

**CENTRAL FUND UNDERWRITER EXERCISES OPTION.
EQUITY OFFERING INCREASES TO APPROXIMATELY U.S.\$84.9 MILLION.**

TSX SYMBOL: CEF.A

AMEX SYMBOL: CEF

FOR IMMEDIATE RELEASE

For release on Friday, October 22, 2004

On Canada News Wire and U.S. Disclosure Circuit

TORONTO, Ontario (October 22, 2004/CNWI) - Central Fund of Canada Limited is pleased to announce that CIBC World Markets Inc. has fully exercised its option to purchase an additional 2,000,000 Class A shares, for additional gross proceeds of U.S.\$11,320,000 to Central Fund. CIBC World Markets Inc. agreed this morning to underwrite 13,000,000 Class A shares for gross proceeds of U.S.\$73,580,000.

The underwritten price of U.S.\$5.66 per Class A share was non-dilutive and accretive for the existing shareholders of Central Fund. The additional net proceeds will be substantially invested in gold and silver bullion in accordance with Central Fund's Articles of Incorporation and stated investment policy. It is anticipated that this additional capital will reduce the operating expense ratio in favour of the existing and new Shareholders of Central Fund.

Class A shares of Central Fund are qualified investments for RRSPs, DPSPs, RRIFs, RESPs and other regulated accounts. The Class A shares are also eligible investments in the United States for various regulated investors and accounts.

Central Fund of Canada Limited (Est. 1961) amended its Articles of Incorporation in 1983 to provide investors with an exchange-tradable, convenient, low-cost and secure ownership of gold and silver bullion that is physically stored unencumbered, segregated and insured safekeeping in a Canadian chartered bank's treasury vaults. The bullion is audited semi-annually in the presence of Central Fund's auditors and bank officials.

The Class A shares of Central Fund have been listed on the Toronto Stock Exchange with symbol CEF.A since 1966 and on the AMEX with symbol CEF since 1986. They may be purchased on either stock exchange by world-wide investors.

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., 417 Fifth Avenue, New York, New York 10016, by fax at 212-667-6136 or by e-mail at useprospectus@us.cibc.com. Copies of the Canadian preliminary prospectus may be obtained from CIBC World Markets Inc., fax 416-594-7242.

Statements contained in this release that are not historical facts are forward-looking statements that involve risks and uncertainties. Central Fund'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 at 905-648-7878. Website: www.centrafund.com . Email: info@centrafund.com .