

CENTRAL FUND OF CANADA LIMITED

CHARTER OF AUDIT COMMITTEE

Purpose

The primary function of the Audit Committee is to assist the board of directors (the "Board") of the Corporation in fulfilling their oversight responsibilities by reviewing:

- (a) selection, independence and effectiveness of the external Auditor;
- (b) the financial statements and other financial information and reports which will be provided to the shareholders and others;
- (c) the financial reporting process; and
- (d) the Corporation's internal audit activity and controls.

The external Auditors' ultimate responsibility is to the Corporation and the Audit Committee, as representatives of the shareholders. These representatives have the ultimate authority to evaluate and, where appropriate, recommend replacement of the external Auditor.

The Committee shall be given full access to the Corporation's records, those of The Central Group Alberta Ltd. (the "Administrator") and the external Auditors as necessary to carry out these responsibilities.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is oversight. The members of the Audit Committee are not employees of the Corporation or the Administrator. It is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and applicable rules and regulations. These are the responsibilities of the Senior Executive Officers. The external Auditors' responsibility is to perform an annual audit to determine whether the financial statements proposed by the Senior Executive Officers are, in all material respects, in accordance with Canadian GAAP.

Qualification of Members

1. The members of the Audit Committee (the "Committee") shall be three or more in number and be "independent" as defined in and in compliance with National Instrument 52-110 of the Canadian securities regulators. "Independent" for this purpose means that a member has no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with his or her independent judgment.

Members of the Committee shall not receive any remuneration from the Corporation other than for acting as a member of the Committee or another Committee or as a Board member or for a project assigned to him or her by such a Committee or other committee or the Board.

2. All members of the Committee shall, as stipulated in National Instrument 52-110, be "financially literate", that is to say have the ability to read and understand financial statements and related notes that present a breadth and level of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

Operating Procedures

1. The Committee requires that the Senior Executive Officers provide for review draft annual and quarterly financial statements, annual and quarterly reports, Management's Discussion and Analysis, Annual Information Form and press releases where relevant, in a timely manner before the scheduled Committee meetings.
2. The Committee meets annually in December (twice) so as to be able to review the draft annual audited financial statements, Integrated Audit Results and related materials, and meets quarterly as required to review the draft first, second and third quarter unaudited financial statements and the accompanying report to shareholders as well as the external Auditor's review report on the quarter.
3. At least annually, the Committee reviews its effectiveness and the contribution of each of its members.
4. The Committee shall have adequate resources and authority to discharge its responsibilities and will expect the external Auditors to generally conform with Accounting Standard No. 16 of the PCAOB in their communications with the Committee and Accounting standard No.18 on related party matters.
5. The Committee shall have the authority to engage and compensate independent counsel and other advisors which it determines are necessary to enable the Committee to carry out its duties, and to communicate directly with the external Auditor.

Relationship with External Auditors and Review Responsibilities

1. The external Auditors are accountable to the Board and the Committee, as representatives of the shareholders of the Corporation. As such representatives, the Committee has overall responsibility for selection of the external Auditors and recommends to the Board, the external Auditors' firm to be put forward for shareholder approval at each annual meeting. The Committee will only select an external Auditors that (a) participates in the oversight programme of the Canadian Public Accountability Board (the "CPAB") and (b) is in good standing with the CPAB.

2. The Committee annually reviews and discusses communications from the external Auditors detailing factors that might have an impact on the Auditors' independence, including all services provided and fees charged by the external Auditors as required by the Canadian Securities Administrators or the Canadian Institute of Chartered Accountants (or Chartered Professional Accountants Canada) and the standards and rules of the Securities and Exchange Commission and the PCAOB to the extent applicable. The Committee satisfies itself regarding the independence of the external Auditors and reports its conclusions, and the basis for those conclusions, to the Board.
3. The Committee reviews and recommends to the Board for approval the annual audited financial statements and accompanying report to shareholders as well as related documents such as the Annual Information Form or equivalent filings and the Management's Discussion and Analysis.
4. The Committee also reviews and recommends to the Board for approval the unaudited financial statements for the first, second and third quarters, Management's Discussion and Analysis and related reports to shareholders.
5. The Committee is responsible for approving the scope of the annual audit, the audit plan, the access granted to the Corporation's records and the co-operation of the Senior Executive Officers and officers of the Administrator in any audit and review function.
6. The external Auditors are required to communicate with the Committee matters relating to the planning, conduct and results of the audit and to discuss with the Committee its views about the quality of the accounting policies adopted by the Senior Financial Officers in preparing the financial statements, with a particular focus on the accounting estimates and judgments made by the Senior Financial Officers and their selection of accounting principles. The Committee meets in private with appropriate Senior Executive Officers and separately with the external Auditors to share perceptions on these matters, discuss any potential concerns and agree upon appropriate action plans.
7. The Committee is responsible for reviewing the communications from the external Auditors relating to material weakness in internal control over financial reporting.
8. The Committee is responsible for reviewing the work of the external Auditors, including their findings and recommendations, as well as the Senior Executive Officers' response to any such findings and recommendations, and resolving any disagreements between them and the external Auditors regarding financial reporting.
9. The Committee should pre-approve all audit services and any non-audit services to be provided by its external Auditors or any public accounting firm.
10. The Committee should review with the external Auditors any public report of the CPAB referable to audit quality issues pertaining to the external Auditors.

11. The Committee is responsible for assessing the effectiveness of the working relationship of the external Auditors with the Senior Executive Officers.
12. The Committee is responsible for reviewing annually the performance of, and approving the fees charged by, the external Auditors and for performing a comprehensive review of the external Auditors not less often than every five years..
13. The Committee is also responsible, when circumstances dictate, for recommending to the Board the removal and replacement of external Auditors.
14. The Committee shall establish procedures for dealing with complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by Officers of the Corporation or officers and employees of the Administrator regarding such matters (i.e. whistle-blowing).
15. The Committee shall review and approve the hiring by the Administrator of employees and former employees of the external Auditors who were involved in audit of the Corporation's accounts.
16. The Committee shall review and comment to the Board on all related-party transactions.
17. The Committee shall review any change in the Corporation's Code of Ethics for Senior Financial Officers.
18. The Committee shall, when feasible, review the relevant portions of any prospectuses, registration statements, information circulars and other reporting issuer or disclosure statements of the Corporation involving and as related to financial disclosure.

Relationship to Internal Audit

1. The Committee is responsible for reviewing and approving the Senior Executive Officers' decisions relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, to approve the supplier of such service.
2. The Committee is responsible for ensuring that the Senior Executive Officers have designed and are implementing an effective system of internal control over financial reporting.

Disclosure

1. The Committee provides a report annually to the shareholders, as part of the Information Circular for the annual meeting, which briefly summarizes the nature of the activities of the Committee.

Procedures

1. The times and locations of meetings of the Committee, the calling of such meetings and all aspects of procedure at such meetings, except to the extent that regularly scheduled meetings are approved annually by the Board, shall be determined by the Chair or Secretary of the Committee, as the case may be, provided that in every case:
 - (a) the presence of at least two members shall be necessary to constitute a quorum; and
 - (b) the acts of the Committee or any sub-committee, at a duly constituted meeting, shall require no more than the vote of a majority of the members present and that, furthermore, in any circumstance, a resolution or other instrument in writing signed by all members of the Committee shall avail as the act of the Committee.
2. The Secretary of the Corporation, failing which, the Assistant-Secretary of the Corporation, shall be the Secretary of the Committee.

Approved as revised: August 17, 2016