

CENTRAL FUND ENTERS UNDERWRITING AGREEMENT

TSX SYMBOL: CEF.A/CEF.U

AMEX SYMBOL: CEF

FOR IMMEDIATE RELEASE

For release on September 23, 2008

TORONTO, Ontario (September 23, 2008) - Central Fund of Canada Limited ("Central Fund") of Calgary, Alberta announced today that it has entered into an underwriting 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, 11,900,000 Class A Shares of Central Fund. The offering will be made under a second prospectus supplement to Central Fund's US\$750,000,000 base shelf prospectus dated March 31, 2008.

The purchase price of U.S.\$10.80 per Class A Share is expected to result in gross proceeds of approximately U.S.\$129 million. 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 Central Fund, for settlement at closing of the issue. The additional capital is expected to reduce the annual expense ratio in favour of the shareholders of Central Fund.

Closing is expected to occur on or about September 26, 2008.

Central Fund has filed a base shelf prospectus and registration statement with the Canadian securities regulatory authorities and the United States Securities and Exchange Commission ("SEC") which will serve as the base for the offering to which this communication relates. Before you invest, you should read the base shelf prospectus including any prospectus supplement and any other documents the Company has filed with the securities commissions in each of the provinces and territories of Canada, except Quebec, and the SEC for more complete information about the Company and this offering. You may obtain a copy of the base shelf prospectus filed in the United States from CIBC World Markets Corp., 425 Lexington Avenue, 5th Floor, New York, New York 10017, by fax at 212-667-6303 or by e-mail at useprospectus@us.cibc.com. You may obtain a copy of the base shelf prospectus in Canada from CIBC World Markets Inc., fax 416-594-7242 or request a copy by telephone at 416-594-7270.

Statements contained in this release that are not historical facts are forward-looking statements that involve risks and uncertainties. Central Fund'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 SEC.

Central Fund of Canada Limited (est. 1961) is an exchange tradeable refined gold and silver bullion holding company. Class A Shares are qualified for inclusion in many North American regulated accounts. Bullion holdings are stored on an unencumbered, allocated, segregated and insured basis in the treasury vaults of a major Canadian bank and are audited semi-annually in the presence of Central Fund's auditors and bank representatives. Class A Shares are quoted on the AMEX, symbol CEF and the TSX, symbol CEF.A (Cdn.\$) and CEF.U (U.S.\$).

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