

NOTICE OF ANNUAL MEETING OF THE HOLDERS OF COMMON SHARES

NOTICE IS HEREBY GIVEN that the Annual Meeting of the holders of common shares of Central Fund of Canada Limited (hereinafter called the "Corporation") will be held at Hallmark Estates, Suite 805, 1323 - 15th Avenue, S.W., Calgary, Alberta on Monday, the 22nd day of February, 1999 at the hour of 9:30 a.m. (Mountain Standard Time) for the following purposes:

- (a) To receive the financial statements of the Corporation for the year ended October 31, 1998 together with the auditors' report thereon;
- (b) To elect nine (9) directors;
- (c) To re-appoint auditors;
- (d) To authorize the Board of Directors to fix the remuneration of the auditors; and
- (f) To transact such other business as may be properly brought before the Meeting or any adjournment or adjournments thereof.

Although all holders of record of Class A non-voting shares and of common shares are entitled to notice of this Meeting, only holders of common shares are entitled to vote thereat. Any holder of common shares who is unable to be present at this Meeting is requested to complete, date and sign the enclosed form of proxy and to return it in the self-addressed envelope provided for that purpose.

DATED at Toronto, Ontario this 18th day of January, 1999.

BY ORDER OF THE BOARD

JOHN S. ELDER, Q.C.

Secretary

MANAGEMENT INFORMATION CIRCULAR

as of January 18, 1999

The information contained in this Management Information Circular (hereinafter called the "Circular") is furnished in connection with the solicitation of proxies on behalf of the management of Central Fund of Canada Limited (hereinafter called the "Corporation") for use at the annual meeting of the holders of common shares of the Corporation to be held at Hallmark Estates, Suite 805, 1323 - 15th Avenue, S.W., Calgary, Alberta on Monday the 22nd day of February, 1999, at the hour of 9:30 a.m.

(Mountain Standard Time) and at any adjournments thereof (hereinafter collectively called the "Meeting") which Meeting has been called for the purposes set forth in the accompanying notice of the Meeting.

SOLICITATION OF PROXIES

The form of proxy accompanying this Circular is solicited on behalf of the management of the Corporation. Solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone by officers or directors of the Corporation at nominal cost. The cost of solicitation will be borne by the Corporation. The record date for determining shareholders who are entitled to receive notice of the Meeting is January 18, 1999.

REVOCAION OF PROXIES

A holder of common shares of the Corporation may revoke a proxy before it is exercised by depositing an instrument in writing executed by such holder or by his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized: (i) at the registered office of the Corporation at 3400 Petro-Canada Centre, 150 - 6th Avenue, S.W., Calgary, Alberta at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof; or (ii) with the Chairman of the Meeting on the day of such meeting or any adjournment thereof; or (iii) in any other manner permitted by law.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Corporation has outstanding forty thousand (40,000) common shares without nominal or par value (hereinafter called the "common shares"), each carrying the right to one vote per share at the Meeting. Holders of common shares of record immediately prior to the convening of the Meeting are entitled to vote thereat. Only common shares entitle the holders thereof or their proxyholders to vote at the Meeting.

The names of the only persons who, to the knowledge of the directors or officers of the Corporation, beneficially own, directly or indirectly, or exercise control or direction over common shares carrying more than ten per cent (10%) of the voting rights attached to all common shares of the Corporation and the approximate number of such shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each such person and the percentage of outstanding common shares of the Corporation represented by the number of shares so owned, controlled or directed are as follows:

The family of Philip M. Spicer holds the following shares:

<u>Shareholder</u>	<u>Number of Class A Shares</u>	<u>Number of Common Shares</u>	<u>% of Outstanding Common Shares</u>	
Philip M. Spicer	9,800	9,588	23.97	
Joanne Spicer (wife)	200	2,000	5.00	
J.L. Michele Spicer (daughter)		3,500	2,000	5.00
J.C. Stefan Spicer (son)		2,400	2,000	5.00

Accrete Corporation Limited (1)	3,875	2,000	5.00
FutureFunds Inc. (2)	-	2,000	5.00
The Central Group Alberta Ltd.(3)	7,000	-	-
Estate of H.S. Spicer (4)	25,000	-	-
Canada Trust Accounts (5)	<u>13,125</u>	-	-

64,900 19,588 48.97

Notes: (1) Accrete Corporation Limited is owned two-thirds by Joanne Spicer and one-third by J.L. Michele Spicer.

(2) FutureFunds Inc. is owned by J.C. Stefan Spicer and his family.

(3) The Central Group Alberta Ltd. is owned two-thirds by Philip M. Spicer and one-third by J.C. Stefan Spicer.

(4) Beneficiaries of the Estate of H.S. Spicer, the father of Philip M. Spicer, are his grandchildren and the Executors are J.C. Stefan Spicer and Philip M. Spicer.

(5) Beneficiaries of Canada Trust accounts are the children of Philip M. Spicer and the Trustees are The Canada Trust Company and Philip M. Spicer.

(6) The immediate families of Philip M. Spicer and J.C. Stefan Spicer and their related companies exercised all of their Rights to subscribe for additional Class A Shares in December 1998 and the totals reflect those subscriptions.

MATTERS TO BE CONSIDERED AT THE MEETING

(a) 1998 Financial Statements

The first item of business at the Meeting will be to receive and consider the financial statements of the Corporation for the year ended October 31, 1998 together with the auditors' report thereon, copies of which financial statements and auditors' report accompany this Circular.

(b) Election of Directors

The next item of business to be dealt with at the Meeting is the election of directors. The directors previously fixed the number of directors at nine (9).

The persons named in the enclosed form of proxy intend to vote to elect as directors the nine (9) persons named below. Management is not presently aware that any such persons would be unwilling or unable to serve as a director if elected. However, if this should occur for any reason prior to the Meeting, it is intended that the

persons so named in the form of proxy will have discretionary authority to vote the proxy for the election of any other person or persons as directors.

The term of each person elected as a director will be until the termination of the next annual meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation. The following persons, each of whom is currently a director of the Corporation, are being proposed as directors of the Corporation:

Name and Present Positions	Number of Shares of the Corporation Beneficially Owned or Over which Control or Direction is Exercised	Occupation with Corporation	Since	Number of Shares	
				Common	Class A
John S. Elder Q.C., Secretary Partner, Fraser Milner (Barristers & Solicitors)	100	1983		600	
Douglas E. Heagle, Chairman of National System of Baking Ltd. (International Investor)	1,902	1964	1964	4,600	
Ian M.T. McAvity, Corporate Director and President of Deliberations Research Inc. (Economic Consultants)	100	1983	1983	4,200	
Michael A. Parente CMA, Vice-President, Finance President of All-Canadian Management Inc. (Manager of Investment Funds)	1,440	1992	1992	360	
Robert R. Sale, Corporate Director	100	1983	1983	17,000	
Dale R. Spackman Q.C.,	100	1990	1990	25	

Partner, Parlee McLaws

(Barristers & Solicitors)

Philip M. Spicer, President 1961 (1) (1)

President of The and Director(E)(R)

Central Group Alberta Ltd.

(Administrator of Central Fund)

J.C. Stefan Spicer, Vice-President 1995 (1) (1)

Vice-Chairman of All- and

Canadian Management Inc. Director(R)

(Manager of Investment Funds)(3)

Malcolm A. Taschereau, Director(AC) 1983 100 2,500

Retired Gold Mining Executive

(AC) Member of Audit and Corporate Governance Committee

(E) Member of Executive Committee

(R) May be regarded as business related

Note: (1) Reference is made to the top of page 3 hereof.

Remuneration of Directors and Officers

The following table sets out the aggregate amounts paid by the Corporation and its subsidiaries to the directors of the Corporation for the fiscal year ended October 31, 1998:

Directors (total of 6) U.S. \$34,400

Five Senior Officers Nil

There are no officers or employees of the Corporation who receive remuneration from the Corporation. The Corporation does not have any pension or retirement benefit plans. The officers and directors of the Corporation who are also officers and directors of The Central Group Alberta Ltd. receive no remuneration as officers and directors of the Corporation, other than Mr. Spackman who receives the standard director's fee, and fees for serving on the Executive Committee.

No director or officer of the Corporation or any associate or affiliate of any such director or officer is or has been indebted to the Corporation.

(c) Re-Appointment of Auditors

The next matter to be considered at the Meeting is the appointment of auditors of the Corporation. It is intended to vote the proxies solicited at the Meeting to re-appoint as auditors of the Corporation the firm of Ernst & Young LLP, who have been its auditors since 1989.

(d) *Remuneration of Auditors*

The next matter to be considered at the Meeting concerns the remuneration of the Corporation's auditors. The holders of common shares of the Corporation will be asked to approve a resolution authorizing the Board of Directors to fix the remuneration of the auditors. It is intended to vote the proxies solicited at the Meeting to authorize the directors to fix such remuneration. For such resolution to be effective, it requires the favourable vote of a majority of the common shares voted in person or by proxy at the Meeting.

Corporate Governance

Three of the nine-member Board of Directors of the Corporation are both outside and unrelated directors. Included therein are Messrs. Heagle, Sale and Taschereau. The board, supported by two committees, oversees the management of the Corporation and is responsible for maintaining the investment policy of the Corporation.

The Executive Committee is composed of four members, three of whom are outside directors, one being also an unrelated director. The Committee meets periodically between regularly scheduled Board meetings and is delegated authority to deal with various matters. The proceedings of this Committee are reviewed by the Board.

On February 24, 1997, the Audit Committee and the Corporate Governance and Nominating Committee were combined to form the Audit and Corporate Governance Committee. The Committee is composed of four directors, all of whom are outside directors, and three of whom are unrelated. The responsibilities of this Committee may be broken down into two primary areas:

(1) **Audit Responsibilities:**

The Committee meets at least annually with management and the external auditors to discuss auditing matters and auditors' remuneration, the accounting system and related internal controls, the financial reporting process and financial risk management so as to satisfy itself that each party is properly discharging its responsibilities. The Committee also reviews the annual report and financial statements including the external auditors' report.

(2) **Corporate Governance Responsibilities:**

The Committee is responsible for developing the Corporation's approach to governance issues, proposing new nominees to the Board, assessing the effectiveness of the Board as a whole and assessing the contribution of individual Board members. The Committee meets independently of management from time to time or as necessary.

INTEREST OF MANAGEMENT AND OTHERS

IN MATERIAL TRANSACTIONS

Pursuant to an Administration Agreement dated November 1, 1986, which was assigned to The Central Group Alberta Ltd. ("CGAL") on April 10, 1990, CGAL assumed responsibility for the administration of the business and affairs of the Corporation and provides certain consultative services to the Corporation which are paid for by CGAL. The services provided include the provision of general market and economic advice with respect to the investment of the Corporation's assets in accordance with its investment policies and restrictions, subject to the ultimate approval of the Board of Directors of the Corporation. Under the terms of the Administration Agreement, CGAL arranges for certain services from others, including Mr. Ian M.T. McAavity, President of Deliberations Research Inc. and a director of the Corporation, who provides general advice in relation to analysis of bullion market trends and developments, and Dr. Hans F. Sennholz, a monetary expert, who provides general economic advice. CGAL pays for these services out of the fees paid to it by the Corporation pursuant to the

Administration Agreement. In addition, CGAL provides and pays for office services, supplies and facilities and through its staff generally oversees the day-to-day administration of the Corporation's affairs.

In consideration for services rendered pursuant to the Administration Agreement, the Corporation pays CGAL a monthly fee based on Central's net assets determined for such month. The fee is computed at the annual rate of one-half of one percent of the Corporation's net assets on such assets up to U.S. \$50,000,000, and three-eighths of one percent on such assets from U.S. \$50,000,001 to U.S. \$100,000,000 and one-quarter of one percent on such assets over U.S. \$100,000,000. Fees paid by the Corporation to CGAL in this regard for the fiscal year ended October 31, 1998 were U.S. \$369,711 (Cdn. \$541,035).

Philip M. Spicer, President and a director of the Corporation, holds similar offices with CGAL. Michael A. Parente, CMA, Vice-President, Finance and a director of the Corporation, is Vice-President and a director of CGAL. J.C. Stefan Spicer, Vice-President, Investor Relations and a director of the Corporation, is also Assistant Secretary of CGAL. Catherine A. Spackman, CMA, Treasurer of the Corporation, is also Treasurer and a director of CGAL. Dale R. Spackman, Q.C., a director of the Corporation, is also Secretary and a director of CGAL. CGAL provides such administrative and consultative services to the Corporation as is reasonably required including the provision of advice and recommendations with respect to the Corporation's assets in accordance with the investment policies of the Corporation and the restrictions thereon. Such advice and recommendations are subject to the ultimate approval of the Board of Directors.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED at Toronto, Ontario, this 18th day of January, 1999.

BY ORDER OF THE BOARD

JOHN S. ELDER, Q.C.

Secretary