

Central Fund of Canada Limited (symbols: AMEX-CEF, TORONTO-CEF.A) has today released selected comparative financial information relating to net assets and results of operations for the year ended October 31, 2002.

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

	<u>2002</u>	As at October 31, <u>2001</u>
Net Assets:		
Gold bullion at market-average cost \$89,697,793; (2001, \$55,750,650)	\$ 75,716,165	36,858,284
Silver bullion at market-average cost \$89,046,426; (2001, \$62,748,151)	53,460,056	28,282,409
Marketable securities at market-average cost \$89,430; (2000, \$1,005,250)	41,486	45,297
Interest bearing cash deposits	3,898,449	1,456,544
Prepaid bullion insurance and safekeeping	21,600	21,600
Interest receivable and other	<u>11,957</u>	<u>12,980</u>
	133,149,713	66,677,114
Accrued liabilities	(344,138)	(131,190)
Dividends payable	<u>(357,975)</u>	<u>(194,129)</u>
Net assets representing shareholders' equity	\$ <u><u>132,447,600</u></u>	<u><u>66,351,795</u></u>
Represented by:		
Capital stock:		
35,797,520 Class A shares issued (2001; 19,412,860 shares)	\$ 153,349,055	89,701,594
40,000 Common shares issued	<u>19,458</u>	<u>19,458</u>
	\$ 153,368,513	89,721,052
Contributed surplus and retained earnings	28,695,029	30,948,804
Unrealized depreciation of investments	<u>(49,615,942)</u>	<u>(54,318,061)</u>
	\$ <u><u>132,447,600</u></u>	<u><u>66,351,795</u></u>
Net Asset Value Per Share (expressed in U.S. dollars):		
Class A shares	\$ 3.70	3.42
Common shares	<u>0.70</u>	<u>0.42</u>
Net Asset Value Per Share (expressed in Canadian dollars):		
Class A shares	\$ 5.77	5.42
Common shares	<u>1.09</u>	<u>0.66</u>
Exchange rate: U.S. \$ 1.00 = Cdn.	\$ <u><u>1.5603</u></u>	<u><u>1.5867</u></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.

In 2002, net assets as reported in U.S. dollars increased by \$66.1 million or 99.6%. A significant portion of this increase was the result of two private placements and a public offering of Class A shares during the year. In all cases, these share offerings were issued at a premium over the net asset value per Class A share at the time, such that there was no dilution of the interests of existing Class A shareholders. Of the net proceeds from these share issues (\$63,647,461), \$33,947,143 was used to purchase 106,701 fine ounces of gold bullion, and \$26,298,275 was used to purchase 5,330,613 ounces of silver bullion, primarily in physical bar form. The balance of these proceeds, \$3,402,043 was retained in interest-bearing cash deposits for working capital purposes.

During the year, the net asset value per Class A share, as reported in U.S. dollars, increased by 8.2% from \$3.42 to \$3.70. Gold prices increased by 13.7% during the year while silver prices increased by 4.7%. The net asset value per Class A share, as reported in Canadian dollars, while subject to the same effects described above, increased at a lower rate, by 6.5% as a result primarily of the 1.7% decrease in the U.S. dollar relative to the Canadian dollar.

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

		Years ended October 31,		
		<u>2002</u>	<u>2001</u>	<u>2000</u>
Income:				
Interest	\$	43,544	78,752	143,935
Dividends		401	380	277
Realized loss on sale of investments		<u>(906,786)</u>	<u>-</u>	<u>-</u>
		<u>(862,841)</u>	<u>79,132</u>	<u>144,212</u>
Expenses:				
Administration fees		447,589	334,609	358,572
Safekeeping, insurance and bank charges		99,164	65,160	70,462
Shareholders' information		77,400	66,118	72,778
Directors' fees and expenses		50,449	41,994	39,001
Professional fees		36,097	25,335	27,170
Registrar and transfer agents' fees		29,872	30,291	30,180
Miscellaneous		2,125	1,174	1,561
Foreign exchange loss		<u>6,776</u>	<u>8,772</u>	<u>2,801</u>
		<u>749,472</u>	<u>573,453</u>	<u>602,525</u>
Loss from operations before income taxes		(1,612,313)	(494,321)	(458,313)
Income taxes		<u>(283,487)</u>	<u>(140,091)</u>	<u>(139,284)</u>
Net loss	\$	<u><u>(1,895,800)</u></u>	<u><u>(634,412)</u></u>	<u><u>(597,597)</u></u>
Net loss per share:				
Class A shares	\$	(.07)	(.03)	(.03)
Common shares	\$	<u><u>(.08)</u></u>	<u><u>(.04)</u></u>	<u><u>(.04)</u></u>

The net loss of \$1,895,800 during the 2002 fiscal year is 199.2% higher than the 2001 loss of \$634,412. Interest income during the year was sharply reduced due to lower average balances of interest-bearing cash deposits combined with declining interest rates during the year as compared with the prior year. However, cash balances have increased significantly as a result of the Class A share issues which have resulted in higher interest income in recent months and should continue to have a positive impact on interest earned in subsequent periods.

Management has made the decision to focus its small portfolio of equity securities on high quality, senior gold and/or silver producers. As such, a portion of the existing older portfolio representing junior mining companies was sold, resulting in a realized loss representing approximately one-half of the net loss incurred during the year.

Operating expenses (which exclude income taxes) increased by 31.1% over the prior year. The increase in net assets during the year as a result of the two private placements and public share offering referred to above had an impact on several expense categories. Administration fees, which are calculated monthly based on net assets at each month end, increased during the year as a direct result of the higher level of net assets attributable to the issuances of Class A shares. Safekeeping fees and bullion insurance costs have increased to reflect the larger quantities and dollar values of gold and silver bullion being held as a result of bullion purchases from the proceeds of the share issues. Shareholder information costs increased as U.S. and Canadian stock exchange fees were increased at the time of filing the share issues. Directors' fees have increased as a result of the addition of an independent director (formerly an officer and inside director).

Operating expenses (which exclude income taxes) were less than 1.0%, being 0.6% of net assets at October 31, 2002.

Central Fund of Canada Limited operates as a specialized investment holding company which invests primarily in long-term holdings of unencumbered gold and silver bullion and does not actively speculate with regard to short-term changes in gold and silver prices. At October 31, 2002, the Class A shares of Central Fund were backed 97.5% 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).

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