

PYNE GOULD CORPORATION LIMITED

DIVIDEND REINVESTMENT PLAN

OFFER DOCUMENT

What is the Dividend Reinvestment Plan?

- The Dividend Reinvestment Plan offers Shareholders in Pyne Gould Corporation Limited the opportunity to reinvest all or part of their dividends 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 Plan is completely optional.
- You can join, withdraw or vary your level of participation in the Plan at any time prior to the relevant Record Date.
- 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 prior to the relevant Record Date.
- To participate in the Plan please complete the Participation Form accompanying this booklet and return it to the Company's Share Registry.
- If you wish to continue to receive all of your dividends 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 five day trading period prior to the issue of the Shares less a discount of up to 15%.
- If you participate in the Plan we will send a statement to you, 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 whether or not to participate in the Plan.

YOUR OPTIONS AS A SHAREHOLDER

Your Options as a Shareholder

As a Shareholder in Pyne Gould Corporation Limited (Company) 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 (**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 can decide what number of your Shares will participate in this Plan.

Option Three – No Participation

If you wish to continue to have your dividends 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, please complete the Participation Form and return it to the office of the Share Registrar.

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 prior to the relevant Record Date by advising the Company's Share Registrar in writing (please refer to paragraph 20 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 five trading days prior to the issue of the Shares less a discount of up to 15%.

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 21.

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 exclusion 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 resident in New Zealand or Australia.
- 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 prior to the relevant Record Date.
- 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 five trading days prior to the issue of the Shares less a discount of up to 15%.

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

$$\frac{AS = PS \times D}{IP}$$

where:

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

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

D is the dividend amount payable to the participant; and

IP is the issue price of the Shares.

- 4.3 If no sales of Shares occur during the five trading days, then the volume weighted average sale price will be treated as a 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

- 6.1 The Company will issue the Additional Shares to the Eligible Shareholder who has opted to participate in this Plan on the day that the Eligible Shareholder would have been paid a cash dividend.
- 6.2 Participation in the Plan will be determined at the relevant Record Date, and the Additional Shares will be issued no later than five Business Days following the Record Date.

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. Listing

The shares have been accepted for listing by NZX and will be quoted upon completion of the allotment procedure. However, NZX accepts no responsibility for any statement in this Plan.

10. Statements to Participating Shareholders

- 10.1 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 Allotment 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).

11. No Cost to Participating Shareholders

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

12. Variation or Termination of the Plan by the Company

- 12.1 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.
- 12.2 Before the Board is able to effect an event described in 12.1 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).

13. Variation or Termination by the Participant

- 13.1 A Participating Shareholder may, by completing and sending a Variation Notice (please see attached Variation Notice) to the Share Registrar:
- (a) increase, decrease or cancel their participating Shares; or
 - (b) terminate their participation in the Plan.
- 13.2 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.

14. 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.

15. Sale of a Participating Shareholder's Shares where no Notice is Given

15.1 If a Participating Shareholder who has elected Partial Reinvestment 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.

15.2 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.

16. Taxation Matters

16.1 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.

16.2 Neither 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.

17. Dividend Policy

17.1 Under Pyne Gould Corporation's current dividend policy, the Company aims to distribute 45% to 55% of net profit after tax as dividends to the holders of the Shares each year.

17.2 Directors intend to attach full imputation credits to the extent they are available. Dividends are paid twice yearly, an interim in March and a final dividend in September.

17.3 The Directors give no assurance that the indicated dividend policy will be maintained and dividends are declared at the discretion of the Board. In addition, while the earnings track records 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.

18. Governing Law

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

19. Available Company Information

A copy of the Company's most recent Annual Report, Interim Report and financial statements complying with the Financial Reporting Act 1993 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.

20. 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

21. 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;

Business Day means a day on which NZX is open for trading;

Company means Pyne Gould Corporation Limited;

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

Entitlement Date means 5:00 pm on the date which is five Business Days before the date that the Eligible Shareholder who has opted to participate in this Plan would have been paid a cash dividend;

NZSX means the main board security market operated by NZX;

NZX means NZX Limited and includes its successors and assigns and as the context permits includes any duly authorised delegate of NZX;

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 PGC 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.