

## ***The Role of Central Fund***

**To serve investors as "The Sound Monetary Fund".  
To hold gold and silver bullion on a secure basis for the  
convenience of investors.**

*Investment  
Policies &  
Restrictions*

**A**rticles of incorporation require that at least 75% of Central Fund's non-cash assets be in gold and silver related investments. This cannot be changed without shareholder approval.

The stated investment policy of the Board of Directors requires Central Fund to maintain a minimum of 90% of its net assets in gold and silver bullion of which at least 85% must be in physical form. On October 31, 1999, over 97% of Central Fund's net assets were invested in gold and silver bullion.

Central Fund's physical gold and silver bullion holdings may not be loaned, subjected to options or otherwise encumbered in any way.

*Safeguards*

**B**ullion is stored on a fully segregated basis in the underground vaults of the Canadian Imperial Bank of Commerce, one of the largest banks in North America in terms of total assets.

The bank may release physical bullion holdings only upon receipt of an authorizing resolution of Central Fund's Board of Directors.

The physical gold and silver bullion holdings are insured against destruction, disappearance or wrongful abstraction.

Bullion holdings and bank vault security are inspected twice annually by directors and/or officers of Central Fund. On every occasion, inspections are required to be performed in the presence of both Central Fund's external auditors and bank personnel.

Central Fund is subject to the regulations and reporting requirements of the United States Securities and Exchange Commission, two stock exchanges and various Canadian provincial regulatory authorities.

*Conveniences*

**C**entral Fund's Class A shares are listed on the American Stock Exchange (CEF) and on the Toronto Stock Exchange Inc. (CEF.A). Making a gold and silver bullion investment through Central Fund is as easy as calling one's stockbroker.

Stock exchange listings provide a readily quoted, liquid market for the Class A shares of Central Fund. The bid/ask spread is considerably less than the buying and selling prices of outright bullion purchases, especially for small transactions.

All expenses of handling, storage and insurance of bullion are paid by Central Fund. Unlike most other forms of bullion investment, there are no storage costs paid by the investor. As well, there are no assay charges to the shareowner on sale, redemption or liquidation of the Class A shares of Central Fund.

## **Directors' 38th Report to Shareowners**

Central Fund of Canada Limited is a low-cost and most convenient facility for the ownership of gold and silver bullion. At October 31, 1999, the Class A shares of Central Fund were backed over 97% by gold and silver bullion and may be purchased and/or sold with ease on either the American Stock Exchange or the Toronto Stock Exchange. The Class A shares of Central Fund are an excellent alternative to the high costs of bullion buying, selling, handling, recording, storage, insurance and assay costs at time of sale. Central Fund is also a desirable alternative to bullion coins which have an added sales tax cost in most North American jurisdictions. The role of Central Fund is more thoroughly described on page 1.

During the year, the net asset value per Class A share as reported in U.S. dollars increased by 1.5% from \$3.92 to \$3.98. Gold prices increased by 2.3% during the year and silver prices increased by 4.6%. These increases were partially offset by the net loss incurred during the year (before realized losses on the sales of bullion certificates) and the dividend paid on Class A shares. The net asset value per Class A share, as reported in Canadian dollars, while subject to the same effects described above, decreased by 3.0% as a result of the 4.6% decrease in the U.S. dollar relative to the Canadian dollar.

The change in net assets during the year was comprised of the following:

| <i>Per Class A share</i>                    | <i>U.S. \$<br/>Terms</i> | <i>Cdn. \$<br/>terms</i> |
|---|--------------------------|--------------------------|
| <i>Net asset value, October 31, 1998</i>    | <i>\$ 3.92</i>           | <i>\$ 6.04</i>           |
| <b>Changes due to:</b>                      |                          |                          |
| <i>Change in gold price</i>                 | <i>.05</i>               | <i>.06</i>               |
| <i>Change in silver price</i>               | <i>.08</i>               | <i>.13</i>               |
| <i>Change in U.S./Cdn. \$ exchange rate</i> | <i>N/A</i>               | <i>(.29)</i>             |
| <i>Loss from operations and other*</i>      | <i>(.06)</i>             | <i>(.07)</i>             |
| <i>Dividends paid</i>                       | <i>(.01)</i>             | <i>(.01)</i>             |
| <i>Net asset value, October 31, 1999</i>    | <i>\$ 3.98</i>           | <i>\$ 5.86</i>           |

\* As the net asset value per share is calculated based on the market values of gold bullion, silver bullion and marketable securities, the "loss from operations and other" excludes realized losses on sales of bullion certificates.

For the year ended October 31, 1999, the net loss decreased by 1.0%. Realized losses on the sales of bullion certificates for working capital purposes were approximately \$79,000 higher than in 1998. Certificates representing 1,000 fine ounces of gold were sold in the current year compared to 900 fine ounces last year at an average price which was U.S. \$9.25 per fine ounce lower. Certificates representing 50,000 ounces of silver were sold in the current year compared to 45,000 ounces last year at an average price which was U.S. \$0.75 per ounce lower than the price received in 1998. In both years, sales were made to generate cash for ongoing operating purposes. Operating expenses declined by 7.0% over the prior year. Administration fees, which are calculated monthly based on net assets, were lower this year as average monthly net assets were lower in the current year despite being higher at year end. Safekeeping fees and printing costs were reduced as a result of adjustments relating to the prior year. A stronger Canadian dollar resulted in a foreign currency exchange gain in the current year as opposed to a loss in the prior year.

A more detailed analysis of Central Fund's Results of Operations is included in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Annual Report.

On December 15, 1998, the Company concluded a rights offering. The results of that offering, including the Series 1 and Series 2 Warrants that formed part of this offering, are referred to in notes 3 and 9 to the financial statements on pages 9 and 11 herein.

A portion of the proceeds from the rights offering were used to purchase 2,827 fine ounces of gold in physical bar form and 145,768 ounces of silver in physical bar form.

# *Central Fund of Canada Limited*

During the year, Central Fund transferred 3,110 fine ounces of gold from certificate form into physical bars and 165,869 ounces of silver from certificate form into physical bars. At October 31, 1999, 98.1% of Central Fund's gold bullion was in physical bar form (1998, 94.9%) and 97.5% of Central Fund's silver bullion was in physical bar form (1998, 94.2%).

The Company has prepared a summary entitled "Year 2000 Readiness Statement" which is included in the Management's Discussion and Analysis of Financial Condition and Results of Operations section on page 17 of this Annual Report.

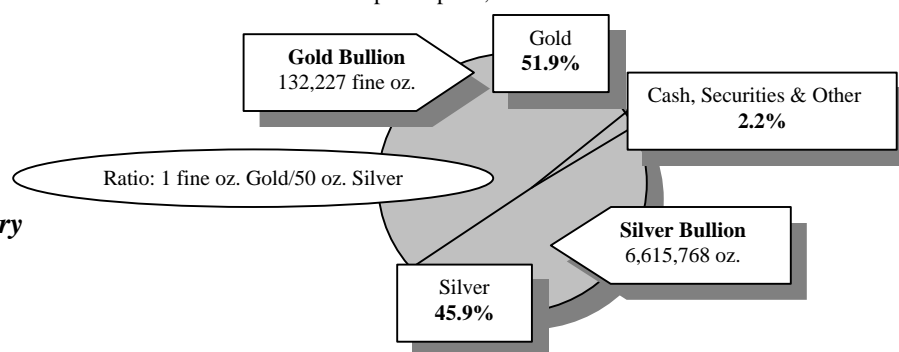
Gold and silver have traditionally been known as real money because of their unique characteristics such as scarcity, consistency of quality and non-corrosiveness. These characteristics provide a trustworthy intrinsic value. Solid gold and silver, being real money, are both a store of value and a medium of exchange. Unlike a bond or share issued by a corporation, or even dollar bills issued by a government, gold and silver do not depend on anything but their intrinsic nature for lasting value. Prudence and history suggest that a part of everyone's savings be held in solid gold and silver or their share equivalent as insurance for their own ultimate economic well-being. Central Fund of Canada Limited continues to fulfil its mandate of providing a sound monetary alternative for conservative investors in its role as "The Sound Monetary Fund".

Respectfully submitted,  
on behalf of the Board of Directors

December 15, 1999

Philip M. Spicer, President

**Net Asset Summary  
at  
October 31, 1999**



| <b>Financial Highlights</b>                | <b>As at October 31,</b> |        |             |         |             |         |
|--|--------------------------|--------|-------------|---------|-------------|---------|
|  | <b>1999</b>              |        | <b>1998</b> |         | <b>1997</b> |         |
|  | U.S. \$                  | Cdn.\$ | U.S. \$     | Cdn. \$ | U.S. \$     | Cdn. \$ |
| <b>Total net assets (in millions)</b>      | \$ 76.2                  | 111.5  | 70.9        | 109.4   | 72.9        | 102.7   |
| <b>Net asset value per Class A share</b>   | \$ 3.98                  | 5.86   | 3.92        | 6.04    | 4.02        | 5.67    |
| <b>Net assets:</b>                         |                          |        |             |         |             |         |
| Gold bullion                               |                          | 51.9%  |             | 53.7%   |             | 56.1%   |
| Silver bullion                             |                          | 45.9%  |             | 46.5%   |             | 43.4%   |
| Cash, securities & other                   |                          | 2.2%   |             | (0.2)%  |             | 0.5%    |
|  |                          | 100.0% |             | 100.0%  |             | 100.0%  |
| <b>Gold – per fine ounce</b>               | U.S. \$                  | 299.10 |             | 292.30  |             | 311.40  |
| <b>Silver – per ounce</b>                  | U.S. \$                  | 5.29   |             | 5.06    |             | 4.82    |
| <b>Exchange Rate \$1.00 U.S. = Cdn. \$</b> |                          | 1.4718 |             | 1.5425  |             | 1.4092  |

## ***Management's Responsibility for Financial Reporting***

The accompanying financial statements of Central Fund of Canada Limited and all the information in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Annual Report and has ensured that it is consistent with that in the financial statements.

Central Fund maintains systems of internal accounting, administrative and regulatory compliance controls of high quality, for a reasonable cost. Hard copies of transactions and monthly statements are retained in the Company's files. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, retrievable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Corporate Governance Committee.

The Audit and Corporate Governance Committee is appointed by the Board and all but one of its members are non-related directors. The Committee meets annually with management and the external auditors to discuss internal controls, auditing matters, the financial reporting process and related internal controls to satisfy itself that each party is properly discharging its responsibilities. The Committee also reviews the Annual Report, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. In addition to corporate governance matters, the Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with generally accepted auditing standards on behalf of the shareholders. Ernst & Young LLP has full and free access to the Audit and Corporate Governance Committee.

PHILIP M. SPICER

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*President*

*November 24, 1999*

MICHAEL A. PARENTE

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*Vice-President, Finance*

# *Central Fund of Canada Limited*

## **Statements of Net Assets** **(expressed in U.S. dollars)**

| <b>Net assets:</b>   | <b>As at October 31,</b>  |                   |
|--|---------------------------|-------------------|
|  | <b>1999</b>               | <b>1998</b>       |
| Gold bullion, at market (note 2)   | \$ 39,549,104             | 38,115,920        |
| Silver bullion, at market (note 2)   | 34,997,414                | 32,958,600        |
| Marketable securities, at market (average<br>cost - \$1,005,250; 1998 - \$974,160) | 74,478                    | 120,516           |
| Interest-bearing cash deposits   | 1,902,890                 | 18,460            |
| Prepaid insurance, interest receivable and other                                   | 53,874                    | 92,486            |
|  | 76,577,760                | 71,305,982        |
| Accrued liabilities  | (167,406)                 | (177,257)         |
| Dividends payable (note 3)   | (191,146)                 | (180,993)         |
| <b>Net assets representing shareholders' equity</b>                                | <b>\$ 76,219,208</b>      | <b>70,947,732</b> |
| <b>Represented by:</b>   |                           |                   |
| Capital stock (note 3)   | \$ 88,533,192             | 84,788,610        |
| Contributed surplus and retained earnings (note 4)                                 | 32,569,071                | 33,818,691        |
| Unrealized depreciation of investments   | (44,883,055)              | (47,659,569)      |
|  | \$ 76,219,208             | 70,947,732        |
| <b>Net asset value per share (expressed in U.S. dollars)(note1(c)(ii):</b>         |                           |                   |
| Class A shares   | \$ 3.98                   | 3.92              |
| Common shares  | \$ 0.98                   | 0.92              |
| <b>Net asset value per share (expressed in Canadian dollars):</b>                  |                           |                   |
| Class A shares   | \$ 5.86                   | 6.04              |
| Common shares  | \$ 1.45                   | 1.42              |
| <b>Exchange rate at end of year:</b>   | <b>U.S. \$1.00 = Cdn.</b> | <b>\$</b>         |
|  | 1.4718                    | 1.5425            |

See accompanying notes to financial statements.

On behalf of the Board:

“Douglas E. Heagle”  
Director

“Philip M. Spicer”  
Director

# *Central Fund of Canada Limited*

## **Statements of Loss** (expressed in U.S. dollars)

|   | Years ended October 31, |                    |                    |
|---|-------------------------|--------------------|--------------------|
|   | 1999                    | 1998               | 1997               |
| <b>Income:</b>                                |                         |                    |                    |
| Interest                                      | \$ 66,453               | 6,273              | 22,744             |
| Dividends                                     | 198                     | 314                | 314                |
| Realized loss on sale of bullion certificates | (371,490)               | (292,411)          | (437,460)          |
|   | (304,839)               | (285,824)          | (414,402)          |
| <b>Expenses:</b>                              |                         |                    |                    |
| Administration fees (note 5)                  | 359,714                 | 369,711            | 378,796            |
| Safekeeping, insurance and bank charges       | 78,169                  | 98,271             | 95,925             |
| Shareholders' information                     | 67,192                  | 76,376             | 81,526             |
| Directors' fees and expenses                  | 35,307                  | 37,500             | 37,775             |
| Registrar and transfer agents' fees           | 32,480                  | 28,409             | 36,913             |
| Professional fees                             | 26,517                  | 21,250             | 25,302             |
| Miscellaneous                                 | 2,720                   | 3,128              | 7,284              |
| Foreign exchange loss (gain)                  | (8,464)                 | 3,476              | 2,887              |
|   | 593,635                 | 638,121            | 666,408            |
| Loss from operations before income taxes      | (898,474)               | (923,945)          | (1,080,810)        |
| Income taxes (note 6)                         | (160,000)               | (144,775)          | (143,172)          |
| <b>Net loss</b>                               | <b>\$ (1,058,474)</b>   | <b>(1,068,720)</b> | <b>(1,223,982)</b> |
| <b>Net loss per share:</b>                    |                         |                    |                    |
| Class A shares                                | \$ (0.06)               | (0.06)             | (0.07)             |
| Common shares                                 | \$ (0.07)               | (0.07)             | (0.08)             |

## **Statement of Changes in Net Assets** (expressed in U.S. dollars)

|   | Years ended October 31, |                    |                     |
|---|-------------------------|--------------------|---------------------|
|   | 1999                    | 1998               | 1997                |
| <b>Net assets at beginning of year</b>                                | <b>\$ 70,947,732</b>    | <b>72,864,171</b>  | <b>83,007,484</b>   |
| <b>Add (Deduct):</b>  |                         |                    |                     |
| Unrealized appreciation (depreciation) of investments during the year | 2,405,024               | (959,137)          | (9,175,798)         |
| Realized loss on investments during the year                          | 371,490                 | 292,411            | 437,460             |
| Net loss  | (1,058,474)             | (1,068,720)        | (1,223,982)         |
| Net issuance of Class A shares  | 3,744,582               | -                  | -                   |
| Dividends on Class A shares   | (191,146)               | (180,993)          | (180,993)           |
| <b>Increase (decrease) in net assets during the year</b>              | <b>5,271,476</b>        | <b>(1,916,439)</b> | <b>(10,143,313)</b> |
| <b>Net assets at end of year</b>                                      | <b>\$ 76,219,208</b>    | <b>70,947,732</b>  | <b>72,864,171</b>   |

See accompanying notes to financial statements.

*Central Fund of Canada Limited*

**Statements of Shareholders' Equity**  
(expressed in U.S. dollars)

|   | Years ended October 31, |                   |                   |
|---|-------------------------|-------------------|-------------------|
|   | 1999                    | 1998              | 1997              |
| <b>Capital stock (note 3):</b>  |                         |                   |                   |
| 19,114,645 (1998 and 1997; 18,099,300)<br>retractable Class A shares issued | \$ 88,513,734           | 84,769,152        | 84,769,152        |
| 40,000 Common shares issued   | 19,458                  | 19,458            | 19,458            |
|   | 88,533,192              | 84,788,610        | 84,788,610        |
| <b>Contributed surplus:</b>   |                         |                   |                   |
| Balance at beginning of year  | 33,818,691              | 35,068,404        | 36,473,379        |
| Transfer to retained earnings on<br>elimination of deficit (note 4)         | (1,249,620)             | (1,249,713)       | (1,404,975)       |
| Balance at end of year  | 32,569,071              | 33,818,691        | 35,068,404        |
| <b>Retained earnings:</b>   |                         |                   |                   |
| Balance at beginning of year  | -                       | -                 | -                 |
| Net loss  | (1,058,474)             | (1,068,720)       | (1,223,982)       |
| Dividends on Class A shares   | (191,146)               | (180,993)         | (180,993)         |
|   | (1,249,620)             | (1,249,713)       | (1,404,975)       |
| Transfer from contributed surplus on<br>elimination of deficit (note 4)     | 1,249,620               | 1,249,713         | 1,404,975         |
| Balance at end of year  | -                       | -                 | -                 |
| <b>Unrealized depreciation of<br/>investments:</b>                          |                         |                   |                   |
| Balance at beginning of year  | (47,659,569)            | (46,992,843)      | (38,254,505)      |
| Unrealized appreciation (depreciation) of<br>investments during the year    | 2,405,024               | (959,137)         | (9,175,798)       |
| Realized loss on investments<br>during the year                             | 371,490                 | 292,411           | 437,460           |
| Balance at end of year  | (44,883,055)            | (47,659,569)      | (46,992,843)      |
| <b>Shareholders' equity</b>   | <b>\$ 76,219,208</b>    | <b>70,947,732</b> | <b>72,864,171</b> |

See accompanying notes to financial statements

**Notes to Financial Statements**

October 31, 1999, 1998 and 1997

(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 accounting principles generally accepted in Canada, 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 statements of loss as a foreign currency 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) Effect of recently issued accounting standards

A new accounting pronouncement which could have applicability to the Company is Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities", effective for fiscal years beginning after June 15, 2000. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designed as part of a hedge transaction and, if it is, the type of



# *Central Fund of Canada Limited*

hedge transaction. The Company does not expect that the adoption of SFAS No. 133 will have a material impact on its financial statements because the Company does not hold any derivative instruments. Accordingly, adoption of this statement will not impact the Company's financial position, results of operations or cash flows and any effect will be limited to the form and content of disclosures.

## 2. Gold and silver bullion:

| <i>Holdings at October 31:</i> |                        | <i>1999</i>      | <i>1998</i>      | <i>1997</i>      |
|--------------------------------|------------------------|------------------|------------------|------------------|
| <b>Gold bullion:</b>           |                        |                  |                  |                  |
| Fine ounces                    | - 100 and 400 oz. bars | 129,725          | 123,788          | 123,788          |
|                                | - bank certificates    | 2,502            | 6,612            | 7,512            |
|                                |                        | <u>132,227</u>   | <u>130,400</u>   | <u>131,300</u>   |
| Cost                           | -                      | \$ 55,750,650    | 55,365,493       | 55,747,616       |
| Market value                   | -                      | \$ 39,549,104    | 38,115,920       | 40,886,823       |
| Market value                   | - per fine ounce       | \$ 299.10        | 292.30           | 311.40           |
| <b>Silver bullion:</b>         |                        |                  |                  |                  |
| Ounces                         | - 1000 oz. bars        | 6,450,252        | 6,138,615        | 6,138,615        |
|                                | - bank certificates    | 165,516          | 381,385          | 426,385          |
|                                |                        | <u>6,615,768</u> | <u>6,520,000</u> | <u>6,565,000</u> |
| Cost                           | -                      | \$ 62,748,151    | 62,514,953       | 62,946,421       |
| Market value                   | -                      | \$ 34,997,414    | 32,958,600       | 31,610,475       |
| Market value                   | - per ounce            | \$ 5.2900        | 5.0550           | 4.8150           |

## 3. Capital stock:

The authorized 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 November 3, 1998, the Company approved a rights offering to holders of its Class A shares and Common shares on the basis of one right for each Class A share and each Common share. Four rights and U.S. \$4.00 entitled a holder to subscribe for one unit ("A Unit"). Each A Unit consisted of one Class A share and one transferable Series 1 Warrant. Each Series 1 Warrant, exercisable during the period from May 3, 1999 until May 26, 1999, entitled the holder to acquire one unit ("B Unit") for an additional U.S. \$4.00. Each B Unit consists of one Class A share and one transferable Series 2 Warrant. Each Series 2 Warrant, exercisable during the period from November 1, 1999 until November 24, 1999, entitles the holder to acquire one Class A share for an additional U.S. \$4.00.

As at October 31, 1999, 1,015,345 Class A shares were issued in exchange for the rights and Series 1 Warrants for gross proceeds of \$4,061,379. Costs of these offerings were U.S. \$316,797 (inclusive of dealer commission

# *Central Fund of Canada Limited*

costs of U.S. \$44,000) and net proceeds were U.S. \$3,744,582. Please refer to note 9 – Subsequent events for discussion of the Series 2 Warrants.

The stated capital and recorded capital of the Company as at and for the years ended October 31, 1999, 1998 and 1997 are as follows:

|   | <u>1999</u>   | <u>1998</u> | <u>1997</u> |
|---|---------------|-------------|-------------|
| <i>Stated capital – 19,114,645 Class A shares<br/>(1998 and 1997; 18,099,300)</i> |               |             |             |
| <i>Class A shares</i>   | \$ 95,629,875 | 91,568,496  | 91,568,496  |
| <i>Net share issue costs</i>  | (7,116,141)   | (6,799,344) | (6,799,344) |
| <hr/>   |               |             |             |
| <i>Recorded capital – Class A shares</i>  | 88,513,734    | 84,769,152  | 84,769,152  |
| <i>– 40,000 Common shares</i>   | 19,458        | 19,458      | 19,458      |
| <hr/>   |               |             |             |
| <i>Capital stock</i>  | \$ 88,533,192 | 84,788,610  | 84,788,610  |

**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, \$1,249,620, \$1,249,713 and \$1,404,975 were transferred from contributed surplus to retained earnings on October 31, 1999, 1998 and 1997 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 1/2 of one percent based on the Company's net assets up to U.S. \$50,000,000, 3/8 of one percent on the next U.S. \$50,000,000 in net assets and 1/4 of one percent on any excess over U.S. \$100,000,000.

**6. Income taxes:**

The Company is subject to a Canadian Federal Government large corporations tax based on its taxable capital employed in Canada at the end of its fiscal year. At October 31, 1999, the Company had an accumulated large corporations tax balance of \$1,097,000 which is available to be applied against future years' corporation surtax, if any. The potential tax benefits of these amounts have not been recognized in the accounts of the Company.

At October 31, 1999, the Company had \$4,666,000 of accumulated non-capital losses and \$1,356,000 of accumulated net capital losses for income tax purposes which are available to reduce future years' taxable income. The potential tax benefits of these amounts have not been recognized in the accounts of the Company.

The following table details the amount and year of expiry of losses being carried forward

| <i>Year of Expiry</i> | <i>Amounts Carried Forward</i> |                               |                         |
|-----------------------|--------------------------------|-------------------------------|-------------------------|
|                       | <i>Non-Capital Loss</i>        | <i>Large Corporations Tax</i> | <i>Net Capital Loss</i> |
| 2000                  | \$ 671,000                     | \$ 145,000                    |                         |
| 2001                  | 726,000                        | 165,000                       |                         |
| 2002                  | 708,000                        | 174,000                       |                         |
| 2003                  | 731,000                        | 165,000                       |                         |
| 2004                  | 624,000                        | 143,000                       |                         |
| 2005                  | 595,000                        | 145,000                       |                         |
| 2006                  | 611,000                        | 160,000                       |                         |
| <hr/>                 |                                |                               |                         |
|                       | \$ 4,666,000                   | \$ 1,097,000                  | \$ 1,356,000            |

# Central Fund of Canada Limited

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## 7. Difference between Canadian and United States generally accepted accounting principles:

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

|  | <i>Years ended October 31,</i> |             |              |
|--|--------------------------------|-------------|--------------|
|  | <i>1999</i>                    | <i>1998</i> | <i>1997</i>  |
| <i>Net loss as reported under Canadian principles</i>                        | \$ (1,058,474)                 | (1,068,720) | (1,223,982)  |
| <i>Unrealized appreciation (depreciation) of investments during the year</i> | 2,405,024                      | (959,137)   | (9,175,798)  |
| <i>Net income (loss) under United States principles</i>                      | \$ 1,346,550                   | (2,027,857) | (10,399,780) |
| <i>Net income (loss) per share under United States principles:</i>           |                                |             |              |
| <i>Class A shares</i>  | \$ 0.07                        | (0.11)      | (0.57)       |
| <i>Common shares</i>   | \$ 0.08                        | (0.12)      | (0.58)       |

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

## 8. Uncertainty due to the year 2000 issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## 9. Subsequent event:

The terms of the rights offering referred to in note 3 herein entitled holders of each Series 2 Warrant to acquire one Class A share for an additional U.S. \$4.00.

As at November 24, 1999, the date of expiration of the Series 2 Warrants, the Company has issued 298,215 Class A shares for gross proceeds of \$1,192,860. Costs of exercising the Series 2 Warrants were approximately \$22,500 and net proceeds were approximately \$1,170,360.

## ***Auditors' Report To The Shareholders***

We have audited the statements of net assets of Central Fund of Canada Limited as at October 31, 1999 and 1998 and the statements of loss, shareholders' equity and changes in net assets for each of the years in the three-year period ended October 31, 1999. 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 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, 1999 and 1998 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, 1999 in accordance with accounting principles generally accepted in Canada.

(signed) "Ernst & Young LLP"

Toronto, Canada  
November 24, 1999

Chartered Accountants

# *Central Fund of Canada Limited*

## **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:

|  | 1999     |          | Fiscal years ended<br>1998 |         | 1997     |          |
|--|----------|----------|----------------------------|---------|----------|----------|
|  | U.S.\$   | Cdn. \$  | U.S. \$                    | Cdn. \$ | U.S. \$  | Cdn. \$  |
| Change in net assets from prior year (in millions)     | \$ 5.2   | \$ 2.1   | \$(1.9)                    | \$ 6.7  | \$(10.1) | \$(8.6)  |
| % change from prior year                               | 7.4%     | 1.9%     | (2.6)%                     | 6.6%    | (12.2)%  | (7.7)%   |
| Change in net assets per Class A share from prior year | \$0.06   | \$(0.18) | \$(0.10)                   | \$ 0.37 | \$(0.56) | \$(0.47) |
| % change per Class A share from prior year             | 1.5%     | (3.0)%   | (2.5)%                     | 6.5%    | (12.2)%  | (7.7)%   |
| Gold price (U.S. \$ per fine ounce)                    | \$299.10 |          | \$292.30                   |         | \$311.40 |          |
| % change from prior year                               | 2.3%     |          | (6.1)%                     |         | (17.9)%  |          |
| Silver price (U.S. \$ per ounce)                       | \$5.29   |          | \$5.06                     |         | \$4.82   |          |
| % change from prior year                               | 4.6%     |          | 5.0%                       |         | (0.2)%   |          |
| Exchange rate: \$1.00 U.S. = Cdn.                      | \$1.4718 |          | \$1.5425                   |         | \$1.4092 |          |
| % change from prior year                               | (4.6)%   |          | 9.5%                       |         | 5.1%     |          |

In 1999, net assets as reported in U.S. dollars and Canadian dollars increased by 7.4% and 1.9% respectively. Net proceeds of the rights offering in December 1998 and subsequent Series 1 Warrants in May 1999 were U.S. \$3,744,582 (Cdn. \$5,668,000), a 5.3% (Cdn. 5.2%) increase in net assets as at October 31, 1998. Gold prices increased by 2.3% and silver prices by 4.6% during the year. These increases in net assets were partially offset by the net loss incurred during the year (before realized losses on the sale of bullion certificates) and the dividend paid on Class A shares. The percentage increase in net assets as reported in Canadian dollars, while subject to the same effects described above, was lower than in U.S. dollars as a result of the 4.6% decrease in the U.S. dollar relative to the Canadian dollar.

A portion of the proceeds from the rights offering were used to purchase 2,827 fine ounces of gold in physical bar form and 145,768 ounces of silver in physical bar form.

During the year, Central Fund transferred 3,110 fine ounces of gold from certificate form into physical bars and 165,869 ounces of silver from certificate form into physical bars. At October 31, 1999, 98.1% of Central Fund's gold bullion was in physical bar form (1998, 94.9%) and 97.5% of Central Fund's silver bullion was in physical bar form (1998, 94.2%).

In 1998, net assets as reported in U.S. dollars declined by 2.6%. Gold prices declined by 6.1% during the year whereas silver prices increased by 5.0%. Based on the Company's proportionate holdings of gold and silver bullion, the net result of these price changes was a small decrease in net assets. Net assets were further reduced by the net loss incurred during the year (before realized losses on the sales of bullion certificates) and the dividend paid on Class A shares. Net assets, as reported in Canadian dollars, while subject to the same effects described above, increased by 6.6% as a result of the 9.5% increase in the U.S. dollar relative to the Canadian dollar.

# *Central Fund of Canada Limited*

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In 1997, net assets as reported in U.S. dollars and Canadian dollars declined by 12.2% and 7.7% respectively. Gold prices declined by 17.9% during the year whereas silver prices declined by only 0.2%. Net assets were further reduced by the net loss incurred during the year (before realized losses on the sales of bullion certificates) and the dividend paid on Class A shares. The decline in net assets in Canadian dollars, as identified above, was less than that in U.S. dollars due to the 5.1% increase in the U.S. dollar relative to the Canadian dollar.

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, 1999 of \$1.4718 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 U.S. \$0.21 per share or Cdn. \$0.30 per share. A 10% change in the price of silver would increase or decrease the net asset value per share by approximately U.S. \$0.18 per share or Cdn. \$0.27 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 U.S. \$0.39 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 approximately 98% of Central Fund's net assets are initially denominated in U.S. dollars as at October 31, 1999, 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, approximately 98% 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 very 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 57% to 61% of Central Fund's operating expenses before income taxes in the three-year period ended October 31, 1999, are calculated monthly based on an annualized percentage (not exceeding 1/2 of 1%) of Central Fund's net assets. Accordingly, these fees vary directly with changes in net assets.

### *Fiscal 1999 Compared to Fiscal 1998*

The net loss of \$1,058,474 during the 1999 fiscal year is 1.0% less than the 1998 net loss of \$1,068,720. Interest income increased substantially as a portion of the proceeds from the rights offering and Series 1 Warrant issue was held in interest-bearing deposits. However, realized losses on the sales of bullion certificates were \$79,079 higher than in 1998. Certificates representing 1,000 fine ounces of gold were sold in the current year compared to 900 fine ounces in 1998 at an average price which was U.S. \$8.25 per fine ounce lower. Certificates representing 50,000 ounces of silver were sold in the current year compared to 45,000 ounces in 1998 at an average price which was U.S. \$0.75 per ounce lower than the price received in 1998. In both years, sales were made to generate cash for ongoing operating purposes. Operating expenses declined by 7.0% over the prior year. Administration fees, which are calculated monthly based on net assets, were lower this year as average monthly net assets were lower in the current year despite being higher at year end. Safekeeping fees and printing costs were reduced as a result of adjustments relating to the prior year. A stronger Canadian dollar resulted in a foreign currency exchange gain in the current year as opposed to a loss in the prior year.

Operating expenses (excluding income taxes) were still less than 1.0%, being 0.8% of net assets at October 31, 1999.

# *Central Fund of Canada Limited*

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## *Fiscal 1998 Compared to Fiscal 1997*

The net loss of \$1,068,720 during the 1998 fiscal year is 12.7% less than the 1997 net loss of \$1,223,982. Interest income declined as a result of lower average cash balances maintained during the year. Realized losses on the sales of bullion certificates were \$145,049 lower than in 1997. Certificates representing 900 fine ounces of gold were sold in the current year compared to 1,500 fine ounces in 1997 at an average price which was U.S. \$55.84 per fine ounce less than the price received in 1997. Certificates representing 45,000 ounces of silver were sold in the current year compared to 75,000 ounces in 1997 at an average price which was U.S. \$0.45 per ounce more than the price received in 1997. In both years, sales were made to generate cash for ongoing operating purposes. The 4.2% decline in operating expenses is to a large extent the result of the strengthening of the U.S. dollar compared to the Canadian dollar. It took fewer U.S. dollars to pay the expenses which are initially denominated in Canadian dollars.

Operating expenses (excluding income taxes) were less than 1.0%, being 0.9% of net assets at both October 31, 1998 and 1997.

## *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 statements of 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, 1999, Central Fund's cash reserves including cash equivalents were approximately \$1,903,000. The comparable figure at October 31, 1998 was approximately \$18,000.

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, 1999, Central Fund's cash reserves increased by approximately \$1,885,000 from those which existed at October 31, 1998. The primary sources and uses of cash are described below:

### *Sources of Cash:*

The primary inflow of cash resulted from the rights offering in December 1998 and subsequent conversion of Series 1 Warrants in May 1999. Net proceeds on these transactions totalled \$3,745,000. Cash was also generated on the sale of certificates representing 1,000 fine ounces of gold and certificates representing 50,000 ounces of silver of \$288,000 and \$245,000 respectively. Central Fund received \$67,000 primarily in interest on short-term securities and, to a nominal extent, dividends on marketable securities.

### *Uses of Cash:*

The primary use of cash during the 1999 fiscal year was represented by the purchase of 2,827 fine ounces of gold bullion and 145,768 ounces of silver bullion from a portion of the proceeds of the rights offering. These purchases cost \$810,000 and \$712,000 respectively for gold and silver.

The ongoing payments of Central Fund's operating expenses represented a significant portion of the use of cash. Central Fund paid \$549,000 during the 1999 fiscal year for this purpose, \$122,000 of which related to amounts which had been accrued at October 31, 1998 and were reflected in the accounts of that year. Other cash outflows

# *Central Fund of Canada Limited*

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during the year included \$150,000 in net payments of the Canadian Federal large corporations tax, \$191,000 paid in the 1999 fiscal year with respect to Central Fund's October 31, 1998 Class A share dividend declared, and \$31,000 paid for the purchase of marketable securities and \$18,000 in deferred share issue costs relating to the Series 2 Warrants.

Central Fund's board of directors made the decision to build up cash reserves by maintaining a portion of the proceeds from the rights offering in cash and cash equivalents. The rights offering was not completed until mid-December however, and the low cash level that existed at October 31, 1998 necessitated a sale of certificates of 1,000 fine ounces of gold and certificates for 50,000 ounces of silver in early November 1998 for gross proceeds of \$533,000. These sales were made to fund current and future obligations relating to operations, taxes and dividends on Class A shares. Management is mindful of Central Fund's normal trend in 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, as evidenced above. At low cash reserve levels such as that which existed at October 31, 1998, and in the absence of other sources of capital, liquidations such as those which have occurred in recent years 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 those 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:



# Central Fund of Canada Limited

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## Year 2000 Readiness Statement

Central Fund of Canada Limited holds pure physical gold and silver bullion in international bankers' bar denominations in secure treasury bank vaults. These vault facilities are owned and insured by the Canadian Imperial Bank of Commerce, who have indicated that they are year 2000 ready, and further insured by Central Fund against any loss with Lloyds of London. Management believes that the nature of Central Fund's business and operations is such that a low level of vulnerability to year 2000 problems is anticipated.

Central's Fund's Administrator uses personal computers for accounting and reporting. The Administrator has advised that all hardware and software used to generate financial information for Central Fund has been upgraded, remediated and tested at the expense of the Administrator. Central Fund has not incurred any costs during this process and doesn't foresee any in the future. Central Fund maintains hard copies of all pertinent records and has the competent personnel, equipment, facilities, stationery and supplies in place for manual activity, accounting and reporting. The Investor Services facilities have established backup heat, light and water to enable operations in the event of disruptions.

Central Fund retains paper-based records of registered shareholders who possess their own share certificates as they are provided to Central Fund by its Registrar and Transfer Agents, CIBC Mellon Trust Company and Chase Mellon Shareholder Services. Shareholders may wish to request their financial agents to register their share ownership in their own names at their own addresses in legal certificate form for delivery to them for their own safekeeping.

Although Telus and Bell Canada assure us that we will have telephone service and that our in-house electronic phone system is compliant, we have retained one non-push-button rotary dial phone for use in case of electronic or electricity disruptions. For contingency purposes, you may wish to make note of (905) 648-1116, which will be answered, if operative, during any other disruptions.

## Class A Shares Stock Exchange Listings

|                         | <u>Electronic<br/>Ticker Symbol</u> | <u>Newspaper<br/>Quote Symbol</u> |
|-------------------------|-------------------------------------|-----------------------------------|
| American Stock Exchange | CEF                                 | CFCda                             |
| Toronto Stock Exchange  | CEF.A                               | CFund A                           |

## Net Asset Value Information

The net asset value per Class A share is calculated twice daily and is available by calling Central Fund Investor Inquiries at (905) 648-7878. Weekly, the Thursday net asset value is published in financial newspapers as follows:

### In the United States (figures published in U.S. \$):

- In the Monday *Wall Street Journal's* Publicly Traded Funds table, Specialized Equity and Convertible Funds section.
- In the *Barrons* Closed-End Funds table, Specialized Equity Funds section.
- In the Sunday *New York Times* Closed-End Funds table, Specialized Equity Funds section.

### In Canada (figures published in Canadian \$):

- In the Saturday *Globe and Mail Report on Business* under "Asset Values".
- In the *National Post's* weekend edition, Closed-End Funds table.

## Form 40-F

Copies of Central Fund's S.E.C. Form 40-F are available, free of charge, by contacting Central Fund of Canada Limited or its Administrator.

## **Corporate Information**

### **Directors**

John S. Elder Q.C. (AC)(R)  
Douglas E. Heagle (AC)(E)  
Ian M.T. McAvity (E)(R)  
Michael A. Parente CMA, CFP (R)  
Robert R. Sale (AC)  
Dale R. Spackman Q.C. (E)(R)  
J.C. Stefan Spicer (R)  
Philip M. Spicer (E)(R)  
Malcolm A. Taschereau (AC)

### **Officers**

Philip M. Spicer, President  
Michael A. Parente CMA, CFP, Vice President, Finance  
J.C. Stefan Spicer, Vice President  
John S. Elder Q.C., Secretary  
Catherine A. Spackman CMA, Treasurer  
Teresa E. Poper, Assistant Treasurer

### **Advisors to the Administrator**

Ian M.T. McAvity, Toronto, Ontario - Market Analyst  
Dr. Hans F. Sennholz, Grove City, PA - Monetary Advisor

(AC) - Member of Audit and Corporate Governance Committee  
(E) - Member of Executive Committee  
(R) - May be regarded as business related

### **Administrator**

The Central Group Alberta Ltd.  
Calgary, Alberta

### **Auditors**

Ernst & Young LLP  
Calgary and Toronto

### **Custodian**

Canadian Imperial Bank of Commerce  
at Calgary, Toronto and Vancouver

### **Legal Counsel**

Fraser Milner, Toronto, Ontario  
Parlee McLaws, Calgary, Alberta

### **Registrar and Transfer Agents**

Chase Mellon Shareholder Services, New York  
CIBC Mellon Trust Company at Calgary,  
Montreal, Toronto and Vancouver

### **Share Ownership Certificates**

Certificates of share ownership registered in shareholders' names at their own addresses for delivery to them for their own safekeeping may be obtained upon the request of holders and payment of any applicable fees to the relevant Registrar and Transfer Agent of the Company.

### **Head Office**

Hallmark Estates  
Suite 805, 1323-15th Avenue S.W.  
Calgary, Alberta T3C 0X8  
Telephone (403) 228-5861  
Fax (403) 228-2222

### **Shareholder and Investor Inquiries**

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Telephone (905) 648-7878  
Fax (905) 648-5422

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**E-mail:** [sspicer@nas.net](mailto:sspicer@nas.net)