CENTRAL FUND OF CANADA LIMITED

TSX SYMBOL: CEF.A AMEX SYMBOL: CEF

FOR IMMEDIATE RELEASE

For Release on Tuesday, May 28, 2002 at 9:00 a.m. (E.S.T.) and U.S Disclosure Circuit

TORONTO, Ontario (May 28/CNW/) – Central Fund of Canada Limited ("CFOC") of Calgary, Alberta, Canada today announced that it has filed a preliminary short form prospectus with the securities commissions in each of the provinces and territories of Canada and with the United States Securities and Exchange Commission for a proposed underwritten offering of Class A Shares to the public in Canada and the United States.

The proposed offering will be priced in the context of the market; however, CFOC does not intend to proceed with an offering if it does not have a net positive and non-dilutive effect on the net asset value of the Class A shares owned by the existing shareholders of CFOC.

Substantially all the net proceeds of the offering will be used to purchase gold and silver bullion in a ratio of approximately 50 troy ounces of silver for every one fine ounce of gold, in keeping with the investment policies established by the board of directors of CFOC.

The proposed offering will be undertaken by a syndicate of underwriters led by CIBC World Markets.

This notice does not constitute an offer of any Class A Shares for sale. A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission but has not yet become effective. The securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

Copies of the U.S. preliminary prospectus relating to the offering may be obtained from CIBC World Markets Corp., Fax: 212 667-6136, E-mail: USEProspectus@us.cibc.com.

Statements contained in this release that are not historical facts are forward-looking statements that involve risks and uncertainties. CFOC's actual results could differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those risks detailed in the company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

Central Fund of Canada Limited is a refined gold and silver bullion holding company.

For further information, please contact: J.C. Stefan Spicer, President and CEO (905) 648-7878 or (905) 304-4444 Website: www.centralfund.com