



Pyne Gould Corporation

PYNE GOULD CORPORATION LIMITED

Dividend Reinvestment Plan

22 August 2008

SHAREHOLDER LETTER

Dear Shareholder

Your Board is pleased to announce a Pyne Gould Corporation (PGC) Dividend Reinvestment Plan.

This Plan creates an opportunity for you to reinvest your dividend in the business.

PGC has a proud record of delivering value to its Shareholders. Over recent years we have been able to grow the business substantially and pay increased dividends.

This will remain our focus but as the business grows so too does the demand for capital. This Plan is one way in which you can contribute to our future success.

The Plan is optional, and if you wish to receive your dividend in the ordinary way then no action is required from you.

But if you choose to participate, please complete the enclosed Participation Form and return it to the Company's Share Registry in the enclosed reply paid envelope.

Please read this Plan carefully. If you have any questions or are unsure of what action to take, please consult your usual financial or other professional adviser.



SAM MALING

Chairman

22 August 2008

WHAT IS THE DIVIDEND REINVESTMENT PLAN?

- The Dividend Reinvestment Plan offers Shareholders in Pyne Gould Corporation Limited (PGC or Company) the opportunity to reinvest all or part of their dividend in further shares of the Company, thereby increasing their investment in the Company.
- This booklet contains information about how the Dividend Reinvestment Plan (the Plan) works and an offer under the Plan in compliance with the Securities Act (Dividend Reinvestment) Exemption Notice 1998 in respect of Shares in the Company.

GENERAL FEATURES OF THE PLAN

- Participation in the Dividend Reinvestment Plan is completely optional.
- You can join, withdraw or vary your level of participation in the Plan at any time.
- There are no costs for you to participate in the Plan. You will not be charged any commission or brokerage for any Shares issued under the Plan.
- To participate in the Plan please complete the Participation Form accompanying this booklet and return it to the Company's Share Registry in the enclosed reply paid envelope.
- If you wish to continue to receive all of your dividend in cash you do not need to do anything.

OTHER FEATURES OF THE PLAN

- Only Shareholders with registered addresses in New Zealand and Australia are entitled to participate in the Plan.
 - The price of the Shares issued under the Plan will be based on the volume weighted average sale price for the Shares sold on the NZSX over a 20-day period following the date of declaration of the dividend.
 - If you participate in the Plan we will send you a statement on each dividend payment date setting out your dividend entitlement and the number of Shares issued to you under the Plan.
 - Please read this booklet carefully. If you have any questions or do not understand it, please consult your usual financial or other professional adviser prior to making a decision on whether or not to participate in the Plan.
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YOUR OPTIONS AS A SHAREHOLDER

As a Shareholder in Pyne Gould Corporation Limited we are pleased to be able to offer you the opportunity to increase your investment in the Company by turning your dividend entitlement into Shares in the Company. Your investment in the Company will be increased with these additional Shares without you incurring any brokerage or commission fees.

In this Dividend Reinvestment Plan we offer you the following three options:

Option One - Full Reinvestment

This option means that you elect to have all of your dividend entitlement reinvested into the Company.

Option Two - Partial Reinvestment

This option means that you elect to have only a specified portion of your dividend entitlement reinvested into the Company and the remaining portion of your entitlement will be distributed as a cash dividend. You decide what number of your Shares will participate in this Plan.

Option Three - No Participation

If you wish to continue to have your dividend paid in cash and therefore you do not elect either of the two options above, you are not required to do anything.

Should you wish to participate in the Plan at a later date, please fill out the attached Participation Form at that time and return it to the office of the Share Registrar.

How to participate in the Dividend Reinvestment Plan

If you wish to participate in either the Full or Partial Reinvestment options above, please complete the attached Participation Form and return it to the office of the Share Registrar in the reply paid envelope provided.

What happens if I change my mind?

Participation in the Dividend Reinvestment Plan is completely optional and you can withdraw, enter into or change your participation rate at any time by advising the Company's Share Registrar in writing (please refer to clause 19 for the Share Registrar's address).

Cost

There are no costs to participate in this Plan.

Share Price

The price of the Shares issued under the Plan will be based on the volume weighted average sale price for the Shares sold on the NZSX over the first 20 trading days following the date when the Board has determined dividend entitlements.

Selling and Ranking of Shares

All Shares issued can be sold at any time and such saleability is not affected by your participation in this Plan. The Shares issued to you on each dividend payment date rank the same as your existing Shares.

Termination or Variation of the Plan

The Company may vary, suspend or terminate the Plan at any time by providing you with written notice.

Terms and Conditions of the Plan

1 Introduction

- 1.1 The Company has established a Dividend Reinvestment Plan which offers Shareholders the opportunity to reinvest their dividend in further Shares of the Company, thereby increasing their respective investment.
- 1.2 Terms used in this Plan have the meaning given to them in clause 20.

2 Eligible Participants

- 2.1 The Board has elected to offer this Plan to Shareholders who are residents of New Zealand and/or Australia, exclusively. This exclusivity is due to the difficulty in compliance with the laws of foreign jurisdictions. The Board may amend this provision at any time without notice.
- 2.2 If the Shares are registered in the name of a nominee, that holder of the Shares may not participate in this Plan directly, but may arrange for the nominee to participate, subject to that holder of the Shares being a New Zealand or Australian resident.
- 2.3 The Company is not responsible for ensuring the eligibility of participants.

3 Participation by Eligible Shareholders

- 3.1 Participation, either Full or Partial, is offered and optional to all existing Eligible Shareholders of the Company and participation may be initiated, varied or withdrawn at any time.
- 3.2 If you opt for the Full Reinvestment option, the terms and conditions of this Plan apply to all of the Shares issued under this Plan.
- 3.3 If you opt for the Partial Reinvestment option, only the number of Shares nominated by you will be subject to the terms and conditions of this Plan.
- 3.4 If you do not wish to participate in this Plan, you will continue to receive the cash dividends in the same manner as before this offer.
- 3.5 Every Eligible Shareholder will be given a reasonable opportunity to accept this offer.
- 3.6 Participation will be effective once the completed Participation Form has been received by the Share Registrar. To be an Eligible Participant on a specific Record Date, your completed form must be received by the Share Registrar prior to 5:00 pm that day.

4 Calculation of Share Entitlement

- 4.1 The Eligible Shareholder's entitlement will be based on:
 - (a) the dividend entitlement of the Eligible Shareholder; and
 - (b) the issue price of the Shares which will be based on the volume weighted average sale price for the Shares sold on the NZSX over the first 20 trading days following the date when the Board has determined dividend entitlements.

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4.2 The formula for the Additional Shares to be issued is:

$$AS = PS \times D$$

where:

'AS' is the number of Shares to be acquired (Additional Shares);

'PS' is the number of Shares nominated by the shareholder for participation; and

'D' is the dividend amount payable to the participant.

4.3 If no sales of Shares occur during the 20 trading days, then the volume weighted average sale price will be treated as the sale price for a Share on the first sale on the NZSX that takes place after this time period.

4.4 The Board may, in its absolute discretion, adjust the volume weighted average sale price to allow for any bonus or dividend or other distribution expectation. If, in the Board's opinion, any circumstances have affected the volume weighted average sale price (including thin trading or unusual trades on or off market), the Board may make such adjustment to the sale price as it considers reasonable.

5 Fractional Shares

Where the number of Shares to be issued includes a fraction, the number will be rounded down to the nearest whole number.

6 Operation of the Plan

The Company will issue the Additional Shares to the Eligible Shareholder who has opted to participate in this Plan on the day that he/she would have been paid a cash dividend.

7 Share Price Publicity

The Company will ensure that at the time the price of the specified securities is set, it will have no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Shares if the information were publicly available.

8 Share Ranking

Shares issued under this Plan will rank equally with existing Shares and will be subject to the same rights as existing Shares.

9 Statements to Participating Shareholders

9.1 On each dividend date, the Company will send the Participating Shareholder a statement setting out:

- (a) the number of Shares of the Participating Shareholder as at the Record Date;
- (b) the number of Additional Shares of the Participating Shareholder as at the Record Date;
- (c) the number of Additional Shares that the Participating Shareholder is entitled to on the Record Date and the price of those Additional Shares (if applicable);
- (d) the amount of cash dividend payable (if applicable); and
- (e) the amount of tax deduction or withholding tax in respect of the cash dividend (if applicable).

10 No Cost to Participating Shareholders

No brokerage fee or commissions are payable by the Participating Shareholder for acquiring Shares through participation in this Plan.

11 Variation or Termination of the Plan by the Company

- 11.1 The Board may resolve from time to time at its sole discretion:
- (a) to terminate or vary the terms and conditions of this Plan;
 - (b) to suspend the operation of this Plan;
 - (c) that participation will not apply to the whole or part of any dividend and that the balance owed will be paid in cash; and/or
 - (d) to terminate a Participation Form.
- 11.2 Before the Board is able to effect an event described in clause 11.1 above, the Board must provide the Participating Shareholders with at least 10 days prior written notice (to the address of the Participating Shareholder recorded on the Share Register).

12 Variation or Termination by the Participant

- 12.1 A Participating Shareholder may, by completing and sending a Variation Notice (see enclosed Variation Notice) to the Share Registrar:
- (a) increase, decrease or cancel their Participating Shares; or
 - (b) terminate their participation in the Plan.
- 12.2 The variation or termination will take effect once the Company has received such notification at the address of its Share Registrar. Any notice received between a Record Date and the corresponding payment date will take effect on the day following that payment date.

13 Death of a Participating Shareholder

If a Participating Shareholder dies, his/her participation in the Plan will cease on receipt by the Company of notice of the death in a form acceptable to the Company. The death of one of two or more joint holders will not automatically terminate participation.

14 Sale of a Participating Shareholders' Shares where no notice is given

- 14.1 If a Participating Shareholder who has elected Partial Reinvestment and disposes of part of his/her Shares without providing prior written notice to the Company of such disposal, then:
- (a) if the number of Shares disposed of is less than the number of non-participating Shares held by that Eligible Shareholder, the Shares disposed of will be deemed to be Shares that were not acquired through participation in the Plan; or
 - (b) if the number of Shares disposed of is greater than the number of non-participating Shares held by that Eligible Shareholder, the Eligible Shareholder will first be deemed to have disposed of all of his/her non-participating Shares, and the balance will be attributed to Shares acquired through participation in the Plan.
- 14.2 A Participating Shareholder who disposes of all of his/her Shares without providing prior written notice to the Company is deemed to have terminated his/her participation in the Plan from the date the Company registers the transfer of the Shares.

15 Taxation Matters

- 15.1 Generally, the taxation effects from participation in this Plan will be similar to the taxation effects of receiving cash dividends. The Company recommends for Eligible Shareholders to contact a professional tax adviser for taxation advice relating to participation in this Plan.
- 15.2 The Company, nor its Directors, officers, employees, representatives or agents:
- (a) will be liable to Eligible Shareholders for any taxation matters resulting from their participation in this Plan; or
 - (b) represent that participation in this Plan offers Eligible Shareholders any tax advantage or disadvantage.

16 Dividend Policy

Under Pyne Gould Corporation Limited's dividend policy, the Company aims to distribute 45% to 55% of reported net profit (before unusual and non recurring items). This policy allows for the continued growth of one of the Company's subsidiaries, MARAC Finance Limited. Should other compelling opportunities to grow value present themselves, or the capital requirements of subsidiaries and associates change, Directors may re-visit the level of dividend payout.

Directors intend to attach full imputation credits to the extent they are available. It is anticipated that the Company will be able to fully impute dividends for the foreseeable future. Dividends are paid twice yearly, an interim in April and a final dividend in October.

The Directors give no assurance that the current dividend policy and indicated level of imputation credits will be maintained. In addition, while the earnings track record of the Company's subsidiaries and associates indicate strong, profitable growth, Shareholders should be aware that changes in the performance of subsidiaries and associates could impact the level of dividend paid and, in extreme cases, the Company's ability to pay dividends.

17 Governing Law

This Plan is to be governed by and construed in accordance with the laws of New Zealand.

18 Available Company Information

A copy of the Company's most recent Annual Report and Interim Report are available to Eligible Shareholders free of charge. If you would like to order your copy, please write to:

Pyne Gould Corporation Limited
PO Box 167
Christchurch Mail Centre
Christchurch 8140

For an electronic copy of these documents, please visit www.pgc.co.nz

19 Share Registrar's Address

Pyne Gould Corporation Limited
C/- Link Market Services Limited
PO Box 384, Ashburton 7740
Phone 03 308 8887
Fax 03 308 1311

20 Definitions

Additional Shares has the meaning set out in clause 4.2 of this Plan;

Board means the board of directors of Pyne Gould Corporation Limited;

Company means Pyne Gould Corporation Limited;

Eligible Shareholder means a holder of Share(s) in the Company with a registered residential address in New Zealand and/or Australia;

NZSX means the New Zealand Stock Market;

Participating Shareholder means an Eligible Shareholder who has opted to participate in this Plan;

Participation Form means the form annexed to this Plan that must be completed by the Eligible Shareholder to effect participation;

Plan means this Dividend Reinvestment Plan established by the Company pursuant to clause 4.3 of its Constitution on the terms set out in this booklet, as amended from time to time;

Record Date means 5:00 pm on the date fixed by the Board for determining the dividend entitlements of its Shareholders;

Shares means the ordinary shares of the Company; and

Variation Notice means the notice annexed to this Plan that must be completed and sent to the office of the Share Registrar should an Eligible Shareholder elect to vary their participation or withdraw from the Plan.



To The Directors
Pyne Gould Corporation Limited
C/- Link Market Services Limited
PO Box 384
Ashburton 7740



Pyne Gould Corporation Dividend Reinvestment Plan

PARTICIPATION FORM

IMPORTANT: Please complete and return this form if you wish to participate in the Pyne Gould Corporation Limited Dividend Reinvestment Plan (Plan).

STEP 1 COMPLETE DETAILS

Name _____

Address _____

Shareholder Number _____

STEP 2 ELECTION

By signing this Participation Form below, I/we confirm that I/we am/are eligible to participate in the Plan and that I/we elect to participate in the Plan as follows (✓ the relevant box):

Full Reinvestment Option

and in doing so forego any cash dividends I/we would have been entitled to in respect of ordinary shares I/we hold in Pyne Gould Corporation Limited; or

Partial Reinvestment Option **Number of Shares Nominated**

and in doing so forego any cash dividends I/we would have been entitled to in respect of such ordinary shares that I/we hold in Pyne Gould Corporation Limited.

STEP 3 SIGN NOTICE

I/We agree to be bound by the terms and conditions of the Plan (as may be modified from time to time) as set out in the Dividend Reinvestment Plan booklet dated 22 August 2008 received and read by me/us.

This Participation Form is not valid unless duly completed and signed

Signature

Signature

Dated this _____ day of _____ 20 _____

If shares are jointly held, each Shareholder must sign.

Companies must execute by an authorised officer or attorney. If signed by an attorney, the power of attorney must either have been previously produced to Pyne Gould Corporation Limited or must accompany this Participation Form. In either case, the certificate below must be completed.

STEP 4 RETURN NOTICE

Return the completed Participation Form in the enclosed envelope to the Share Registrar at the address specified at the top of this Participation Notice.

COMPLETE ONLY IF ATTORNEY SIGNS

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I, _____

of _____

hereby certify

1. That I am the attorney of _____ under and by virtue of a power of attorney dated _____ given to me by him/her/them/it.
2. That I have executed this Participation Form as attorney under the said power of attorney and pursuant to the powers of attorney conferred upon me.
3. That I have not received any notice or information of the revocation of the said power of attorney by death or otherwise and I believe the same to be in full force and effect.

Signed at _____ this _____ day of _____ 20 _____

Signature of attorney

To The Directors
Pyne Gould Corporation Limited
C/- Link Market Services Limited
PO Box 384
Ashburton 7740



Pyne Gould Corporation Dividend Reinvestment Plan

VARIATION NOTICE

Name _____

Address _____

Shareholder Number _____

I/We wish to vary my/our participation in the Pyne Gould Corporation Limited Dividend Reinvestment Plan. I/We now wish to participate in the (✓ the relevant box):

Full Reinvestment Option

Partial Reinvestment Option

Number of Shares Nominated

Dated this _____ day of _____ 20 _____

Signature(s) of Shareholder(s)

How to sign this Variation

Individual shareholder Sign yourself or have signed by your attorney.

Companies and bodies corporate Sign by an officer duly authorised in writing.

Joint shareholders All must sign.

Power of attorney If this Notice is executed under power of attorney, a certificate of non-revocation of the power of attorney must be enclosed as well as the power of attorney (if it has not previously been produced to Pyne Gould Corporation Limited for this purpose).

To ensure that this Variation or termination of your Participation in the Pyne Gould Corporation Limited Dividend Reinvestment Plan is effective, please return this notice without delay. Notices received after a Record Date will not be effective in respect of that cash dividend payment but will be effective from the next relevant Record Date.