

CENTRAL FUND ENTERS UNDERWRITING AGREEMENT

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/CNW/) – Central Fund of Canada Limited ("CFOC") of Calgary, Alberta announced today that it has entered into an agreement with CIBC World Markets Inc. under which the underwriter has agreed to buy and sell to the public, in Canada and in the United States under the multijurisdictional disclosure system, 13,000,000 Class A Shares of CFOC. CFOC has also granted the underwriter an option to purchase an additional 2,000,000 Class A Shares.

The purchase price of U.S.\$5.66 per Class A Share is expected to result in proceeds of approximately U.S.\$73,580,000. Substantially all the net proceeds of the offering have been committed to purchase gold and silver bullion, in keeping with the investment policies established by the board of directors of CFOC, for settlement at closing of the issue. The additional capital is expected to reduce the operating expense ratio in favour of the Shareholders of CFOC.

Closing is expected to occur on or about November 3rd, 2004.

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. 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.

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