

CENTRAL FUND OF CANADA LIMITED

MAJORITY VOTING IN DIRECTOR ELECTIONS

In an uncontested election of Directors, each Director should be elected by the vote of a majority of the Common shares represented in person or by proxy at any shareholders meeting for the election of Directors. Accordingly, if any nominee for Director fails to receive at least a majority of the votes cast for his or her election, treating for such purpose a “withhold” vote as a vote against such election, (a “Majority Withheld Vote”), he or she shall immediately tender his or her resignation to the Board of Directors following the meeting at which the Director is elected, which resignation will become effective upon acceptance by the Board. In this Policy, an “uncontested election” means an election where the number of nominees for Director is equal to the number of Directors authorized to be elected upon such election as determined by the Board.

The Corporate Governance Committee of the Board (the “CG Committee”) shall consider the resignation offer and shall recommend to the Board whether to accept it. In considering whether to recommend the acceptance of the resignation, the CG Committee will consider all facts and circumstances deemed relevant by members of the CG Committee including, without limitation, the stated reasons why shareholders “withheld” votes from the election of that nominee, whether accepting the resignation would cause the Corporation to fail to meet any applicable listing, statutory or regulatory requirements or obligations in commercial agreements, whether the Director whose resignation has been tendered is a member of a special committee whose term or mandate is defined as well as the length of service and the qualifications of the Director, such Director’s contributions to the Corporation and the Corporation’s corporate governance policies, alternatives to cure the underlying cause of the withheld votes and the overall composition of the Board (including the current mix of skills and attributes of the Board).

The Board shall consider the CG Committee’s recommendation within 90 days following the meeting at which the Director received a Majority Withheld Vote. In considering the CG Committee’s recommendation, the Board will consider the factors considered by the CG Committee and such additional information and factors that the Board considers to be relevant. Following the Board’s decision on the resignation, the Board shall promptly disclose via press release, duly filed with the Toronto Stock Exchange and any other relevant Exchange, its decision whether to accept the Director’s resignation offer. Should the Board decline to accept the resignation offer, it should fully state in the press release the reasons for the decision.

If a resignation is accepted, the Board may, in accordance with the provision of the *Alberta Business Corporations Act*, appoint a new Director to fill any vacancy created by resignation or reduce the size of the Board or call a special meeting of shareholders at which there will be presented a new candidate to fill the vacant position(s).

Any Director who tenders his or her resignation pursuant to this policy shall not participate in the meeting of the CG Committee or the Board. However, if each member of the CG Committee, or a sufficient number of CG Committee members, receives a Majority Withheld Vote at the same election such that the CG Committee no longer has a quorum, then the independent Directors of the Board who did not themselves receive a Majority Withheld Vote, shall appoint a committee

among themselves to consider the resignation offers and recommend to the Board whether to accept them.

Approved as revised: August 17, 2016