

Friday, February 7, 2003

PRESS RELEASE

For Release on Friday, February 7, 2003 at 3:10 pm(E.S.T.)

For Distribution on TSE Disclosure Circuit
and U.S. Minimum Disclosure Circuit

**EXERCISE OF DEALER'S OPTION IN PRIVATE PLACEMENT FOR
CENTRAL FUND OF CANADA**

Central Fund of Canada Limited announces that an additional 1,773,967 Class A shares have been placed in a private placement announced on February 6, 2003 following the exercise of the 24 hour option granted at that time to a major Canadian dealer underwriting the offering. The private placement is subject to stock exchange approvals and applicable hold periods. As a result of the exercise of the option, the total sales under this agreement are 5,448,800 Class A shares for aggregate gross proceeds of U.S.\$24,465,112. The shares are being issued at a non-dilutive price of U.S.\$4.49 per share, being approximately Cdn.\$6.83 at the exchange rate of 1.5213.

Of the net proceeds of the placement, U.S. \$21,889,720 will be used to purchase an additional 35,600 fine ounces of gold and 1,780,000 ounces of silver with approximately U.S.\$885,000 retained, after expenses of the issue, as working capital.

The new total of issued and outstanding Class A shares of Central Fund of Canada Limited will be 44,746,320. After giving effect to this offering, the holdings of Central Fund will be represented by approximately 297,045 fine ounces of gold, 14,846,381 ounces of silver and approximately U.S.\$4,600,000 primarily in cash.

Closing is scheduled for February 14, 2003.

These securities have not been and will not be registered under the United States Securities Act of 1933 as amended or the securities laws of any state and may not be offered or sold in the United States or to any "US Person" (as defined in Regulation S under the Securities Act of 1933) unless an exemption from registration is available.

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