CENTRAL IRON ORE LIMITED

Management Discussion and Analysis
(Form 51-102F1)
For the quarter ended December 31, 2010

Information as of February 28, 2011
unless otherwise stated

Note to Reader

The following management discussion and analysis of the financial condition and results of operations of Central Iron Ore Limited (CIO or the Company) should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2010, together with the notes thereto, as well as the Company's previous financial and MD&A reports. These annual audited financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Forward-Looking Information

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Business of the Company

The Company changed its name from International Gold Mining Limited to Central Iron Ore Limited on January 18, 2010 consistent with its strategy of acquiring projects for iron ore exploration in Australia.

Since listing in mid 2007, CIO has gone about the business of aggregating mining and exploration opportunities in Australia and Tanzania as well as value adding the British King gold mine to a stage of production and identifying and acquiring a substantial portfolio of uranium exploration areas in Tanzania.

The Company has refocused its activities to acquire projects for iron ore exploration in Australia, and has discontinued exploration of its Tanzanian uranium assets. The Company has re-positioned the British King and Eureka gold mines into two regional exploration and development gold prospects.

Following the end of the financial year, the Company has entered into subscription agreements with two parties to raise CAD $1.76 million as detailed later in this document.

The Company announced on October 27, 2010 the appointment of Brett James Hodgins and Richard Homsany to the Board of Directors. The company further announced on February 14, 2011 that a new management team had been selected for the ongoing development of the Company. Mr.

Richard Homsany has been appointed to the position of Chairman, Mr. Brett Hodgins has been appointed President and Chief Executive Officer and Mr. Hugh Pinniger has been appointed Chief Operating Officer. Mr Andrew Spinks resigned as President and Chief Executive Officer and will continue to serve on the board as a non-executive director.

Exploration and Development Update

During the year ended June 30, 2010 the Company:

a) Continued its iron ore exploration strategy and acquired tenements.
b) Re-focused the gold projects into two regional exploration centres by acquiring tenements.

Summary of Projects

EXPLORATION ACTIVITIES – AUSTRALIAN IRON ORE

The Company continued its strategy into iron ore via applying for further tenements in the Yilgarn iron ore province (YIOP) during the quarter. The applications have been made through its 100-per-cent-owned subsidiary Central West Resources Pty Ltd and are located within the YIOP. The company now has a total of 10 tenements covering 652km2 that are located within the YIOP. The YIOP is considered highly prospective, given its history of large-scale iron ore production, with the Cliffs Natural Resources-owned Koolyanobbing operation (also formerly operated by Portman Limited) currently producing at a rate of about 8Mtpa of Direct Shipping Ore ("DSO"). The YIOP is increasingly being recognised as an attractive location for the development of iron ore, given its proximity to rail and access to ports.

The YIOP tenements have been divided into logical infrastructure hubs

Hub	Project	Tenement	Status	Area (km2)
Perinvale South	Walling Rock	EL30/414	Granted	93
Perinvale South	Perinvale South	ELA30/415	Pending	93
Perinvale South	Extension	P30/1084	Granted	1
Perinvale North	Perinvale North	ELA57/818	Granted	120
Windarling	Windarling West	ELA77/1820	Pending	12
Windarling	Windarling East	ELA77/1737	Pending	42
Diemals	Diemals North	ELA17/1749	Pending	111
Diemals	Far East	ELA77/1757	Pending	114
Diemals	Johnson North	EL77/1758	Granted	39
Diemals	Far South East	E77/1840	Pending	27

As part of a new iron ore strategy, on February 23, 2011 CIO announced that three of its applications for exploration licences that are prospective for the occurrence of iron ore in Western Australia had been successfully granted.

The Company believes its greater YIOP tenement package provides a significant platform for the exploration for iron ore and will provide a significant, new future phase of growth for the Company.

The initial strategy and objective of the Company is to evaluate the occurrence of both magnetite ore and direct shipping ore within the above tenements to gain an initial understanding of their respective resource potential.

SOUTH DARLOT GOLD PROJECT

The South Darlot Gold Project area is approximately 320km North West of Kalgoorlie and includes the British King mine which is 100% owned and NI43-101 compliant. The British King mine is 5km west of Barrick Gold Corporation's Darlot Mine. The British King Mine is currently under care and maintenance.

The Company has re-focused the gold strategy and is actively working towards a greater tenement expansion in the South Darlot region which will allow for regional and mine site exploration to commence. The Company's current tenement package is 336km^2.

Project	Tenement	Status	Area (km^2)
South Darlot	EL 37/882	Live	141
South Darlot	ELA37/1054	Pending	33
South Darlot	ELA37/1072	Pending	12
South Darlot	ELA37/1085	Pending	24
South Darlot	ELA37/1086	Pending	3
South Darlot	ELA37/1106	Pending	123
British King	M37/30	Live	0.1
British King	P37/7026	Live	0.1

For the South Darlot Gold Project, the strategy and objective of CIO will be to evaluate the gold prospectivity and deliver on target generation and access over the next 12 months.

EUREKA GOLD PROJECT

The Eureka gold mine is not currently being mined and is under care and maintenance.

EXPLORATION ACTIVITIES - TANZANIA

The Company has discontinued exploration activities in Tanzania and written off its previously capitalised exploration costs.

MINERALS PROPERTIES (all amounts in Australian dollars)

The Company's 100% owned projects now consist of:

Exploration Licence	Holder	Shares Held	Status	Grant Date	Expiry Date	Area (Ha)	Annual Rent – next rental year	Minimum Annual Expenditure	Registered Encumbrances / Dealings
Eureka Tenements:									
M24/189	CIO	100%	Live	15/02/1988	14/02/2030	218.15	$3,493.05	$21,900	Bond 209889 Agreement 367H/890
M24/584	CIO	100%	Live	25/10/2000	24/10/2021	110.50	$1,770.45	$11,100	Application to amend 393H/045
M24/585	CIO	100%	Live	25/10/2000	24/10/2021	104.50	$1,674.75	$10,500	Application to amend 393H/045
M24/586	CIO	100%	Live	25/10/2000	24/10/2021	130.00	$2,073.50	$13,000	Application to amend 393H/045
South Darlot Gold Tenements:									
M37/030	CIO	100%	Live	04/07/1984	03/07/2026	9.5785	$159.50	$10,000	Bond 246118 Agreement 527H/867 Application to amend 324H/889 Plaint LE38/890 to remove caveat Renewal of term LE120/045 Transfer/ devolution 11H/056
L37/162	CIO	100%	Live	25/10/2006	24/10/2027	6.80	$99.33	N/A	N/A
PLA37/7026	CIO	100%	Live	16/05/2011	15/05/2011	10.00	$22.00	$2,000	N/A
EL37/882	CIO	100%	Live	26/03/2008	25/03/2013	14,100.0	$8,856.21	$47,000	N/A
E37/1054	CIO	100%	Application			3,300.0			N/A
E37/1085	CIO	100%	Application			2,400.0			N/A
E37/1086	CIO	100%	Application			300.0			N/A
E37/1106	CIO	100%	Application			12,300.0			N/A
Australian Iron Tenements:									
E30/0414	CW	100%	Live	15/09/2010	14/09/2015	9,300	$3,675.98	$31,000.00	N/A
E30/0415	CW	100%	Application			9,300	$3,675.98	$31,000.00	N/A
E37/1054	CW	100%	Application			3,300	$1,304.38	$20,000.00	N/A
E57/0818	CW	100%	Live	22/02/2011	21/02/2016	12,000	$4,743.20	$40,000.00	N/A
E77/1737	CW	100%	Application			4,200	$1,660.12	$20,000.00	N/A
E77/1749	CW	100%	Application			11,100	$4,387.46	$37,000.00	N/A
E77/1757	CW	100%	Application			11,400	$4,506.04	$38,000.00	N/A
E77/1758	CW	100%	Live	25/10/2010	25/10/2015	3,900	$1,541.54	$20,000.00	N/A
E77/1840	CW	100%	Application			11,400			N/A

CORPORATE UPDATE

Capital Raising CAD $1.76 million

The Company announced on October 15, 2010 that it had entered into subscription agreements with Brooklyn Bay Pty Ltd ('Brooklyn') and Golden Sword Investments Pty Ltd ('GSI') for a CAD$1.76 million capital raising to be affected via 2 tranches.

Brooklyn is a wholly owned subsidiary of Australian Stock Exchange listed company, Gullewa Limited ('Gullewa') which is based in Sydney, Australia. Their activities in Australia cover coal in Queensland, gold and base metals in New South Wales, geothermal in Tasmania, mineral royalties and general investment in mineral companies. The directors and consultants of Gullewa have been involved in developing the Avebury Nickel Deposit for Allegiance Mining NL and the directors of GSI have been involved in major iron ore projects and gold exploration in Western Australia. Further information on Gullewa can be obtained at www.gullewa.com

The details of the transaction are as follows:

Tranche 1 - CAD$262,500

CAD $262,500 for the issue of an aggregate of 5 million shares at CAD $0.0525 per share equally to Brooklyn and GSI each share with one attached warrant exercisable at CAD $0.10 up to 36 months from the date of issue.

Upon completion of Tranche 1, two directors, being one nominee of Brooklyn and one nominee of GSI, were appointed to the board, subject to re-election at the Annual General Meeting.

Tranche 2 – CAD$1.5 million

CAD $1.5 million for the issue of 25 million shares at CAD $0.06 per share as follows:

1. Brooklyn – 22.5 million shares

2. GSI – 2.5 million shares

Each share issued under Tranche 2 has an attached one-fifth of a warrant, each whole warrant exercisable at CAD $0.10 up to 36 months from the issue date.

Tranche 2 was subject to the following key conditions precedent:

1. Brooklyn and GSI conducting satisfactory due diligence by October 29, 2010
2. Closing of Tranche 1
3. Shareholder approval for the issue of Tranche 1 warrants and Tranche 2 shares and warrants under Tranche 2
4. Venture exchange approval and any required Australian regulatory approval

The funds raised will be used for working capital and repayment of liabilities. Upon payment of specified liabilities in April 2011, two directors of the current board of the Company will resign.

Share Consolidation and Issued Capital

On January 19, 2010, the Company completed consolidation of its share capital into a smaller number, on the basis that every ten shares on issue be converted into one share. On March 14, 2010, the Company cancelled 200,000 shares owing to a subscriber to last year's private placement failing to pay subscription monies and issued one million shares to. As a result, at June 30, 2010 a total of 19,950,718 shares were issued and outstanding. Following the issue of 1 million shares to consultants of the Company and the 5 million shares under Tranche 1 of the capital raising, 25,950,718 shares are currently issued and outstanding.

Stock Options

On January 25, 2010, the Company cancelled all existing incentive stock options and issued 2,015,000 incentive stock options to various directors, officers, employees and consultants. The options are exercisable for a 3-year period at CAD $0.25 per share and subject to a four month hold period.

Risks and Uncertainties

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

General

The Company is an Australian junior mineral exploration and development company listed on the TSX Venture Exchange and engaged in the exploration and development of mineral properties located in Western Australia. It has not yet determined whether all of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing that may be required.

The Financial Statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the year ended June 30, 2010 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is related to the level of financing and exploration and development activities that are being conducted, which in turn may depend on the Company's recent exploration and development experience and prospects, as well as the general market conditions relating to the availability of funding for exploration and development-stage resource companies. Consequently, the Company does not acquire properties or conduct exploration and development work on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

Trends

The Company's financial success is dependent upon the discovery of commercial mineral resources which could be economically viable to develop. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Competitive Conditions

The resource industry is intensively competitive in all of its phases. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. The Company competes with many other companies that have substantially greater financial resources than the Company and our ability to compete is dependent of being able to raise additional funds as and when required.

Environmental Factors and Protection Requirements

The Company currently conducts exploration and development activities in Western Australia. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploration with nil to minimal environmental impact.

Mineral Exploration and Development

The Company's properties are in the exploration and development stage. Development of the Company's properties will only proceed upon obtaining satisfactory exploration results. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of an ore body of commercial minerals on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labor disruptions, flooding, explosions, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition

Economics of Developing Mineral Properties

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract minerals and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Commodity Prices

The Company’s revenues, if any, are expected to be in large part derived from the mining and sale of minerals or interests related thereto. The price of various minerals have fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company’s control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of mineral substitutes, mineral stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of various minerals, and therefore the economic viability of the Company’s operations cannot accurately be predicted.

Currency Risk

The Company's revenues and expenses will be incurred in Australian dollars, though its financings are completed in Canadian dollars. Although the Company has taken certain steps to help mitigate foreign currency fluctuations, there is no assurance that the activities or products are or will continue to be effective. Accordingly, the inability of the Company to obtain or to put in place effective hedges could materially increase exposure to fluctuations in the value of the Canadian dollar relative to the Australian dollar. This could adversely affect the Company’s financial position and operating results.

Title

There is no guarantee that title to properties in which the Company has a material interest will not be challenged or impugned. The Company’s mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects. No native title claims were lodged by the due date, which has enabled the Company to apply for mining leases.

Governmental Regulation

Operations, development and exploration on the Company’s properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company’s operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. If any of the Company’s projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Management and Directors

The Company is dependent on a relatively small number of directors: Richard Homsany, Brett Hodgins, Andrew Spinks, David Taylor, Bruce Burrell; and officers.

Conflicts of Interest

Certain officers and directors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

Limited Operating History: Losses

The Company has experienced losses in previous years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at December 31, 2010 the Company's deficit was $17,600,025.

Price Fluctuations: Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. This has been particularly exacerbated by current global economic conditions. In particular, during the quarter ended December 31, 2010, the closing per share price of the Company's shares fluctuated from a high of $0.22 to a low of $0.07 post consolidation. There can be no assurance that continual fluctuations in price will not occur.

Market Conditions

Global Economy

The two-speed recovery continues. In advanced economies, activity has moderated less than expected, but growth remains subdued, unemployment is still high, and renewed stresses in the euro area periphery are contributing to downside risks. In many emerging economies, activity remains buoyant, inflation pressures are emerging, and there are now some signs of overheating, driven in part by strong capital inflows. Most developing countries, particularly in sub-Saharan Africa, are also growing strongly. Global output is projected to expand by 4½ percent in 2011, an upward revision of about ¼ percentage point relative to the October 2010 World Economic Outlook (WEO). This reflects stronger-than-expected activity in the second half of 2010 as well as new policy initiatives in the United States that will boost activity this year. But downside risks to the recovery remain elevated. The most urgent requirements for robust recovery are comprehensive and rapid actions to overcome sovereign and financial troubles in the euro area and policies to redress fiscal imbalances and to repair and reform financial systems in advanced economies more generally. These need to be complemented with policies that keep overheating pressures in check and facilitate external rebalancing in key emerging economies.

Global activity expanded at an annualized rate of just over 3½ percent in the third quarter of 2010. A slowdown from the 5 percent growth rate of the second quarter of 2010 was expected, but the third-quarter rate was better than forecast in the October 2010 WEO, owing to stronger-than-expected consumption in the United States and Japan. Stimulus measures were partly responsible for the strengthened outturn, especially in Japan. More generally, signs are increasing that private consumption—which fell sharply during the crisis—is starting to gain a foothold in major advanced economies. Growth in emerging and developing economies remained robust in the third quarter, buoyed by well-entrenched private demand, still-accommodative policy stances, and resurgent capital inflows.

During the second half of 2010, global financial conditions broadly improved, amid lingering vulnerabilities. Equity markets rose, risk spreads continued to tighten, and bank lending conditions in major advanced economies became less tight, even for small and medium-sized firms. Nonetheless, pockets of vulnerability persisted; real estate markets and household income were still weak in some major advanced economies (for example, United States), and securitization remained subdued. And, in an echo of last May's events, financial turbulence re-emerged in the periphery of the euro area in the last quarter of 2010. Concerns about banking sector losses and fiscal sustainability—triggered this time by the situation in Ireland—led to widening spreads in these countries, in some cases reaching highs not seen since the launch of the European Economic and Monetary Union. Funding pressures also reappeared, although to a lesser extent than during the summer. One key difference was more limited financial market spillover to other countries. The turmoil in mid-2010 led to a spike in global risk aversion and a scaling back of exposures in other regions, including emerging markets. During the recent bout of turbulence, markets have been more discriminating: measures of risk aversion have not risen, equity markets in most regions have posted significant gains, and financial stresses have been limited mostly to the periphery of the euro area.

(Source: IMF World Economic Outlook Update, 25 January, 2011, www.imf.org)

Gold Market

During 2010, the price of gold rose to record levels on several occasions, trading as high as US$1,420.00/oz on 7 December, on the London PM fix. Gold prices increased by 2.6%, 11.5%, 5.1% and 7.5% on Q1, Q2, Q3 and Q4 2010 respectively, on a quarter-on-quarter basis. The average gold price increased to US$1,224.52/oz during 2010 from US$972.32/oz the previous year. While the gold price has seen a modest pull back from its 2010 highs toward year-end and into January 2011, the move is by no means unprecedented or unusual. To put these movements into perspective, the price of gold fell by 3.7% between 7 December 2010, when gold reached its 2010 high on the London PM fix, and 14 January 2011, at the time of writing. This represents considerably less than a 1-standard deviation move for a given month, for which the average volatility has been 4.9% over the past 10 years.

Gold's long-term supply and demand dynamics and several macro-economic factors ensured gold remained a sought-after asset. First, concerns continued to be felt over the health of economic growth in developed countries, especially among European nations on the back of the sovereign debt crisis and possible contagions to other regions. As such, European investors have turned to gold as a hedge against currency risks. Second, extensions and expansions of quantitative easing measures by central banks in the US, UK and Japan continued to make gold an attractive investment. Moreover, pressure on the US dollar against various currencies coupled with higher inflation expectations in many countries, including India and China, pushed the price of gold up. Third, official sector activity continued to be supportive of the gold market as sales by European central banks remained negligible and the IMF concluded its limited gold sales programme, while in several emerging markets central banks continued to increase their gold reserves. Fourth, while data for Q4 2010 is still pending, jewellery consumption moved at a healthy pace during the first three quarters of the year. India, for example, is poised to reach tonnage levels seen prior to the global financial crisis. Similarly, Chinese consumption continued to grow at a considerable rate. Moreover, investment activity in those regions, driven partly by innovative new investment vehicles offering improved access to the gold market, continued to expand. Finally, gold usage in electronics and other technological applications remained a steady source of demand.

(Source: World Gold Council Gold Investment Digest, January, 2011, www.gold.org)

Iron Ore Market

Iron ore contract prices are set to increase into 1Q11, triggered by an increase in spot market prices 3-4Q10. Overall, the iron ore market remains stable, after a volatile period extending from the GFC to the collapse of the annual benchmark pricing system and the introduction of quarterly iron ore contracts in 2Q10.

A gain of 7.7% to USc220.9/dmtu or US$137/t at 62% Fe fines is expected for the quarterly price in 1Q11, because spot prices rose in the September/November index window. Lump should be USc248.2/dmtu (12.4% premium). The current spot price for China imports is US$164.7/t, 11% below the April post-GFC high. The internal Chinese spot price (Hebei) is 1370RMB/t, only 2% below the April high of 1400RMB/t.

Recent spot price gains have been triggered by increasing USD operating costs for Australian and Brazilian producers, iron ore supply interruptions in India, seasonal restocking by steel mills, and anticipation of tightness on the supply side ahead of mine capacity increases beyond 2H12.

Rising iron ore prices have significantly affected the Chinese iron industry. China's iron ore output from January to November 2010 was 959mt, for a forecast annual 1046mt (RCR), which would be 23.5% increase on 2009. By contrast, imports are forecast to be 618mt, only a 2.7% gain on 2009. It is likely that China is avoiding higher-priced imports by boosting internal production.

Overall, iron ore price trends broadly reflect changes in global steel supply. Based on the IISI index, crude steel production is forecast to be 1387mt in 2010, an 18.3% increase on 2009. ABARE forecasts a further 11% increase to 1.5bt in 2011.

The biggest factor in the post GFC recovery – the urbanisation of China and India – is ongoing and should drive reasonable growth in the iron ore and steel markets for the foreseeable future. Long-term prices will be tied to iron ore production versus steel usage of the main consumers. RCR's longterm forecast is for US$55/t FOB at 62% Fe for fines, with a 20% lump premium.

(Source: Resource Capital Research, Iron Ore Company Review; Exploration, Development & Production, December Quarter, 2010)

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information of the Company for, and as at the end of, each of the last three financial years of the Company up to and including June 30, 2010. This financial information is derived from the financial statements of the Company. The Company prepares financial information according to Canadian Generally Accepted Accounting Principles ("GAAP") and all information is reported in Australian $.

	2010	**2009**	**2008**
Income from continuing operations	65,128	90,115	1,356,733
Net loss for the year	(2,039,258)	(1,356,524)	(1,575,587)
Net loss per share	(0.13)	(0.01)	(0.01)
Total Assets	3,819,446	4,180,950	4,484,393
Total Long-term financial liabilities	0	0	0

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

(all amounts in Australian dollars)

The Company has not recognized any revenue or incurred any loss from discontinued operations or extraordinary items since becoming a reporting issuer.

During the last 3 financial years, the company has consistently reported net losses. The most significant factor affecting losses during the last 3 financial years is continuing administrative expenses, which includes consulting, professional fees, salaries, management fees, office and miscellaneous expenses and stock based compensation. Other factors affecting losses include amortization and exploration and development costs. During the year ended June 30, 2010, the Company wrote off its Tanzania assets in the amount of $324,581.

Apart from a profit of $1,136,786 from the sale of shares in Macarthur Minerals Limited in 2008, income is predominantly derived from interest income. Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

Exploration and Development Expenses

For the last quarter ended December 31, 2010 the Company expended $32,657 on exploration and development activities. This compares with negligible expenditure for the corresponding quarter ended December 31, 2009. These costs have increased compared to the previous financial year owing to increased field work.

Expensed and capitalized exploration and development costs, on a property by property basis are as follows:

Australian $	**December 31, 2010**	**December 31, 2009**
Expenses		
British King mine	16,138	6,094
Eureka mine	11,758	5,173
Iron ore	4,761	20,469
Tanzania	-	39,221
Capitalized expenses		
British King mine	-	-
Eureka mine	-	-
Tanzania	-	-
Total	32,657	70,957

Administrative Expenses

For the quarter ended December 31, 2010 the Company incurred administrative expenses of $374,166 compared to $432,838 for the quarter ended December 31, 2009, a decrease of 14%. Overall, administrative costs decreased in comparison to the previous financial year owing to the decrease in consulting fees.

Income

Income is normally comprised of consulting fees, rents and interest income. For the quarter ended December 31, 2010 the Company earned income from interest of $3,592 and rents of $12,536, compared to income of $24,478 for the quarter ended December 31, 2009. Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

Income Taxes

No provision has been made for income tax liability the quarters ended December 31, 2010 and December 31, 2009.

Net Losses

The net loss for the quarter ended December 31, 2010 was $356,762 compared with the net loss for the corresponding quarter ended December 31, 2009 of $405,360. Net loss was less for the quarter ended December 31, 2010, mainly owing reduced consulting fees.

Change in Financial Position

At December 31, 2010 the Company had total assets of $4,144,673 compared to $4,589,216 at December 31, 2009. Net assets decreased owing mainly to the write off on the Tanzanian assets. The Company had a cash balance of $537,215 at December 31, 2010 compared to a cash balance of $582,317 at December 31, 2009.

At December 31, 2010 the Company had a net working capital deficiency of $853,500 compared with a net working capital deficiency of $556,542 at December 31, 2009. The increase in the net working capital deficiency results from increased accounts payable and loan payable liabilities.

SUMMARY OF QUARTERLY INFORMATION
(all amounts in Australian dollars)

The following table sets forth a comparison of revenues and earnings for the previous 8 quarters ending with December 31, 2010. This financial information is derived from the financial statements of the Company. The Company prepares financial information according to Canadian Generally Accepted Accounting Principles ("GAAP") and all information is reported in Australian $.

Australian $	**Quarter to Dec 31, 2010**	**Quarter to Sept 30, 2010**	**Quarter to June 30, 2010**	**Quarter to March 31, 2010**	**Quarter to Dec 31, 2009**	**Quarter to Sept 30, 2009**	**Quarter to June 30, 2009**	**Quarter to Mar 31, 2009**
Income from continuing operations	17,404	13,338	19,021	12,779	27,478	5,852	(935)	1,329
Net profit/loss for the period	(356,762)	181,386	(1,298,506)	(140,829)	(405,360)	(194,563)	(365,881)	(157,070)
Net profit/loss per basic and diluted share	(0.00)	(0.01)	(0.13)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

The Company has not recognized any revenue or incurred any loss from discontinued operations or extraordinary items since becoming a reporting issuer.

During the eight quarters, the company has consistently reported net losses. The most significant factor affecting quarterly losses during the last eight quarters is continuing administrative expenses, which includes amortization, consulting fees, interest, professional fees, listing and filing fees, expenses office and miscellaneous, property investigation costs, salaries and management fees and travel and accommodation costs.

Income is predominantly derived from interest income. Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

LIQUIDITY AND CAPITAL RESOURCES

The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to acquire, explore and develop mineral properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising their required financing.

Apart from the initiatives discussed above, the Company is not aware of any trends, commitments or events that may affect its liquidity in the foreseeable future. The Company has not made any commitments for capital expenditures. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of raising additional funds through private placements and its planned exploration programs.

At December 31, 2010, the Company has net working capital deficiency of $853,500.

The Company will meet its future cash commitments through further capital raisings.

COMMITMENTS

At the balance sheet date the Company had commitments to pay $21,228 for an operating lease on office space expiring in 2011. This office space is sub-let to another company which reduces costs.

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures are set out in Note 7 to the Annual Financial Statements for December 31, 2010.

Apart from the above, the Company has no other material commitments at this time.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing, hedging or research and development services with the Company.

ACCOUNTING POLICIES

Accounting policies are listed in Note 2 to the Financial Statements for December 31, 2010.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued $NIL (2009 - $41,382) in consulting fees, wages, office and miscellaneous expenses to directors of the company and Macarthur Minerals Limited, a related party by way of common directors.

   Included in accounts payable is $26,750 (2009 - $14,250) due to directors and former directors.

   Included in non-current liabilities - loans payable at December 31, 2010 was $203,124 (2009 - $199,567) owed to companies owned by directors and former directors of the Company. The Company paid or accrued $NIL (2009 – $4,742) in interest expense related to the loans payable due to related parties.

These transactions were in the normal course of operations and, in management's opinion, were undertaken with the same terms and conditions as transactions with unrelated parties.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's size and the number of staff impact the Company's internal controls. Due to the limited number of staff, it is not possible to achieve complete segregation of duties. Similarly, the Company must engage accounting assistance with respect to complex, non-routine accounting issues, Canadian GAAP matters, tax compliance and reporting for its international operations.

Notwithstanding these weaknesses, the Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and that information is timely and accurately disclosed consistent with Canadian securities laws and regulations.

Although the identified weaknesses may be considered to increase the risk that a material misstatement in the Company's financial statements would not be prevented or detected, neither has resulted in a material misstatement in the financial statements.

The CEO and the CFO oversee all material transactions and related accounting records. The audit committee of the Company, with management, reviews the financial statements of the Company, on a quarterly basis.

While management and the board of directors of the Company work to mitigate the risk of a material misstatement in the Company's financing reporting, the Company's control system, no matter how well designed or implemented, can only provide reasonable, but not absolute, assurance of detecting, preventing and deterring errors and fraud.

FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point of time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matter of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, sundry receivables, and accounts payable and accrued liabilities and amounts due to related parties approximate their fair market value because of the short-term nature of these instruments.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In February 2008 the Canadian Accounting Standards Board ("AcSB") confirmed the date for publicly-listed companies to use IFRS replacing Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Therefore the Company will be required to adopt IFRS for its fiscal year commencing April 1, 2011, and the transition plan will require in 2011 the restatement for comparative purposes onto the IFRS basis of amounts and disclosures reported by the Company for its prior fiscal years, those ended March 31, 2011 and 2010. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required.

While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Stock-based compensation;
- Functional currencies;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including the implication of changes to accounting policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training.

The following table summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Complete
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Complete
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Complete
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	Complete
Resolution of the accounting policy change implications on information technology, internal controls and contractual agreements.	Complete
Management and employee education and training.	Throughout the transition process
Quantification of the Financial Statements impact of changes in accounting policies.	Complete

OUTSTANDING SHARE DATA AS OF FEBRUARY 24, 2011:

Authorized and issued share capital:

Class	**Par Value**	**Authorized Common shares (No par value)**	**Issued**
Common	No par value	Unlimited	52,710,741

As at February 24, 2011, there were 2,015,000 stock options and 10,910,514 warrants outstanding.

COMPETENT PERSON'S STATEMENT

Technical aspects of this MD&A were prepared and verified by William Donald Goode, a member of the AusIMM. He is the qualified person as required by National Instrument 43-101, and is the technical person responsible for this MD&A. The qualified person has verified the data disclosed in this MD&A.

Mr. Goode is a graduate of the West Australian School of Mines in Mining Geology and Mine Surveying and holds a current Underground Supervisor's Certificate of Competency. He has more than 45 years' experience in geology, mining and mineral exploration, including resource calculations. His experience covers gold, silver, base metals and uranium exploration and mining in Australia and Asia.

He has previously held the position of Chief Geologist at Lake View and Star's Fimiston underground gold mine and was assistant Chief Geologist for Great Boulder Mine's three underground nickel mines, where he gained extensive experience in nickel exploration. He was Chief Mine Geologist for Metals Exploration in the Philippines (1974-76) and Australia.

Since 1981, he has worked as a consulting geologist and owned and operated underground gold mines. During this period, he conducted resource calculations for several major international mining companies. Mr. Goode also has industry experience in financing and prospect identification, ranging from the development to the pre-mining feasibility stage.

OTHER INFORMATION

The Company's website address is www.centralironorelimited.com. Other information relating to the Company may be found on SEDAR at www.sedar.com.

BY ORDER OF THE BOARD

"Brett Hodgins"	*"Richard Homsany"*
Brett Hodgins, Director President and CEO	Richard Homsany Director