

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 | Performance Rights |
| 2 | Number of *securities issued or to be issued (if known) or maximum number which may be issued | 150,000 |
| 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) | <p>The Performance Rights were issued under the Company's Performance Share Plan (Plan) on 2 February 2007. Each Performance Right grants a right to acquire a fully paid ordinary share in the Company subject to satisfaction of relevant performance conditions.</p> <ol style="list-style-type: none"> 1. Performance Rights have been granted at no cost to the Executive. 2. The date of grant of the Performance Rights is 2 February 2007. 3. There is no amount payable by the executive upon vesting of a Performance Right. 4. An unvested Performance Right will lapse upon the earliest to occur of: <ol style="list-style-type: none"> a. The Executive ceasing to be an employee of a Group Company before a Performance Right has vested by reason of his death, disability, bona fide redundancy or other reason approved by the Board, except to the extent to which the Board determines that such |

+ See chapter 19 for defined terms.

- Performance Rights will be deemed to vest;
- b. The Executive ceasing to be an employee of a Group Company for any reason other than set out in the paragraph immediately above;
 - c. The Executive attempting an unauthorised transfer of the Performance Right in accordance with Plan rules;
 - d. The Executive failing to meet the Performance Conditions in the prescribed period; or
 - e. the 10 year anniversary of the Date Of Grant of the Performance Right.
5. Performance Rights will only vest if the relevant performance conditions are satisfied. The performance conditions for the 2007 grant of options will be tested over a 2 year performance period, measured from the commencement of the 2008 financial year (i.e. 1 July 2007) against the base year of the 2007 financial year. The performance conditions will be based on the Company's average annual increase in diluted earnings per share (DEPS) over the performance period. The Performance Rights will vest in accordance with the following terms:
- a. Should the Company achieve an average annual increase in DEPS of less than 12.5% over the Performance Period, then the Performance Rights will not vest and no shares will be allocated.
 - b. Should the Company achieve an average annual increase in DEPS between 12.5% and 15% over the Performance Period, then 50% of the Performance Rights will vest, and the corresponding number of shares will be allocated.
 - c. Should the company achieve an average annual increase in DEPS between 15% and 17.5% over the Performance Period, then 75% of the Performance Rights will vest, and the corresponding number of shares will be allocated.
 - d. Should the company achieve an average annual increase in DEPS above 17.5% over the Performance Period, then 100% of the Performance Rights will vest, and the corresponding number of shares will be allocated.
 - e. Increase in DEPS shall be measured using the 2006/7 year as a base.
 - f. Determination of the extent to which the performance conditions have been achieved will be made by the Board at

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the end of the Performance Period, based on the audited accounts of the Company.

- g. The Chief Executive Officer must remain in continuous employment with the Company until at least 3 months after the end of the Performance Period. In the event of earlier cessation of employment, all granted Performance Rights will lapse. However, if cessation is by reason of death, disability, bona fide redundancy or other Board-approved reason, then the Board has discretion to determine whether, and to what extent, the Performance Rights shall vest.
- h. Fully Paid Ordinary Shares allocated upon the vesting of Performance Rights will be subject to restrictions on dealing (which includes sale, transfer and using the shares as security) for a period of 12 months from the date of allocation.

For the purpose of the above paragraphs:

"Diluted 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)),; 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 base financial year being the financial year ended 30 June 2007 ("Base Year Total Earnings") was determined,

then, for the purpose of:

- (C) calculating Diluted Earnings Per Share for the Relevant Financial Year; or
 - (D) determining whether there has been any increase in Diluted Average Earnings Per Share for the Relevant Financial Year over the Base Year,
- Total Earnings for the Relevant Financial Year or Base Year Total Earnings must be adjusted to the extent necessary to ensure that Total Earnings for the Relevant Financial Year and Base 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

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p><i>Corporations Act 2001 (Commonwealth).</i></p> <p>No. Performance Rights will not be quoted or rank equally with any class of quoted securities. However, fully paid ordinary shares issued on the vesting of the Performance Rights will be quoted. Under the terms of issue of the Performance Rights, those shares will rank:</p> <ul style="list-style-type: none"> • 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. 						
<p>5 Issue price or consideration</p>	<p>NIL</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Performance Rights are issued to the Chief Executive Officer under the Company's Performance Share Plan as approved by shareholders at the Company's Annual General Meeting on 21 November 2006 as a standard component of his remuneration and is intended to comprise the Long Term Incentive component of the Chief Executive Officer's remuneration.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>Certificates will be dispatched on or before 7 February 2007.</p>						
<p>8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1590 989 1635">Number</th> <th data-bbox="989 1590 1279 1635">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1635 989 1758">96,834,516</td> <td data-bbox="989 1635 1279 1758">ORDINARY</td> </tr> </tbody> </table>	Number	+Class	96,834,516	ORDINARY		
Number	+Class						
96,834,516	ORDINARY						
<p>9 Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1758 989 1803">Number</th> <th data-bbox="989 1758 1279 1803">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1803 989 1915">1,240,000</td> <td data-bbox="989 1803 1279 1915">Options to subscribe for ordinary fully paid shares</td> </tr> <tr> <td data-bbox="686 1915 989 1977">150,000</td> <td data-bbox="989 1915 1279 1977">Performance Rights</td> </tr> </tbody> </table>	Number	+Class	1,240,000	Options to subscribe for ordinary fully paid shares	150,000	Performance Rights
Number	+Class						
1,240,000	Options to subscribe for ordinary fully paid shares						
150,000	Performance Rights						

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10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Performance Rights do not entitle their holders to dividends. Ordinary fully paid shares issued on vesting of the Performance Rights will carry a right to receive dividends: refer to item 4 above.
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Part 2 - Bonus issue or pro rata issue

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 <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	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

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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
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 <i>in full</i> through a broker?	N/A
31	How do *security holders sell <i>part</i> 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

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

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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.

- 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.

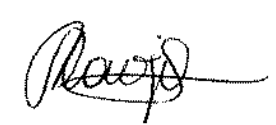
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

- 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:



(Company Secretary)

Date: 5 February 2007

Print name:

Sophie Karzis

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