

Proposed Simplification of Fund Structure

19 August 2011

Further to its announcement on 3 June 2011, Middlefield Canadian Income PCC (the “**Company**”) is pleased to announce that the Company has today posted a circular to shareholders (the “**Circular**”) in relation to its proposal to simplify the Fund’s structure by removing the existing swap arrangements and investing directly in a portfolio of assets predominantly comprising listed Canadian securities.

The Board believes that there is considerable merit in simplifying the Fund’s existing structure by removing the Swap, including:

- making it easier for existing and potential investors to understand the Fund and analyse its portfolio and performance;
- removing the additional running costs associated with maintaining the Swap;
- crystallising the value of the cross currency margin differential (“CCMD”), which results from the integral hedging mechanisms contained within the Swap. The value of the CCMD is currently estimated to be approximately 1.3 pence per Share;
- eliminating the credit risk associated with the Swap and the Money Market and Bond Portfolio; and
- removing the need to rebalance the Swap if it would account for more than 20 per cent of the Fund’s net assets at any time.

Subject to unforeseen circumstances, the Fund intends to maintain its current dividend rate of five pence per share per annum following the restructuring. Similarly, the existing provisions for a continuation vote to be held in June 2013 will remain in place.

Expected timetable

2011

Circular posted	19 August
Latest time and date for receipt of Forms of Proxy	12:05 p.m. on 17 September
Cell Extraordinary General Meeting and Cell and Company Meeting	12 noon and 12:05 p.m. on 19 September
Currency hedge effectively removed*	4 October
Settlement of Swap unwinding and acquisition of securities from CIT Portfolio*	on or around 6 October
Effective Date*	11 October

**Subject to shareholder approval at the Cell EGM*

Each of the times and dates in the expected timetable of events may be extended or brought forward without further notice. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service provider. All references to times are to London times.

A copy of the Circular is available on the Company’s website at www.middlefield.co.uk and will shortly be available for inspection on the National Storage Mechanism website at www.hemscott.com/nsm.do. Capitalised terms not otherwise defined in this announcement have the meanings given to them in the Circular. **The Fund trades on the London Stock Exchange under the symbol MCT.L.**

For further information please contact:

Middlefield Canadian Income PCC Gary Boudin, Company Secretary	+44 (0) 1481 727 111
Middlefield International Limited W. Garth Jestley/Richard Faiella	+44 (0) 20 7814 6644
Collins Stewart Europe Limited Andrew Zychowski/Lucy Lewis/Neil Brierley	+44 (0) 20 7523 8000