

CENTRAL FUND OF CANADA LIMITED

PRESS RELEASE

Calgary, Canada

October 31, 2005

Central Fund Negotiates Reduced Administration Costs

Central Fund of Canada Limited is pleased to report that negotiations initiated on August 8, 2005 with its Administrator have concluded with present and future cost savings for its shareholders, effective November 1, 2005.

The new reduced annual administration and consulting fee schedule for the next ten year term is 0.30% on the first \$400 million of total net assets, 0.20% on the next \$600 million of total net assets and 0.15% on total net assets exceeding one billion dollars.

The annual fee schedule for the past nine years has been 0.50% on the first \$50 million, 0.375% on the next \$50 million and 0.25% on net assets over \$100 million. That annual fee schedule was a reduction from the fee schedule established in 1986.

Central Fund's total net assets are currently U.S.\$542 million, 98% of which are holdings of 619,591 fine ounces of gold and 30,973,714 ounces of silver.

Based on Central Fund's present total net assets, the immediate result of the lower administration and consulting fee schedule is a reduction of about U.S.\$60,000 per annum in costs to Central Fund. New fee schedule costs are significantly reduced on additional net assets by 20% up to U.S.\$1 billion and by 40% thereafter.

The terms of an Amended and Re-Styled Administration and Consulting Agreement with the Administrator, The Central Group Alberta Ltd., have been approved unanimously by the Audit Committee, the Corporate Governance Committee and the independent directors of Central Fund of Canada Limited.

Stefan Spicer, President of Central Fund stated: "We believe that the administrative fee reductions for Central Fund are beneficial for our investors and reaffirm our ongoing dedicated stewardship of Central Fund as '**The Sound Monetary Fund**'.

Central Fund of Canada Limited is a unique monetary company that holds long term investments in gold and silver bullion on behalf of its shareholders. Shares are quoted on the American Stock Exchange with symbol CEF and The Toronto Stock Exchange with symbols CEF.NV.U in United States dollars and CEF.NV.A in Canadian dollars. See our website at: www.centralfund.com.

For further information, please contact J.C. Stefan, Spicer, President & CEO at the Investor Inquiries office number 905-648-7878 or write to info@centralfund.com.