
**NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS AND
MANAGEMENT INFORMATION CIRCULAR**

CITADEL INCOME FUND

**ANNUAL AND SPECIAL MEETING OF UNITHOLDERS
TO BE HELD ON JUNE 10, 2010**

May 14, 2010

CITADEL INCOME FUND
(the “Fund”)

May 14, 2010

Dear Unitholder:

You are invited to the Annual and Special Meeting of unitholders of the Fund to be held at Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario, M2J 2T3 on June 10, 2010 at 8:30 am (Toronto time) or at any adjournment thereof (the “**Meeting**”).

The Fund which started trading on the Toronto Stock Exchange on December 7, 2009 will have been in its seventh month of operation at the time of the Meeting in June. After an eventful start, we are very pleased with the initial progress of the Fund. Jarislowsky, Fraser Limited one of Canada’s pre-eminent money managers (with over \$40 billion in assets under management) has successfully merged the investment portfolios of the predecessor funds and has built a portfolio of quality securities while maintaining a high level of monthly distributions.

As we had hoped, many other synergies have been realized as a result of the merger creating the Fund. The Fund now has lower operating costs and units of the Fund have enhanced trading and liquidity. In connection with the merger, unitholders of the Fund were also issued warrants at no additional cost which allow them to acquire additional units of the Fund at the end of 2010 and 2011.

The special business of the Meeting is to consider and vote upon the proposed extraordinary resolution set out in Appendix “A” of the management information circular which, if approved, will allow the manager of the Fund, Crown Hill Capital Corporation (the “**Manager**”) discretion to call a meeting of the unitholders of the Fund. As the costs associated with holding annual meetings are significant, the Manager feels that it would be prudent to hold unitholder meetings only when there is business requiring unitholder approval. Currently annual meetings of unitholders are required to be held for the purpose of presenting the Annual Audited Financial Statements of the Fund.

The second matter of business is to review the Annual Audited Financial Statements of the Fund.

Thank you for your ongoing support of and continued interest in the Fund.

Sincerely,

CITADEL INCOME FUND,
by its manager and trustee, CROWN HILL CAPITAL CORPORATION

(Signed) Wayne L. Pushka
President and Director

**CITADEL INCOME FUND
NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

NOTICE IS HEREBY GIVEN OF the annual and special meeting (the “**Meeting**”) of holders (“**Unitholders**”) of units of Citadel Income Fund (the “**Fund**”) of which Crown Hill Capital Corporation is the manager and trustee (the “**Manager**”).

The Meeting will be held on June 10, 2010 at 8:30 am (Toronto time) at Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3. The purpose of the Meeting is:

1. to consider and, if thought appropriate, approve, with or without variation, an extraordinary resolution in the form attached as Appendix “A” to the accompanying management information circular (the “**Circular**”) authorizing, among other things, the amendment of the amended and restated declaration of trust of the Fund amended and restated as of June 12, 2006, June 4, 2008, June 6, 2008, September 26, 2008, December 31, 2008 and December 2, 2009 (the “**Declaration of Trust**”) to remove the requirement for an annual meeting of Unitholders of the Fund;
2. to receive the audited financial statements and management report of fund performance of the Fund for the year ended December 31, 2009 and the report of the auditors thereon; and
3. to transact any other business which may properly come before the Meeting or any postponement or adjournment thereof.

NOTICE IS HEREBY GIVEN THAT in the event the Meeting is postponed or adjourned because a quorum of Unitholders is not in attendance, or for any other reason, such adjourned Meeting will be held at 9:00 am (Toronto time) on June 10, 2010, for the same purposes set out above at the same place as the original Meeting at Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3. The Unitholders present or represented by proxy at such adjourned meeting will form the necessary quorum for transacting the business before such adjourned meeting.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular accompanying this Notice.

Registered Unitholders of the Fund are invited to attend the Meeting. Registered Unitholders who are unable to attend in person are requested to date and sign the enclosed form of proxy and return it to Computershare Investor Services Inc. 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by fax at 1-866-249-7775 / (416) 263-9524. In order to be valid and acted upon at the Meeting, forms of proxy shall be deposited with the Fund’s transfer agent not less than 48 hours (excluding Saturdays, Sundays, or civic or statutory holidays in the city of Toronto, Ontario) before any adjournments.

Beneficial Unitholders should complete and return the voting instruction form or other authorization provided to them by their broker or other intermediary in accordance with the instructions provided therein.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Manager at nominal cost.

Dated at Toronto, Ontario this 14th day of May, 2010

**CITADEL INCOME FUND,
by its manager CROWN HILL CAPITAL
CORPORATION**

(Signed) Wayne L. Pushka
CEO, President, and Director

**CITADEL INCOME FUND
MANAGEMENT INFORMATION CIRCULAR
TABLE OF CONTENTS**

GENERAL PROXY INFORMATION.....	2
SOLICITATION OF PROXIES.....	2
APPOINTMENT OF PROXIES, VOTING RIGHTS AND RECORD DATE	2
REVOCABILITY OF PROXIES	3
IMPORTANT INFORMATION FOR BENEFICIAL HOLDERS.....	3
VOTING IN PERSON	3
EXERCISE OF DISCRETION BY PROXY.....	4
QUORUM FOR THE TRANSACTION OF BUSINESS	4
REQUIRED UNITHOLDER APPROVAL FOR THE EXTRAORDINARY RESOLUTION	4
PRINCIPAL HOLDERS OF UNITS.....	4
PURPOSE OF THE MEETING	4
ANNUAL MEETING BUSINESS	5
RECEIPT OF FINANCIAL STATEMENTS	5
SPECIAL MEETING BUSINESS.....	5
MANAGEMENT OF THE FUND	5
THE MANAGER	5
MANAGEMENT OF THE MANAGER.....	7
THE INVESTMENT MANAGER	8
THE INVESTMENT MANAGEMENT AGREEMENT	9
OTHER BUSINESS	10
MANAGER’S DISCRETION NOT TO PROCEED WITH PROPOSAL	10
DETERMINATION OF THE MANAGER.....	10
INTERESTS IN MATTERS TO BE ACTED UPON	10
AUDITORS	11
REGISTRAR AND TRANSFER AGENT	11
ADDITIONAL INFORMATION.....	11
APPROVAL	11
APPENDIX “A” - EXTRAORDINARY RESOLUTION OF CITADEL INCOME FUND	12

CITADEL INCOME FUND

MANAGEMENT INFORMATION CIRCULAR

MAY 14, 2010

The information contained in this Management Information Circular (this “**Circular**”) is furnished in connection with the solicitation by Crown Hill Capital Corporation (the “**Manager**” or the “**Trustee**”) of proxies of Citadel Income Fund (the “**Fund**”), for use at the annual and special meeting (the “**Meeting**”) of holders of units (“**Units**”) of the Fund (the “**Unitholders**”) or any adjournment thereof. The Meeting will be held at Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3, on June 10, 2010 at 8:30 am (Toronto time) for the purposes set forth in the Notice of Annual and Special Meeting of Unitholders (the “**Notice**”) accompanying this Circular. Except as otherwise stated herein, the information contained herein is given as of May 14, 2010.

GENERAL PROXY INFORMATION

Solicitation of Proxies

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Manager at nominal cost.

Appointment of Proxies, Voting Rights and Record Date

Registered Unitholders who wish to vote their Units should complete, execute and deliver by regular mail the enclosed form of proxy to Computershare Investor Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by fax at 1-866-249-7775 / (416) 263-9524. In order to be valid and acted upon at the Meeting, forms of proxy shall be deposited with the Fund’s transfer agent not less than 48 hours (excluding Saturdays, Sundays, or civic or statutory holidays in the city of Toronto, Ontario) before any adjournments. The Chairman of the Meeting may, in his sole discretion, waive the requirement that proxies be received at least 48 hours prior to the commencement of the Meeting. In the event that the Chairman waives such requirement, proxies may be deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement thereof.

The record date for the Meeting has been established as May 6, 2010 (the “**Record Date**”). Each registered Unitholder is entitled to one vote at the Meeting for each Unit registered in the Unitholder’s name at the close of business on the Record Date. Only Unitholders of record as at the Record Date are entitled to receive notice of and to vote in person or by proxy at the Meeting. As of May 6, 2010, the Fund had 42,128,247 Units issued and outstanding.

The individuals named in the accompanying form of proxy are officers and directors of the Manager. You have the right to appoint a person other than the officers and directors named in the accompanying form of proxy to represent you at the Meeting by inserting such person’s name in the blank space provided in the form of proxy delivered with this Circular and delivering the completed proxy as set forth above. A person acting as proxy need not be a Unitholder.

Revocability of Proxies

You may revoke a proxy given for use at the Meeting at any time prior to its use. In addition to revocation in any other manner permitted by law, you may revoke a proxy before it is used by depositing an instrument in writing executed by you or your attorney authorized in writing, or, where the Unitholder is a corporation, by a duly authorized officer or attorney of the corporation, with (i) Computershare Investor Services Inc. at any time up to and including the last business day preceding the day of the Meeting, or any postponement or adjournment thereof, at which the proxy is to be used, or (ii) the Chairman of the Meeting on the day of the Meeting or any postponement or adjournment thereof, prior to the commencement of the Meeting.

Important Information for Beneficial Holders

The information set forth in this section is of significant importance to beneficial holders of Units as the Units are held in the name of CDS & Co. (the nominee of CDS) and not in the name of the beneficial owners of the Units. Because the Fund utilizes the book-entry only system of registration, Unitholders do not hold their securities in their own name and are considered beneficial Unitholders (“**Non-Registered Holders**”). Non-Registered Holders should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered holders of Units can be recognized and acted upon at the Meeting. Units held by brokers or their nominees in the name of CDS & Co. can only be voted upon the instructions of the Non-Registered Holder. Without specific instructions, CDS & Co. and brokers/nominees are prohibited from voting securities for their client(s). The Fund does not know for whose benefit the Units registered in the name of CDS & Co. are held. Therefore, Non-Registered Holders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of proxy unless they comply with the procedure designated below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Non-Registered Holders in advance of Unitholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Holders in order to ensure that their securities are voted at the Meetings. Often, the form of proxy supplied to Non-Registered Holders by their broker is identical to that provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholders how to vote on behalf of the Non-Registered Holders. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge typically prepares a voting instruction form which it mails to the Non-Registered Holders and asks Non-Registered Holders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Non-Registered Holder receiving a voting instruction form cannot use that form to vote Units directly at the Meeting; the voting instruction form must be returned to Broadridge well in advance of the Meetings in order to have the securities voted.

Voting in Person

If you are a Non-Registered Holder who receives a voting instruction form and wish to attend and vote at the Meeting *in person*, you should strike out the names of the persons named as proxy on the voting instruction form and insert your name in the space provided and otherwise follow the instructions on the form.

Exercise of Discretion by Proxy

The Units represented by proxies which are hereby solicited (if properly executed and deposited) will be voted at the Meeting and, where a choice is specified with respect to any matter to be acted upon, such Units will be voted in accordance with the specification so made. **In the absence of such specification, Units will be voted FOR the extraordinary resolution of the Fund in the form attached as Appendix “A”, to remove the requirement for an annual meeting of Unitholders of the Fund (the “Extraordinary Resolution”). The accompanying form of proxy also confers discretionary authority upon the persons named in the proxy with respect to amendments to or variations of the matters set out in the Notice and with respect to other matters that may properly come before the Meeting.** As of the date of this Circular, the Manager does not know of any such amendments, variations or other matters that may properly come before the Meeting. However, if any such amendments, variations or other matters are properly brought before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

QUORUM FOR THE TRANSACTION OF BUSINESS

Pursuant to the amended and restated declaration of trust, amended and restated as of June 12, 2006, June 4, 2008, June 6, 2008, September 26, 2008, December 31, 2008 and December 2, 2009 (the **“Declaration of Trust”**) the quorum for any meeting of Unitholders called to consider a matter requiring the approval of Unitholders by way of an extraordinary resolution is one or more Unitholders present in person or represented by proxy holding not less than ten percent (10%) of the Units then outstanding. If a quorum is not present for the Meeting as at the appropriate time on June 10, 2010, the Meeting will be adjourned to 9:00 am (Toronto time) on June 10, 2010 to be held at the same place as the Meeting. The Unitholders present in person or represented by proxy at such adjourned meeting will form the necessary quorum and any proxy properly submitted prior to the time called for the Meeting will, unless revoked in the manner described above, be effective at the adjourned meeting.

REQUIRED UNITHOLDER APPROVAL FOR THE EXTRAORDINARY RESOLUTION

The Declaration of Trust requires that any change to the Fund’s provisions or rights attaching to the Units be approved by Unitholders by an extraordinary resolution. The Extraordinary Resolution will result in modifications to the rights attaching to the Units, therefore it must be approved by Unitholders by an extraordinary resolution. An extraordinary resolution must be passed by an affirmative vote of at least 66 2/3% of the votes cast in person or by proxy at a meeting of Unitholders called for the purpose of approving such extraordinary resolution. Therefore, the affirmative votes of two-thirds of Unitholders voting at the Meeting in person or by Proxy will be required for passage of the Extraordinary Resolution.

PRINCIPAL HOLDERS OF UNITS

To the knowledge of the Trustee and the Manager, no person or company beneficially owns, directly or indirectly, or exercises control or direction over Units carrying more than 10% of the voting rights attached to all outstanding Units.

PURPOSE OF THE MEETING

The purpose of the Meeting is to: (i) receive the audited financial statements and management report of the Fund performance of the Fund for the year ended December 31, 2009

and the report of the auditors thereon; and (ii) consider and, if thought appropriate, to approve the Extraordinary Resolution.

ANNUAL MEETING BUSINESS

Receipt of Financial Statements

The Fund's audited financial statements and management report of fund performance of the Fund for the year ended December 31, 2009 and the report of the auditors thereon will be presented to the Meeting.

SPECIAL MEETING BUSINESS

On the Manager's recommendation, the Declaration of Trust will be amended to allow for meetings of the Unitholders at the discretion of the Manager. Currently, the only annual business mandated by the Declaration of Trust at an annual meeting of Unitholders is the presentation of the audited financial statements of the Fund. As the costs to the Fund associated with holding an annual meeting of the Unitholders is significant, the Manager feels it would be prudent to hold meetings of the Unitholders only when there is business requiring Unitholder approval.

MANAGEMENT OF THE FUND

The Manager

Pursuant to the Declaration of Trust, the Manager has exclusive authority to manage the operations and affairs of the Fund, to make all decisions regarding the business of the Fund and to bind the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. Among other restrictions imposed on the Manager, the Manager may not dissolve the Fund or wind up the Fund's affairs except in accordance with the provisions of the Declaration of Trust.

The Manager's duties include maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; calculating the amount and determining the frequency of distributions by the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with regulatory requirements; preparing the Fund's reports to Unitholders and to the Canadian securities regulators; providing the Trustee with information and reports necessary for it to fulfill its fiduciary responsibilities; administering the retraction of Units; dealing and communicating with Unitholders and negotiating contracts with third-party providers of services, including, but not limited to, custodians, transfer agents, auditors and printers. The Manager provides facilities and personnel to carry out these services, together with clerical services which are not furnished by the custodian, valuation agent or transfer agent of the Fund.

The Manager monitors the Fund's investment strategy to ensure compliance with the Investment Guidelines and Investment Restrictions.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and the Unitholders and to exercise the care, diligence and skill of a prudent and qualified person in similar circumstances. The Declaration of Trust

provides that the Manager will not be liable in any way for any default, failure or defect in any of the Portfolio Securities if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or by any material breach or default by it of its obligations under the Declaration of Trust.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager until the termination of the Fund. The Manager may resign as manager and be discharged from all further duties and liabilities hereunder by giving 180 days' prior written notice to the Fund (or such shorter notice period as the Trustee may accept on behalf of the Fund). The Manager shall be automatically removed if the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding-up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reorganization); or the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency. Any such resignation or removal will be effective only on the appointment of a successor manager.

The Manager and each of its directors, officers and employees are indemnified by the Fund for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors or employees in the exercise of its duties as manager, except those resulting from such person's willful misconduct, bad faith, negligence, disregard of such person's standard of care or material breach or default of duty to the Fund in relation to the matter in respect of which indemnification is claimed.

Pursuant to the Declaration of Trust, in consideration for its services as manager of the Fund, the Manager will be entitled to receive the management fee ("**Management Fee**"), calculated and payable monthly in arrears. The Management Fee means the fee payable by the Fund to the Manager for its services as manager of the Fund, being up to 1.00% per annum of the Net Asset Value of the Fund plus applicable taxes. In addition to the payment of the Management Fee, the Fund shall reimburse the Manager for all reasonable costs and expenses incurred by the Manager in performing its duties as the manager of the Fund. These expenses include, without limitation: mailing and printing expenses for periodic reports to Unitholders; fees payable to the valuation agent for performing certain valuation services; fees payable to the custodian for acting as custodian of the assets of the Fund; fees payable to the transfer agent and registrar for performing certain financial, record-keeping, reporting and general administrative services; fees payable to the auditors and legal advisors; on-going regulatory filing fees and other fees; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their on-going obligations to the Fund; expenses relating to portfolio transactions; and any expenditures which may be incurred upon the termination of the Fund. The Fund is also responsible for its other costs of portfolio transactions and any extraordinary expenses which may be incurred from time to time.

The Manager is entitled to an annual fee of 1.00% of the net asset value of the Fund, calculated and payable, monthly. This amount totalled \$606,404 for the year ended December 31, 2009 (of which \$199,461 was payable at December 31, 2009). From January 1, 2010 to April 30, 2010, the Manager was paid a management fee of \$832,653.

The Fund pays, in addition to the Management Fee, all of the Manager's expenses incurred in connection with its duties as the Manager. Further, the directors of the Manager are entitled to certain compensation from the Fund. The independent directors of the Manager

received a total of \$27,598 from the Fund for the year ended December 31, 2009. The officers of Manager do not receive any compensation directly attributable to the Fund. They are paid either from First Paladin Inc. (a company related to the Manager) or from the Management Fee received by the Manager.

All other expenses of the Fund are initially paid by the Manager, which is then reimbursed by the Fund in a reasonable amount of time. Included in these expenses are things such as Administrative costs, legal fees and Unitholder servicing costs. Administrative costs for the year totalled \$102,719 and consist of a monthly general overhead cost paid to First Paladin Inc., a company related to the Manager, to cover related administrative salaries, employee benefits, general overhead and office supplies.

Management of the Manager

The board of directors of the Manager consists of three members, two independent directors and the President of the Manager. The name, municipality of residence, positions and principal occupations of each director and the executive officers of the Manager are set out below:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
WAYNE L. PUSHKA Toronto, Ontario	President, Chief Executive Officer and Director	President of Crown Hill Capital Corporation
N. GARY VAN NEST Toronto, Ontario	Director	Chairman of MedX Health Corp., Chairman of Woodland Biofuels and Director of Davis Rea Ltd.
MICHAEL BURNS Maple, Ontario	Director	President of Kingfield Investments Limited
DAVINDRA PERSAUD Ajax, Ontario	Chief Financial Officer	Chief Financial Officer of Crown Hill Capital Corporation

Wayne L. Pushka: Mr. Pushka is the President, Chief Executive Officer and a Director of the Manager. He has 18 years of experience in the financial industry with a focus on risk management and portfolio construction. Prior to starting the Manager, he has held various consultant and advisory roles at Scotia McLeod, BARRA International (one of the world's premiere financial risk management consulting firms) and Canada Mortgage and Housing Corporation. He has advised on and constructed numerous domestic and international bond, equity and derivative portfolios for pension funds, banks and insurance companies in Canada and across Asia. Mr. Pushka holds a B.Sc. (Physics) from McMaster University, a M.Sc. (Theoretical Physics) from Carleton University, a M.B.A. from Queen's University and is a Chartered Financial Analyst charterholder.

N. Gary Van Nest: Mr. Van Nest has over 40 years of experience in the brokerage, merchant banking, investment management and venture capital industries. His past titles and positions include: President of Wisener & Partners Co. Ltd., one of the first Canadian Institutional Brokerage boutiques; President and CEO of Triarch Corporation, one of Canada's early merchant banking organizations; Chairman of Elliott and Page Ltd., one of Canada's largest

investment counseling and management organizations; and President of Canadian Venture Capital Corporation, one of Bay Street's early venture investing organizations.

During his career Mr. Van Nest has also been involved as a director/officer of several notable public and private companies, such as Eldorado Nuclear, now Cameco; Toromont Industries Ltd.; Pathfinder Beverages Ltd.; Noble China Ltd., the first and largest formal Canada China foreign joint ventures and one of the largest national brewers and distributors of beer in China, and Kyrgoil Corp., the company which built and operated the first and only oil refinery in the Kyrgyz Republic.

Mr. Van Nest also served as Chairman of the early fundraising efforts for Young People's Theatre in Toronto, as Director of The Royal Canadian Geographical Society for five years and as a Director and supporter of the Hospice Calgary Society. Mr. Van Nest holds a Bachelor of Commerce degree from the University of Windsor, and did postgraduate studies at McGill University and the University of Toronto. Mr. Van Nest currently resides in Toronto, Ontario, where he serves as Chairman of Woodland Biofuels Inc. and MedX Health Corp. He also remains a Director of several public and private companies.

Michael Burns: Mr. Burns has over 50 years of experience in the financial industry. He was educated at Trinity College School and Cornell University. His business career began in 1958 at Burns Bros. and Denton (now Nesbitt Burns). In 1977 Mr. Burns joined the Crown Life Insurance Company. He held various positions during his time at Crown Life Insurance Company including Vice President, Chairman and CEO. From 1980 to 2006 Mr. Burns held various positions in Extencicare Inc. including Chairman and CEO, President and CEO and Deputy Chairman. Michael Burns was also the Chairman of the Independent Committee for Dome Petroleum.

During his career Mr. Burns has also been involved as a director and/or officer of several private and public companies, such as Ivy Funds, Denison Mines, Dome Petroleum, Algoma Central Corp., Extencicare Inc., Landmark Global Financial Inc., Security National Bank, Lateral Vector Resources, Bralorn Resources Ltd., Crown Life Insurance Company, Kingfield Group of Companies, SJM Oil and Gas and PVI Inc.

The directors and officers of the Manager are appointed to serve on the board of directors until such time as their successor is appointed, they are removed or they otherwise cease to hold office.

Davindra Persaud: Mr. Persaud is the Chief Financial Officer of the Manager. He has over 12 years of financial experience with public and private companies, with a focus on financial services and management. Prior to joining Crown Hill, he held various roles at amongst others, Deloitte & Touche LLP (formerly Mintz & Partners LLP) and RSM Richter LLP. Most recently, Davindra was Corporate Controller at Mortgagebrokers.com. Davindra is a Chartered Accountant and is a member of the Ontario Institute of Chartered Accountants. He received a Bachelor of Arts degree (Economics) from the University of Western Ontario

The Investment Manager

Pursuant to an investment management agreement between the Manager and Jarislowsky, Fraser Limited dated July 20, 2009 (the "**Investment Management Agreement**") the Investment Manager, Jarislowsky, Fraser Limited (the "**Investment Manager**"), was retained by the Manager to provide investment advisory and portfolio management services to the Fund. The Investment Manager, established in 1955, is registered as an investment manager with securities

commissions in both Canada and the United States and is located at 20 Queen Street West, Suite 3100, Toronto, Ontario, M5H 3R3. For its services, the Investment Manager will be entitled to receive an investment management fee (the “**Investment Management Fee**”) from the Fund and shall be entitled to reimbursement from the Fund of all reasonable costs and expenses incurred by it in performing its duties under the Investment Management Agreement, in such amount and upon terms set out in the Investment Management Agreement.

The Investment Manager provides investment management and portfolio management services to the Fund, and is responsible for implementing the investment strategy of the Fund. In consideration for these services, the Investment Manager is paid the Investment Management Fee by the Fund.

On January 16, 2009, Robson Capital Management Inc. was appointed the investment manager of the Fund and was entitled to an annual fee of 0.25% of the net asset value of the Fund (the “**NAV**”), calculated and payable monthly. Robson Capital Management Inc. replaced Crown Hill Asset Management Inc. as investment manager. On July 20, 2009, Jarislowsky, Fraser Limited was appointed the Investment Manager for the Fund’s portfolio, excluding the Fund’s investment in CH Fund Administration LP, and is entitled to an annual Investment Management Fee of 0.33% of the NAV for the first \$400 million, 0.22% of the NAV on the next \$600 million and 0.15% of the NAV of the remainder. The Investment Advisory Fee is based on the assets for which the Investment Manager provides discretionary investment advisory and portfolio management services on (the “**Investment Portfolio**”). These fees are to be calculated and paid monthly in arrears on the first business day of each month.

From January 1, 2010 to April 30, 2010 the Investment Manager was paid \$263,069 in Investment Management Fees.

The Investment Management Agreement

The duties of the Investment Manager under the Investment Management Agreement include identifying business opportunities, performing all acts as may be in its judgement necessary or appropriate to the management of the Investment Portfolio in accordance with the investment guidelines of the Fund, entering into agreements and executing any documents required to make investments for the investment portfolio, renewing or extending or participating in the renewal or extension of any securities in the investment portfolio, issuing such orders and directions to the Custodian as may be necessary or appropriate with respect to the disposition and application of monies or securities of the Investment Portfolio from time to time held by the custodian, and providing such other investment management, portfolio management and related services to the Fund as the Manager may reasonably request from time to time.

It should be noted that these and other services of the Investment Manager are not exclusive to the Fund. The Investment Manager may provide services of a similar nature to other clients.

However, the Investment Manager is held under a standard of care whereby it must execute its duties *vis-à-vis* the Fund while acting fairly, reasonably, honestly, in good faith, with a view to the best interests of the Fund; and in connection therein, it shall exercise the degree of care, diligence and skill that a reasonably prudent investment manager would exercise in the circumstances.

The term of the Investment Management Agreement will continue until the date of the termination of the Manager as manager of the Fund or the date of termination of the Fund, unless terminated in accordance with the termination provisions of Fund.

In the event of termination, the Manager will cause the Fund to pay to the Investment Manager all amounts due under the Investment Management Agreement to the effective date of termination.

In the event that the Investment Management Agreement is terminated as provided above, the Manager, on behalf of the Fund, will appoint a successor investment manager to carry out the activities of the Investment Manager until a meeting of the Unitholders is held to confirm such appointment.

Since the Investment Manager will continue to manage the investments of its other clients, the Investment Manager may acquire or dispose of the same investment for the Fund and one or more of its other clients. However, because of different investment policies, the Investment Manager may be selling an investment for one client and buying the same investment for another client. Under the Investment Management Agreement, the Investment Manager has agreed to allocate opportunities to acquire and dispose of investments fairly among the Fund and its other clients that have similar investment objectives.

OTHER BUSINESS

The Manager knows of no other business to be presented at the Meeting. If any additional matters should be properly presented, it is intended that the enclosed Proxy will be voted in accordance with the judgment of the persons named in the Proxy.

MANAGER'S DISCRETION NOT TO PROCEED WITH PROPOSAL

Pursuant to the terms of the Extraordinary Resolution to be considered at the Meeting, the Manager may, without further notice to, or action on the part of, Unitholders, determine not to proceed with the transactions contemplated by such resolution if the Manager determines in its sole judgment that it would be inadvisable for the Fund to proceed with the matters contemplated by the Extraordinary Resolution.

DETERMINATION OF THE MANAGER

The board of directors of the Manager has determined that the proposed Extraordinary Resolution is in the best interest of Unitholders of the Fund, and recommends that Unitholders of the Fund vote in favour of the Extraordinary Resolution.

The Manager makes no recommendation regarding whether any Unitholder of the Fund should continue to hold their Units or sell their Units in the market. These are determinations that each Unitholder should make in consultation with his or her financial advisors.

INTERESTS IN MATTERS TO BE ACTED UPON

The Manager is entitled to receive management fees for its services to the Fund and is entitled to be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund. The Manager is indirectly owned and controlled by Wayne Pushka, an officer and director of the Manager.

AUDITORS

The auditors of the Fund are Ernst & Young LLP, Toronto, Canada who was appointed on January 18, 2010. The previous auditors of the Fund were PriceWaterhouseCoopers LLP, Toronto, Canada.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc., at its principal offices located in Toronto, is the registrar and transfer agent for the Units.

ADDITIONAL INFORMATION

Additional information about the Fund is available on the System for Electronic Disclosure and Retrieval at www.sedar.com. Additional financial information for the Fund is available from the Manager upon request at Crown Hill Capital Corporation, 141 Adelaide Street West, Suite 1006, Toronto, Ontario, M5H 3L5. Financial information is provided in the Company's comparative Financial Statements and MRFP for the Fund's most recently completed financial year on December 31, 2009.

APPROVAL

The contents of this Circular and its sending to Unitholders have been approved by the directors of the Manager.

DATED at Toronto, Ontario this 14th day of May, 2010.

**CITADEL INCOME FUND,
by its manager CROWN HILL
CAPITAL CORPORATION**

(Signed) Wayne L. Pushka
CEO, President, and Director

**APPENDIX “A” -
EXTRAORDINARY RESOLUTION OF CITADEL INCOME FUND
(the “Fund”)**

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. The amendment of the amended and restated declaration of trust of the Fund amended and restated as of June 12, 2006, June 4, 2008, June 6, 2008, September 26, 2008, December 31, 2008 and December 2, 2009 (the “**Declaration of Trust**”) to remove the requirement for an annual meeting of unitholders of the Fund is hereby authorized and approved.
2. Crown Hill Capital Corporation (the “**Manager**”) is hereby authorized and directed for and on behalf of the Fund to execute and deliver all such documents and to take such action as may be necessary or advisable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including making consequential amendments to the Declaration of Trust, such determination to be conclusively evidenced by the execution and delivery of such document or the performance of such action by any director or officer of the Manager.
3. Notwithstanding that this resolution has been passed by the unitholders of the Fund, the Manager is hereby authorized to delay or terminate the changes contemplated by this resolution if the Manager determines in its sole discretion that it would be necessary or desirable.