

CENTRAL IRON ORE LIMITED

Unaudited Interim Consolidated Financial Statements
MARCH 31, 2011 AND 2011

(Expressed in Australian dollars)

<u>INDEX</u>	<u>PAGE</u>
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	
Interim Consolidated Balance Sheets	2
Consolidated Statements of Operations Comprehensive Loss and Deficit	3
Consolidated Statements of Deficit	4
Consolidated Statements of Cash Flows	5 - 6
Notes to Consolidated Financial Statements	7 – 14

Notice of No Auditor Review of Interim Financial Statements

The accompanying Unaudited Interim Consolidated Financial Statements for the nine months ended March 31, 2011 and 2010 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Vancouver BC
May 26, 2011

CENTRAL IRON ORE LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2011
(Expressed in Australian dollars)
(UNAUDITED)

	MARCH 31	JUNE 30
	2011	2010
	\$	\$
ASSETS		
Current		
Cash	208,515	188,700
Receivables	8,624	32,804
Total current assets	217,139	221,504
Non-Current		
Deposits	160,718	157,110
Plant and equipment	1,025,864	1,176,761
Mineral properties	2,335,086	2,264,071
Total non-current assets	3,521,668	3,597,942
Total assets	3,738,807	3,819,446
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	147,534	535,484
Loans payable	-	754,182
Asset retirement obligations	50,000	50,000
Total current liabilities	197,534	1,339,666
Shareholders' equity		
Capital stock (Note 3)	20,178,170	18,316,680
Contributed surplus	1,224,977	1,224,977
Deficit	(17,861,874)	(17,061,877)
Total shareholders' equity	3,541,273	2,479,780
Total liabilities and shareholders' equity	3,738,807	3,819,446

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 6)

APPROVED BY THE DIRECTORS:

On Behalf of the Board

"Brett Hodgins"
Brett Hodgins, Director

"Richard Homsany"
Richard Homsany, Director

The accompanying notes are an integral part of these financial statements

CENTRAL IRON ORE LIMITED**CONSOLIDATED STATEMENTS OF OPERATIONS COMPREHENSIVE LOSS AND DEFICIT**

THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010

(Expressed in Australian dollars)

(UNAUDITED)

	Three months ended March 31, 2011 \$	Three months ended March 31, 2010 \$	Nine months ended March 31, 2011 \$	Nine months ended March 31, 2010 \$
Expenses				
Amortization	57,213	58,023	171,426	174,695
Consulting fees	49,177	109,307	276,840	306,380
Interest	-	17,956	19,170	56,944
Professional fees	22,057	60,507	116,124	112,113
Listing and filing fees	2,835	28,816	14,558	47,240
Office and miscellaneous expenses	23,700	43,818	81,765	115,347
Property investigation costs	48,641	159,563	23,263	254,380
Salaries and management fees	36,950	36,872	82,950	57,107
Travel and accommodation	38,443	2,292	61,810	26,202
Stock based compensation	-	244,126	-	244,126
Total expenses	279,016	761,280	847,906	1,394,534,
Loss before other items	(279,016)	(761,280)	(847,906)	(1,394,534)
Other items:				
Interest income	809	3,926	5,511	6,674
Other income	16,358	8,853	42,398	39,435
Stock based compensation		607,672		607,672
	17,167	620,451	47,909	653,781
Net loss before taxes	(261,849)	(140,829)	(799,997)	(740,753)
Future income tax recovery/liability	-	-	-	-
Net loss for the period	(261,849)	(140,829)	(799,997)	(740,753)
Deficit, beginning of period	(17,600,025)	(15,622,543)	(17,061,877)	(15,022,619)
Deficit, end of period	(17,861,874)	(15,763,372)	(17,861,874)	(15,763,372)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding	45,644,051	20,150,718	30,017,871	20,150,718

The accompanying notes are an integral part of these financial statements.

CENTRAL IRON ORE LIMITED
CONSOLIDATED STATEMENTS OF DEFICIT
NINE MONTHS ENDED MARCH 31, 2011 AND 2010
(Expressed in Australian dollars)
(UNAUDITED)

	Nine months ended March 31, 2011 \$	Nine months ended March 31, 2010 \$
Balance – beginning of period	(17,061,877)	(15,022,619)
Net loss for period	(799,997)	(740,753)
Future income tax recovery/liability	-	-
Balance – end of period	(17,861,874)	(15,763,372)

The accompanying notes are an integral part of these financial statements.

CENTRAL IRON ORE LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MARCH 31, 2011 AND 2010
(Expressed in Australian dollars)
(UNAUDITED)

	Three months ended March 31, 2011 \$	Three months ended March 31, 2010 \$	Nine months ended March 31, 2011 \$	Nine months ended March 31, 2010 \$
OPERATING ACTIVITIES				
Net loss for the period	(261,849)	(140,829)	(799,997)	(740,753)
Items not involving cash:				
Amortization	57,212	58,023	171,426	174,695
Accrued interest	-		19,170	
Stock based compensation	-	(607,672)	100,000	(607,672)
Options expense		244,126		244,126
Write back exploration costs	-		(67,782)	
Sundry items (interest)		16,731	-	52,273
<i>Changes in non-cash working capital items related to operations</i>				
Receivables	44,497	(4,284)	24,180	(21,882)
Accounts payable and accrued liabilities	(472,949)	187,085	(387,949)	140,697
Net Cash used in Operating Activities	(633,089)	(246,820)	(940,952)	(758,516)
INVESTING ACTIVITIES				
Restricted cash	(781)	-	(3,608)	(1,027)
Plant and equipment	(20,530)	-	(20,530)	-
Mineral exploration expenditures	(3,233)	-	(3,233)	(1,733)
Net Cash used in Investing Activities	(24,544)	-	(27,371)	(2,760)
FINANCING ACTIVITIES				
Application monies for common shares	1,102,285	-	1,761,490	1,072,015
Proceeds to/from related parties	(773,352)	(11,135)	(773,352)	3,869
Net Cash provided by Financing Activities	328,933	(11,135)	988,138	1,075,884
Increase(Decrease) in cash during period	(328,700)	(257,955)	19,815	314,608
Cash, beginning of period	537,215	582,317	188,700	9,754
Cash, end of period	208,515	324,362	208,515	324,362

There were no significant non-cash transactions for the period ended March 31, 2011.

The accompanying notes are an integral part of these financial statements.

CENTRAL IRON ORE LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED MARCH 31, 2011 AND 2010
 (Expressed in Australian dollars)
 (UNAUDITED)

	Three months ended March 31, 2011 \$	Three months ended March 31, 2010 \$	Nine months ended March 31, 2011 \$	Nine months ended March 31, 2010 \$
Cash paid during the period for interest	-	-	-	-
Cash paid during the period for income tax	-	-	-	-

There were no significant non-cash transactions for the period ended March 31, 2011.

The accompanying notes are an integral part of these financial statements.

CENTRAL IRON ORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010

(Expressed in Australian dollars)

UNAUDITED

1. NATURE AND CONTINUANCE OF OPERATIONS

Central Iron Ore Limited (the "Company") is in the business of the exploration and development of its mineral properties. The Company was incorporated in Victoria, Australia on February 21, 1996 and currently resides in Sydney, Australia.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheet.

	MARCH 31, 2011	JUNE 30, 2010
	\$	\$
Deficit	(17,861,874)	(17,061,877)
Working capital	19,605	(1,118,162)

2. SIGNIFICANT ACCOUNTING POLICIES

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

CENTRAL IRON ORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010

(Expressed in Australian dollars)

UNAUDITED

3. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2011 \$	June 30, 2010 \$
Plant and equipment		
Plant and equipment	450,960	450,960
Accumulated depreciation	(222,414)	(188,936)
	228,546	262,024
Office equipment	39,387	32,722
Accumulated depreciation	(25,370)	(23,066)
	14,017	9,656
Mine property	1,456,544	1,442,679
Accumulated depreciation	(673,243)	(537,598)
	783,301	905,081
	1,025,864	1,176,761

4. CAPITAL STOCK

	Number of Shares	Capital Stock \$	Contributed Surplus \$
Authorized			
Unlimited common voting shares, without par value			
Issued			
Balance June 30, 2009	9,595,580	17,426,771	607,672
Private placement	10,555,138	889,909	150,924
Share cancellation	(200,000)	-	-
Stock based compensation	-	-	466,381
Balance June 30, 2010	19,950,718	18,316,680	1,224,977
Consulting fees re mineral exploration	1,000,000	100,000	-
Balance September 30, 2010	20,950,718	18,416,680	1,224,977

CENTRAL IRON ORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010

(Expressed in Australian dollars)

UNAUDITED

4. CAPITAL STOCK (Continued)

	Number of Shares	Capital Stock \$	Contributed Surplus \$
Subscription agreement – Tranche 1	5,000,000	259,738	-
Subscription agreement – Tranche 2 (part) (Shares issued in January 2011)	-	399,467	-
Balance December 31, 2010	25,950,718	19,075,885	1,224,977
Subscription agreement – Tranche 2 (parts)	6,700,000		-
Subscription agreement – Tranche 2 (parts)	18,300,000	1,102,285	-
Subscription agreement – Issued to Agent	1,760,000	106,613	
Equity issue cost		(106,613)	
Balance March 31, 2011	52,710,718	20,178,170	1,224,977

CENTRAL IRON ORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010

(Expressed in Australian dollars)

UNAUDITED

4. CAPITAL STOCK (Continued)

During the nine months ended March 31, 2011:

- i) 1,000,000 common shares at a market price of CAD \$0.10 were issued as partial consideration for services rendered by three arms' length consultants in relation to identification of prospective iron ore exploration areas.
- ii) An aggregate of 5,000,000 common shares at CAD \$0.0525 per share were issued equally to Brooklyn Bay Pty Ltd and Golden Sword Investments Pty Ltd each share with an attached warrant exercisable at CAD \$0.10 up to 36 months from date of issue.
- iii) An aggregate of 2,500,000 common shares at CAD \$0.06 per share were issued to Golden Sword Investments Pty Ltd, with an attached 1 warrant for each 5 common shares exercisable at CAD \$0.10 up to 36 months from date of issue.
- iv) An aggregate of 22,500,000 common shares at CAD \$0.06 per share were issued to Brooklyn Bay Pty Ltd, with an attached 1 warrant for each 5 common shares exercisable at CAD \$0.10 up to 36 months from date of issue.
- v) An aggregate of 1,760,000 common shares at CAD \$0.07 per share were issued to Minc Stockbroking's nominee in connection with the capital raising.

Stock options

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of issued and outstanding common stock. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Options granted to employees, directors and officers vest fully four months after the grant date. Options issued to consultants must vest in stages over 12 months with one quarter of the options vesting in any three month period.

The fair value of all share purchase options are expensed over their vesting period and estimated term, with a corresponding increase in contributed surplus.

Upon exercise of share purchase options, the consideration paid by the option holder, together with the amounts previously recognized in contributed surplus, is recorded as an increase to share capital.

CENTRAL IRON ORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010
(Expressed in Australian dollars)
UNAUDITED

4. CAPITAL STOCK (Continued)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	March 31, 2011		June 30, 2010	
	Number of Options	CAD \$ Weighted Average Exercise Price	Number of Options	CAD \$ Weighted Average Exercise Price
Outstanding, beginning of period	2,015,000	\$ 0.25	750,000	\$ 0.11
Granted	-	-	2,015,000	0.25
Exercised	-	-	-	-
Expired/cancelled	-	-	(750,000)	0.11
Outstanding, end of period	2,015,000	\$ 0.25	2,015,000	\$ 0.25
Options exercisable, end of period	2,015,000	\$ 0.25	2,015,000	\$ 0.25

Stock options outstanding at March 31, 2011 are as follows:

Number of Options	Exercise Price	Expiry Date
2,015,000	CAD \$ 0.25	January 25, 2013

Stock-based compensation

During the year ended June 30, 2010 the Company granted 2,015,000 stock options to directors, officers and consultants.

The company measures the cost of cash-settled share based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

2,015,000 options were issued on January 25, 2009 at a fair value of \$0.24 per option, for a total value of \$466,381.

The above amounts are being expensed over their vesting period as stock-based compensation as the options vest in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity and reduced by the options exercised during the year. The weighted average fair value of options granted during the year was \$0.24.

CENTRAL IRON ORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010
(Expressed in Australian dollars)
UNAUDITED

4. CAPITAL STOCK (Continued)

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	March 31, 2011	June 30, 2010
Risk-free interest rate	-	1.54%
Expected life of options	-	3 years
Annualized volatility	-	199%
Dividend rate	-	0.00%

Warrants

	March 31, 2011		June 30, 2010	
	Number of Warrants	CAD \$ Weighted Average Exercise Price	Number of Warrants	CAD \$ Weighted Average Exercise Price
Outstanding, beginning of period	910,514	0.50	-	-
Granted	10,000,000	0.10	910,514	0.50
Expired	(910,514)	0.50	-	-
Outstanding, end of period	10,000,000	0.10	910,514	0.50

Warrants outstanding at March 31, 2011 are as follows:

Number of Options	Exercise Price	Expiry Date
5,000,000	CAD \$ 0.10	October 27, 2013
5,000,000	CAD \$ 0.10	January 26, 2014

5. SEGMENTED INFORMATION

The Company's one reportable operating segment is the exploration and development of mineral properties in Australia and Tanzania. All of the Company's mineral properties and plant and equipment are located in Australia and Tanzania.

CENTRAL IRON ORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010
(Expressed in Australian dollars)
UNAUDITED

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and loans payable. The fair value of these instruments approximates their carrying value, unless otherwise noted.

Currency

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company does not use derivative instruments to reduce its foreign currency risk.

Interest rate risk

The Company's exposures to interest rate risk arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity.

Credit risk

The credit risk in respect to financial assets of the Company which have been recognized in the balance sheet is generally the carrying amount, net of any provision for diminution in value.

7. COMMITMENTS AND CONTINGENCIES

The Company has entered into operating lease agreements for premises. The annual lease commitments under these leases are as follows:

2011	\$ <u>12,595</u>
	\$ <u>12,595</u>

In order to maintain current rights to tenure to exploration tenements, the Company is required to perform minimum expenditure requirements specified by various governments. The expenditure obligations are subject to renegotiation when application for a mining lease and/or renewal of exploration permits is made. The commitments under these expenditure obligations are as follows:

Not later than one year	\$ 442,200
Later than one year but not later than five years	<u>4,279,900</u>
	<u>\$ 4,722,100</u>

CENTRAL IRON ORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED MARCH 31, 2011 AND 2010

(Expressed in Australian dollars)

UNAUDITED

8. SUBSEQUENT EVENTS

On May 13, 2011 the Company announced that further to its press release dated April 11, 2011 it had closed a brokered private placement (the "**Private Placement**") led by PowerOne Capital Markets Limited (the "**Agent**").

The Private Placement consisted of 20,000,000 units (the "**Units**") at a price of \$0.20 per Unit for aggregate gross proceeds of \$4,000,000 (which included the exercise in full of the Agent's option to arrange for the purchase and sale of an additional 5,000,000 Units). Each Unit is comprised of one common share of the Company (a "**Common Share**") and one-half of one common share purchase warrant (a "**Warrant**"). Each whole Warrant is exercisable for a period of 24 months following the closing of the Private Placement (the "**Closing Date**") at an exercise price of \$0.30 per Common Share, provided that if the closing price of the Common Shares on the TSX Venture Exchange is equal to or greater than \$0.75 per Common Share for a period of 20 consecutive trading days at any time after four months and one day after the Closing Date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders of Warrants to the 30th day after the date on which such notice is given by the Company.

The Agent received a cash fee equal to 8% of the gross proceeds raised in respect of the Private Placement and the Company issued to the Agent broker warrants exercisable to acquire 2,000,000 Units ("**Broker Units**") at an exercise price of \$0.20 per Broker Unit at any time on or before the date which is 24 months following the Closing Date.

All securities issued pursuant to the Private Placement are subject to a four-month hold period expiring on September 14, 2011.

The net proceeds of the Private Placement will be used for the exploration on its gold and iron ore projects in Western Australia and for working capital purposes.

9. RELATED PARTY TRANSACTIONS

The company entered into the following transactions with related parties during the quarter:

- a) Accrued \$21,951 (2010: \$16,079) in consulting and directors fees to Capital Street Group, a company of which David Taylor is a director.
- b) Paid or accrued \$113,243 (2010: \$36,000) in directors fees to other directors of the company (includes payment of \$92,243 accrued in prior periods).
- c) Paid or accrued \$12,500 (2010: \$NIL) in consulting fees to Jaybre Geological Consulting Pty Ltd, a company of which Brett Hodgins is a Principal.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.