

ARGONAUT AUSTRALIAN GOLD FUND

DISTRIBUTION REINVESTMENT PLAN

**ARGONAUT AUSTRALIAN GOLD FUND
(Fund)**

DISTRIBUTION REINVESTMENT PLAN

TERMS AND CONDITIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

When used in this Plan the following words have the following meanings:

Business Day means the day on which the banks are open for general banking business in the Perth, Western Australia.

Closing Date means the date on which the Fund's unitholder's register is closed for the purposes of determining Unitholder entitlements to Distributions to which any proposed allotment under this Plan will relate, as notified by the Trustee from time to time.

Distribution means a cash distribution or cash component of a distribution paid by the Trustee in respect of the Fund.

Distribution Payment Date means the date on which a Distribution is payable, as announced by the Trustee.

Distribution Reinvestment Price means the ex-distribution NAV per Unit as at the Closing Date, discounted by an amount to be determined by the Trustee in its absolute discretion, rounded to 4 decimal places.

Distribution Units means Units (including Participating Units) upon which a Distribution is payable.

Election means a request made by a Unitholder (or Unitholders in the case of joint holdings) to the Trustee on an Election Form in accordance with clause 12.

Election Date means the Business Day immediately after the relevant Closing Date.

Election Form means the form approved by the Trustee, which may (without limitation) be combined with or form part of any other form or notice.

Excluded Units means Units which, on any Closing Date, are not eligible to receive a full Distribution on the relevant allotment date.

Full Participation has the meaning set out in clause 4.3.

Fund means Argonaut Australian Gold Fund.

Non-Participant means a Unitholder who is not a Participant.

Non-Participating Units means Units that are not Participating Units.

Non-Participation means where a Unitholder does not participate in the Plan to any degree of their unitholding.

NAV per Unit means the net asset value of the Fund divided by the number of Units on issue, as calculated on Closing Date in accordance with the methodology specified in Annexure A to the Plan.

Partial Participation has the meaning set out in clause 4.4.

Participant means a Unitholder participating in the Plan.

Participating Units means Units in respect of which the Unitholder is participating in the Plan.

Participation means Full Participation or Partial Participation.

Plan means the distribution reinvestment plan constituted by this document and incorporating these Terms and Conditions.

Unitholder means a person holding Units as at the Closing Date.

Unit means a unit in the Fund and such other unit in the Fund as the Trustee may from time to time determine and **Units** means the plural of the same.

Terms and Conditions means the terms, provisions and conditions of this Plan as may be amended from time to time pursuant to clause 10.

Trustee means the trustee of the Fund, Argonaut Funds Management Pty Ltd (ACN 101 152 863).

Variation means a request made by a Unitholder (or Unitholders in the case of joint holdings) to the Trustee on a Variation Form in accordance with clause 9.

Variation Form means the form approved by the Trustee, which may (without limitation) be combined with or form part of any other form or notice.

WST means Western Standard Time.

1.2 Interpretation

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, two or more persons binds or benefits each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Plan) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Plan and a reference to this Plan includes any schedule, exhibit or annexure to this Plan;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) a reference to time is to Western Standard Time as observed in Perth, Western Australia;
- (k) where an action is required to be undertaken on a day that is not a Business Day it shall be undertaken on the next Business Day;
- (l) a reference to a payment is to a payment by bank cheque or such other form of cleared funds the recipient otherwise allows in the relevant lawful currency specified; and
- (m) a reference to **\$** or **dollar** is to the lawful currency of the Commonwealth of Australia.

2. ELIGIBILITY

2.1 Eligibility

Subject to clause 2.2, all Unitholders are eligible to participate in the Plan.

2.2 Unitholders resident outside Australia

- (a) Allotments of Units to Unitholders who are not resident in Australia at the time of allotment are subject to all necessary governmental approvals.
- (b) A Unitholder who is subject to the laws of a country or a place other than Australia may not be eligible to participate in the Plan because of legal requirements that apply in that country or place.
- (c) Before electing to participate in the Plan, Unitholders who are not resident in Australia should seek professional advice to ascertain if any restrictions apply.
- (d) The Trustee may on any occasion determine that the right to participate in the Plan is not available to Unitholders:
 - (i) whose registered addresses are in a country or place where the offer of a right of election would or might be unlawful if no registration statement is given or other formality complied with; or
 - (ii) if in the opinion of the Trustee either the law of Australia or that of another country or some other matter or thing in the opinion of the Trustee makes Unitholders' participation illegal, impossible or impracticable.

3. PARTICIPATION IN THE PLAN

3.1 Participation

Participation in the Plan is:

- (a) optional;
- (b) not transferable; and
- (c) subject to the Terms and Conditions.

3.2 Opportunity to Participate

The Trustee must:

- (a) give those Unitholders who have not previously been given an opportunity to participate in the Plan, an opportunity to do so, prior to each Distribution being resolved;
- (b) give each Non-Participant, with their distribution notice, an opportunity to become a Participant in respect of any future Distributions to be distributed by the Trustee in respect of the Fund; and
- (c) allow any Unitholder to elect at any time to become a Participant.

3.3 Election to Participate

An Election to participate in the Plan must be made on an Election Form.

4. DEGREE OF PARTICIPATION

4.1 Full or Partial Participation

A Unitholder may participate in the Plan in respect of either:

- (a) some of the Units registered in its name (**Partial Participation**); or
- (b) all Units registered in its name (**Full Participation**).

4.2 Election Form

A Unitholder must specify on the Election Form the degree to which the Unitholder wishes to participate in the Plan by:

- (a) indicating Full Participation; or
- (b) indicating how many Units the Unitholder wishes to have participate in the Plan for Partial Participation.

4.3 Full Participation

In the case of Full Participation, all Units registered in the Participant's name at the time of commencement of the Full Participation and all Units subsequently registered in the Participant's name (including Units issued pursuant to the Plan) will be subject to the Plan.

4.4 Partial Participation

In the case of Partial Participation, only that number of Units indicated by the Participant for participation in the Plan and Units issued pursuant to the Plan will be subject to the Plan.

4.5 Deemed Full Participation

An Election Form received by the Trustee which indicates a number of Participating Units in excess of the number of Units held by the Unitholder making the Election, is deemed to be an Election for Full Participation.

4.6 Failure to indicate degree of participation

An Election which does not indicate the degree of participation in the Plan, may, without notice to the Unitholder and at the discretion of the Trustee, either be rejected or deemed by the Trustee to be an Election for Full Participation. The Trustee is not liable to any Unitholder for any loss, damage or claim in respect of either the Unitholder's Participation or Non-Participation, as the case may be, pursuant to the exercise or manner of exercise by the Trustee of such discretion.

4.7 Excluded Units

Excluded Units will not participate in the Plan.

4.8 Cessation of Participation of Units upon Sale or transfer

Units which are sold or otherwise transferred to a new owner will cease to participate in the Plan on registration of the transfer by or on behalf of the Trustee.

5. OPERATION OF THE PLAN

5.1 Deemed Directions by Unitholder

A Unitholder who applies to participate in the Plan will, in making his or her election, be deemed to have directed the Trustee to apply for or otherwise acquire the number of Units as is determined by the application of the formula in clause 5.3.

5.2 Issue New Units or Purchase Existing Units

The Trustee in its absolute discretion will determine, with respect to the operation of the Plan for any Distribution, whether to issue new Units or to cause the purchase and transfer of existing Units, or to apply a combination of both options, to satisfy the Trustee's obligations under these Terms and Conditions.

If the Trustee determines to cause the purchase of Units and their transfer to Participants, the Units may be acquired as the Trustee considers appropriate. The Trustee, if it so chooses, may create a trust (of which the Participants are the beneficiaries) to acquire the Units and then transfer or sell such Units to the Participants.

5.3 Allotment

Subject to clause 5.4, each Distribution payable to a Participant in respect of Participating Units and available for payment to the Participant will, upon payment, be applied by the Trustee on the Participant's behalf in subscribing for that number of Units ascertained from the following formula:

$$S = \frac{PxE}{M}$$

Where:

“S” is the number of Units to be allotted to the Participant;

“P” is the number of Participating Units registered in the name of the Participant to which the allotment relates;

“E” is the Distribution per Unit declared by the Trustee on Distribution Units less any withholding tax or other sum the Trustee is entitled to deduct or retain in relation to the Distribution or the Participating Units; and

“M” is the Distribution Reinvestment Price.

5.4 Fractional Entitlements

Where a fraction of a Unit results from the calculation required under clause 5.3, that fraction shall be rounded up to the nearest whole number.

6. UNITS ALLOTTED UNDER THE PLAN

Units allotted under the Plan will:

- (a) be allotted in accordance with the Fund's Trust Deed;
- (b) rank equally in all respects with existing Participating Units of the same class; and
- (c) be registered on a unitholder's register.

7. COSTS TO PARTICIPANTS

No brokerage, commission, stamp duty or other transaction costs will be payable by Participants in respect of any allotment of Units under the Plan.

8. STATEMENTS TO THE PARTICIPANTS

As soon as practicable after each allotment of Units pursuant to the Plan, the Trustee will send each Participant to whom Units have been allotted a statement setting out:

- (a) the number of the Participant's Participating Units at the relevant Closing Date;
- (b) the Distribution payable in respect of that Participant's Participating Units;
- (c) if applicable, the amount of withholding tax which has been deducted from the Distribution payable to the Participant;
- (d) the number of Units allotted under the Plan in relation to the allotment to which the statement relates and the date on which the Units were allotted;
- (e) the price at which each Unit pursuant to the Plan was issued;

- (f) the franked amount (if any) of the Distribution and the franking credit (if any) attaching to the Distribution;
- (g) subject to any Unit transaction in which the Participant may have engaged after the Closing Date, the total number of Participating Units (including the Plan Units) which the Participant holds after the issue; and
- (h) any other matters required by law to be included in a statement confirming the transaction.

9. VARIATION OR TERMINATION OF PARTICIPANT'S PARTICIPATION

9.1 Notice of Variation or Termination

Subject to clause 13, a Participant may at any time give notice to the Trustee to:

- (a) increase or decrease the number of his or her Participating Units; or
- (b) terminate their Participation,

by completing and returning a Variation Form to the Trustee.

9.2 Death, Bankruptcy or Liquidation of Participant

On receipt by the Trustee of a notice of the death, bankruptcy or liquidation of a Participant, the Participation by the Participant and any other Participants with whom the deceased was a joint Participant will terminate upon receipt by the Trustee of notice of the death of that Participant.

9.3 Participant ceasing to be Unitholder

If a Participant ceases to be a Unitholder in respect of any Participating Units, its Participation will terminate at such time as this matter of ineligibility comes to the attention of the Trustee.

10. VARIATION, SUSPENSION, RECOMMENCEMENT AND TERMINATION OF THE PLAN

(a) This Plan may be:

- (i) varied;
- (ii) suspended;
- (iii) recommenced; or
- (iv) terminated,

by the Trustee (subject to the Fund's Trust Deed) at any time.

(b) A variation, suspension, recommencement or termination of the Plan will take effect:

- (i) on such date as the Trustee determines; and
- (ii) in the case of a suspension, until such time as the Trustee resolves either to recommence or terminate the Plan.

- (c) Any variation, suspension, recommencement or termination of the Plan, will not give rise to any liability on the part of, or right of action against, the Fund or its Trustee.
- (d) If the Plan is varied, a Participant continues to participate under the modified Plan (with such modifications to the Participant's specified number of Participating Units, if any, as is required by the modification) unless the Participant notifies the Trustee to the contrary by completing and submitting a Variation Form.
- (e) If the Plan is suspended, Participants' elections as to participation in the Plan will cease to be effective and all Units will be deemed to be Non-Participating Units for the purpose of any Distribution declared while the Plan is suspended. If the Plan remains suspended for two or more consecutive Distribution Payment Dates, then any Election Form previously lodged by each Participant will be deemed void.
- (f) If the Plan is recommenced following a suspension for:
 - (i) less than two consecutive Distribution Payment Dates, the Participant's previously suspended Election Form will be reinstated and be valid and effective, unless determined otherwise by the Trustee and notified to Participants; or
 - (ii) two or more consecutive Distribution Payment Dates, each Participant who wishes to participate in the recommenced Plan must complete and return a new Election Form, in accordance with clause 4.2.
- (g) The Trustee will give notice of:
 - (i) at least one month to Unitholders of termination or variation of the Plan;
 - (ii) suspension or recommencement of the Plan as soon as reasonably practicable prior to the effective date,

the accidental omission to give notice of variation, suspension or termination to any Participant or the non-receipt of any notice by a Participant will not invalidate the variation, suspension or termination or the Plan or any issue, allotment or transfer of Units under the Plan.

11. REDUCTION OR TERMINATION WHEN NO NOTICE IS GIVEN

- (a) Units transferred by a Participant will be taken to comprise:
 - (i) firstly, Non-Participating Units; and
 - (ii) secondly, Participating Units to the extent the number of Units transferred exceeds the number of Non-Participating Units,
 - (iii) unless the Participant notifies the Trustee otherwise.
- (b) Where a Participant transfers all of his or her Units without giving prior notice of termination of Participation to the Plan, the Participant is deemed to have given notice to terminate his or her Participation in the Plan on the last date when the Trustee registered the relevant transfer or instrument of disposal of the Participant's Units.

- (c) Where a Participant transfers Participating Units, those Participating Units shall, upon registration of the transfer, cease to be Participating Units.

12. ELECTION AND NOTICES

12.1 Form

- (a) All Elections and notices required by this Plan must be in writing and in such form as the Trustee may from time to time require.
- (b) Elections must be made and notices must be given by the Participant separately in respect of each holding of the Units identified by a separate holder in the books of the Fund.

12.2 Joint Unitholders

Where Units are held jointly, all Elections and notices must be signed by all joint Unitholders.

12.3 Effective

An Election and notice will be effective on receipt by the Trustee subject to:

- (a) these Terms and Conditions;
- (b) acceptance by the Trustee in the case of an Election;
- (c) subject to paragraph (d) of this clause, receipt by the Trustee on or before 5:00 pm (WST) on the relevant Election Date; and
- (d) such other restrictions which the Trustee may from time to time impose.

13. NOTICES AND ANNOUNCEMENTS RELATING TO THE PLAN

13.1 Notice

Any notice or announcement relating to the Plan may be affected by notice to Participants (or if the Trustee so decides to all Unitholders) in accordance with the provisions regarding the giving of notice to Unitholders in the Fund's Trust Deed.

Any such notice is effective from the date it is given.

13.2 Settling Disputes

The Trustee may settle, in such manner as they think expedient, any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of this Plan whether generally or in relation to any Participant or any Units and the determination of the Trustee is conclusive and binding on all Participants and other persons to whom the determination arises.

14. TAXATION

- (a) Neither the Fund nor its Trustee, nor their directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Participants.

- (b) As individual circumstances and laws vary considerably, specific taxation advice from professional advisers should be obtained by each Participant.

15. GENERAL

The Plan does not apply in any case where, in accordance with the Trust Deed of the Fund or otherwise by law:

- (a) the Trustee is entitled to retain all or part of a Distribution payable in respect of Units which a Participant has nominated as participating in the Plan; or
- (b) the Trustee is entitled to a charge over such Units or over any Distribution payable in respect thereof.

16. GOVERNING LAW

This Plan shall be governed by and construed in accordance with the law from time to time in the State of Western Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia and the courts which hear appeals there from.

ANNEXURE A – NAV

For the purposes of this Plan, NAV means the net asset value of the Fund, calculated in accordance with the following formula, and otherwise in accordance with generally accepted accounting policies and practices:

$$\text{NAV} = \text{A} - \text{L}$$

A = Total Assets. In calculating this, the value of investments at the end of the month are calculated at “net market value” (that is, the amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of disposal). The value of investments, except quoted securities of listed entities, is calculated at cost or valuation. Valuation must not exceed the recoverable amount.

The “net market value” definition is taken from Australian Accounting Standard AASB 1023.

L = Total Liabilities ranking ahead of, or equally with, claims of that class of securities. In calculating this, total liabilities include each of the following:

- Provisions for tax on realised income and gains;
- Provisions for tax on estimated unrealised income and gains. Alternatively, the entity may disclose the net tangible asset backing per security before and after providing for the estimated tax on unrealised income and gains;
- Provisions for declared, but unpaid, distributions or distributions if the securities are still quoted on a basis that includes the distribution or distribution on the date on which the net tangible asset backing is reported;
- Provisions for unpaid management fees earned.