

Central Fund of Canada Limited

3rd QUARTER REPORT

Central Fund is currently 97.9% invested in gold and silver bullion. At July 31, 2005 Central Fund's gold holdings were 614,242 fine oz. of physical bullion and 5,349 fine oz. of gold bullion certificates. Silver holdings were 30,728,142 oz. of physical bullion and 245,572 oz. of silver bullion certificates. The physical bullion is insured and held in safekeeping by a Canadian chartered bank in segregated vault storage. Central Fund continues to fulfil its mandate as "The Sound Monetary Fund".

On behalf of the Board of Directors:

J.C. Stefan Spicer, President

MANAGEMENT'S DISCUSSION & ANALYSIS

Selected Financial Information

The following table summarizes quarterly financial information:

	Quarter ended (US\$)			
	Jul. 31, 2005	Apr. 30, 2005	Jan. 31, 2005	Oct. 31, 2004
Unrealized appreciation (depreciation) of investments (in millions)	\$1.0	\$16.4	\$(16.7)	\$37.3
Net income (loss) for the period (in millions)	\$0.3	\$15.6	\$(17.5)	\$36.7
Net income (loss) per share	\$0.00	\$0.17	\$(0.19)	\$0.53
	Jul. 31, 2004	Apr. 30, 2004	Jan. 31, 2004	Oct. 31, 2003
Unrealized appreciation (depreciation) of investments (in millions)	\$13.8	\$(26.7)	\$21.8	\$10.2
Net income (loss) for the period (in millions)	\$13.2	\$(27.3)	\$21.3	\$9.8
Net income (loss) per share	\$0.20	\$(0.39)	\$0.41	\$0.23

Review of Operations

Central Fund's earned income objective is secondary to its investment objective of holding the vast majority of its net assets in gold and silver bullion. Generally, Central Fund only seeks to maintain adequate cash reserves to enable it to pay operating expenses, taxes and Class A share dividends. Because gold and silver bullion do not generate revenue, Central Fund's actual revenues are a minuscule percentage of its net assets. However, CICA Accounting Guideline 18, requires Central Fund to record unrealized appreciation (depreciation) of investments in income.

The net loss (inclusive of unrealized depreciation of investments) for the nine months ended July 31, 2005 was \$1,612,077 compared to net income of \$7,267,038 for the same period in 2004. Since July 31, 2004, net assets have increased by \$115,348,075 or 30%. The Company has used the bulk of the proceeds of the Class A share issue in November 2004 to purchase gold and silver bullion, primarily in bar form. Certain expenses, such as administration fees are scaled and, together with income taxes, vary in proportion to net asset levels, or, in the case of stock exchange fees (included in shareholder information), with the number of Class A shares issued. Safekeeping fees and bullion insurance costs increased as a result of the purchases of additional physical gold and silver bullion and increases in storage fees. Administration fees remitted to The Central Group Alberta Limited for the nine months increased to \$1,154,645 from \$787,100, such increase being at the rate of one-quarter of one percent per annum on the increased assets under administration. The Company incurred fees totaling \$55,311 (2004: \$11,806) to a legal firm of which one of the Company's directors is a partner. Professional fees increased as a result of legal and audit work required to adopt recently imposed accounting guidelines and corporate governance rules and regulations as well as preparations for the Special Meeting of Class A Shareholders in February 2005.

Operating expenses (which exclude income taxes) as a percentage of average net assets, were 0.39% for the nine months ended July 31, 2005 compared to 0.38% for the same nine-month period in 2004. For the twelve months ended July 31, 2005, the operating expense ratio was 0.50% compared to 0.51% for the prior twelve-month period.

Liquidity and Capital Resources

All of Central Fund's assets are immediately marketable and highly liquid.

Central Fund's dollar liquidity objective is to hold cash reserves primarily for the payment of operating expenses, taxes and Class A share dividends. Should Central Fund not have sufficient cash to meet its needs, a nominal portion of Central Fund's bullion holdings may be sold to fund tax and dividend payments, provide working capital, and pay for redemptions, if any, of Class A shares.

For the nine months ended July 31, 2005, Central Fund's cash reserves increased by \$1,683,791 as amounts used to pay operating expenses, taxes and the Class A share dividend were more than offset by amounts retained in interest-bearing cash deposits for working capital purposes from the public offering completed in November 2004. Management monitors Central Fund's cash position with an emphasis on maintaining its mandate to hold maximum amounts of gold and silver bullion.

Forward-looking Observations

Changes in the market prices of gold and silver have an impact on the net asset value per Class A share. Assuming as a constant exchange rate, the rate which existed on July 31, 2005 of \$1.2259 Cdn. for each U.S. dollar together with holdings of gold and silver bullion which existed on that date, a 10% change in the price of gold would increase or decrease the net asset value per share by approximately \$0.28 per share or Cdn. \$0.34 per share. On the same basis, a 10% change in the price of silver would increase or decrease the net asset value per share by approximately \$0.23 per share or Cdn. \$0.28 per share. If both gold and silver prices were to change by 10% simultaneously in the same direction, the net asset value per share would increase or decrease by approximately \$0.51 per share or Cdn. \$0.63 per share.

Central Fund of Canada Limited

Statement of Net Assets

(expressed in U.S. dollars, unaudited)(note 1)

	July 31 2005	October 31 2004
Net assets:		
Gold bullion at market, average cost \$246,833,606 (2004: \$206,043,206) (note 2)	\$ 265,804,692	222,814,301
Silver bullion at market, average cost \$216,589,466 (2004: \$181,213,467) (note 2)	221,307,187	187,403,793
Marketable securities at market, average cost \$89,430 (2004: \$89,430)	56,883	68,221
Interest-bearing cash deposits	11,166,327	9,482,536
Prepaid insurance, interest receivable and other	100,743	81,351
	498,435,832	419,850,202
Accrued liabilities	(794,330)	(707,660)
Dividends payable	-	(792,963)
	\$ 497,641,502	418,349,579
Represented by:		
Capital stock (note 3):		
94,296,320 (2004: 79,296,320) Class A shares issued	\$ 452,615,394	371,711,394
40,000 Common shares issued	19,458	19,458
	452,634,852	371,730,852
Contributed surplus (note 4)	21,350,390	23,678,513
Retained earnings inclusive of unrealized appreciation of investments	23,656,260	22,940,214
	\$ 497,641,502	418,349,579
Net asset value per share (expressed in U.S. dollars):		
Class A shares	\$ 5.28	5.27
Common shares	\$ 2.28	2.27
Net asset value per share (expressed in Canadian dollars):		
Class A shares	\$ 6.47	6.44
Common shares	\$ 2.79	2.78
Exchange rate:	U.S. \$1.00 = Cdn. \$ 1.2259	1.2207

Notes:

1. The accounting policies used in the preparation of these unaudited interim financial statements conform with those presented in Central Fund's October 31, 2004 audited annual financial statements. These interim financial statements do not include all of the disclosures included in the annual financial statements and accordingly should be read in conjunction with the annual financial statements.

2. Details of gold and silver bullion holdings at July 31, 2005, are as follows:

Holdings	Gold	Silver	
100 & 400 fine oz bars	614,242	1000 oz bars	30,728,142
Certificates	5,349	Certificates	245,572
Total fine ounces	619,591	Total ounces	30,973,714
Market Value:	Per Fine Ounce	Per Ounce	
October 31, 2004	U.S. \$ 425.55	U.S. \$ 7.160	
July 31, 2005	U.S. \$ 429.00	U.S. \$ 7.145	

3. On November 3, 2004, the Company, through a public offering, issued 15,000,000 Class A shares for proceeds of \$81,504,000 net of underwriting fees of \$3,396,000. Costs relating to this public offering were approximately \$600,000 and net proceeds were approximately \$80,904,000.

The Company used the net proceeds from this public offering to purchase 96,000 fine ounces of gold at a cost of \$40,790,400 and 4,800,000 ounces of silver at a cost of \$35,376,000, both in physical bar form except for 67 ounces of gold which were received in certificate form. The balance of approximately \$4,737,600, was retained by the Company in interest-bearing cash deposits for working capital purposes.

4. Contributed surplus is used to eliminate any deficit that may arise from net losses before unrealized appreciation (depreciation) of investments and on the payment of the Class A shares' stated dividend per share. Accordingly, \$2,328,123 (2004, \$1,696,316) has been transferred from contributed surplus on July 31, 2005 and 2004 representing the net loss before unrealized appreciation (depreciation) of investments for the nine months then ended. This change does not affect the net asset value of the Company.

5. For the nine months ended July 31, 2005, the Company incurred fees totaling \$55,311 (2004: \$11,806) to a legal firm of which one of the Company's directors is a partner, and to the administrator \$1,154,645 (2004: \$787,700).

Central Fund of Canada Limited

Statement of Changes in Net Assets (expressed in U.S. dollars, unaudited)(note 1)

	Nine months ended July 31		Three months ended July 31	
	2005	2004	2005	2004
Net assets at beginning of period	\$ 418,349,579	194,663,349	\$ 497,367,329	369,046,249
Add (deduct):				
Net income (loss)	(1,612,077)	7,267,038	274,173	13,247,178
Net issuance of Class A shares	80,904,000	180,363,040	-	-
Increase in net assets during the period	79,291,923	187,630,078	274,173	13,247,178
Net assets at end of period	\$ 497,641,502	382,293,427	\$ 497,641,502	382,293,427

Statement of Income (Loss) (expressed in U.S. dollars, unaudited)(note 1)

	Nine months ended July 31		Three months ended July 31	
	2005	2004	2005	2004
Income:				
Interest	\$ 234,144	37,908	\$ 129,942	15,668
Dividends	894	390	130	109
Unrealized appreciation of investments	716,046	8,963,354	962,155	13,822,086
	951,084	9,001,652	1,092,227	13,837,863
Expenses:				
Administration fees	1,154,645	787,100	381,843	302,592
Safekeeping, insurance and bank charges	310,400	147,241	156,336	47,082
Shareholders' information	210,294	145,029	23,539	18,067
Professional fees	109,556	39,854	20,521	10,311
Directors' fees and expenses	72,942	42,035	25,108	15,766
Registrar and transfer agents' fees	57,917	37,448	10,642	9,228
Miscellaneous	886	1,364	275	393
Foreign exchange (gain) loss	29,530	17,581	(1,602)	2,795
	1,946,170	1,217,652	616,662	406,234
Income (loss) before income taxes	(995,086)	7,784,000	475,565	13,431,629
Income taxes	(616,991)	(516,962)	(201,392)	(184,451)
Net income (loss)	\$ (1,612,077)	7,267,038	\$ 274,173	13,247,178
Net income (loss) per share:				
Class A shares	\$ (.02)	.09	\$.00	.20
Common shares	\$ (.02)	.09	\$.00	.20

Statement of Retained Earnings (expressed in U.S. dollars, unaudited)(note 1)

	Nine months ended July 31		Three months ended July 31	
	2005	2004	2005	2004
Balance at beginning of period	\$ 22,940,214	(23,281,337)	\$ 22,694,105	(28,140,069)
Net income (loss)	(1,612,077)	7,267,038	274,173	13,247,178
	21,328,137	(16,014,299)	22,968,278	(14,892,891)
Transfer from contributed surplus (note 4)	2,328,123	1,696,316	687,982	574,908
Balance at end of period	\$ 23,656,260	(14,317,983)	\$ 23,656,260	(14,317,983)