

CENTRAL FUND OF CANADA LIMITED

PRESS RELEASE

August 10, 2004

Central Fund of Canada Limited (symbols: AMEX-CEF, TSX-CEF.A) has today released selected comparative financial information relating to net assets and results of operations for the nine months ended July 31, 2004.

Central Fund of Canada Limited Statements of Net Assets (expressed in U.S. dollars)

	July 31, 2004	October 31,
	<u>Unaudited</u>	<u>2003</u>
Net Assets:		
Gold bullion at market, average cost \$206,043,206 (2003: \$111,164,364) \$	204,933,656	114,733,517
Silver bullion at market, average cost \$181,213,466 (2003: \$103,068,226)	168,035,245	76,236,168
Marketable securities at market, average cost \$89,430	59,218	70,998
Interest-bearing cash deposits	10,034,932	4,315,467
Prepaid insurance, interest receivable and other	<u>21,220</u>	<u>62,545</u>
	383,084,271	195,418,695
Accrued liabilities	(790,844)	(307,883)
Dividends payable	<u>-</u>	<u>(447,463)</u>
Net assets representing shareholders' equity	\$ <u>382,293,427</u>	<u>194,663,349</u>
Represented by:		
Capital stock:		
79,296,320 (2003: 44,746,320) Class A shares issued	\$ 371,511,394	191,148,354
40,000 Common shares issued	<u>19,458</u>	<u>19,458</u>
	371,530,852	191,167,812
Contributed surplus	25,080,558	26,776,874
Unrealized depreciation of investments	<u>(14,317,983)</u>	<u>(23,281,337)</u>
	\$ <u>382,293,427</u>	<u>194,663,349</u>
Net Asset Value Per Share (expressed in U.S. dollars):		
Class A shares	\$ 4.82	4.35
Common shares	\$ <u>1.82</u>	<u>1.35</u>
Net Asset Value Per Share (expressed in Canadian dollars):		
Class A shares	\$ 6.41	5.74
Common shares	\$ <u>2.42</u>	<u>1.78</u>
Exchange rate:	U.S. \$ 1.00 = Cdn. \$	
	<u>1.3292</u>	<u>1.3197</u>

The change in net assets as reported in U.S. dollars from period to period is primarily a result of the changing market prices of gold and silver and the proportion of each held by the Company. Also, because gold and silver are initially denominated in U.S. dollars, changes in the value of the U.S. dollar relative to the Canadian dollar will also have an impact on net assets when reported in Canadian dollars.

Net assets increased by approximately \$187,630,000 during the nine months ended July 31, 2004. Of that amount, \$71,451,000 was the net result of the issuance of 15,050,000 Class A shares through a public offering on December 19, 2003 and \$108,912,000 was the net result of the issuance of 19,500,000 Class A shares through a public offering on April 8, 2004. In both public offerings, the shares were issued at a premium to net asset value that was non-dilutive and accretive to the net asset value per share of the then existing Class A shareholders, after all related share issue costs.

The share capital now issued and outstanding is 79,296,320 fully-participating Class A shares listed on the American Stock Exchange and The Toronto Stock Exchange. Common shares remain at 40,000 issued and outstanding.

The \$0.47 or 10.8% increase in net assets per Class A share, expressed in U.S. dollar terms, during the past nine months was due primarily to the 1.3% increase in the price of gold and the 25.0% increase in the price of silver during the period. Net assets per Class A share, expressed in Canadian dollar terms, increased at a rate of 11.7%, being \$0.67 per Class A share. This greater percentage increase was a result of the 0.7% increase in the U.S. dollar relative to the Canadian dollar.

Central Fund of Canada Limited
Statements of Loss
(unaudited)
(expressed in U.S. dollars)

	Nine months ended July 31		Three months ended July 31	
Income:	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Interest	\$ 37,908	36,443	15,668	12,901
Dividends	<u>390</u>	<u>199</u>	<u>109</u>	<u>84</u>
	<u>38,298</u>	<u>36,642</u>	<u>15,777</u>	<u>12,985</u>
Expenses:				
Administration fees	787,100	483,495	302,592	170,389
Safekeeping, insurance and bank charges	147,241	114,288	47,082	44,834
Shareholder information	145,029	107,261	18,067	35,664
Directors' fees and expenses	42,035	39,992	15,766	14,474
Professional fees	39,854	52,600	10,311	15,160
Registrar and transfer agents' fees	37,448	34,596	9,228	10,262
Miscellaneous	1,364	1,064	393	275
Foreign currency exchange loss	<u>17,581</u>	<u>16,608</u>	<u>2,795</u>	<u>4,078</u>
	<u>1,217,652</u>	<u>849,904</u>	<u>406,234</u>	<u>295,136</u>
Loss from operations before income taxes	\$ (1,179,354)	(813,262)	(390,457)	(282,151)
Income taxes	<u>(516,962)</u>	<u>(300,617)</u>	<u>(184,451)</u>	<u>(113,022)</u>
Net loss	\$ <u>(1,696,316)</u>	<u>(1,113,879)</u>	<u>(574,908)</u>	<u>(395,173)</u>
Net Loss Per Share:				
Class A shares	\$ (.02)	(.02)	(.01)	(.01)
Common shares	<u>\$.02</u>	<u>.02</u>	<u>.01</u>	<u>.01</u>

The net loss, being primarily the costs of stewardship for the nine months ended July 31, 2004, was \$1,696,316 compared to \$1,113,879 in 2003. Since July 31, 2003, net assets have increased by approximately \$197,032,000 or 106%. The Company has used the bulk of the proceeds of two non-dilutive Class A share issues over the past twelve months to purchase gold and silver bullion, primarily in bar form. Certain expenses, such as administration fees that are scaled, and taxes vary in proportion to net asset levels or, in the case of stock exchange fees (included in shareholder information), with the total market value of Class A shares. Safekeeping fees and bullion insurance costs increased as a result of the purchases of additional physical gold and silver bullion discussed above. Administrative fees remitted to The Central Group Alberta Limited for the nine months increased to \$787,100 from \$493,495, such increase being fees at the rate of one-quarter of one percent per annum on the increased assets under administration.

Despite an increase in overall expense levels, the operating expenses which exclude taxes, as a percentage of average net assets, declined to 0.38% for the nine months ended July 31, 2004 compared to 0.51% for the same nine-month period in 2003. The issuances of 34,550,000 Class A shares since October 31, 2003 have been instrumental in substantially reducing the ongoing operating expenses on a per share basis to approximate annualized costs of 0.50%.

Central Fund of Canada Limited operates as a specialized investment holding company which invests primarily in long-term holdings of gold and silver bullion and does not speculate with regard to short-term changes in gold and silver prices. At July 31, 2004, the Class A shares of Central Fund were backed 97.6% by gold and silver bullion and may be purchased, held and sold with ease on either the American Stock Exchange (CEF) or The Toronto Stock Exchange (CEF.A).