

DISCLOSURE STATEMENT DATED SEPTEMBER 6, 2012



BANK OF MONTREAL PHYSICAL ALLOCATED GOLD DEPOSIT PROGRAM

DESCRIPTION OF THE PHYSICAL ALLOCATED GOLD DEPOSIT PROGRAM

General

Bank of Montreal's Physical Allocated Gold Deposit Program (the "**Program**") provides you with the opportunity to purchase a fixed quantity of unencumbered, allocated, physical gold bullion ("**Gold Bullion**") and hold it on deposit in a custodial account operated by BMO Nesbitt Burns Inc. ("**BMO NB**") at the Royal Canadian Mint (the "**Mint**") and distributed by BMO InvestorLine Inc. ("**BMO IL**"). BMO NB and BMO IL are members of the Investment Industry Regulatory Organization of Canada (IIROC) and are indirect subsidiaries of Bank of Montreal.

The Mint is a Canadian Crown Corporation, incorporated in 1969 by the Royal Canadian Mint Act and is as an agent corporation of Her Majesty in right of Canada.

The terms and conditions governing the Program are set out in Schedule "A" attached to this Disclosure Statement (the "**Terms and Conditions**"). It is important that you read this Disclosure Statement and the Terms and Conditions carefully and in their entirety as they set out your rights and obligations in relation to the Program. Capitalized terms used in this Disclosure Statement and not defined in it shall have the meaning given to them in the Terms and Conditions.

The Program

Bank of Montreal, in its sole and absolute discretion, will determine whether physical gold bullion holdings in BMO NB's custodial account are in coin, bar, wafer, or ingot form. "Allocated" means that the Gold Bullion is separated and identifiable from other metal held at the Mint and segregated from Bank of Montreal's and BMO NB's other assets. Title to the Gold Bullion is unencumbered and secure in BMO NB's custody account but will not be specifically assigned to any particular purchaser. Deposits made by purchasers under the Program will be held together with the holdings of all other purchasers under the Program in BMO NB's custody account at the Mint. In addition, Gold Bullion held by you under the Program will meet the specifications described below in this Disclosure Statement under "*Specifications for Gold Bullion Held Under the Program*". The Program will **not** use or hold unallocated gold, gold certificates, exchange traded products, financial instruments, or any product that represents encumbered gold.

As more fully described in this Disclosure Statement, once you have purchased Gold Bullion under the Program, you have three (3) options. You may:

1. keep Gold Bullion in the custodial account operated by BMO NB at the Mint (see *"Purchasing Gold Bullion under the Program – Option #1- Custody at the Mint"*);
2. direct BMO IL to contact Bank of Montreal and arrange to have Gold Bullion physically delivered to you, subject to a withdrawal and delivery fee (see *"Purchasing Gold Bullion under the Program – Option #2- Physical Delivery of Gold Bullion"*); or
3. instruct BMO IL to withdraw Gold Bullion from BMO NB's custodial account at the Mint and sell the Gold Bullion to Bank of Montreal (see *"Purchasing Gold Bullion under the Program – Option #3- Selling Gold Bullion to Bank of Montreal"*).

PURCHASING GOLD BULLION UNDER THE PROGRAM

Bank of Montreal will set the purchase price at which it will offer Gold Bullion to you under the Program. This price will be based on the U.S. dollar and/or Canadian dollar interbank spot price for gold on the date of purchase and will be determined by Bank of Montreal in its sole and absolute discretion taking into account the current market price for Bank of Montreal to process and source a specific quantity of gold bullion meeting the specifications, as applicable, described in this Disclosure Statement. Bank of Montreal may earn revenues (or suffer losses) from the sale of Gold Bullion to you. See *"Specifications for Gold Bullion Held under the Program"*. You must order a minimum amount of one troy ounce of Gold Bullion in each order you make.

You must make orders to purchase Gold Bullion through BMO IL via the FundSERV network using FundSERV code MTL001. BMO IL will need to transmit your purchase order request no later than 1:00 p.m. (Eastern Time, or after such other time as may be established by Bank of Montreal) on a Business Day. Any request received after such time will be deemed to be a request sent and received in respect of the following Business Day. While you will receive confirmation of your order, you will not receive, and will not be entitled to receive any certificate or other instrument evidencing your ownership of Gold Bullion. See *"Other Information - General Information about FundSERV"*.

Unless they contain a manifest error, all records relating to Gold Bullion maintained by Bank of Montreal or its Affiliates are final for all purposes and binding on all persons including you. Bank of Montreal or its Affiliates shall not be responsible for errors made in good faith. See *"Other Information – Determinations of Bank of Montreal"*.

Bank of Montreal reserves the right to reject or to discontinue accepting orders for Gold Bullion at any time without notice. Bank of Montreal may at any time prior to completion of your purchase of Gold Bullion, in its sole and absolute discretion and whether or not the purchase price has been paid, elect whether or not to proceed in whole or in part with the sale of Gold Bullion. If you do not purchase Gold Bullion for any reason, the funds for your purchase will be returned to you without delay. In any event, whether or not Gold Bullion is purchased, no interest or other compensation will be paid to you on such funds.

Once you have purchased Gold Bullion under the Program, you will have three (3) options:

Option #1 - Custody at the Mint

You can elect to keep Gold Bullion deposited in BMO NB's custodial account at the Mint.

Gold Bullion is separated and identifiable from other metal held at the Mint and segregated from Bank of Montreal's and BMO NB or BMO IL's other assets. Title to the Gold Bullion is unencumbered and secure in BMO NB's custody account but will not be specifically assigned to any particular purchaser. Deposits made by purchasers under the Program will be held together with the holdings of all other purchasers under the Program in BMO NB's custody account at the Mint. Bank of Montreal, in its sole and absolute discretion, will determine whether physical Gold Bullion holdings in BMO NB's custodial account are in coin, bar, wafer or ingot form. See "*Specifications for Gold Bullion Held under the Program*".

The Mint is responsible for and bears the risk of loss of, and damage to, Gold Bullion in its custody, and, in such an event, would be liable to BMO NB. Gold Bullion held under the Program is subject to periodic inspection and audits by BMO NB.

As of the date of this Disclosure Statement, you will not be charged a custody fee with respect to holding your Gold Bullion at BMO NB's custodial account the Mint. Bank of Montreal reserves the right to charge you a custody fee during the life of this Program and this will impact your cost of holding the Gold Bullion. If Bank of Montreal elects to charge a custody fee for the Program, it will notify BMO IL and will also publish such changes to the Fee Schedule to the Terms and Conditions at www.bmoinvestorline.com for at least 30 days before such fee goes into effect.

Option #2 - Physical Delivery of Gold Bullion

You may direct BMO IL to contact Bank of Montreal, and arrange to have Gold Bullion physically delivered to you subject to a withdrawal and delivery fee (the "**Withdrawal and Delivery Fee**") plus applicable taxes, as further described in Section 7(b) of the Terms and Conditions. To initiate the physical delivery process, BMO IL must send Bank of Montreal a delivery order (the "**Delivery Order**") in the form set out in Schedule "B" to this Disclosure Statement. Upon receipt of a properly completed Delivery Order, Bank of Montreal will charge you a per ounce fee in respect of the supply, processing, withdrawal and delivery of a specific quantity of fully fabricated gold bullion. As of the date of this Disclosure Statement, the Withdrawal and Delivery Fee is equal to CDN\$100.00 per ounce, plus applicable taxes. Bank of Montreal reserves the right to revise this fee during the life of this Program. If Bank of Montreal does so, it will notify BMO IL and will also publish such changes to the Fee Schedule to the Terms and Conditions at www.bmoinvestorline.com for at least 30 days before the new Withdrawal and Delivery Fee goes into effect. You should check this website to ascertain the fees prior to requesting delivery under the Program.

The Withdrawal and Delivery Fee must be paid by you (through BMO IL) up front by certified cheque. Upon receiving payment in full up front, Bank of Montreal, may in its sole and absolute discretion, engage a third party to supply and deliver Gold Bullion to you. You

will be required to execute a receipt evidencing that you have received the Gold Bullion (the “**Receipt**”). Once your Gold Bullion has been delivered, you will be unable to sell that Gold Bullion to Bank of Montreal, BMO NB, BMO IL or any of their affiliates. Please note that Gold Bullion is a valuable commodity and you should exercise care once it is in your possession.

All deliveries of Gold Bullion will be subject to the prior payment to Bank of Montreal of any sales or other tax or levy imposed by any government entity or agency thereof in respect of Gold Bullion and of any increased costs incurred by Bank of Montreal in connection with Gold Bullion resulting from any change in any applicable law or regulation or their interpretation.

Bank of Montreal’s obligation to deliver Gold Bullion is subject to applicable laws. Bank of Montreal shall not be liable for any direct or indirect loss or damage incurred by you arising or resulting from any delay in the delivery of Gold Bullion including delays due to failure by you to provide a duly completed Delivery Order, failure by you to remit the delivery charge in full, or any cause beyond the reasonable control of Bank of Montreal. Bank of Montreal shall not be responsible for the storage and safekeeping of any Gold Bullion delivered to you in accordance with instructions contained in the Delivery Order for which you have provided the Receipt, and Bank of Montreal’s undertaking to deliver Gold Bullion will be discharged upon execution of the Receipt, and it shall have no liability for any loss or damage of Gold Bullion arising after delivery. Bank of Montreal does not undertake to purchase or make a market for, and you will have no right to sell under the Program to Bank of Montreal, BMO IL or any of their affiliates any Gold Bullion delivered to you.

Option #3 – Selling Gold Bullion to Bank of Montreal

You may instruct BMO IL to withdraw your Gold Bullion and sell it to Bank of Montreal, subject to certain procedures and limitations of the FundSERV network. If you wish to withdraw your Gold Bullion and sell it to Bank of Montreal via FundSERV, you should consult with BMO IL in advance in order to understand the timing, procedural requirements and limitations of selling via FundSERV. You must withdraw and sell Gold Bullion via FundSERV by using the “redemption” procedures of FundSERV’s transaction processing system. A withdrawal and sale of Gold Bullion via FundSERV through any other means is not possible. Accordingly, you will not be able to negotiate a withdrawal and sale price for Gold Bullion via FundSERV. Instead, BMO IL will need to initiate an irrevocable request to “redeem” the Gold Bullion via FundSERV in accordance with the then established procedures of FundSERV. Generally, this will mean BMO IL will need to transmit your purchase order request no later than 1:00 p.m. (Eastern Time, or after such other time as may hereafter be established by Bank of Montreal) on a Business Day. Any request received after this time will be treated as a request sent and received on the following Business Day.

As described in this Disclosure Statement under “Purchasing Gold Bullion under the Program” the daily price posted by Bank of Montreal on the FundSERV network represents the price at which a client under the Program can purchase Gold Bullion from Bank of Montreal and is based on the U.S. dollar and/ or Canadian dollar interbank spot price for gold on the date of purchase as determined by Bank of Montreal, acting in its sole and

absolute discretion. In the interest of clarity, the daily price posted on FundSERV represents the price at which Bank of Montreal will "offer" Gold Bullion under the Program. Withdrawal and sale of Gold Bullion back to Bank of Montreal under this option of the Program can only be facilitated through BMO IL via the FundSERV network. As a result, if you choose to withdraw and sell Gold Bullion back to Bank of Montreal, the proceeds from the sale will equal the daily price posted on FundSERV reduced by an amount that will reflect the price at which Bank of Montreal is prepared to buy back (i.e. "bid") the Gold Bullion from you. The difference between the "bid" and "offer" will change over the life of the Program based on prevailing market conditions as determined by Bank of Montreal, acting in its sole and absolute discretion. Accordingly, the price that you purchased Gold Bullion under the Program may be different than the price that you sell it to Bank of Montreal and, therefore, Bank of Montreal may earn revenue (or suffer losses) as a result of these transactions. As of the date of this Disclosure Statement, it is expected that the difference between "bid" and "offer" will be between 1-2%. Gold Bullion sold to Bank of Montreal under the Program may be at a price that is lower than the purchase price that you paid for the Gold Bullion.

You should also be aware that, from time to time, such "redemption" mechanism to withdraw and sell Gold Bullion via FundSERV may be suspended for any reason without notice, including if a force majeure event described in Section 8(e) of the Terms and Conditions occurs, thus effectively preventing you from selling Gold Bullion to Bank of Montreal via FundSERV.

SPECIFICATIONS FOR GOLD BULLION HELD UNDER THE PROGRAM

All Gold Bullion held under the Program is unencumbered, allocated, and physical with a minimum fineness of 995 parts per 1000. Bank of Montreal, in its sole and absolute discretion, will determine whether the physical gold bullion holdings in the BMO NB custodial account are in coin, bar, wafer, or ingot form.

If the Gold Bullion is in coin form, the coins will also: (i) have been produced by the Mint and is legal tender in Canada for its denomination; and (ii) have a fair market value not exceeding 110 per cent of the fair market value of the coin's gold content.

If the Gold Bullion is in bar, wafer, or ingot form, the Gold Bullion will also (i) have been fabricated by a metal refiner included in the London Bullion Market Association's good delivery list of acceptable refiners for gold; and (ii) bear basic identification markings that are recognized and accepted for trading in Canadian financial markets, including the hallmark of the metal refiner that produced it and a stamp indicating its fineness and weight, and no other markings.

RISK FACTORS

Holding Gold Bullion involves a degree of risk. This section of the Disclosure Statement provides a general overview of certain of these risks. This section does not purport to be an exhaustive summary of all the risks related with a holding of Gold Bullion. Furthermore, this section of the Disclosure Statement cannot identify all of the relevant factors that may be a risk for potential purchasers, and is not a substitute for independent investment advice.

Value of Gold Bullion is Not Guaranteed

An investment in Gold Bullion is speculative. Past performance of the price of gold bullion is not indicative of future performance. Neither Bank of Montreal nor BMO IL provide any guarantee as to the value of Gold Bullion, which may be affected by many international, economic, monetary and political factors, many of which are unpredictable. These factors include the following:

(a) General Market Risks

The general economic and political climate, general movements in local and international stock and commodity markets, prevailing and future economic conditions, investor sentiment, and other factors beyond the control of Bank of Montreal could all affect the value of your Gold Bullion. Changing market conditions may cause a change in gold bullion prices.

Central banks, multi-lateral institutions and other governmental agencies hold a significant amount of gold bullion, some of which is static, meaning that it is held in vaults and is not bought, sold, leased or swapped or otherwise available in the open market. Several central banks, multi-lateral institutions and other governmental agencies have sold portions of their gold bullion reserves in recent years, with the result being that these central banks, governmental agencies and multi-lateral institutions, taken as a whole, have been net suppliers of gold bullion to the open market. In the event that future economic, political or social conditions or pressures require central banks, governmental agencies and multi-lateral institutions to liquidate their gold bullion assets all at once or in an uncoordinated manner, the demand for gold bullion may not be sufficient to accommodate the sudden increase in the supply of gold bullion to the market. Consequently, the price of gold bullion may decline, which would adversely affect the value of your holding of Gold Bullion.

(b) Governmental Decisions

Governmental decisions, such as the executive order issued by the President of the United States in 1933 requiring all persons in the United States to deliver physical gold bullion to the Federal Reserve or the abandonment of the gold standard by the United States in 1971, have been viewed as having significant impact on the supply and demand of physical gold bullion and the price of physical gold bullion. Future governmental decisions may have an impact on the price of physical bullion, and may result in a significant decrease or increase in the value of Gold Bullion.

(c) Disruptions in Trading

Occasional disruptions in trading including temporary distortions or other disruptions due to various factors, such as the lack of liquidity in markets, the participation of speculators and governmental regulation and intervention may result in a significant decrease or increase in the value of Gold Bullion.

(d) Changes in Laws or Regulations

The promulgation of new laws or regulations or by the reinterpretation of existing laws or regulations (including, without limitation, those relating to taxes and duties on commodities or commodity components) by one or more governments, governmental agencies or instrumentalities, courts, or other official bodies may result in a significant decrease or increase in the value of Gold Bullion.

Exchange Rate

Gold Bullion is traded internationally in U.S. dollars. Accordingly, the value of Gold Bullion will depend not only on the price of the Gold Bullion but also the local currency exchange rate with the U.S. dollar.

No Deposit Insurance

The Gold Bullion under this Program will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime.

Fee Changes

As described in this Disclosure Statement, fees will vary over the life of the Program. Bank of Montreal may increase or decrease fees under the Program in its sole and absolute discretion.

Canadian Investor Protection Fund

There is no assurance that your holding in Gold Bullion will be eligible for protection under the Canadian Investor Protection Fund.

Other Information***Information Contained in this Disclosure Statement***

None of Bank of Montreal, BMO NB, BMO IL or any of their affiliates makes any recommendation concerning the Gold Bullion, or the suitability of holding Gold Bullion as an investment. In connection with the sale of Gold Bullion by Bank of Montreal, no person is authorized to give any information or to make any representation not contained in this Disclosure Statement and Bank of Montreal does not accept any responsibility for any information not contained herein.

Fees and Expenses Associated with the Program

The fees and expenses associated with the Program are described in Section 7 of the Terms and Conditions attached as Schedule "A" to this Disclosure Statement. **In addition to the fees and expenses described in the Terms and Conditions, BMO IL may also charge you a commission if you purchase or sell Gold Bullion under the Program.**

General Information About FundSERV

FundSERV is owned and operated by both fund sponsors and distributors and provides distributors of funds, commodities and certain other financial products with an online transaction processing system for such financial products, including the Gold Bullion. FundSERV's network facilitates the matching of orders to settlement instructions, facilitates reconciliation, aggregates and reports net settlement amounts and distributes settlement instructions information to the financial product distribution channel.

Determinations of Bank of Montreal

All calculations and determinations will be made by Bank of Montreal and will, absent manifest error, be final and binding on Bank of Montreal and holders of Gold Bullion. Bank of Montreal will not be responsible for its errors or omissions if made in good faith, except in the case of its negligence or willful misconduct. Bank of Montreal will not retain an independent person to make or confirm calculations and determinations made in respect of the Gold Bullion under the Program.

Restrictions on Sales

This Disclosure Statement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation and may only be sold by persons permitted to sell the Gold Bullion.

Purchasers resident outside of Canada or in Prince Edward Island, The Northwest Territories, Nunavut or the Yukon may not participate in the Program.

Further Information

You may request further information about the Program or another copy of this Disclosure Statement by calling us toll free at 1-888-776-6886. A copy of this Disclosure Statement is also posted at www.bmoinvestorline.com.

Trademarks

"BMO (M-bar roundel symbol)" and "BMO" are registered trade-marks of Bank of Montreal. "Nesbitt Burns" is a registered trade-marks of BMO Nesbitt Burns Corporation Limited used under license.

SCHEDULE "A"
TERMS AND CONDITIONS
TO THE BANK OF MONTREAL

PHYSICAL ALLOCATED GOLD DEPOSIT PROGRAM

As more fully described in the accompanying Disclosure Statement, Bank of Montreal and BMO Nesbitt Burns Inc. provide custodial and gold bullion dealing services respectively (the "**Gold Bullion Services**") to Buyers (as defined in these Terms and Conditions) under the Bank of Montreal Physical Allocated Gold Deposit Program (the "**Program**"). The following Terms and Conditions shall apply to the Gold Bullion Services:

1. Definitions and Interpretation

Definitions:

Account means the account established and maintained by BMO NB at the Mint in which the Buyer's Gold Bullion holdings are held together with the holdings of all other Buyers who purchase Gold Bullion under the Program by BMO NB as custodian for the Buyers.

Approved Intermediary means a securities dealer in Canada registered with a provincial securities commission that is a distributor on the FundSERV Inc. network.

Affiliate means with respect to any party, another party controlled by, controlling or under common control with, such party.

BMO NB means BMO Nesbitt Burns Inc., an indirect subsidiary of Bank of Montreal.

BMO IL means BMO InvestorLine Inc., an indirect subsidiary of Bank of Montreal.

Business Day means a day when the Toronto Stock Exchange is open for business in Toronto, Ontario excluding a Saturday, Sunday or public holiday.

Buy Order means an order from the Buyer requesting Bank of Montreal to sell Gold Bullion to the Buyer under section 3(a).

Buyer means any person or entity who has purchased Gold Bullion from Bank of Montreal subject to these Terms and Conditions.

Custody Records means the records maintained by Bank of Montreal or an Affiliate that record the Gold Bullion holdings of the Buyer.

Deliver(y) means the passing of possession of the physical Gold Bullion under the Program.

Delivery Order means an instruction from the Buyer to deliver Gold Bullion to the Buyer pursuant to section 5(a).

Disclosure Statement means the disclosure statement of Bank of Montreal dated September 19, 2011 in respect of the Program.

Fee Schedule means the schedule attached as Schedule "1" to these Terms and Conditions setting out the fees associated with the Program, as this schedule may be modified from time to time as provided in these Terms and Conditions and in the Disclosure Statement.

Gold Bullion means the gold bullion meeting the specifications set out in section 4(b).

Mint means the Royal Canadian Mint.

Ounce means troy ounce, a measurement of weight equivalent to 31.1034768 grams.

Sell Order means an order from the Buyer requesting a sale of Gold Bullion to Bank of Montreal under section 6(a).

Settlement Amount means the total amount due from or payable to a Buyer in respect of a transaction including but not limited to the purchase or sale price of Gold Bullion and unpaid fees and charges under these Terms and Conditions and the Disclosure Statement.

Settlement Date means the date by which the Buyer must pay the Settlement Amount with respect to Buy Orders and by which it must pay fees and charges with respect to Delivery Orders.

Withdrawal and Delivery Fee means the fee payable by the Buyer in accordance with section 5(a).

Interpretation: Headings and wording in bold contained in these Terms and Conditions are for convenience of reference only and do not affect the interpretation of these Terms and Conditions. Unless the context otherwise requires the following principles apply. Transactions are in Canadian dollars unless otherwise expressly agreed with the Buyer. Singular words include the plural and vice versa. Words suggesting a gender include any gender. An expression suggesting a natural person includes bodies corporate and other entities that are not natural persons. A reference to a document includes all amendments or supplements to or replacements of that document. A reference to a party includes that party's successors and assigns. A contractual promise on the part of two or more persons binds them jointly and severally.

2. Gold Bullion Services

(a) Instructions from Buyer

- (i) Bank of Montreal will maintain a Custody Record specific to each

Approved Intermediary that records each transaction of the Buyer through its Approved Intermediary and the transactions of the Approved Intermediary's Buyers. Bank of Montreal will endeavour to execute Buyer's Buy Orders, Sell Orders and Delivery Orders in accordance with reasonable instructions pursuant to these Terms and Conditions. The Buyer must provide Buy Orders, Sell Orders, Delivery Orders and any other instructions through the Approved Intermediary and all communications by Bank of Montreal will be made to the Approved Intermediary.

(ii) Bank of Montreal and its Affiliates reserve the right to refuse to execute any Buy Order, Sell Order or Delivery Order if the Buyer's or the Approved Intermediary's instructions are, in the sole and absolute discretion of Bank of Montreal, unclear or impractical or do not comply with these Terms and Conditions or the Disclosure Statement or Bank of Montreal or its Affiliate is unable to reasonably comply with them.

(b) Transactions in Gold Bullion.

The Buyer acknowledges and agrees that:

(i) the prices at which Bank of Montreal buys and sells Gold Bullion will be based on the U.S. dollar and/or Canadian dollar interbank spot price for gold on the date of purchase and will be determined by Bank of Montreal in its sole and absolute discretion;

(ii) Bank of Montreal may earn revenues (or suffer losses) from the sale of Gold Bullion;

(iii) Bank of Montreal reserves the right to buy from and sell to the Buyer on its own behalf;

(iv) while Bank of Montreal buys and sells Gold Bullion for its own account

and for the accounts of others, it is not a Gold Bullion exchange, market maker or storage facility for Gold Bullion;

(v) Bank of Montreal reserves the right to use the services of qualified and reputable bullion dealers in providing the Gold Bullion Services or when acting on its own account; and

(vi) neither Bank of Montreal nor its Affiliates will, under the Program, purchase any Gold Bullion that has been physically delivered to a Buyer.

(c) **Revisions to Terms and Conditions.** Bank of Montreal may from time to time revise the minimum purchase or sale requirements, or other procedures specified in these Terms and Conditions or the Disclosure Statement. Buyers shall be notified of any such revisions via their Approved Intermediary and the revisions shall also be published at www.bmoinvestorline.com for 30 days before the new Terms and Conditions go into effect.

3. Gold Bullion Purchases

(a) **Buy Orders.** The Buyer may at any time request Bank of Montreal to sell Gold Bullion to the Buyer according to the procedures set out in these Terms and Conditions and in the Disclosure Statement. Provided payment in full has been made, Bank of Montreal will execute the Buy Order on the Business Day requested by the Buyer if the purchase order request is received no later than 1:00 p.m. (Eastern Time, or after such other time as may hereafter be established by Bank of Montreal) on a Business Day. Any request received after such time will be deemed to be a request sent and received in respect of the following Business Day.

(b) **Settlement.** A Buy Order will be deemed settled and the Gold Bullion recorded in the Custody Records on the

date the Settlement Amount has been paid in full or the Settlement Date, whichever is later.

(c) **Failed Settlement.** If the Buyer fails to settle a Buy Order by the Settlement Date Bank of Montreal may, in its sole and absolute discretion, sell the purchased Gold Bullion, and this sale is deemed to be authorized by the Buyer. Buyer will immediately reimburse Bank of Montreal on demand for all costs, losses, penalties, interest or liabilities incurred by Bank of Montreal due to the Buyer's failure to pay.

(d) **Buyer Representation.** In placing a Buy Order, Buyer represents to Bank of Montreal that it has purchased, and will hold, the Gold Bullion for itself, himself or herself as principal, and not on behalf of any other person.

4. Custody Services

(a) **BMO NB's Holding in the Account.** BMO NB will hold Gold Bullion in the Account. BMO NB may hold Gold Bullion representing the holdings of other buyers in the Account and no holding in the Account will be specifically allocated to any particular Buyer. BMO NB shall hold the Gold Bullion as custodian of the Buyer and other buyers whose holdings are represented by the holdings in the Account.

(b) **Form of Gold Bullion.** Bank of Montreal in its sole and absolute discretion will determine whether the Gold Bullion held in the Account is in coin, bar, wafer or ingot form. Gold Bullion under the Program will (i) be denominated in units of Ounces, (ii) have a minimum fineness of 995 parts per 1000; (iii) if in coin form: (A) have been produced by the Mint and is legal tender in Canada for its denomination, and (B) have a fair market value not exceeding 110

per cent of the fair market value of the coin's gold content, and (iv) if in bar, ingot or wafer form (A) have been fabricated by a metal refiner included in the London Bullion Market Association's good delivery list of acceptable refiners of gold, and (B) bear basic identification markings that are recognized and accepted for trading on Canadian financial markets, including the hallmark of the metal refiner that produced it and a stamp indicating its fineness and weight, and no other markings.

(c) **Duties.** Upon settlement of the purchase of the Gold Bullion by the Buyer and until Bank of Montreal receives a Delivery Order or a Sell Order, as the case may be, Bank of Montreal or BMO IL, as the case may be, will:

- (i) keep sufficient Gold Bullion credited to the Account to satisfy the entitlements of the Buyers and other buyers;
- (ii) ensure that BMO IL shall not hold its Gold Bullion holdings, if any, in the Account; and
- (iii) properly maintain the Custody Records and the Account.

(d) **No Encumbrances.** The Buyer may not pledge, charge, assign, create a security interest in or otherwise encumber the Gold Bullion and must keep it free from any liens, encumbrances, charges, security interests or claims of third parties, other than those created by these Terms and Conditions.

- (a) **Limit on Liability.** If any Gold Bullion purchase, sale or Delivery is recorded in the Custody Records in accordance with a Buyer's Buy Order, Sell Order or Delivery Order which does not agree with the written confirmation of the Buyer's Order provided by Bank of

Montreal, the sole remedy of the Buyer and any other person claiming through the Buyer is that Bank of Montreal will replace or withdraw or Deliver the Gold Bullion at its expense as required to correct the transaction if Bank of Montreal determines that there has been an error. Bank of Montreal will not be liable for any direct or indirect loss or damage incurred by the Buyer or any other person arising or resulting from any failure to deliver or delay in the crediting of Gold Bullion to the Account, recording in the Custody Records or Delivery of the Gold Bullion due to any cause beyond the reasonable control of Bank of Montreal, including if a Force Majeure (as defined in Section 8(e)) occurs as determined in the sole and absolute discretion of Bank of Montreal.

5. Delivery Orders

- (a) **Delivery Order Form.** The Buyer may at any time, through its Approved Intermediary, request Bank of Montreal to make available for Delivery to the Buyer all or part of the Gold Bullion recorded in the Custody Records. To effectively request Delivery of Gold Bullion, a Buyer must: (a) deliver through its Approved Intermediary to Bank of Montreal a Delivery Order in the form attached as Schedule "B" to these Terms and Conditions instructing Bank of Montreal to arrange for the delivery of the desired

quantity of Gold Bullion to the Buyer and (b) pay any unpaid Withdrawal and Delivery Fee or other fees. If there is more than one Buyer, Bank of Montreal will accept a Delivery Order executed by any one of them.

(b) **Timing.** Bank of Montreal will use reasonable efforts to execute a Delivery Order and arrange to have physical Gold Bullion available for shipment to a Buyer no later than ten (10) Business Days after the Buyer provides a valid Delivery Order and otherwise satisfies the requirements of subsection (a) and (f).

(c) **Form of Gold Bullion.** Bank of Montreal will Deliver Gold Bullion to the Buyer in coin, bar, wafer or ingot form, as determined in the sole and absolute discretion of Bank of Montreal.

(d) **Place of Delivery.** Delivery will take place by shipment to the address in Canada provided by the Buyer in the Delivery Order. Such address must correspond to the authenticated client account address that is on the books of record maintained by the Approved Intermediary.

(e) **Requirements.** To receive Delivery of the Gold Bullion, the Buyer must provide proof of identity satisfactory to Bank of Montreal and concurrently with receiving Delivery execute a receipt in a form acceptable to Bank of Montreal. Bank of Montreal will not deliver the Gold Bullion if any Settlement Amount, Withdrawal and Delivery Fee or other fee owing by the Buyer under the Program has not been fully paid.

(f) **Bank of Montreal's Obligations.** Delivery Orders will be deemed settled and Bank of Montreal's obligations cease when Bank of Montreal or its agent delivers Gold Bullion to the Buyer and the Buyer signs the receipt referred to in subsection (e). Bank of Montreal, may in its sole and absolute discretion, engage a

third party to supply and deliver the Gold Bullion to Buyers. The Custody Records and Accounts will reflect a debiting of the quantity of Gold Bullion.

6. Gold Bullion Withdrawal and Sale to Bank of Montreal

(a) The Buyer may at any time instruct his or her investment advisor to withdraw Gold Bullion in BMO NB's custodial account with the Mint and sell it to Bank of Montreal, subject to certain procedures and limitations of the FundSERV network according to the procedures set out in these Terms and Conditions and in the Disclosure Statement. Bank of Montreal will not purchase Gold Bullion held outside the Account and not reflected in the Custody Records.

(b) Upon receiving such request and confirming that the Buyer owns sufficient Gold Bullion, Bank of Montreal will execute the Buyer's Sell Order on the same Business Day that the Sell Order is received, provided the Sell Order is received by 1:00 p.m. (Eastern Time, or after such other time as may hereafter be established by Bank of Montreal) on a Business Day. Any request received after such time will be deemed to be a request sent and received in respect of the following Business Day.

(c) The daily price posted by Bank of Montreal on the FundSERV network represents the price at which a client under the Program can purchase Gold Bullion from Bank of Montreal and is based on the U.S. dollar and/ or Canadian dollar interbank spot price for gold on the date of purchase as determined by Bank of Montreal, acting in its sole and absolute discretion. The daily price posted on FundSERV represents the price at which Bank of Montreal will "offer" Gold Bullion under the Program. Withdrawal and sale of Gold Bullion back to Bank of Montreal

under this option of the Program can only be facilitated through an investment or financial advisor via the FundSERV network. As a result, if client choose to withdraw and sell Gold Bullion back to Bank of Montreal, the proceeds from the sale will equal the daily price posted on FundSERV reduced by an amount that will reflect the price at which Bank of Montreal is prepared to buy back (i.e. "bid") the Gold Bullion. The difference between the "bid" and "offer" will change over the life of the Program based on prevailing market conditions as determined by Bank of Montreal, acting in its sole and absolute discretion. Accordingly, the price that clients purchased Gold Bullion under the Program may be different than the price that it sold it to Bank of Montreal and, therefore, Bank of Montreal may earn revenue (or suffer losses) as a result of these transactions. As of the date of this Disclosure Statement, it is expected that the difference between "bid" and "offer" will be between 1-2%.

(d) The Buyer may not set off amounts owing to the Buyer against amounts owed by the Buyer to Bank of Montreal under the Program.

(e) Any payment of an amount owed to the Buyer under the Program will be reduced by any taxes, duties or other charges which Bank of Montreal may at any time be required by law to withhold.

7. Fees and Charges

(a) Schedule of Fees

(i) The Fee Schedule is attached as Schedule "1" hereto/will be published by Bank of Montreal from time to time at www.bmoinvestorline.com and will be available upon request. As described in the Disclosure Statement, Bank of Montreal reserves the right to change

the Withdrawal and Delivery Fee, and other fees applicable to the Gold Bullion Services on 30 days' notice by replacing the Fee Schedule on its website. Bank of Montreal also reserves the right to charge a Custody Fee. The Buyer's continued use of the Gold Bullion Services after this notice period expires constitutes acceptance of the revised Fee Schedule.

(b) **Withdrawal and Delivery Fee.** As of the date of the Disclosure Statement, the Withdrawal and Delivery Fee is approximately equal to CDN\$100.00 per ounce.

(c) All fees are based on the Fee Schedule in effect on the date of execution of the Buy Order, Sell Order or Delivery Order.

(d) **Taxes.** The Withdrawal and Delivery Fee is not refundable in any circumstances and the Buyer must pay any applicable taxes on the fees.

8. Other Terms

(a) **Buyer Representations.** The Buyer represents to Bank of Montreal and BMO IL that it has complied and will comply with all applicable laws in its dealings with Bank of Montreal and BMO IL under these Terms and Conditions.

(b) **Disclaimers.** The Buyer acknowledges and agrees that:

(i) Bank of Montreal has not offered or given and will not provide any advice in connection with Gold Bullion and has not offered any opinion or given any opinion with respect to the suitability of any Gold Bullion transactions made or which might be made with the Buyer;

(ii) Gold Bullion markets are volatile and transacting involves a degree of risk and is not suitable for all persons. The Buyer may incur losses as a result

of a decrease in the market price of Gold Bullion or if increases in the market price of Gold Bullion do not exceed the Buyer's expenses in connection with these Terms and Conditions and otherwise incurred;

(iii) Bank of Montreal does not guarantee the existence of a market or a buyer or seller for Gold Bullion; and

(iv) the Buyer has read and understands these Terms and Conditions and the Disclosure Statement and acknowledges that a risk of decline in the value of Gold Bullion holdings is at the Buyer's risk.

(c) **Amendment.** Bank of Montreal reserves the right to amend these Terms and Conditions and the Disclosure Statement upon 30 days' prior notice to the Approved Intermediary and the revisions shall also be published at *www.bmoinvestorline.com* for 30 days before the new Terms and Conditions and Disclosure Statement, as the case may be, go into effect. Continued use of the Gold Bullion Services by the Buyer after the notice period constitutes acceptance of the new terms.

(d) **Termination.**

(i) Bank of Montreal may at any time require the Buyer to within 30 days from the date of notice from Bank of Montreal take Delivery of all Gold Bullion or, at the Buyer's option, request a Sell Order.

(ii) If the Buyer fails to pay any amount owed to Bank of Montreal by the due date for payment, Bank of Montreal may in its sole discretion:

(A) Liquidate the Buyer's Gold Bullion in an amount sufficient to pay the amount owing, in which case the Buyer irrevocably appoints Bank of Montreal as its attorney with full power to sell or otherwise deal

with Gold Bullion for that purpose; or

(B) Offset the amount owed against any amount owing by Bank of Montreal under the Program; or

(C) A combination of (A) and (B).

(e) **Force Majeure.** For purposes of these Terms and Conditions, Force majeure means any bona fide event beyond the control of Bank of Montreal (other than as a result of financial incapacity of Bank of Montreal) and not caused by an act or omission of Bank of Montreal, in the nature of any government act, restriction, act of God, fire, war, terrorism, earthquake, regulation or control, inability to obtain labour or materials, lack of shortage of Gold Bullion, inability to obtain Gold Bullion due to market demand or market shortage, flood, embargo, sabotage, explosion, bank failure, insurrection, civil commotion, riot, general internet or wireless communication or power failure, or labour shortage or dispute that, in any such case, causes such party to be unable to fulfill or to be delayed or restricted in the fulfillment of any duty or obligation under the Program.

(f) **Indemnity.** The Buyer agrees to pay and to indemnify and save harmless Bank of Montreal from and against any tax or other levy imposed by any governmental agency, now or in the future, in respect of the ownership, transfer, liquidation or Delivery of the Buyer's Gold Bullion or any Gold Bullion Services provided by Bank of Montreal.

(g) **No Offer to Purchase or Sell where Prohibited.** These Terms and Conditions do not constitute an invitation to buy or the solicitation of an offer to sell services or Gold Bullion to any person or entity in any jurisdiction where such an offer or solicitation would be unlawful.

(h) **Securities Transfer Act.** The Buyer and Bank of Montreal agree that the Gold Bullion recorded in the Custody Records is to be treated as a financial asset for purposes of the Securities Transfer Act. The term "financial asset" has the meaning given to it in the Securities Transfer Act. "Securities Transfer Act" means the *Securities Transfer Act* (Ontario)

or any similar legislation in any relevant jurisdiction.

(i) The purchase of a commodity is not subject to the securities laws of the jurisdictions in Canada in which Gold Bullion is being offered for sale.

(j) These Terms and Conditions are governed by the laws of the Province of Ontario.

SCHEDULE "1"
FEE SCHEDULE

Withdrawal and Delivery Fee - CDN\$100 per ounce, plus applicable taxes.

SCHEDULE "B"
FORM OF DELIVERY ORDER

Gold Delivery Order Form



[MTL 001 - CAD]

Gold Delivery Order Form Re: Physical Allocated Gold Deposit Program

I request that BMO Bank of Montreal deliver _____ fine troy ounces of Gold Bullion to the address listed out below (it must be the same address we have on file for you at BMO InvestorLine).

A

TELL US ABOUT YOURSELF

First Name	Int
Last Name	
Home Address (No., street)	Suite No.
City or Town	Prov. <input type="checkbox"/> <input type="checkbox"/> Postal Code
BMO InvestorLine non-registered account	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

- I submit a certified cheque (C\$100.00 per ounce plus applicable taxes for withdrawal and delivery fee) payable to "BMO Nesbitt Burns Inc."
- I understand that once my Gold Bullion has been delivered, I will be unable to sell that Gold Bullion to Bank of Montreal, BMO InvestorLine or any of their affiliates.

Signature _____ Date (d, m, y) _____

Please note that Gold Bullion is a valuable commodity and you should exercise care once it is in your possession.