

CENTRAL FUND OF CANADA LTD
Form F-10/A
November 01, 2012

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As filed with the Securities and Exchange Commission on November 1, 2012

Registration No. 333-184492

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Amendment No. 1

to

FORM F-10

**REGISTRATION STATEMENT
Under
The Securities Act of 1933**

Central Fund of Canada Limited

(Exact name of Registrant as specified in its charter)

Alberta, Canada (Province or Other Jurisdiction of Incorporation or Organization)	Not Applicable (Primary Standard Industrial Classification Code)	Not Applicable (I.R.S. Employer Identification No.)
Hallmark Estates, #805, 1323-15th Avenue S.W., Calgary, Alberta T3C 0X8, Canada (403) 228-5861		

(Address and telephone number of Registrant's principal executive offices)

DL Services, Inc.
Columbia Center
701 Fifth Avenue, Suite 6100
Seattle, Washington 98104
(206) 903-8800

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

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**Toronto, Ontario M5K 0A1
Canada
(416) 863-4511**

**161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1
Canada
(416) 367-7370**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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Province of Alberta, Canada
(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

- A. Upon filing with the Commission pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).
- B. At some future date (check appropriate box below).
1. Pursuant to Rule 467(b) on _____ (date) at _____ (time) (designate a time not sooner than seven calendar days after filing).
2. Pursuant to Rule 467(b) on _____ (date) at _____ (time) (designate a time not sooner than seven calendar days after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on _____ (date).
3. Pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
4. After the filing of the next amendment to this form (if preliminary material is being filed).

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box.

PART I

**INFORMATION REQUIRED TO BE DELIVERED TO
OFFEREES OR PURCHASERS**

CENTRAL FUND OF CANADA LIMITED

U.S.\$1,000,000,000 Class A non-voting, fully participating shares

Central Fund of Canada Limited ("Central Fund" or the "Company") may from time to time offer and issue non-voting, fully participating Class A shares (the "Class A Shares") of the Company in an aggregate offering amount of up to U.S.\$1,000,000,000 (or its equivalent in any other currency used to denominate the Class A Shares at the time of the offering) (the "Offering") at any time during the 25-month period that this short form base shelf prospectus (the "Prospectus"), including any amendments hereto, remains valid. Central Fund is a passive, non-operating, specialized investment holding company incorporated on November 15, 1961. Central Fund buys and holds pure refined gold and silver bullion, primarily in international bar form with the objective of providing a secure, convenient, low-cost, exchange-tradeable investment alternative for investors interested in holding an investment in gold and silver bullion for long-term appreciation.

The specific terms of the Class A Shares offered will be described in one or more shelf prospectus supplements (each a "Prospectus Supplement"), including the number of Class A Shares being offered, the offering price and any other specific terms.

All shelf information omitted from this Prospectus under applicable laws will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Class A Shares to which the Prospectus Supplement pertains. A Prospectus Supplement may include specific terms pertaining to the Class A Shares that are not within the alternatives or parameters described in this Prospectus.

This offering is made by a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this Prospectus in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States. Financial statements included or incorporated herein have been prepared in accordance with Canadian generally accepted accounting principles, and may be subject to foreign auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are residents in, or citizens of, the United States may not be fully described herein.

The enforcement by investors of civil liabilities under the federal securities laws may be affected adversely by the fact that the Company is incorporated under the laws of Alberta, that some or all of its officers and directors may be residents of a foreign country, that some or all of the underwriters or experts named in the registration statement may be residents of a foreign country, and that all or a substantial portion of the assets of the Company and said persons may be located outside the United States.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The outstanding Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbols "CEF.A" (Cdn.\$) and "CEF.U" (U.S.\$) and on the NYSE MKT LLC (the "NYSE MKT") under the symbol "CEF". On October 31, 2012, the closing prices of the Class A Shares were Cdn.\$22.10 per Class A Share on the TSX and U.S.\$22.10 per Class A Share on the NYSE MKT.

In this Prospectus, except where indicated, all dollar amounts are in U.S. dollars.

See "Risk Factors" for a discussion of certain considerations relevant to an investment in the Class A Shares offered hereby. In the opinion of Fraser Milner Casgrain LLP, counsel to the Company, the Class A Shares will, on the date of closing, be qualified investments for certain funds, plans and accounts under the Income Tax Act (Canada) (the "Tax Act") as set out, and subject to the qualifications provided under, the heading "Eligibility for Investment".

The date of this prospectus is November 1, 2012

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FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, financial information in this Prospectus has been prepared in accordance with Canadian generally accepted accounting principles. The financial information of the Company included herein is presented in U.S. dollars. In this Prospectus, except where indicated, all dollar amounts are in U.S. dollars.

EXCHANGE RATES

The following table sets forth, for the periods indicated, certain information with respect to exchange rates for the Canadian dollar expressed in U.S. dollars, namely the highest rate, lowest rate, rate at the end of each period and the average of such exchange rates based upon the noon buying rates as reported by the Bank of Canada:

	Nine months ended		Twelve months ended		
	July 31 (U.S.\$)		October 31 (U.S.\$)		
	2012	2011	2010	2009	
High	\$ 1.0197	\$ 1.0583	\$ 1.0039	\$ 0.9716	
Low	\$ 0.9536	\$ 0.9430	\$ 0.9278	\$ 0.7692	
Period End	\$ 0.9986	\$ 1.0065	\$ 0.9815	\$ 0.9282	
Average	\$ 0.9893	\$ 1.0134	\$ 0.9636	\$ 0.8552	

The noon rate of exchange on October 31, 2012 as reported by the Bank of Canada for the conversion of Canadian dollars into U.S. dollars was \$1.00 Canadian equals U.S.\$1.0004.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar authority in each of the provinces and territories of Canada and the United States Securities and Exchange Commission (the "SEC"), are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the revised Annual Information Form of the Company dated December 13, 2011 for the fiscal year ended October 31, 2011 filed in Canada and the Annual Information Form incorporated by reference to the Company's Annual Report on Form 40-F for the fiscal year ended October 31, 2011 filed with the SEC on December 14, 2011;
- (b) the Information Circular of the Company dated January 10, 2012 in connection with the Company's annual meeting of shareholders held on February 27, 2012;
- (c) the Audited Financial Statements of the Company as at October 31, 2011 and 2010 and for each of the years in the three year period ended October 31, 2011, together with the Auditors' Report thereon to Shareholders dated December 12, 2011 and consisting of the Statements of Net Assets as at October 31, 2011 and 2010 and the Statements of Income, Shareholders' Equity and Changes in Net Assets for each of the years in the three-year period ended October 31, 2011;
- (d) the Management's Discussion and Analysis dated December 12, 2011 for the fiscal year ended October 31, 2011;
- (e) the Unaudited Interim Financial Statements of the Company for the three and the nine month periods ended July 31, 2012 with comparative figures for the corresponding periods in the immediately preceding year contained in the 3rd Quarter Interim Report to Shareholders for the three and the nine month periods ended July 31, 2012 dated August 22, 2012; and
- (f) the Management's Discussion and Analysis dated August 22, 2012 for the three and the nine month periods ended July 31, 2012.

Any documents of the type required by National Instrument 44-101 to be or deemed to be incorporated by reference (other than any confidential Material Change Reports) and all Prospectus Supplements disclosing additional or updated information filed by the Company pursuant to the requirements of applicable securities legislation in Canada and the United States subsequent to the date of this Prospectus and prior to completion or withdrawal of the Offering, will be deemed to be incorporated by reference into this Prospectus. In addition, to the extent any such document is included in any report on Form 6-K furnished to the SEC or in any report on Form 40-F filed with the SEC, such document shall be deemed to be incorporated by reference as an exhibit to the registration statement of which this Prospectus forms a part. In addition, Central Fund may incorporate by reference into the registration statement of which this Prospectus forms a part, information from documents that Central Fund files with or furnishes to the SEC pursuant to Section 13(a) or 15(d) of the *United States Securities Exchange Act of 1934*, as amended (the "U.S. Exchange Act") to the extent that such documents expressly so state. The documents incorporated by reference herein contain meaningful and material information relating to the Company, and prospective investors in Class A Shares should review all information contained in this Prospectus and the documents incorporated by reference before making an investment decision.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein for the purposes of the Offering shall be deemed to be modified or superseded for the purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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Upon a new or revised Annual Information Form, Information Circular and annual Audited Financial Statements, together with the Auditors' Report thereon and the Management's Discussion and Analysis contained therein being filed by the Company with and, where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous Annual Information Form, the previous Information Circular, the previous annual Audited Financial Statements and all interim Financial Statements, quarterly Management's Discussion and Analysis and Material Change Reports filed prior to the commencement of the Company's financial year in which the new Annual Information Form was filed, no longer shall be deemed to be incorporated into this Prospectus for the purpose of future offers and sales of Class A Shares hereunder. Upon interim Financial Statements and the accompanying Management's Discussion and Analysis being filed by the Company with the applicable securities regulatory authorities during the duration of this Prospectus, all interim Financial Statements and the accompanying Management's Discussion and Analysis filed prior to the new interim Financial Statements shall be deemed no longer incorporated into this Prospectus relating to future offers and sales of the Class A Shares under this Prospectus.

A Prospectus Supplement containing the specific terms of an offering of the Class A Shares and other information in relation to the Class A Shares will be delivered to purchasers of the Class A Shares together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement solely for the purposes of the offering of the Class A Shares covered by that Prospectus Supplement.

Copies of documents incorporated herein by reference may be obtained upon request, without charge, from the President of the Company at The Central Group Alberta Ltd.'s Investor Inquiries Office, 55 Broad Leaf Crescent, P.O. Box 10050, Ancaster, Ontario L9K 1P2, Telephone: 1-905-648-7878, and are also available electronically at www.sedar.com.

ADDITIONAL INFORMATION

The Company has filed with the SEC a registration statement on Form F-10 of which this Prospectus forms a part. This Prospectus does not contain all the information set out in the registration statement. For further information about the Company and its securities, please refer to the registration statement, including the exhibits to the registration statement.

The Company is subject to the information requirements of the U.S. Exchange Act and applicable Canadian securities legislation and, in accordance therewith, the Company files reports and other information with the SEC and with the securities regulatory authorities of certain of the provinces and territories of Canada. Under a multijurisdictional disclosure system adopted by the United States and Canada, the Company generally may prepare these reports and other information in accordance with the disclosure requirements of Canada. These requirements are different from those of the United States. As a foreign private issuer, the Company is exempt from the rules under the U.S. Exchange Act prescribing the furnishing and content of proxy statements, and the Company's Officers, Directors and Principal Shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the U.S. Exchange Act. In addition, the Company is not required to publish financial statements as promptly as United States companies.

The reports and other information filed by the Company with the SEC may be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Copies of the same documents can also be obtained from the public reference room of the SEC in Washington by paying a fee. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website (www.sec.gov) that makes available reports and other information that the Company files electronically with it, including the registration statement that the Company has filed with respect hereto.

Copies of reports, statements and other information that the Company files with the Canadian provincial and territorial securities regulatory authorities are electronically available from the Canadian System for Electronic Document Analysis and Retrieval (www.sedar.com), which is commonly known by the acronym "SEDAR". Certain other information about the Company may also be available for inspection at the offices of the TSX.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fraser Milner Casgrain LLP, counsel to the Company, provided the Class A Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX), the Class A Shares offered hereunder will be, on the date of issue, qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("RRSP"), registered retirement income funds ("RRIF"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("TFSA") all as defined in the Tax Act.

Notwithstanding that the Class A Shares may be a qualified investment for a TFSA, an RRSP or a RRIF, the holder of a TFSA, or the annuitant of an RRSP or RRIF, as the case may be, which acquires Class A Shares will be subject to a penalty tax under the Tax Act if such Class A Shares are a "prohibited investment" for the particular TFSA, RRSP or RRIF within the meaning of the Tax Act. The Class A Shares will generally not be a "prohibited investment" for a TFSA, an RRSP or an RRIF unless the holder of the TFSA or the annuitant of the RRSP or RRIF does not deal at arm's length with the Company for the purpose of the Tax Act or the holder of the TFSA or the annuitant of the RRSP or RRIF has a "significant interest", within the meaning of the Tax Act, in the Company or in a corporation, partnership or trust with which the Company does not deal at arm's length for the purpose of the Tax Act. In June 2012, the Department of Finance indicated that it would recommend amendments to the Tax Act that would narrow the scope of the "prohibited investment" rules; however, no draft legislation has been released as of the date hereof. Holders should consult their own tax advisors as to whether the Class A Shares would be a prohibited investment for a TFSA, RRSP, or RRIF in their particular circumstances.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements, trend analysis and other information contained in this Prospectus and the documents incorporated herein relative to the Company's assets and trends in income and anticipated expense levels, as well as other statements about anticipated future events or results, constitute forward-looking statements. Forward-looking statements often, but not always, are identified by the use of the words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results to differ materially from those contained in the forward looking statements. Forward-looking statements are based on estimates and opinions of Central Fund's Senior Executive Officers at the date the statements are made. Some of these risks, uncertainties and other factors are described in this Prospectus under the heading "Risk Factors". The Company does not undertake any obligation, except as required by applicable securities law, to update forward-looking statements even if circumstances or Central Fund's Senior Executive Officers' estimates and opinions should change. Investors should not place undue reliance on forward-looking statements.

THE COMPANY

Central Fund was incorporated under the laws of the Province of Ontario on November 15, 1961, as an investment holding company. On April 5, 1990, the Company was continued under the laws of the Province of Alberta.

The Company's head office and principal place of business is located at Hallmark Estates, Suite 805, 1323-15th Avenue S.W., Calgary, Alberta, T3C 0X8. Investor inquiries may be directed to The Central Group Alberta Ltd.'s Investor Inquiries Office, 55 Broad Leaf Crescent, P.O. Box 10050, Ancaster, Ontario, L9K 1P2, Telephone: 1-905-648-7878.

SUMMARY DESCRIPTION OF THE COMPANY

Following incorporation, Central Fund operated as a specialized investment holding company investing mainly in shares and other securities of Canadian issuers, primarily with a view to capital appreciation. In September of 1983, Central Fund changed its character to a passive, non-operating, specialized investment holding company buying and holding almost entirely pure refined gold and silver bullion, primarily in international bar form, and Central Fund continues to function on this basis.

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The objective of Central Fund is to provide a secure, convenient, low-cost, exchange-tradeable investment alternative for investors interested in holding an investment in gold and silver bullion for long-term appreciation. The policy of Central Fund is to invest primarily in long-term holdings of unencumbered, allocated and segregated gold and silver bullion and not to actively speculate with regard to short-term changes in gold and silver prices, thereby providing retail and institutional investors with an ability to effectively hold gold and silver bullion without the associated high transaction and handling costs and inconvenience. The investment policies established by the Board of Directors of the Company require the Company to hold at least 90% of its net assets in gold and silver bullion, primarily in international bar form, which the Company believes to be conservative. Although Central Fund's investment policies permit investing in securities, Central Fund disposed of its nominal holding of gold and silver related shares and does not intend to invest any of its assets in such securities in the foreseeable future. As at October 31, 2012, Central Fund's net assets as denominated in U.S. dollars consisted of 53.5% gold bullion, 45.6% silver bullion and 0.9% cash and other working capital amounts.

Transactions for the purchase of bullion are generally completed with dealers acting as principals and thus are completed on a net price basis, which reflects the dealers' spread between bid and ask prices. The Company's policy is to execute all bullion 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. An affiliate of an underwriter may act as dealer in connection with the acquisition of such bullion from time to time, on a non-exclusive basis.

Pursuant to an Amended and Restated Administration and Consulting Agreement dated November 1, 2005 (the "Administration Agreement"), The Central Group Alberta Ltd. (the "Administrator") continues to be responsible, until at least October 31, 2015, and for three year periods thereafter indefinitely for the administration of the affairs of Central Fund. The services provided include arranging for others to give general market and economic advice to the Board of Directors of Central Fund with respect to the buying and holding of silver and gold bullion, in accordance with Central Fund's investment policies and restrictions. Under the amended fee schedule, administration and consulting fees payable to the Administrator have been reduced to 0.30% on the first \$400 million of total net assets, 0.20% on the next \$600 million of total net assets and 0.15% on total net assets exceeding one billion dollars.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The authorized capital of the Company consists of an unlimited number of Class A Shares without nominal or par value and 50,000 common shares without nominal or par value. As at October 31, 2012, there were 254,432,731 Class A Shares and 40,000 common shares outstanding. The rights, privileges, restrictions and conditions attaching to the Class A Shares and the common shares are summarized below.

Class A Shares

Notice of Meetings. Holders of Class A Shares are entitled to notice of and to attend all meetings of shareholders. They 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 matters are described below.

Certain Voting Rights. So long as any Class A Shares are outstanding, Central Fund shall not, without the prior approval of the holders thereof given by the affirmative vote of at least 66²/₃% of the votes cast at a meeting of the holders of the Class A 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. This minimum amount is currently set at 75% of the market value of the non-cash net assets of Central Fund;
- (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 Shares;

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- (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 Shares are consolidated or subdivided on the same basis;
- (vii) reclassify any shares into Class A Shares or common shares; or
- (viii) provide to the holders of any other class of shares the right to convert into Class A Shares or common shares.

In addition, so long as any of the Class A 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 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 Shares are entitled to receive a preferential non-cumulative dividend of \$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 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 Shares then outstanding at the market price or lowest tender price per Class A Share, as the case may be.

Rights on Liquidation. In the event of the liquidation, dissolution or winding-up of Central Fund, the holders of Class A Shares are entitled to receive \$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 Shares. The holders of Class A 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 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 Shares which that person then owns. The retraction price per Class A Share shall be 80% of the net asset value per Class A Share as of the date on which such Class A 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 Shares as described above.

TRADING PRICES AND VOLUMES

The Class A Shares are traded on the TSX under the symbols "CEF.A" (Cdn.\$) and "CEF.U" (U.S.\$) and on the NYSE MKT under the symbol "CEF". The following table sets out the market price ranges in Canadian dollars per Class A Share and aggregate trading volumes on a monthly basis as reported by the TSX for the 12 month period prior to the date of this Prospectus.

	High (Cdn.\$)	Low (Cdn.\$)	Volume
2011			
November	\$ 24.17	\$ 21.95	2,533,379
December	\$ 22.93	\$ 18.90	2,591,842
2012			
January	\$ 23.25	\$ 20.28	1,278,569
February	\$ 24.28	\$ 22.31	1,347,255
March	\$ 23.25	\$ 21.24	1,440,280
April	\$ 22.19	\$ 20.36	1,190,556
May	\$ 21.10	\$ 18.78	1,717,564
June	\$ 21.69	\$ 19.65	1,381,505
July	\$ 20.88	\$ 19.48	839,372
August	\$ 21.88	\$ 19.73	1,051,586
September	\$ 23.50	\$ 21.92	1,387,070
October	\$ 23.78	\$ 21.74	1,187,854

The following table sets out the market price ranges in U.S. dollars per Class A Share and aggregate trading volumes in the United States on a monthly basis for the 12 month period prior to the date of this Prospectus.

	High (U.S.\$)	Low (U.S.\$)	Volume
2011			
November	\$ 23.84	\$ 21.14	26,946,506
December	\$ 22.59	\$ 18.44	35,588,449
2012			
January	\$ 23.27	\$ 19.91	21,413,941
February	\$ 24.46	\$ 22.21	17,977,113
March	\$ 23.58	\$ 21.22	18,743,458
April	\$ 22.35	\$ 20.65	11,326,415
May	\$ 21.35	\$ 18.49	25,797,048
June	\$ 21.04	\$ 18.97	20,284,068
July	\$ 20.28	\$ 19.05	12,311,387
August	\$ 22.20	\$ 19.69	14,009,272
September	\$ 23.96	\$ 22.21	18,550,971
October	\$ 24.20	\$ 21.87	15,491,694

On October 31, 2012, the closing prices were Cdn.\$22.10 per Class A Share on the TSX and U.S.\$22.10 per Class A Share on the NYSE MKT.

PLAN OF DISTRIBUTION

The Company may sell the Class A Shares: (i) through underwriters or dealers, (ii) directly to one or more purchasers pursuant to applicable statutory exemptions, or (iii) through agents in Canada, the United States and elsewhere where permitted by law, in any case for cash or other consideration. The Class A Shares may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the Class A Shares in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary between purchasers and during the period of distribution of the Class A

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Shares. The Prospectus Supplement for any of the Class A Shares being offered thereby will set forth the terms of the offering of such Class A Shares, including the name or names of underwriters, dealers or agents, any underwriting discounts and other items constituting underwriters' compensation, any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers or agents. Only underwriters so named in the relevant Prospectus Supplement are deemed to be underwriters in connection with the Class A Shares offered thereby.

If underwriters are used in the sale, the Class A Shares will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase such Class A Shares will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all the Class A Shares offered by the Prospectus Supplement if any of such Class A Shares are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

In connection with any offering of the Class A Shares, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions intended to fix or stabilize the market price of the Class A Shares at a level above that which might otherwise prevail in the open market. An over-allotment, if any, involves sales in excess of the offering size, which creates a short position. Stabilizing transactions involve bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. These transactions may cause the price of the Class A Shares sold in an offering to be higher than they would otherwise be. The size of the over-allotment, if any, is not known at this time. Such transactions, if commenced, may be discontinued any time.

The Class A Shares may also be sold directly by the Company at such prices and upon such terms as are agreed to by the Company and the purchaser or through agents designated by the Company from time to time. Any agent involved in the offering and sale of the Class A Shares in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent will be set forth, in a Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

Underwriters, dealers and agents who participate in the distribution of the Class A Shares may be entitled, under agreements to be entered into with the Company, to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

This Prospectus is being filed concurrently in all of the provinces and territories of Canada (other than the Province of Québec) and in the United States pursuant to the multijurisdictional disclosure system implemented by securities regulatory authorities in Canada and the United States. Subject to applicable law and the filing of a Prospectus Supplement, the Class A Shares may be offered outside Canada and the United States.

USE OF PROCEEDS

Principal Purposes

The Class A Shares will be issued from time to time at the discretion of the Company with an aggregate offering amount not to exceed U.S.\$1,000,000,000. The net proceeds derived from the issue of the Class A Shares under any Prospectus Supplement will be the aggregate offering amount thereof less any commission and other issuance costs paid in connection therewith. The net proceeds cannot be estimated as the amount thereof will depend on the number and price of the Class A Shares issued under any Prospectus Supplement. Unless otherwise specified in the applicable Prospectus Supplement, the Company will use substantially all of such net proceeds from the Offering to purchase gold and silver bullion in a ratio of approximately 50 ounces of silver for every one fine ounce of gold, in keeping with the policies established by the Board of Directors of the Company. The balance of the net proceeds will be used by the Company for general working capital purposes.

Objectives and Milestones

The Company's only activity is the acquisition, securing and holding of gold and silver bullion in order to provide a convenient, low-cost investment alternative to investors. The Company's short-term objective is to complete the Offering under this Prospectus within the next 25-month period.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fraser Milner Casgrain LLP, Canadian counsel to the Company, the following is a summary as at the date hereof of the principal Canadian federal income tax considerations generally applicable to a person who acquires Class A Shares pursuant to this short form prospectus, and who at all relevant times, within the meaning of the Tax Act, deals at arm's length with, and is not affiliated with the Company and holds the Class A Shares as capital property. The Class A Shares will generally be considered to be capital property to a holder unless the holder either holds such Class A Shares in the course of carrying on a business or has acquired such Class A Shares in a transaction or transactions considered to be an adventure in the nature of trade. In particular, this summary is not applicable to holders (i) who are "principal-business corporations" within the meaning of subsection 66(15) of the Tax Act, (ii) who are "financial institutions" as defined in the Tax Act for purposes of the mark-to-market provisions of the Tax Act, (iii) who are "specified financial institutions" for purposes of the Tax Act, (iv) an interest in which is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act, or (v) who have elected to determine their Canadian tax results in a "functional currency" as defined in the Tax Act.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. ACCORDINGLY, PROSPECTIVE HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.

This summary is based upon the facts set out in this short form prospectus, and an officer's certificate provided to counsel by the Company, the provisions of the Tax Act in force on the date hereof, the regulations enacted pursuant thereto, all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current published administrative practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action or changes in the administrative practices of the Canada Revenue Agency, nor does it take into account or consider any provincial, territorial or foreign income tax legislation or considerations.

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Class A Shares, including dividends, adjusted cost base and proceeds of disposition, must be converted into Canadian dollars based on the prevailing United States dollar exchange rate at the time such amounts arise. In computing a holder's liability for tax under the Tax Act, any cash amounts received by a holder in United States dollars must be converted into the Canadian dollar equivalent at the time such amounts are received, and the amount of any non-cash consideration received by a holder must be expressed in Canadian dollars at the time such consideration is received.

Tax Status of the Company

Based upon a certificate of an officer of the Company provided to counsel, the Company qualifies as a "mutual fund corporation" as defined in the Tax Act. The Company has advised counsel that it intends to continue to qualify as a mutual fund corporation throughout each taxation year in which Class A Shares remain outstanding.

The income of the Company, other than taxable dividends, if any, received from taxable Canadian corporations, will generally be subject to tax at normal corporate rates. The taxable portion of capital gains (net of the allowable portion of capital losses) realized by the Company will be included in income but the taxes paid thereon by the Company will be refundable on a formula basis when shares of the Company are redeemed or when the Company pays "capital gains dividends". The Company will be subject to tax at the rate of 33 $\frac{1}{3}$ % under Part IV of the Tax Act on taxable dividends received by it from taxable Canadian corporations which will

be refunded to the Company on the basis of \$1 for each \$3 of taxable dividends paid by the Company to shareholders.

The CRA has expressed the opinion that gains (or losses) of mutual funds resulting from transactions in commodities should generally be treated for tax purposes as being derived from an adventure or concern in the nature of the trade so that such transactions would result in ordinary income rather than capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. In the view of counsel, the holding by the Company of gold bullion with no intention of disposing of such gold bullion likely would not represent an adventure or concern in the nature of trade so that a disposition of gold bullion that had been acquired with such intention would likely give rise to a capital gain (or capital loss) to the Company. The Company has informed counsel that, as it intends to be a long-term holder of gold bullion and does not anticipate that it will sell its gold bullion, the Company anticipates that it generally will treat gains (or losses) as a result of dispositions, should it make any, of gold bullion as capital gains (or capital losses), although depending on the circumstances, the Company may instead include (or deduct) the full amount of such gains or losses in computing its income.

Shareholders Resident In Canada

The following portion of this summary is applicable to a holder of Class A Shares who, for the purposes of the Tax Act and any applicable income tax treaty or convention, is resident or deemed to be resident in Canada at all relevant times. Certain of such persons to whom a Class A Share might not constitute capital property may elect, in certain circumstances, to have such property and all other "Canadian securities" as defined in the Tax Act, held by the holder, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

Acquisition of Class A Shares

The cost to a holder of Class A Shares must be averaged with the adjusted cost base of all other Class A Shares held by that holder as capital property, for the purposes of calculating taxable capital gains or allowable capital losses on subsequent dispositions of Class A Shares.

Dividends

Dividends (including deemed dividends but not capital gains dividends as described below) received on the Class A Shares will be included in computing the recipient's income for tax purposes and such dividends received by an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. It is expected that dividends received on the Class A Shares will be "eligible dividends" as defined in the Tax Act; however there can be no assurance in this regard.

A holder that is a corporation will include dividends (including deemed dividends but not capital gains dividends as described below) in computing its income and generally will be entitled to deduct the amount of such dividends when calculating its taxable income under the Tax Act. A shareholder that is a "private corporation", as defined in the Tax Act, or a "subject corporation", as defined in the Tax Act