanced polymer fabrics and related products with subsidiaries in the USA, Europe, UAE, New Zealand and China.