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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 40-F

(Check One)

Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended: **October 31, 2003**

Commission file number: **1-9038**

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### Central Fund of Canada Limited

(Exact Name of Registrant as Specified in Its charter)

**Alberta, Canada**  
(Province or Other Jurisdiction  
of Incorporation or Organization)

**N/A**  
(Primary Standard Industrial  
Classification Code Number  
(if Applicable))

**N/A**  
(I.R.S. Employer  
Identification Number  
(if Applicable))

**Hallmark Estates,  
#805, 1323-15th Avenue S.W.,  
Calgary, Alberta, Canada  
(403) 228-5861**  
(Address and Telephone Number of  
Registrant's Principal Executive Office)

**Dr. Hans F. Sennholz,  
200 East Pine Street,  
Grove City, PA 16127  
(724) 458-8343**  
(Name, Address (Including Zip Code)  
and Telephone Number (Including Area Code)  
of Agent for Service in the United States)

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
**Class A shares,  
without Nominal or par value**

Name of Each Exchange on Which Registered  
**American Stock Exchange  
The Toronto Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **N/A**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **N/A**

For annual reports, indicate by check mark the information filing with this form:

Annual Information Form

Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the registrant's classes of capital or common stock as of the close of the period covered by the annual report:

Class  
**Class A shares, no par value  
Common shares, no par value**

Outstanding at  
October 31, 2003  
**44,746,320  
40,000**

Indicate by check mark whether the registrant by filing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the registrant in connection with such rule.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

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*Central Fund of Canada Limited*

**ANNUAL INFORMATION FORM**  
**for the year ended October 31, 2003**

**March 1, 2004**



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### DOCUMENTS INCORPORATED BY REFERENCE

Financial Statements and notes thereto are contained in the 2003 Annual Report on pages 6 to 13.

Management's Discussion and Analysis of Financial Condition and Results of Operations is contained in the 2003 Annual Report on pages 15 to 18.

Management Information Circular dated as of January 9, 2004.

## REPORTING CURRENCY AND FINANCIAL INFORMATION

**Monetary amounts in this Annual Information Form and the documents which are incorporated herein by reference are stated in United States dollars, except where otherwise specifically stated. As of March 1, 2004, the noon buying rate in New York City for cable transfers in United States dollars as certified for customs purposes by the Federal Reserve Bank of New York was U.S. \$1.00 = Cdn. \$ 1.3395.**

## INCORPORATION

Central Fund of Canada Limited ("Central Fund" or the "Company") was incorporated under the laws of the Province of Ontario on November 15, 1961 as a specialized investment holding company. Following its incorporation, Central Fund invested mainly in shares and other securities of Canadian issuers, primarily with a view to capital appreciation. During 1983, Central Fund changed its character to that of a specialized holding company the assets of which were held through its wholly-owned subsidiaries primarily as gold and silver bullion.

On April 5, 1990, Central Fund was continued as a corporation under the laws of the Province of Alberta and discontinued under the laws of the Province of Ontario. Pursuant to the Asset Transfer Agreements dated as of June 30, 1990, between Central Fund and each of its then wholly-owned subsidiaries, Central Fund purchased the assets of such subsidiaries, which consisted primarily of gold and silver in bar form, and gold and silver bullion certificates. These subsidiaries were in turn wound up and dissolved subsequent to the above transaction.

The head office of the Company is located at Suite 805, 1323 15<sup>th</sup> Avenue S.W., Calgary, Alberta T3C 0X8 and the investor inquiries office is located at 55 Broad Leaf Crescent, Ancaster, Ontario, L9G 3P2.

## DESCRIPTION OF THE BUSINESS

### General

Central Fund's objective is to provide an investment alternative for investors interested in holding marketable gold and silver related investments. Its policy is to invest primarily in long-term holdings of gold and silver bullion and not to actively speculate with regard to short-term changes in gold and silver prices. Central Fund's investment policies established by the Board of Directors require it to hold at least 90% of its net assets in gold and silver bullion, primarily in bar form. Currently, on a physical basis, 50 ounces of silver are held for each ounce of gold held. As of January 31, 2004, Central Fund's net assets at market value of approximately \$287.5 million consisted of 55.0% gold bullion and certificates, 42.8% silver bullion and certificates, and 2.2% cash, marketable securities and other working capital amounts. Central Fund expects these relative percentages to vary, but it does not intend to substantially increase the relative proportion of cash and marketable securities (except when cash flow increases for the reasons noted in the 2003 Annual Report to Shareholders under Liquidity and Capital Resources). Central Fund believes that it is the only company listed on a United States or Canadian stock exchange with the specific investment policies outlined below.

### Investment Policies and Operations of Central Fund

Central Fund is a specialized investment holding company whose investment objective is to hold the vast majority of its net assets in gold and silver bullion, primarily in bar form. Central Fund's investment policy is determined by its Board of Directors, subject to the provisions of its articles. A summary of Central Fund's policy regarding the components of its net assets is as follows:

1. At least 85% of Central Fund's net assets shall consist of long-term holdings of gold and silver bullion in bar form.
2. At least 90% of Central Fund's net assets shall consist of gold and silver bullion in bar and certificate form.
3. Central Fund intends that any portion of its non-cash net assets not invested in gold and silver bullion shall be invested primarily in marketable securities related to the gold and silver markets and industries.
4. Central Fund's policy is to only hold "cash assets" (consisting of cash and short-term obligations issued or guaranteed by the governments of Canada or the United States, or any political subdivisions thereof, short-term deposits with financial institutions or investment grade commercial paper) for the purposes of paying dividends and expenses, to facilitate the purchase of the above-described non-cash assets, and to generate interest income.
5. Generally, at the time it invests in gold and silver bullion, Central Fund intends that no more than 10% of its net assets shall be cash assets.

With regard to Central Fund's holding of gold and silver bullion in bar form, it is Central Fund's policy to assess from time to time its mix of such gold and silver bullion based on management's analysis of the current, historical and projected gold to silver price relationship, supply and demand factors and management's analysis of Central Fund's current holdings of gold and silver bars. It is Central Fund's intention to hold both gold and silver bars, but not necessarily in the same proportion as is currently held.

With regard to Central Fund's holdings of bullion certificates and marketable securities, the relative proportions of these items may vary from time to time according to management's assessment of market factors and relative investment opportunities. To the extent that Central Fund varies its mix between gold and silver bullion it intends to do so primarily through varying the mix of its gold and silver bullion certificates.

The articles of Central Fund require that at least 75% of the market value of Central Fund's non-cash net assets be invested in gold and silver related investments. This requirement can be changed only with approval of the holders of Central Fund's Class A shares, to be given in the manner set out under "Investment Restrictions" below.

Central Fund's income objective is secondary to its investment objective of holding almost its entire net assets in gold and silver bullion, primarily in bar form. Thus, it only seeks to achieve adequate cash flow to cover expenses and to meet the Class A shares' dividend requirements. However, this does not preclude management from taking steps to generate additional cash flow from time to time if its assessment of investment opportunities and relative risk are in keeping with Central Fund's primary investment objective. (Additional cash flow might also have to be generated in the event that (a) Central Fund realizes capital gains in excess of its expenses and tax losses carried forward for Canadian income tax purposes and (b) Central Fund distributes such capital gains to its shareholders in order that the tax on such gains payable by Central Fund may be refundable as discussed below under "Taxation").

### **Investment Restrictions**

The articles of Central Fund contain provisions to the effect that Central Fund may not:

- (i) invest less than 75% of the market value of Central Fund's non-cash net assets in gold and silver related investments;
- (ii) purchase any security (other than short-term government securities, short-term deposits with financial institutions and investment grade commercial paper) issued by any issuer if, immediately after and as a result of such purchase, more than 10% of Central Fund's net assets would consist of securities issued by such issuer;
- (iii) purchase any security issued by any issuer if, immediately after and as a result of such purchase, Central Fund would own more than 10% of any class of the outstanding securities issued by such issuer;
- (iv) purchase any security or property on margin or otherwise incur indebtedness (other than in the ordinary course related to settlements of its principal positions in securities or bullion) aggregating at any time in excess of 5% of its total net assets;
- (v) invest in securities of any issuer of which more than 5% of the issued and outstanding voting shares are beneficially owned, either directly or indirectly, by any officer or director of Central Fund or by any person that shall, by agreement, be responsible for administering or managing the business and affairs of Central Fund or for providing investment advice to Central Fund, or any combination thereof;
- (vi) purchase securities from, or sell securities to, any person that is the holder of 10% or more of Central Fund's common shares, any person that shall, by agreement, be responsible for administering or managing the business and affairs of Central Fund or for providing investment advice to Central Fund, or any officer or director of any of the foregoing or of Central Fund.

There is no restriction on the maximum proportion of the assets of Central Fund which may be invested in gold and silver bullion.

The above restrictions can only be changed with the prior approval of the holders of Class A shares then outstanding given in writing by the holders of all of the Class A shares or by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of the Class A shares duly called for such purpose. Within these restrictions the Board of Directors determines Central Fund's investment policies which may be changed without notice to or vote by the holders of Class A shares. In connection with its U.S. public offering in August 1987 Central Fund modified its investment policies to, among other things, increase the percentage of its non-cash net assets to be held in gold and silver in bar form and as otherwise set forth herein. Prior to such offering, Central Fund had not changed its investment policies since 1983, and it has no present intention of changing said policies.

## **Administration**

Pursuant to the assignment of the administration agreement dated as of April 10, 1990, The Central Group Alberta Ltd., ("CGAL"), assumed responsibility for the administration of the business and affairs of Central Fund. The services provided include the provision of general market and economic advice with respect to the investment of Central Fund's assets in accordance with its investment policies and restrictions, subject to the ultimate approval of the Board of Directors of Central Fund. Under the terms of the Administration Agreement, CGAL arranges for certain services from others, including Mr. Ian M.T. McAvity, President of Deliberations Research Inc. and a director of Central Fund, who provides general advice in relation to economic 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 Central Fund pursuant to the Administration Agreement. The shares of CGAL are two-thirds owned by Mr. Philip M. Spicer (Chairman and a director of Central Fund), and one-third owned by his son, Mr. J.C. Stefan Spicer (President, CEO and a director of Central Fund).

In addition, CGAL provides and pays for office services, supplies and facilities and through its staff generally oversees the day-to-day administration of Central Fund's affairs. Central Fund is responsible for the payment of direct expenses such as brokerage, listing, legal, audit, insurance, safekeeping and transfer fees, directors' fees and expenses, taxes and expenses incurred with respect to reporting to its shareholders. It is Central Fund's intention that its total annual operating expenses, including the fees payable to CGAL under the Administration Agreement but excluding income taxes, not exceed one percent of its total assets; however, in view of the costs associated with maintaining holdings of gold and silver bullion, Central Fund cannot assure that annual expenses will not exceed one percent.

In consideration for services rendered pursuant to the Administration Agreement, Central Fund pays CGAL a monthly fee based on Central Fund's net assets determined for such month. The fee is computed at the annual rate of one-half of one percent on such assets up to U.S. \$50,000,000, three-eighths of one percent on the next U.S. \$50,000,000 and one-quarter of one percent on such assets over U.S. \$100,000,000. Fees paid by Central to CGAL in this regard for the fiscal years ended October 31, 2003, 2002 and 2001 were, in U.S. dollars, \$663,409, \$447,589 and \$334,609 respectively. The Administration Agreement may be amended at the discretion of Central Fund's board of directors and CGAL without the approval of Central Fund's shareholders.

The initial term of the Administration Agreement, as assigned to CGAL, ended October 31, 1990, but such agreement continues from year to year unless terminated by Central Fund. Central Fund has not terminated such agreement. The Administration Agreement is not subject to periodic approval by Central Fund's Class A shareholders; however, Central Fund has the right at any time to terminate the Administration Agreement on the maturity date or any renewal thereof by not less than sixty days' notice if a majority of the Board of Directors of Central Fund (excluding those who are also directors, officers, employees or shareholders of CGAL and any of its affiliates, or of its advisers, to Central Fund through CGAL) determine that the performance of CGAL is in their opinion not satisfactory and also if such termination is then approved by the holders of the Class A shares then outstanding. Such approval is to be given in writing by the holders of all of the Class A shares or by the affirmative vote of at least a majority of the votes cast at a meeting of such holders duly called for such purpose.

## **Brokerage Allocation**

Central Fund has no pre-arrangement, formula or method for allocating the brokerage business arising from its purchases and sales of bullion and marketable securities. Transactions in marketable securities involve the cost of brokerage commissions. Transactions in bullion are generally done with dealers acting as principals and thus are done on a net price basis, which reflects the dealers' spread between bid and asked prices. Central Fund's policy is to execute all bullion and marketable security transactions at the most favourable prices consistent with the best execution, considering all of the costs of the transactions, including brokerage commissions, spreads and delivery charges. This policy governs the selection of brokers and dealers and the market in which a transaction is executed.

## Competitive Factors

Because gold and silver prices are established in an extensive international market which is not dominated by any single party, Central Fund believes that it competes on an equal basis with other entities in buying and selling gold and silver bullion and bullion investments.

## Principal Properties

Central Fund's properties consist chiefly of its gold and silver bullion, all of which is stored either in the vaults (bars) or on deposit (certificates) with the Canadian Imperial Bank of Commerce ("CIBC") in Toronto and Vancouver, Canada. At October 31, 2003 the composition of gold and silver bullion held by Central Fund was as follows:

<b>Gold Bullion:</b>	<b>Fine Ounces</b>
Long-term physical holdings, 100 oz. and 400 oz. bars	291,894
Bullion certificates issued by CIBC	5,151
	<hr/>
	297,045
	<hr/>
<b>Silver Bullion:</b>	<b>Ounces</b>
Long-term physical holdings, 1000 oz. bars	14,600,809
Bullion certificates issued by CIBC	245,572
	<hr/>
	14,846,381
	<hr/>

The gold and silver bars are segregated, specifically identified by bar number and weight, and are insured to full current market value against destruction, disappearance or wrongful abstraction with a standard war risk exclusion. The physical bullion holdings may only be released by CIBC upon receipt of a certified resolution of Central Fund's Board of Directors authorising such release. Central Fund intends to maintain insurance on its current physical bullion holdings to the extent that such insurance is available at commercially reasonable rates.

The bullion certificates are deposited with CIBC, registered in the nominee name of CIBC and are insured by it and not by Central Fund itself. Central Fund, as holder of the bullion certificates, may demand delivery of the underlying bullion at the head office of the certificate issuer. In the case of bullion certificates issued by CIBC, the certificate holder has no security interest in the underlying bullion and thus the ability to receive delivery upon demand could be adversely affected by factors which may influence the credit worthiness of CIBC. At October 31, 2003, CIBC's total assets were in excess of Cdn. \$277 billion, and its net worth was approximately Cdn. \$14 billion.

On April 3, 2002, the Company, through a private placement, issued 4,153,846 Class A shares for gross proceeds of \$15,660,000. Costs relating to this issue were \$60,000 and net proceeds were \$15,600,000.

The Company used the net proceeds from this private placement to purchase 26,492 fine ounces of gold at a cost of \$8,093,304 and 1,340,000 ounces of silver at a cost of \$6,405,200, both in physical bar form. The balance of the net proceeds, \$1,101,496, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On May 2, 2002, the Company, through a private placement, issued 646,154 Class A shares for gross proceeds of \$2,424,614. Costs relating to this issue were \$15,000 and net proceeds were \$2,409,614.

The Company used the net proceeds from this private placement to purchase 3,936 fine ounces of gold at a cost of \$1,227,892 and 190,871 ounces of silver at a cost of \$894,364, both in physical bar form. The balance of the net proceeds, \$287,358, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On June 6, 2002, the Company, through a public offering, issued 11,584,660 Class A shares for gross proceeds of \$46,112,740. Costs relating to this public offering were \$474,893 and net proceeds were \$45,637,847.

The Company used the net proceeds from this public offering to purchase 76,273 fine ounces of gold at a cost of \$24,625,947 and 3,799,742 ounces of silver at a cost of \$18,998,711. Of these quantities, all but 887 fine ounces of gold were purchased in physical bar form. This remainder was purchased in certificate form. The balance of the net proceeds of \$2,013,189 has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On January 30, 2003, the Company, through a private placement, issued 3,500,000 Class A shares for proceeds, net of underwriting fees of \$611,800, of \$14,683,200. Costs relating to this private placement were approximately \$125,000 and net proceeds were approximately \$14,558,200.

The Company used the net proceeds from this private placement to purchase 22,517 fine ounces of gold at a cost of \$8,110,651 and 1,120,000 ounces of silver at a cost of \$5,488,000, both in physical bar form. The balance of the net proceeds, \$959,549, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On February 14, 2003, the Company, through a private placement, issued 5,448,800 Class A shares for proceeds, net of underwriting fees of \$1,039,767, of \$23,425,345. Costs relating to this private placement were \$184,246 and net proceeds were \$23,241,099.

The Company used the net proceeds from this private placement to purchase 35,600 fine ounces of gold, 33,838 ounces in physical bar form and 1,762 ounces in certificate form, at a cost of \$13,355,920, and 1,780,000 ounces of silver, 1,699,944 ounces in physical bar form and 80,056 ounces in certificate form, at a cost of \$8,533,800. The balance of the net proceeds, \$1,351,379, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On December 19, 2003, the Company, through a public offering, issued 15,050,000 Class A shares for proceeds of \$71,951,040 net of underwriting fees of \$2,997,960. Costs relating to this public offering were approximately \$500,000 and net proceeds were approximately \$71,451,040.

The Company used the net proceeds from this public offering to purchase 98,386 fine ounces of gold at a cost of \$40,328,690 and 4,919,333 ounces of silver at a cost of \$28,015,600, in physical bar form. The balance of the net proceeds of approximately \$3,106,750 was retained by the Company in interest bearing cash deposits for working capital purposes.

## SELECTED FINANCIAL INFORMATION

The selected financial data presented below should be read in conjunction with the Financial Statements and notes thereto included in Central Fund's October 31, 2003 Annual Report to Shareholders which Financial Statements and notes thereto are incorporated herein by reference. In particular, reference should be made to Note 7 to the Financial Statements which describes the difference between Canadian and United States generally accepted accounting principles ("GAAP") with regard to the presentation of Central Fund's unrealized appreciation (depreciation) of investments. The net asset value of Central Fund is identical under both Canadian and United States GAAP.

Net Asset Data:	As of or for the fiscal year ended October 31, <sup>(1)</sup>				
	2003	2002	2001	2000	1999
Net assets at end of year	\$ 194,663,349	132,447,600	66,351,795	68,364,799	76,219,208
Net asset value per Class A share at end of year <sup>(1)</sup>	4.35	3.70	3.42	3.52	3.98
<b>Income Data:</b>					
Total income (loss)	\$ 49,374	(862,841)	79,132	144,212	(304,839)
Net loss under Canadian GAAP	\$ (1,470,692)	(1,895,800)	(634,412)	(597,597)	(1,058,474)
Unrealized appreciation (depreciation) of investments during the year	\$ 26,334,605	3,795,333	(1,184,463)	(8,250,543)	2,405,024
Net income (loss) under U.S. GAAP	\$ 24,863,913	1,899,533	(1,818,875)	(8,848,140)	1,346,550
Net income (loss) per Class A share:					
Canadian GAAP	\$ (0.03)	(0.07)	(0.03)	(0.03)	(0.06)
U.S. GAAP	\$ 0.59	0.11	(0.09)	(0.46)	0.07
Cash dividends per Class A share:					
Canadian funds	\$ 0.01	0.02	0.02	0.01	0.01
U.S. funds	\$ 0.01	0.01	0.01	0.01	0.01

(1) For calculation of net asset value per Class A share see Note 1(c)(ii) to the Financial Statements.

### Exchange Rate

The Canadian dollar exchange rates for United States dollars for each of the years in the five-year period ended October 31, 2003 as reported by the Bank of Canada were as follows:

Year Ended October 31	(Cdn. \$ per U.S. \$1.00)			
	Average	Last	Low	High
1999	1.4977	1.4718	1.4505	1.5555
2000	1.4734	1.5271	1.4341	1.5310
2001	1.5340	1.5867	1.4936	1.5867
2002	1.5737	1.5603	1.5110	1.6132
2003	1.4422	1.3197	1.3038	1.5902

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information set forth on pages 15 to 18 of Central Fund's 2003 Annual Report is incorporated herein by reference.

### CAPITAL STRUCTURE AND MARKET FOR SECURITIES

#### Capital Structure

The capital of the Company consists of 50,000 common shares without nominal or par value, of which 40,000 such shares were outstanding at the date hereof, and 100,000,000 Class A non-voting shares without nominal or par value, of which 59,896,320 such shares were outstanding at the date hereof.

#### Class A Non-voting Shares

*Notice of Meetings.* Holders of Class A non-voting shares are entitled to notice of and to attend all meetings of shareholders. **Holders of Class A non-voting shares are not entitled to vote at any meetings of shareholders of Central Fund except as provided for by law and with respect to those matters set out in the articles of the Company, the majority of which are described below.**

*Certain Voting Rights.* So long as any Class A non-voting shares are outstanding, Central Fund shall not, without the prior approval of the holders thereof given by the affirmative vote of at least  $66\frac{2}{3}\%$  of the votes cast at a meeting of the holders of the Class A non-voting shares duly called for that purpose:

- (i) approve any change in the minimum amount of Central Fund's assets which must be invested in gold and silver related investments as required by its articles of incorporation. This minimum amount is currently set at 75% of the market value of the non-cash net assets of the Company;
- (ii) approve any change in the restrictions on the investments which Central Fund is permitted to make;
- (iii) issue more than an additional 10,000 common shares;
- (iv) create any class of shares ranking in preference or priority to the Class A non-voting shares;
- (v) create any class of shares ranking as to dividends in preference to or on a parity with the common shares;
- (vi) consolidate or subdivide the common shares, except where the Class A non-voting shares are consolidated or subdivided on the same basis;
- (vii) reclassify any shares into Class A non-voting shares or common shares; or
- (viii) provide to the holders of any other class of shares the right to convert into Class A non-voting shares or common shares.

In addition, so long as any of the Class A non-voting shares are outstanding, Central Fund shall not, without the prior approval of the holders thereof given by the affirmative vote of a majority of the votes cast at a meeting of the holders of the Class A non-voting shares duly called for that purpose, appoint any person, firm or corporation to replace the Administrator (or any duly authorized replacement of the Administrator) or to perform generally the duties and responsibilities of the Administrator under the Administration Agreement.

*Dividends.* The Class A non-voting shares are entitled to receive a preferential non-cumulative dividend of U.S.\$0.01 per share per annum and thereafter to participate pro rata in any further dividends with the common shares on a share-for-share basis.

*Purchase for Cancellation of Class A Non-voting Shares.* Central Fund may, at any time or times, subject to applicable regulatory requirements, purchase for cancellation in the open market or by invitation for tenders to all holders all or any part of the Class A non-voting shares then outstanding at the market price or lowest tender price per Class A non-voting share, as the case may be.

*Rights on Liquidation.* In the event of liquidation, dissolution or winding-up of Central Fund, the holders of Class A non-voting shares are entitled to receive U.S.\$3.00 per share together with any declared and unpaid dividends thereon, calculated to the date of payment before any amount is paid or any assets of Central Fund are distributed to the holders of common shares or any shares ranking junior to the Class A non-voting shares. The holders of Class A non-voting shares are entitled to participate pro rata in any further distributions of the assets of Central Fund with the holders of the then outstanding common shares on a share-for-share basis.

*Redemption.* Any holder of Class A non-voting shares is entitled, upon 90 days' notice, to require Central Fund to redeem on the last day of any of Central Fund's fiscal quarters, all or any of the **Class A non-voting** shares which that person then owns. The retraction price per Class A non-voting share shall be 80% of the net asset value per Class A non-voting share as of the date on which such Class A non-voting shares are redeemed. The articles of Central Fund provide for the suspension of redemptions during specified unusual circumstances such as suspensions of normal trading on certain stock exchanges or the London bullion market or to comply with applicable laws and regulations.

### **Common Shares**

The common shares entitle the holders to one vote per share at all annual and general meetings of the shareholders. The rights of common shares in respect of dividends and upon liquidation rank secondary to those of the Class A non-voting shares as described above.

Certain of the holders of a majority of the common shares have previously agreed that none of them may transfer their common shares unless: (1) as a condition of the completion of such transfer, the transferee agrees to be bound by similar terms; or (2) there has been obtained the prior approval of the board of directors of Central Fund (excluding any directors who are holders or nominees of holders of common shares). The same holders of common shares as a group may not transfer their common shares without the prior approval of the board of directors as described above.

### **Market for Securities**

Central Fund's Class A shares have been listed on the American Stock Exchange since April 3, 1986 and on The Toronto Stock Exchange since 1965. On January 31, 2004, there were 921 registered holders of record of the Class A shares, the substantial majority of beneficial holdings being in unregistered form. Central Fund believes that a majority of the Class A shares are held by U.S. residents.

The following table sets forth the high and low closing market prices of Central Fund's Class A shares and trading volumes as reported on such exchanges as well as the high and low net asset value per Class A share based upon the London second gold fix and the daily London silver fix:

Fiscal Quarter Ended	Net Asset Value (U.S. \$)		American Stock Exchange (U.S. \$)			Toronto Stock Exchange (Cdn. \$)		
	High	Low	High	Low	Volume	High	Low	Volume
2003 — October 31	4.45	4.06	4.93	4.57	9,051,900	6.89	6.20	4,286,500
July 31	4.21	3.89	4.68	4.10	9,663,600	6.57	5.50	2,340,200
April 30	4.21	3.71	5.49	4.39	9,294,100	8.24	6.35	3,811,500
January 31	4.17	3.67	5.03	4.16	7,366,000	7.64	6.52	2,435,400
2002 — October 31	3.82	3.62	4.39	4.03	5,192,600	7.00	6.28	3,541,400
July 31	4.01	3.68	4.91	3.92	14,373,300	7.50	6.11	2,167,200
April 30	3.73	3.43	3.99	3.62	1,794,100	6.26	5.60	414,900
January 31	3.66	3.30	3.58	3.20	721,800	5.73	4.95	133,400

Central Fund's 40,000 issued and outstanding common shares are closely held and are not publicly traded. On January 31, 2004 there were 58 registered holders of record of such common shares.

## DIRECTORS AND OFFICERS

The directors and officers of Central Fund, and nominees for director, are listed below. Terms of office run from the date of election or appointment until the close of the next annual meeting.

Name, Residence and Principal Occupation	Position and Office with Central Fund	Year Elected or Appointed to Position
John S. Elder Q.C. Toronto, Ontario Partner, Fraser Milner Casgrain LLP (Barristers & Solicitors)	Secretary and Director(C)	1983
Douglas E. Heagle Oakville, Ontario Chairman of NSBL International (International Investor)	Director(A)(C)(I)	1964
Ian M.T. McAvity Toronto, Ontario Corporate Director and President of Deliberations Research Inc. (Economic Consultants)	Director(E)	1983
Michael A. Parente CMA, CFP Hamilton, Ontario Director of Finance of First Ontario Credit Union Ltd.	Director (I)	1992
Robert R. Sale Tortola, British Virgin Islands Corporate Director	Director(A)(C)(I)	1983
Dale R. Spackman Q.C. Calgary, Alberta Partner, Parlee McLaws LLP (Barristers & Solicitors)	Vice-Chairman and Director(E)	2001 1990
J.C. Stefan Spicer Ancaster, Ontario President & CEO of Central Fund of Canada Limited and Portfolio Manager of All-Canadian Management Inc. (Mutual Fund Manager)	President, CEO and Director(E)	1997 1995
Philip M. Spicer Ancaster, Ontario President of The Central Group Alberta Ltd. (Administrator of Central Fund)	Chairman and Director(E)	2001 1961
Malcolm A. Taschereau Navan, Ontario Retired Gold Mining Executive	Director(A)(C)(I)	1985
Catherine A. Spackman CMA Calgary, Alberta Treasurer of The Central Group Alberta Ltd. (Administrator of Central Fund)	Treasurer	1989

For description of (A), (C), (E) and (I), see following page.

#### **(A) Member of Audit Committee**

The Audit Committee meets at least annually with management and the external auditors to discuss the independence of the internal auditors; the scope of the annual audit; the audit plan; access granted to the accounting system and related internal controls, co-operation of management in the audit and review function, the need for internal controls, the financial reporting process and related internal controls and financial risk management so as to satisfy itself that each party is properly discharging its responsibilities. The Committee has direct communication with the outside auditors as may be appropriate to discuss and review specific issues that may arise. The Committee also reviews the quarterly and annual financial statements, the Annual Information Form and the Annual Report including the external auditors' report and Management's Discussion and Analysis as well as the related press releases. The Committee further reviews the remuneration of and recommends for review by the Board and approval by the shareholders the re-appointment of the external auditors. It also reviews annually the form and adequacy of the compensation of the directors of the Company with a view to having the compensation realistically reflect the responsibilities and risks in being an effective director. The Committee also pre-approves all non-audit services proposed to be provided by the external auditors. No such services other than minor tax-related advice were provided during the past fiscal year. The external auditors of the Company are, as a matter of policy, currently precluded by the Board from supplying actuarial services; appraisal or evaluation services, fairness opinion or contribution-in-kind reports; bookkeeping or other services related to the accounting records or financial statements; broker or dealer, investment advisor or investment banking services; financial information systems design and implementation; internal audit outsourcing; legal services or expert services related to the audit; and management functions or human resources. The charter of the Audit Committee is set out on Central Fund's website. Mr. Heagle chairs the Audit Committee.

#### **(C) Member of Corporate Governance Committee**

The Corporate Governance Committee is responsible for developing the Company's approach to governance issues, facilitating education programs for all directors, assessing the size and effectiveness of the Board as a whole and of the Committee as well as assessing the contribution of individual Board members. The Committee's responsibility extends to ensuring that the board can function independently of management and monitoring the board's relationship to management. It reviews the communications policy of Central Fund to ensure that communications to shareholders, regulators and the investing public are factual and timely, are broadly disseminated in accordance with applicable policy and law and treat all shareholders fairly with respect to disclosure. The Committee meets independently of management from time to time or as necessary. Mr. Sale chairs the Corporate Governance Committee.

#### **(E) Member of Executive Committee**

The Executive Committee meets occasionally between regularly scheduled Board meetings and is delegated authority to deal with most matters. The proceedings of the Executive Committee are reviewed by the Board.

#### **(I) May be regarded as independent under the proposed corporate governance guidelines of the Ontario Securities Commission.**

### **RISK FACTORS**

The following are certain factors relating to the business of the Company which prospective investors should consider carefully before deciding whether to purchase Class A non-voting shares.

#### **Gold and Silver Price Volatility**

Central Fund's business almost entirely involves investing in pure gold and silver bullion. Therefore, the principal factors affecting the price of the Class A shares are factors which affect the price of gold and silver, and which are beyond the Company's control. However, the Company believes that such factors have a lesser impact on the shares of Central Fund than on shares of gold or silver producers as gold or silver producers have considerable inherent operational risks, resulting in more volatile share prices of such producers. Central Fund's net assets are denominated in U.S. dollars. As at October 31, 2003, the Company's assets were made up of 58.9% gold bullion, 39.2% silver bullion and 1.9% cash, marketable securities and other working capital amounts.

The Company does not engage in any leasing, lending or hedging activities involving these assets, so the value of the shares will depend on, and typically fluctuate within the price fluctuations of such assets.

The gold and silver prices may be affected by a variety of unpredictable international economic, monetary and political considerations. Macroeconomic considerations include: expectations of future rates of inflation; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted, and other currencies; interest rate volatility and unexpected global or regional political or economic events.

Central Banks have traditionally held gold within their international reserves, but in recent years have been selling within a collective 400 tonnes per annum limit of The Washington Accord of 1999, which expires in September 2004. That agreement is expected to be renewed, but the quantities and term are not yet determined. Speculation in this regard can impact the sentiment of the gold market.

Changing tax, royalty and land ownership regulations under different political regimes can impact market expectations for future gold and silver supplies. This can impact gold and silver mining shares.

#### **Price Volatility of Non-gold and Silver Assets and Other Commodities**

To the extent that the Company holds a nominal amount of securities of issuers in the precious metal industry, the value of such securities can also be affected by the same types of economic and political considerations.

In addition, Central Fund's business may also be affected to a lesser extent by the price of other commodities which may be viewed by investors as competitively priced or as an alternative to investing in gold and silver related investments.

#### **ADDITIONAL INFORMATION**

There are no officers or employees of Central Fund who receive remuneration from Central Fund for acting in such capacity. Officers who are also directors receive the standard director's fee, except that Messrs. P. Spicer and S. Spicer receive no remuneration as directors from Central Fund. Central Fund does not have any retirement or benefit plans. No director or officer of Central Fund is or has been indebted to Central Fund. Mr. Dale Spackman and Mrs. Catherine A. Spackman are husband and wife.

As of the date hereof, the directors and officers of Central Fund as a group beneficially own, directly or indirectly, approximately 58.6% of the outstanding common shares of Central Fund.

Central Fund's Registrar and Transfer Agent is CIBC Mellon Trust Company at Calgary, Montreal, Toronto and Vancouver. CIBC Mellon's Co-Transfer Agent for business in the United States is Mellon Investor Services LLC in New York.

Central Fund will provide to any person, upon request to Central Fund's President, Treasurer or Secretary at the Shareholder and Investor Inquiries' office located at Box 7319, Ancaster, Ontario L9G 3N6, the following additional information:

- (a) when securities of Central Fund are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities:
  - (i) one copy of Central Fund's Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;
  - (ii) one copy of the comparative financial statements of Central Fund for its most recently completed financial year, together with the accompanying report of Central Fund's auditor, and one copy of any of Central Fund's interim financial statements subsequent to the financial statements for the most recently completed financial year;

- (iii) one copy of Central Fund's Management Information Circular in respect of the most recent annual meeting of shareholders that involved the election of directors; and
  - (iv) one copy of any other document that is incorporated by reference into the short form prospectus or the preliminary short form prospectus and is not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any other document referred to in (a)(i), (ii) and (iii) above, provided that Central Fund may require the payment of a reasonable charge if the request is made by a person who is not a holder of Central Fund's securities.

Additional information, including directors' and officers' remuneration, principal holders of Central Fund's Class A shares and common shares and interests of insiders in material transactions, where applicable, is contained in Central Fund's Management Information Circular dated as of January 9, 2004 in connection with its annual meeting of shareholders to be held on February 23, 2004. Additional financial information is provided in Central Fund's 2003 Annual Report. Copies of Central Fund's Management Information Circular dated as of January 9, 2004 and the 2003 Annual Report may also be obtained by visiting our Website at [www.centralfund.com](http://www.centralfund.com).

Further information relating to Central Fund may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## UNDERTAKING

Central Fund of Canada Limited (the "Registrant") undertakes to make available, in person or by telephone, representatives to respond to enquiries made by the staff of the Securities and Exchange Commission ("SEC"), and to furnish promptly, when requested to do so by the SEC staff, information relating to the securities in relation to which the obligation to file an annual report on the Annual Information Form (Form 40-F) arises or transactions in said securities.



## *Central Fund of Canada Limited*

### STATEMENT OF NET ASSETS

(expressed in U.S. dollars)

	As at October 31,	
	2003	2002
<b>Net assets:</b>		
Gold bullion, at market (note 2)	\$ 114,733,517	75,716,165
Silver bullion, at market (note 2)	76,236,168	53,460,056
Marketable securities, at market (average cost — \$89,430)	70,998	41,486
Interest-bearing cash deposits	4,315,467	3,898,449
Prepaid bullion insurance and safekeeping	50,000	21,600
Interest receivable and other	12,545	11,957
	<u>195,418,695</u>	<u>133,149,713</u>
Accrued liabilities	(307,883)	(344,138)
Dividends payable (note 3)	(447,463)	(357,975)
	<u>(755,349)</u>	<u>(702,246)</u>
<b>Net assets representing shareholders' equity</b>	<b>\$ 194,663,349</b>	<b>132,447,600</b>
<b>Represented by:</b>		
Share capital (note 3)	\$ 191,167,812	153,368,513
Contributed surplus and retained earnings (note 4)	26,776,874	28,695,029
Unrealized depreciation of investments	(23,281,337)	(49,615,942)
	<u>\$ 194,663,349</u>	<u>132,447,600</u>
<b>Net asset value per share (expressed in U.S. dollars) (note1(c)(ii)):</b>		
Class A shares	\$ 4.35	3.70
Common shares	\$ 1.35	0.70
<b>Net asset value per share (expressed in equivalent Canadian dollars):</b>		
Class A shares	\$ 5.74	5.77
Common shares	\$ 1.78	1.09
<b>Exchange rate at end of year:</b>	<b>U.S. \$1.00 = Cdn.</b>	
	<b>\$ 1.3197</b>	<b>1.5603</b>

On behalf of the Board:

"DOUGLAS E. HEAGLE"  
Director

"PHILIP M. SPICER"  
Director

*See accompanying notes to financial statements.*

## STATEMENT OF LOSS

(expressed in U.S. dollars)

	Years ended October 31,		
	2003	2002	2001
<b>Income:</b>			
Interest	\$ 49,116	43,544	78,752
Dividends	258	401	380
Realized loss on sale of investments	—	(906,786)	—
	<u>49,374</u>	<u>(862,841)</u>	<u>79,132</u>
<b>Expenses:</b>			
Administration fees (note 5)	663,409	447,589	334,609
Safekeeping, insurance and bank charges	157,391	99,164	65,160
Shareholders' information	115,512	77,400	66,118
Professional fees	70,471	36,097	25,335
Directors' fees and expenses	57,641	50,449	41,994
Registrar and transfer agents' fees	41,521	29,872	30,291
Miscellaneous	1,373	2,125	1,174
Foreign exchange loss	17,514	6,776	8,772
	<u>1,124,832</u>	<u>749,472</u>	<u>573,453</u>
Loss from operations before income taxes	(1,075,458)	(1,612,313)	(494,321)
Income taxes (note 6)	(395,234)	(283,487)	(140,091)
<b>Net loss</b>	<u>\$ (1,470,692)</u>	<u>(1,895,800)</u>	<u>(634,412)</u>
<b>Net loss per share (note 1(c)(i)):</b>			
Class A shares	\$ (0.03)	(0.07)	(0.03)
Common shares	\$ (0.04)	(0.08)	(0.04)

## STATEMENT OF CHANGES IN NET ASSETS

(expressed in U.S. dollars)

	Years ended October 31,		
	2003	2002	2001
<b>Net assets at beginning of year</b>	\$ 132,447,600	66,351,795	68,364,799
<b>Add (Deduct):</b>			
Unrealized appreciation (depreciation) of investments during the year	26,334,605	3,795,333	(1,184,463)
Net loss	(1,470,692)	(1,895,800)	(634,412)
Dividends on Class A shares	(447,463)	(357,975)	(194,129)
Net issuance of Class A shares	37,799,299	63,647,461	—
Realized loss on investments during the year	—	906,786	—
	<u>62,215,749</u>	<u>66,095,805</u>	<u>(2,013,004)</u>
Increase (decrease) in net assets during the year			
<b>Net assets at end of year</b>	<u>\$ 194,663,349</u>	<u>132,447,600</u>	<u>66,351,795</u>

*See accompanying notes to financial statements.*

## STATEMENT OF SHAREHOLDERS' EQUITY

(expressed in U.S. dollars)

	Years ended October 31,		
	2003	2002	2001
<b>Share capital (note 3):</b>			
44,746,320 (2002: 35,797,520; 2001: 19,412,860) retractable, Class A shares issued	\$ 191,148,354	153,349,055	89,701,594
40,000 Common shares issued	19,458	19,458	19,458
	<u>191,167,812</u>	<u>153,368,513</u>	<u>89,721,052</u>
<b>Contributed surplus:</b>			
Balance at beginning of year	28,695,029	30,948,804	31,777,345
Transfer to retained earnings on elimination of deficit (note 4)	(1,918,155)	(2,253,775)	(828,541)
Balance at end of year	<u>26,776,874</u>	<u>28,695,029</u>	<u>30,948,804</u>
<b>Retained earnings:</b>			
Balance at beginning of year	—	—	—
Net loss	(1,470,692)	(1,895,800)	(634,412)
Dividends on Class A shares	(447,463)	(357,975)	(194,129)
	<u>(1,918,155)</u>	<u>(2,253,775)</u>	<u>(828,541)</u>
Transfer from contributed surplus on elimination of deficit (note 4)	1,918,155	2,253,775	828,541
Balance at end of year	<u>—</u>	<u>—</u>	<u>—</u>
<b>Unrealized depreciation of Investments:</b>			
Balance at beginning of year	(49,615,942)	(54,318,061)	(53,133,598)
Unrealized appreciation (depreciation) of investments during the year	26,334,605	3,795,333	(1,184,463)
Realized loss on investments during the year	—	906,786	—
Balance at end of year	<u>(23,281,337)</u>	<u>(49,615,942)</u>	<u>(54,318,061)</u>
<b>Shareholders' equity</b>	<u>\$ 194,663,349</u>	<u>132,447,600</u>	<u>66,351,795</u>

*See accompanying notes to financial statements.*

## NOTES TO FINANCIAL STATEMENTS

October 31, 2003, 2002 and 2001

(amounts expressed in U.S. dollars unless otherwise stated)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Central Fund of Canada Limited ("Central Fund" or the "Company") was incorporated under the Business Corporations Act, 1961 (Ontario), and was continued under the Business Corporations Act (Alberta) on April 5, 1990. The Company operates as a specialized investment holding company investing most of its assets in gold and silver bullion.

The Company's accounting policies, which conform with Canadian generally accepted accounting principles, are summarized below.

(a) Foreign exchange translation:

Canadian dollar cash deposits are translated at the rates of exchange prevailing at year end. Any difference between the year-end exchange rate and the exchange rate at the time such deposits were acquired is recorded in the statement of loss as a foreign exchange loss (gain).

Purchases and sales of investments traded in foreign currencies and the related income are translated at the rates of exchange prevailing when the transactions occur. Market values of investments quoted in foreign currencies are translated at the rates of exchange prevailing at year end.

(b) Investments:

Bullion and marketable securities are valued at market value. Gold bullion is valued at the afternoon London fixing and silver bullion is valued at the daily London fixing. Marketable securities are valued at prices as reported at the close of trading on recognized stock exchanges or over-the-counter markets.

Unrealized depreciation of investments represents the difference between the market value and average cost of investments.

Investment transactions are accounted for on the trade date. Realized gains and losses and unrealized appreciation or depreciation are calculated on the average cost basis.

Dividend income is recorded on the ex-dividend date.

(c) Per share amounts:

(i) Net loss per share:

The calculation of net loss per share is based on the weighted average number of Class A and Common shares outstanding during the year. The net loss per Class A share is reduced by U.S. \$.01 as the Class A shares are entitled to receive a U.S. \$.01 preferential non-cumulative annual dividend. The remaining loss for the year is attributed equally to each Class A share and Common share, without preference or distinction.

(ii) Net asset value per share:

The calculation of net asset value per share is based on the number of shares outstanding at the end of the year and gives effect to the Class A shares' entitlement to U.S. \$3.00 per share on liquidation, before any remaining net assets are attributed equally to each Class A share and Common share then outstanding.

(d) Income taxes:

The Company follows the liability method of tax allocation for accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

## 2. GOLD AND SILVER BULLION:

Holdings at October 31:		2003	2002	2001
<b>Gold bullion:</b>				
Fine ounces	— 100 and 400 oz. bars	291,894	235,539	129,725
	— bank certificates	5,151	3,389	2,502
		<u>297,045</u>	<u>238,928</u>	<u>132,227</u>
Cost	—	\$ 111,164,364	89,697,793	55,750,650
Market value	—	\$ 114,733,517	75,716,165	36,858,284
Market value	— per fine ounce	386.25	316.90	278.75
<b>Silver bullion:</b>				
Ounces	— 1000 oz. bars	14,600,809	11,780,865	6,450,252
	— bank certificates	245,572	165,516	165,516
		<u>14,846,381</u>	<u>11,946,381</u>	<u>6,615,768</u>
Cost	— \$	103,068,226	89,046,426	62,748,151
Market value	—	\$ 76,236,168	53,460,056	28,282,409
Market value	— per ounce	\$ 5.135	4.475	4.275

## 3. SHARE CAPITAL:

The authorized share capital consists of 100,000,000 Class A non-voting shares without nominal or par value and 50,000 Common shares without nominal or par value.

Since October 1989, holders of the Company's Class A shares have had the option to require the Company to redeem their Class A shares on the last day of each fiscal quarter of the Company (each a "Retraction Date") for 80% of the Company's net asset value per Class A share on the Retraction Date (as calculated in accordance with note 1(c)(ii)). Class A shareholders who wish to exercise this retraction right must submit their written redemption request at least 90 days prior to the desired Retraction Date. The Articles of the Company provide for the suspension of redemptions during specified unusual circumstances such as suspensions of normal trading on certain stock exchanges or the London bullion market or to comply with applicable laws or regulations.



The holders of the Class A shares are entitled to receive a preferential non-cumulative annual dividend of U.S. \$.01 per share. Any further dividends declared are to be paid rateably on the Class A shares and Common shares then outstanding, without preference or distinction. The Company has adopted a policy that any dividends declared shall be to shareholders of record at the close of business each October 31, with payment of such dividends being made during November of the same year.

On April 3, 2002, the Company, through a private placement, issued 4,153,846 Class A shares for gross proceeds of \$15,660,000. Costs relating to this issue were \$60,000 and net proceeds were approximately \$15,600,000.

The Company used the net proceeds from this private placement to purchase 26,492 fine ounces of gold at a cost of \$8,093,304 and 1,340,000 ounces of silver at a cost of \$6,405,200, both in physical bar form. The balance of the net proceeds, approximately \$1,101,496, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On May 2, 2002, the Company, through a private placement, issued 646,154 Class A shares for gross proceeds of \$2,424,614. Costs relating to this issue were \$15,000 and net proceeds were \$2,409,614.

The Company used the net proceeds from this private placement to purchase 3,936 fine ounces of gold at a cost of \$1,227,892 and 190,871 ounces of silver at a cost of \$894,364, both in physical bar form. The balance of the net proceeds, \$287,358, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On June 6, 2002, the Company, through a public offering, issued 11,584,660 Class A shares for gross proceeds of \$46,112,740. Costs relating to this public offering were \$474,893 and net proceeds were \$45,637,847.

The Company used the net proceeds from this public offering to purchase 76,273 fine ounces of gold at a cost of \$24,625,947 and 3,799,742 ounces of silver at a cost of \$18,998,711. Of these quantities, all but 887 fine ounces of gold were purchased in physical bar form. This remainder was purchased in certificate form. The balance of the net proceeds, \$2,013,189 has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On January 30, 2003, the Company, through a private placement, issued 3,500,000 Class A shares for proceeds, net of underwriting fees of \$611,800, of \$14,683,200. Costs relating to this private placement were approximately \$125,000 and net proceeds were approximately \$14,558,200.

The Company used the net proceeds from this private placement to purchase 22,517 fine ounces of gold at a cost of \$8,110,651 and 1,120,000 ounces of silver at a cost of \$5,488,000, both in physical bar form. The balance of the net proceeds, \$959,549, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

On February 14, 2003, the Company, through a private placement, issued 5,448,800 Class A shares for proceeds, net of underwriting fees of \$1,039,767, of \$23,425,345. Costs relating to this private placement were \$184,246 and net proceeds were \$23,241,099.

The Company used the net proceeds from this private placement to purchase 35,600 fine ounces of gold, 33,838 ounces in physical bar form and 1,762 ounces in certificate form, at a cost of \$13,355,920, and 1,780,000 ounces of silver, 1,699,944 ounces in physical bar form and 80,056 ounces in certificate form, at a cost of \$8,533,800. The balance of the net proceeds, \$1,351,379, has been retained by the Company in interest-bearing cash deposits for working capital purposes.

The stated capital and recorded capital of the Company as at and for the years ended October 31, 2003, 2002 and 2001 are as follows:

	2003	2002	2001
Stated capital — 44,746,320 Class A shares (2002: 35,797,520; 2001: 19,412,860)			
Class A shares	\$ 199,128,634	161,020,089	96,822,735
Net share issue costs	(7,980,280)	(7,671,034)	(7,121,141)
Recorded capital			
— Class A shares	191,148,354	153,349,055	89,701,594
— 40,000 Common shares	19,458	19,458	19,458
Capital stock	\$ 191,167,812	153,368,513	89,721,052
Weighted average Class A shares outstanding	42,315,843	26,582,845	19,412,860

#### 4. CONTRIBUTED SURPLUS AND RETAINED EARNINGS:

On September 26, 1985, the shareholders authorized the use of contributed surplus to eliminate any deficit that may arise from losses and on the payment of the Class A shares' stated dividend per share. Accordingly, \$1,918,155, \$2,253,775 and \$828,541 were transferred from contributed surplus to retained earnings on October 31, 2003, 2002 and 2001, respectively.

This change did not affect the net asset value of the Company.

#### 5. ADMINISTRATION FEES:

The Company is party to an agreement with The Central Group Alberta Ltd., which is related to the Company through certain of its officers and directors. The Central Group Alberta Ltd. furnishes administrative and consulting services to the Company. For such services, the Company pays an administrative fee, payable monthly, at an annual rate of  $\frac{1}{2}$  of one percent based on the Company's net assets up to \$50,000,000,  $\frac{3}{8}$  of one percent on the next \$50,000,000 in net assets and  $\frac{1}{4}$  of one percent on any excess over \$100,000,000.

#### 6. INCOME TAXES:

The following table reconciles the reported income tax expense to the income tax provision which would have been obtained by applying the combined basic Canadian federal and provincial income tax rates to the Company's loss before income taxes:

	2003	2002	2001
Combined basic Canadian federal and provincial income tax rates	37%	40%	43%
Recovery of income taxes based on combined basic Canadian federal and provincial income tax rate	\$ 397,919	644,925	212,558
Increase (decrease) in income taxes resulting from:			
Losses not recognized	(397,919)	(644,925)	(212,558)
Federal large corporations tax	395,234	283,487	140,091
	\$ 395,234	283,487	140,091

The Company is subject to the Canadian Federal large corporations tax based on its taxable capital employed in Canada at the end of its fiscal year. At October 31, 2003, the Company had an accumulated large corporations tax balance of \$1,405,000 which is available to be applied against future years' corporation surtax, if any. This balance expires between the years 2004 and 2010.

At October 31, 2003, the Company had \$4,673,000 of accumulated non-capital losses expiring in the years 2004 to 2010 and \$1,394,000 of accumulated net capital losses for income tax purposes which are available to reduce future years' taxable income.

A valuation allowance has been recorded against all of the non-capital and net capital losses and the accumulated Federal large corporations tax balance available for carryforward.

#### 7. DIFFERENCE BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. These principles differ from the accounting principles and practices prescribed in the United States with regard to the presentation of the Company's unrealized appreciation (depreciation) of investments.

Under Canadian generally accepted accounting principles, the Company records the unrealized appreciation (depreciation) of its investments as a component of shareholders' equity, and changes therein are presented in the statement of shareholders' equity. Under accounting principles generally accepted for investment companies in the United States, these amounts are reflected in the statement of loss. As a result, the following additional information is provided for the benefit of United States shareholders:

	Years ended October 31		
	2003	2002	2001
Net loss as reported under Canadian principles	\$ (1,470,692)	(1,895,800)	(634,412)
Unrealized appreciation (depreciation) of investments during the year	26,334,605	3,795,333	(1,184,463)
Realized loss on investments during the year	—	906,786	—
Net income (loss) under United States principles	\$ 24,863,913	2,806,319	(1,818,875)
Net income (loss) per share under United States principles:			
Class A shares	\$ 0.59	0.11	(0.09)
Common shares	\$ 0.58	0.10	(0.10)

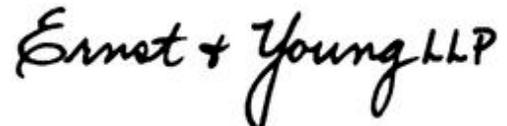
The net assets of the Company are identical under Canadian and United States generally accepted accounting principles.

### Auditors' Report To The Shareholders

We have audited the statement of net assets of Central Fund of Canada Limited as at October 31, 2003 and 2002 and the statements of loss, changes in net assets and shareholders' equity for each of the years in the three-year period ended October 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2003 and 2002 and the results of its operations and the changes in its net assets for each of the years in the three-year period ended October 31, 2003 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Toronto, Canada  
November 21, 2003

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on Central Fund's financial statements which are prepared in accordance with accounting principles generally accepted in Canada.

### *Results of Operations — Changes in Net Assets*

The change in net assets as reported in U.S. dollars from period to period is primarily a result of the changing market prices of gold and silver and the proportion of each held by the Company. Also, because gold and silver are initially denominated in U.S. dollars, changes in the value of the U.S. dollar relative to the Canadian dollar will also have an impact on net assets when reported in Canadian dollars. The following table summarizes the changes in net assets in both U.S. and Canadian dollars, gold and silver prices, and the exchange rate between U.S. and Canadian dollars:

	Years ended October 31					
	2003		2002		2001	
	U.S.\$	Cdn.\$	U.S.\$	Cdn.\$	U.S.\$	Cdn.\$
Change in net assets from prior year (in millions)	\$ 62.2	\$ 50.2	\$ 66.1	\$ 101.5	\$ (2.0)	\$ 0.9
% change from prior year	47.0%	24.3%	99.6%	96.3%	(2.9)%	0.9%
Change in net assets per Class A share from prior year	\$ 0.65	\$ (0.03)	\$ 0.28	\$ 0.35	\$ (0.10)	\$ 0.04
% change per Class A share from prior year	17.6%	(0.5)%	8.2%	6.5%	(2.8)%	0.7%
Gold price (U.S.\$ per fine ounce)	\$ 386.25		\$ 316.90		\$ 278.75	
% change from prior year	21.9%		13.7%		5.4%	
Silver price (U.S.\$ per ounce)	\$ 5.135		\$ 4.475		\$ 4.275	
% change from prior year	14.7%		4.7%		(9.8)%	
Exchange rate: \$1.00 U.S. = Cdn.	\$ 1.3197		\$ 1.5603		\$ 1.5867	
% change from prior year	(15.4)%		(1.7)%		3.9%	

In 2003, net assets as reported in U.S. dollars increased by \$62.2 million or 47.0%. A large portion of this increase was the result of two private placements during the year as described in note 3 to the financial statements. In both cases, these share offerings were issued at a premium over the net asset value per Class A share at the time, such that there was no dilution of the interests of existing Class A shareholders. Of the net proceeds from these share issues totalling \$37,799,299, \$21,466,571 was used to purchase 58,117 fine ounces of gold bullion, and \$14,021,800 was used to purchase 2,900,000 ounces of silver bullion, primarily in physical bar form. The balance of the proceeds, \$2,310,928, was retained in interest-bearing cash deposits for working capital purposes.

The balance of the increase in net assets is primarily attributable to the increases in the prices of gold (21.9%) and silver (14.7%) during the year.

The increase in net assets described above was nominally offset by the net loss incurred during the year and the dividend paid on the Class A shares. Though subject to the same effects as described above, net assets, as reported in Canadian dollars, decreased by 0.5% as a result of the 15.4% decrease in the U.S. dollar relative to the Canadian dollar.

In 2002, net assets as reported in U.S. dollars increased by \$66.1 million or 99.6%. A significant portion of this increase was the result of two private placements and a public offering of Class A shares during the year as described in note 3 to the financial statements. In all cases, these share offerings were issued at a premium over the net asset value per Class A share at the time, such that there was no dilution of the interests of existing Class A shareholders. Of the net proceeds from these share issues totalling \$63,647,461, \$33,947,143 was used to purchase 106,701 fine ounces of gold bullion, and \$26,298,275 was used to purchase 5,330,613 ounces of silver bullion, primarily in physical bar form. The balance of the proceeds, \$3,402,043 was retained in interest-bearing cash deposits for working capital purposes.

The increase in net assets resulting from the factors described above was nominally offset by the net loss incurred during the year and the dividend paid on Class A shares. Though subject to the same effects as described above, net assets, as reported in Canadian dollars, increased at a slightly lower rate of 96.3%, as a result of the 1.7% decrease in the U.S. dollar relative to the Canadian dollar.

In 2001, net assets as reported in U.S. dollars decreased by 2.9%. Gold prices increased by 5.4% whereas silver prices decreased by 9.8% during the year. Also contributing to this decrease were the net loss incurred during the year and the dividend paid on Class A shares. Though subject to the same effects as described above, net assets as reported in Canadian dollars increased by 0.9% as the 3.9% increase in the U.S. dollar relative to the Canadian dollar more than offset the net decline resulting from the aforementioned items.

There were no purchases or sales of gold or silver bullion during the 2001 fiscal year.

It is possible to predict the impact that changes in the market prices of gold and silver will have on the net asset value per Class A share. Assuming as a constant exchange rate the rate which existed on October 31, 2003 of \$1.3197 Cdn. for each U.S. dollar together with holdings of gold and silver bullion which existed on that date, a 10% change in the price of gold would increase or decrease the net asset value per share by approximately \$0.26 per share or Cdn. \$0.34 per share. A 10% change in the price of silver would increase or decrease the net asset value per share by approximately \$0.17 per share or Cdn. \$0.23 per share. If both gold and silver prices were to change by 10% simultaneously in the same direction, the net asset value per share would increase or decrease by approximately \$0.43 per share or Cdn. \$0.57 per share.

When expressed in U.S. dollar terms, Central Fund's net asset value per Class A share is largely unaffected by changes in the U.S./Canadian dollar exchange rate due to the fact that nearly all of Central Fund's net assets are priced internationally in U.S. dollar terms. However, changes in the value of the U.S. dollar relative to the Canadian dollar have a direct impact on net assets as expressed in Canadian dollars. This arises because over 99% of Central Fund's net assets are initially denominated in U.S. dollars as at October 31, 2003, including gold and silver bullion and some U.S. cash. An increase in the value of the Canadian dollar versus the U.S. dollar means that the aforementioned U.S. dollar denominated assets are worth less when expressed in Canadian dollar terms.

It is also possible to predict the impact that changes in the value of the U.S. dollar relative to the Canadian dollar will have on the net asset value per Class A share as reported in Canadian dollars. As previously mentioned, over 99% of Central Fund's net assets are denominated in U.S. dollars. Assuming constant gold and silver prices, a 10% increase or decrease in the value of the U.S. dollar relative to the Canadian dollar would change the net asset value per share as expressed in Canadian dollars in the same direction by approximately the same percentage.

### ***Results of Operations — Net Loss***

Central Fund's income objective is secondary to its investment objective of holding the vast majority of its net assets in gold and silver bullion. Generally, Central Fund only seeks to maintain adequate cash reserves to enable it to pay operating expenses, taxes and Class A share dividends. Because gold and silver bullion do not generate revenue, Central Fund's revenues are a low percentage of its net assets. Accordingly, in the last three fiscal years, Central Fund has incurred net losses. Central Fund expects to generate cash flow from its holdings of cash equivalents and marketable securities, and sells bullion certificates only if necessary to replenish cash reserves. Administration fees, which have ranged from 58% to 60% of Central Fund's operating expenses before income taxes in the three-year period ended October 31, 2003, are calculated monthly based on an annualized percentage (not exceeding  $\frac{1}{2}$  of 1%) of Central Fund's net assets. Accordingly, these fees vary directly with changes in net assets.

### ***Fiscal 2003 Compared to Fiscal 2002***

The net loss of \$1,470,692 during the 2003 fiscal year was 22.4% lower than the 2002 loss of \$1,895,800. Interest income was comparable to the prior year as average balances of interest-bearing cash deposits remained relatively constant.

There were no dispositions of marketable securities during fiscal 2003, whereas, as discussed below, a portion of the portfolio representing junior mining companies was sold in 2002 resulting in realized losses in that year.

Operating expenses (which exclude income taxes) increased by 50.1% over the prior year. The increase in net assets during the year as a result of the two private placements and the increases in the prices of gold and silver had an impact on several expense categories. Administration fees, which are calculated monthly based on net assets at each month end increased during the year as a direct result of the higher level of net assets attributable to the factors mentioned above. Similarly, safekeeping fees and bullion insurance costs have increased to reflect larger quantities and dollar values of gold and silver bullion being held. Shareholder information costs increased as U.S. and Canadian stock exchange fees were increased at the time of filing the share issues. Professional fees increased in part due to an increase in audit related services. Additional legal costs have been incurred for the preparation of a Directors' Guidebook, website disclaimer and other corporate governance matters. Directors' fees and expenses increased due to recent corporate governance requirements leading to more Corporate Governance Committee meetings and more Audit Committee meetings to review the quarterly financial statements.

***Operating expenses (which exclude income taxes) as a percentage of the average of the month-end net assets during the 2003 fiscal year were reduced to 0.65% compared to 0.75% in 2002. Income taxes, or more specifically the Federal large corporations tax, are based on the Company's total net assets as at its fiscal year end. The increase in income taxes is directly related to the higher net asset level which existed at October 31, 2003.***

### *Fiscal 2002 Compared to Fiscal 2001*

The net loss of \$1,895,800 during the 2002 fiscal year was 198.8% higher than the 2001 loss of \$634,412. Interest income during the year was sharply reduced due to lower average balances of interest-bearing cash deposits combined with declining interest rates during the year as compared with the prior year. However, cash balances have increased significantly as a result of the Class A share issues which have resulted in higher interest income in recent months and should continue to have a positive impact on interest earned in subsequent periods.

Management made the decision to focus its small portfolio of equity securities on high quality, senior gold and/or silver producers. As such, a portion of the existing older portfolio representing junior mining companies were sold, resulting in a realized loss representing approximately one-half of the net loss incurred during the year.

Operating expenses (which exclude income taxes) increased by 30.7% over the prior year. The increase in net assets during the year as a result of two private placements and a public share offering during the year had an impact on several expense categories. Administration fees, which are calculated monthly based on net assets at each month end, increased during the year as a direct result of the higher level of net assets attributable to the issuances of Class A shares. Safekeeping fees and bullion insurance costs have increased to reflect the larger quantities and dollar values of gold and silver bullion being held as a result of bullion purchases from the proceeds of the share issues. Shareholder information costs increased as U.S. and Canadian stock exchange fees were increased at the time of filing the share issues. Directors' fees have increased as a result of the addition of an independent director (formerly an officer and inside director).

***Operating expenses (which exclude income taxes) as a percentage of the average of the month-end net assets during the 2002 fiscal year were reduced to 0.75% compared to 0.90% in 2001. Income taxes, or more specifically the Federal large corporations tax, are based on the Company's total net assets as at its fiscal year end. The increase in income taxes is directly related to the higher net asset level which existed at October 31, 2002.***

### *United States Generally Accepted Accounting Principles*

Net income (loss) as it would be determined under accounting principles generally accepted in the United States (whereby the change in unrealized appreciation/depreciation of investments is reflected in the statement of income(loss)) has been, and is expected to be, volatile, as a result of the changing market prices of gold and silver.

### *Liquidity and Capital Resources*

Central Fund's liquidity objective is to hold cash reserves primarily for the generation of cash flow to be applied to pay operating expenses, tax payments and Class A share dividends. At October 31, 2003, Central Fund's cash reserves including cash equivalents were \$4,315,000. The comparable figure at October 31, 2002 was \$3,898,000.

The ability of Central Fund to have sufficient cash for operating expenses, tax and dividend payments, and demands for redemption (if any), is primarily dependent upon its ability to realize cash flow from its cash equivalents and marketable securities. Should Central Fund not have sufficient cash to meet its needs, portions of Central Fund's bullion holdings and/or marketable securities portfolio may be sold to fund tax and dividend payments, provide working capital and pay for redemptions (if any) of Class A shares. Sales of such investments could result in Central Fund realizing capital losses or gains. Central Fund qualifies as a Mutual Fund Corporation for Canadian income tax purposes. As a Mutual Fund Corporation, any Canadian tax payable by Central Fund to the extent that it relates to taxable capital gains is fully refundable when the realized gains are distributed to shareholders through redemptions. Should Central Fund not qualify as a Mutual Fund Corporation at any time in the future, Central Fund would have to pay non-refundable tax on such capital gains, if any. Payments for such distributions or tax would be a further use of Central Fund's cash resources.

During the fiscal year ended October 31, 2003, Central Fund's cash reserves increased by \$417,000 from those which existed at October 31, 2002. The primary sources and uses of cash are as follows:

#### *Sources of Cash*

The primary inflow of cash resulted from the proceeds (net of share issue costs of \$309,000) from the issuance of Class A shares during the year of \$37,799,000. An additional \$49,000 was generated from interest on short-term securities.

#### *Uses of Cash*

The primary outflow of cash involved the purchase of gold and silver bullion with the proceeds from the share issues referred to above. Central Fund paid \$21,466,000 to purchase 58,117 fine ounces of gold and \$14,022,000 to purchase 2,900,000 ounces of silver.

Central Fund paid \$1,127,000 during the 2003 fiscal year for operating expenses, \$197,000 of which related to amounts which had been accrued at October 31, 2002 and were reflected in the accounts of that year. Other cash outflows during the year included \$456,000 in payments of the Canadian federal large corporations tax, \$358,000 paid in the 2003 fiscal year with respect to Central Fund's October 31, 2002 Class A share dividend declared, and \$2,000 as an additional investment in a non-operating subsidiary.

Central Fund's board of directors made the decision to build up cash reserves by maintaining a portion of the proceeds from share issues in recent years in cash and cash equivalents. Consistent with this objective, \$2,311,000 of the \$37,799,000 received on the issuance of Class A shares this year was kept in interest-bearing cash deposits. These amounts are to be used to pay operating expenses, tax and dividend payments, and demands for redemption (if any). Management is mindful of Central Fund's normal trend of diminishing cash reserves, but monitors its cash position with an emphasis on maintaining its gold and silver bullion holdings as opposed to generating income. Management's mandate and Central Fund's stated objective are to hold the maximum portion of its assets in the form of gold and silver bullion as it deems reasonable. Although holding bullion does not generate income as noted above, Central Fund has the ability to generate any necessary cash by liquidating a small portion of its holdings. At low cash reserve levels and in the absence of other sources of capital, liquidations may be made regardless of market conditions and could result in Central Fund realizing losses on its bullion or marketable security holdings.

***Inflation***

Because Central Fund's financial statements are prepared on a market price basis, the impact of inflation and changing prices on the price of gold and silver is reflected in these financial statements.

***The Relationship between Gold, Silver and Central Fund***

The following chart shows the price movements of gold, silver and Central Fund's Class A shares (in U.S. dollars) over the past three years:



### CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the incorporation by reference in this Annual Report (Form 40-F) of Central Fund of Canada Limited of our report dated November 21, 2003 with respect to the financial statements of Central Fund of Canada Limited included in the 2003 Annual Report to Shareholders of Central Fund of Canada Limited.



Toronto, Canada  
November 21, 2003

Chartered Accountants

**CENTRAL FUND OF CANADA LIMITED  
ANNUAL INFORMATION FORM  
UNDERTAKING**

TO: British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Commission des valeurs mobilières du Québec  
Office of the Administrator, New Brunswick  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Newfoundland Securities Commission  
(the "Commissions")

In connection with the filing pursuant to National Policy Statement No. 47 of the Form 40-F dated February 23, 2004 for the fiscal year ended October 31, 2003, prepared pursuant to Section 13 or 15(d) of the *Securities Exchange Act of 1934* (U.S.A.), which constitutes the annual information form of Central Fund of Canada Limited (the "Corporation"), the Corporation hereby undertakes to provide to any person or corporation, upon request to the Secretary of the Corporation:

- (a) when the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed by the Corporation in respect of a proposed distribution of its securities;
  - (i) one copy of the latest annual information form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference, filed with the Commissions;
  - (ii) one copy of the comparative financial statements of the Corporation filed with the Commissions for the most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditor thereon;
  - (iii) one copy of the information circular of the Corporation filed with the Commissions in respect of the most recent annual meeting of shareholders of the Corporation which involved the election of directors; and
  - (iv) one copy of any other reports filed with the Commissions which are incorporated by reference into the preliminary short form prospectus or the short form prospectus; or
- (b) at any other time the documents referred to in clauses (a) (i), (ii) and (iii) above, provided that the Corporation may require the payment of a reasonable charge from such a person or corporation who is not a security holder of the Corporation where the documents are furnished under this clause (b).

DATED the 23rd day of February, 2004.

**CENTRAL FUND OF CANADA LIMITED**

By: /s/ J.C. STEFAN SPICER c.s.

\_\_\_\_\_  
J.C. Stefan Spicer  
President and CEO

**CENTRAL FUND OF CANADA LIMITED**  
**CERTIFIED COPY OF A**  
**RESOLUTION OF THE BOARD OF DIRECTORS**  
**ANNUAL INFORMATION FORM**

BE IT RESOLVED THAT:

1. the Form 40-F prepared pursuant to Section 13 or 15(d) of the *Securities Exchange Act, 1934* (U.S.A.) for the Corporation and dated February 23, 2004 is hereby confirmed as the annual information form of the Corporation (the "Annual Information Form");
2. the filing of the Annual Information Form with the securities regulatory authorities in each of the provinces pursuant to National Policy Statement No. 47 is hereby authorized and approved;
3. there be filed with such securities regulatory authorities all such statements, forms and other documents as the Corporation shall be advised by legal counsel are necessary or desirable to be so filed; and
4. any one or more of the directors or officers of the Corporation are hereby authorized to do and perform all such acts and things, sign all such documents and take all such other steps as may, in the opinion of such directors or officers, be necessary or desirable to properly carry out the intent of the foregoing.

CERTIFIED to be a true copy of a resolution passed by the board of directors of CENTRAL FUND OF CANADA LIMITED, which resolution is in full force and effect, unamended as of the date hereof.

DATED the 23rd day of February, 2004.

By: /s/ J.C. STEFAN SPICER c.s.

\_\_\_\_\_  
Name: J.C. Stefan Spicer  
Title: President and CEO

**CENTRAL FUND OF CANADA LIMITED  
ANNUAL INFORMATION FORM  
CERTIFICATE**

TO: British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Commission des valeurs mobilières du Québec  
Office of the Administrator, New Brunswick  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Newfoundland Securities Commission  
Securities Registry, Government of the Northwest Territories  
Registrar of Securities, Government of the Yukon Territories

This certificate is delivered pursuant to paragraph 5.3 of National Policy Statement No. 47 (the "Policy") in connection with the filing of the Form 40-F dated February 23, 2004 for the fiscal year ended October 31, 2003, prepared pursuant to Section 13 or 15(d) of the *Securities Exchange Act of 1934* (U.S.A.), which constitutes the annual information form of Central Fund of Canada Limited (the "Corporation").

The Corporation, by its duly authorized officer, J.C. Stefan Spicer, President and CEO, hereby certifies as follows:

1. The Corporation has been a reporting issuer under the Securities Acts of the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland for more than 36 calendar months prior to the date hereof.
2. The Corporation is not in default of any requirements of such Securities Acts or the regulations thereunder at the date hereof.
3. The aggregate market value of the Class A shares of the Corporation, calculated in accordance with the Policy, listed and posted for trading on stock exchanges in Canada and held by "non-insider" securities holders of the Corporation was in excess of \$75 million during October, 2003, being the last calendar month of the most recently completed financial year of the Corporation for which financial statements have been prepared and reported on by the auditor of the Corporation.

DATED the 23rd day of February, 2004.

**CENTRAL FUND OF CANADA LIMITED**

By: /s/ J.C. STEFAN SPICER c.s.

\_\_\_\_\_  
J.C. Stefan Spicer  
President and CEO

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