CENTRAL IRON ORE LIMITED

Management Discussion and Analysis
(Form 51-102F1)
For the quarter ended March 31, 2011

Information as of May 20, 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.

On February 25, 2011 the Company announced the execution of a Letter of Agreement between South Darlot Mines Pty Ltd a 100% CIO owned subsidiary with Barrick (Plutonic) Limited and Barrick (Darlot) NL (together Barrick) to joint venture by way of earn-in into their current Southern Darlot Gold Project area.

The Letter of Agreement outlines the conditions under which CIO may progressively acquire a an initial 51% interest, and management of the Joint Venture area, with an option to then increase its interest to 70% should it so choose.

The agreed initial earn-in period is 24 months from the date of execution of the Letter of Agreement. The total spend required over this period is AUD$450,000.

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.

Exploration and Development Update

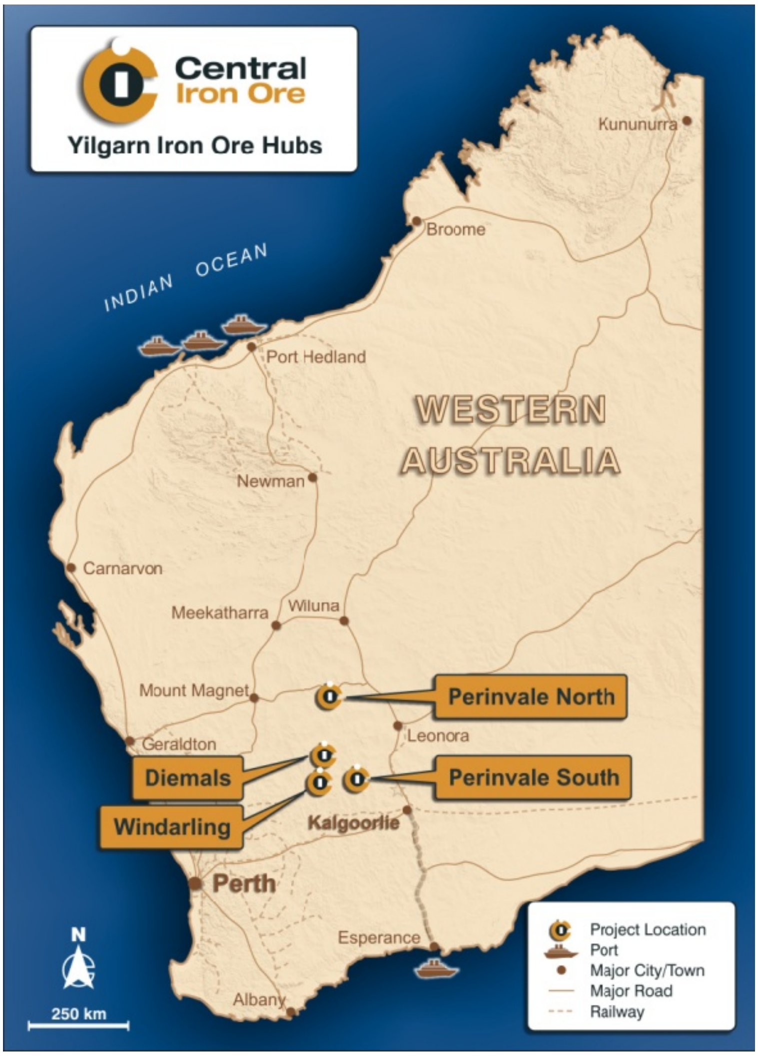
During the year ended June 30, 2010 the Company:

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

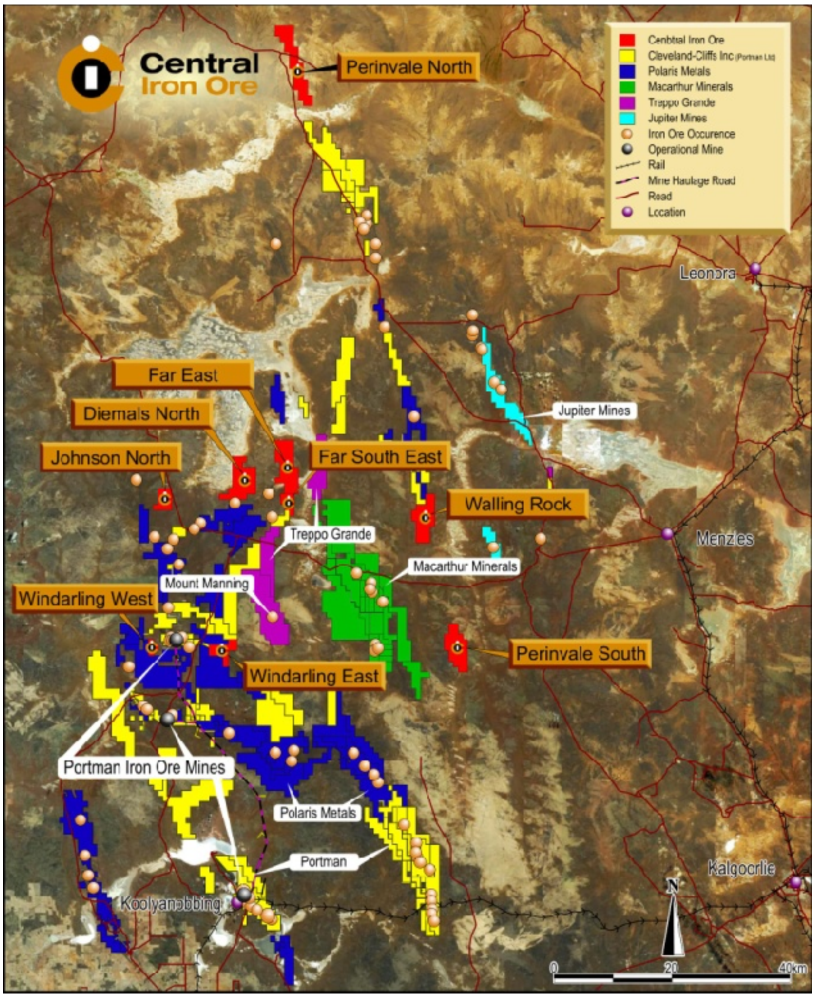
EXPLORATION ACTIVITIES – AUSTRALIAN IRON ORE

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	EA30/415	Granted	93
Perinvale South	Extension	P30/1084	Granted	1
Perinvale North	Perinvale North	EL57/818	Granted	120
Windarling	Windarling West	ELA77/1820	Pending	12
Windarling	Windarling East	ELA77/1737	Pending	42
Diemals	Diemals North	ELA77/1749	Granted	111
Diemals	Far East	ELA77/1757	Granted	114
Diemals	Johnson North	EL77/1758	Granted	39
Diemals	Far South East	ELA77/1840	Pending	27



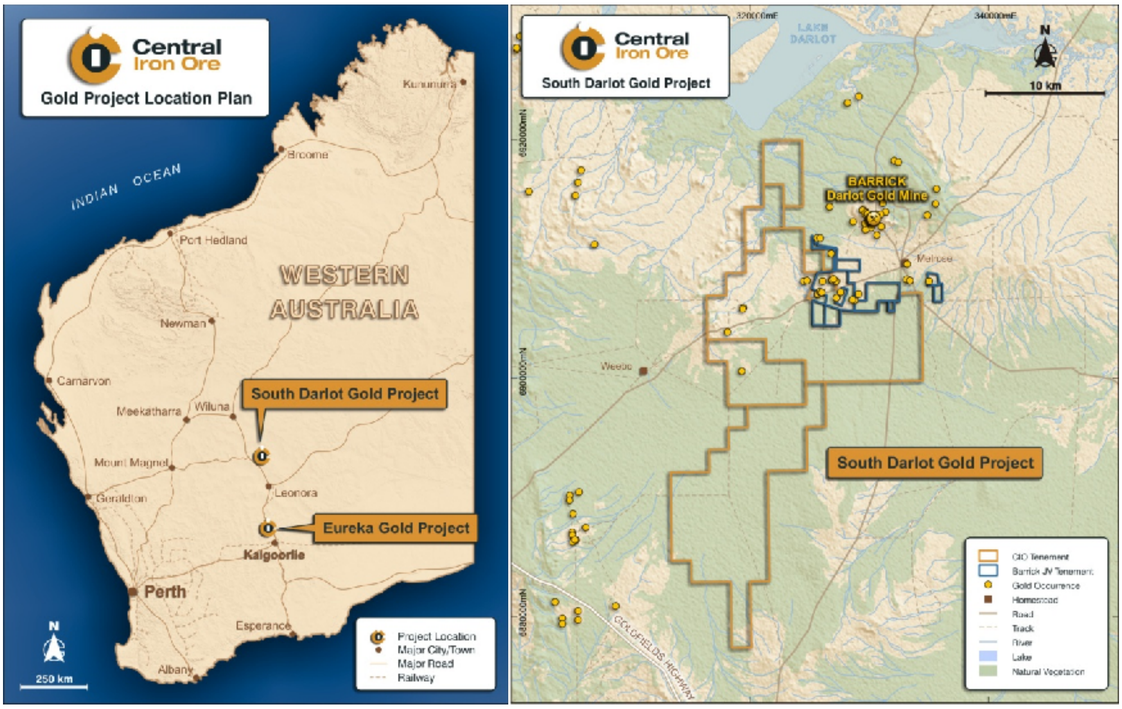
As part of a new iron ore strategy, on February 23, 2011 CIO announced that three of its applications for exploration licences that are prospective for the occurrence of iron ore in Western Australia had been successfully granted.

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.

Barrick JV Project

The Barrick JV Project is an agreement (Agreement) between Central Iron Ore Ltd (through a 100% CIO owned subsidiary, South Darlot Mines Pty Ltd) and Barrick (Plutonic) Limited and Barrick (Darlot) NL (together Barrick) to joint venture by way of earn-in into Barrick's Southern Darlot Gold Project area (Joint Venture).

Barrick's Darlot gold mine is an underground operation located on the Yandal Greenstone Belt, approximately 680 kilometers northeast of Perth, Western Australia. Ore is treated by conventional carbon-in-leach at the on-site mill. Proven and probable mineral reserves as of December 31, 2009 are estimated at 444,000 ounces of gold.

The Joint Venture tenements are situated south west of Barrick's Darlot gold mine and are contiguous with CIO's current holdings in the area which includes the British King gold mine which is 100% owned and NI43-101 compliant. CIO's current South Darlot regional tenement package comprises some 336km2 of highly prospective country under tenure. The Barrick tenement areas covered by this Joint Venture are detailed below.

Project	Tenement	Status	Area (ha)
Barrick JV	M37/421	Live	381
Barrick JV	M37/552	Live	200
Barrick JV	M37/631	Live	776
Barrick JV	M37/632	Live	595
Barrick JV	M37/709	Live	98
Barrick JV	M37/1045	Live	90
Barrick JV	P37/7364	Live	197
Barrick JV	P37/7365	Live	200
Barrick JV	P37/7366	Live	113
Barrick JV	P37/7367	Live	45

The Agreement outlines the conditions under which CIO may progressively acquire an initial 51% interest, and management of the Joint Venture area, with an option to then increase its interest to 70% should it so choose. The agreed initial earn-in period is 24 months from the date of execution of the Agreement. The total spend required over this period is AUD$450,000.

In addition to substantially increasing its effective contiguous tenement interests within its South Darlot Gold Project Area (SDGPA), the Agreement gives CIO access to Barrick's extensive project data base and knowledge over the area of the Joint Venture tenements. It consolidates and gives the Company access to a number of known anomalies within the area of the Joint Venture tenements. CIO is hopeful it can and will advance these to the point they might be exploited to the benefit of the Joint Venture parties.

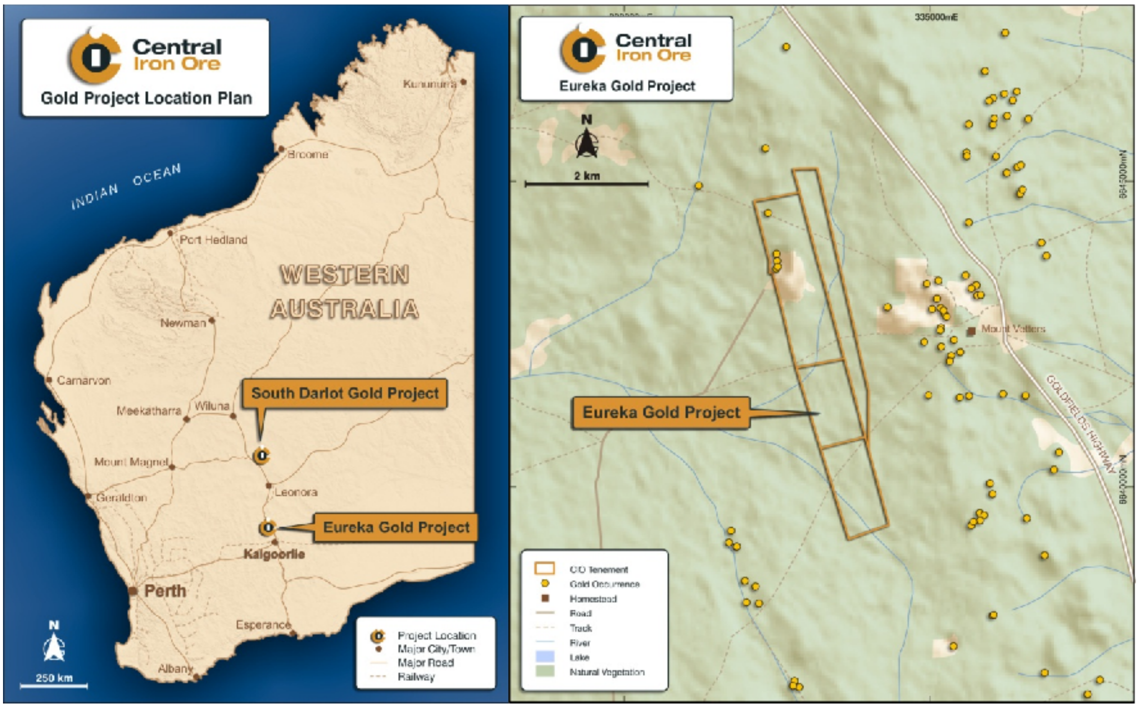
A number of potential inter-company synergies may also exist and which could also be taken advantage of to suit, and result in operational savings and efficiencies for, the Joint Venture parties in regard to any exploration and related activities in and about the general SDGPA.

For the Barrick JV Project, the strategy and objective of CIO is to evaluate gold prospectivity and deliver on target generation and exploration access approvals over the next 12 months

EUREKA GOLD PROJECT

The Eureka gold project is approximately 50km North of Kalgoorlie and includes the Eureka open pit gold mine which is 100% owned and NI43-101 compliant. The Eureka gold mine is currently under care and maintenance. CIO has re-focused the gold strategy and is actively working towards a greater tenement expansion in the Eureka region which will allow for regional and mine site exploration to commence. The Company's current tenement package is 563 hectares.

Project	Tenement	Status	Area (ha)
Eureka Gold	M24/189	Live	218.15
Eureka Gold	M24/584	Live	110.5
Eureka Gold	M24/585	Live	104.5
Eureka Gold	M24/586	Live	130



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
Yilgarn 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%	Live	10/05/2011	9/05/2016	9,300	$3,675.98	$31,000.00	N/A
E37/1054	CIO	100%	Live	1/04/2011	31/03/2016	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						N/A
E77/1749	CW	100%	Live	11/05/2011	10/05/2016	11,100	$4,387.46	$37,000.00	N/A
E77/1757	CW	100%	Live	5/04/2011	4/04/2016	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
E77/1820	CW	100%	Application						N/A
E77/1840	CW	100%	Application						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.

Capital Raising - CAD$4.0 million

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.

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 March 31, 2011 the Company's deficit was $17,861,874.

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 March 31, 2011, the closing per share price of the Company's shares fluctuated from a high of $0.30 to a low of $0.135 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

The gold price continued its upward trend, rising during the first quarter of 2011 by 2.4% to finish the quarter at US$1,439/oz, on the London PM fix (the gold price referenced in the rest of the text will refer to the London PM fix). While gold's performance seemed more modest relative to average gains of 6.2% per quarter over the past two years, its consistency and robust growth trend has contributed significantly to its ability to provide diversification, risk management and wealth preservation to an investor's portfolio.

On average, gold prices increased by 1.4% to US$1,386.27/oz in Q1 2011 from US$1,366.78/oz in Q4 2010. While gold experienced a price consolidation in the early part of the quarter, falling as low as US$1,319.00/oz on 29 January, it climbed to new record highs throughout March and continues to achieve new highs in April. More importantly, January's price fall of 5.6% corresponded to not much over a one standard deviation move for a given month. The average monthly volatility has been 4.9% over the past ten years.

Gold's long-term supply and demand dynamics and a number of macro-economic factors ensured gold remained a sought-after asset. First, the US dollar weakened against major currencies, which in turn supported gold prices given gold's negative correlation to the dollar. Second, comments by the Federal Reserve that signalled an extended period of low rates have kept anxieties about rising inflation entrenched in the US. Third, while inflation rates in countries such as India and China appear to have moderated, they remain uncomfortably high, promoting activity in the gold market as exemplified by higher delivery volumes in the Shanghai Gold Exchange. Fourth, unrest in Africa and the Middle East and the natural disaster in Japan, have drawn attention to gold's quality as a vehicle to preserve capital and provide liquidity. While gold prices did not react as much as oil for example, this was in part due to gold's ability to absorb economic and geopolitical shocks and remain less volatile. Finally, central bank activity indicates a continuation of the trend of limited supply and potential net purchases.

During Q1 2011, gold prices continued to rise in US dollars. However, as the US dollar generally depreciated against most major currencies, gold prices fell by 0.8%, 1.9%, and 4.3% in Canadian dollar, British pound and euro terms respectively, while remaining virtually unchanged in Swiss franc and Australian dollar terms (Table 1). The notable exception was the Japanese yen.

A combination of factors resulted in improved sentiment among European investors which proved particularly supportive of the euro. Attractive valuations, higher expected growth in some parts of Europe, expectations of a hawkish ECB preparing to normalise rates – helped the euro gain over 7% versus the US dollar during Q1 2011. While sterling also benefited in this environment, its performance was not as strong as the euro; the pound had strengthened against the US dollar about half as much as the euro by the end of the quarter. The Swiss franc, which had already appreciated substantially during 2010, continued that trend rising by 2.2% against the US dollar.

Gold had its largest gain in Japanese yen terms, rising by 3.7% in Q1 2011 to ¥119,192.37/oz, as the yen weakened against the US dollar by the end of the quarter. While the yen appreciated against most currencies shortly after Japan was hit by the earthquake and subsequent tsunami on its northern shores, it experienced a pull-back towards the end of March. It is common for Japanese investors to bring capital back home in times of crisis; which appears to have occurred again this time. However, following an immediate reaction, the yen fell against the dollar. This was partly due to G7 official interventions, interpreted as a coordinated show of support for a weaker yen.

During the first quarter of 2011 gold outperformed (in US dollar terms) the US Treasury and other government bond markets and was in the middle of the pack relative to developed-country equity markets (Chart 2). European stocks posted the highest returns among developed country indices, rising 6.5% over the quarter, in part due to currency strength, followed by the US stock market, which climbed 5.6% during the same period. On the other hand, the MSCI Pacific ex-Japan increased by only 2%, while Japanese stocks fell by 5.7% as widespread concerns over economic growth took hold of the market.

(Source: World Gold Council Gold Investment Digest, First Quarter 2011, April, 2011, www.gold.org)

Iron Ore Market

Iron ore quarterly contract prices increased by 20% (CFR) from the March to the June quarter of 2011, following an increase in spot market prices 4Q10-1Q11. The current contract price for Pilbara fines should be US$170.6/t at 62% Fe (FOB).

Spot market prices for March 2011 indicate that the September quarter contract price could be lower than in 2Q11, at around US$162/t FOB. The cost of steelmaking raw materials may, however, continue to rise until the end-users of iron and steel refuse to absorb further price increases.

Iron ore spot prices (China imports) reached a record high of US$191.90/t for 62% Fe (CFB) in February 2011 and were ~US$175/t at the end of March. These 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.

China's iron ore output in 2010 was 1054mt (RCR), a 19.9% increase on 2009. In contrast, imports were ~623mt, a 3.7% gain on 2009. China is likely avoiding higher-priced imports by boosting internal production. It is also seeking to obtain offtake agreements by investing in iron ore exploration and development outside China – a cheaper mid-term strategy than paying the current market prices.

Overall, iron ore price trends broadly reflect changes in global steel supply. Based on the IISI index to March, crude steel production in 2011 could be 1439mt, a 4% increase on 2010 – though there are insufficient data for a strong forecast at this stage.

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$60/t FOB at 62% Fe for fines, with a 20% lump premium.

(Source: Resource Capital Research, Iron Ore Company Review; Exploration, Development & Production, March Quarter, 2011, www.rcresearch.com.au)

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 March 31, 2011 the Company expended $48,641 on exploration and development activities. This compares with $159,563 expenditure for the corresponding quarter ended March 31, 2010.

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

Australian $	**March 31, 2011**	**March 31, 2010**
Expenses		
British King mine	16,758	107,880
Eureka mine	-	5,487
Iron ore	31,883	9,997
Tanzania	-	36,199
Capitalized expenses		
British King mine	13,807	-
Eureka mine	3,233	-
Tanzania	-	-
Total	65,681	159,563

Administrative Expenses

For the quarter ended March 31, 2011 the Company incurred administrative expenses of $279,016 compared to $761,280 for the quarter ended March 31, 2010, a decrease of 64%. Overall, administrative costs decreased in comparison to the previous financial year owing to the decrease in consulting fees, professional fees and stock based compensation.

Income

Income is normally comprised of consulting fees, rents and interest income. For the quarter ended March 31, 2011 the Company earned income from interest of $809 and rents of $16,358, compared to income of $12,779 for the quarter ended March 31, 2010. 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 March 31, 2011, December 31, 2010 and September 30, 2010.

Net Losses

The net loss for the quarter ended March 31, 2011 was $261,849 compared with the net loss for the corresponding quarter ended March 31, 2010 of $140,829. Net loss was greater for the quarter ended March 31, 2011, mainly owing to inclusion of net stock based compensation income in March 2010.

Change in Financial Position

At March 31, 2011 the Company had total assets of $3,738,807 compared to $4,278,750 at March 31, 2010. The Company had a cash balance of $208,515 at March 31, 2011 compared to a cash balance of $324,362 at March 31, 2010.

At March 31, 2011 the Company had net working capital of $19,605 compared with a net working capital deficiency of $1,003,449 at March 31, 2010. The increase in the net working capital results from the payment of 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 March 31, 2011. 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 Mar 31, 2011**	**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**
Income from continuing operations	17,167	17,404	13,338	19,021	12,779	27,478	5,852	(935)
Net profit/loss for the period	(261,849)	(356,762)	(181,386)	(1,298,506)	(140,829)	(405,360)	(194,563)	(365,881)
Net profit/loss per basic and diluted share	(0.01)	(0.00)	(0.01)	(0.13)	(0.01)	(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 March 31, 2011, the Company has net working capital of $19,605.

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

COMMITMENTS

At the balance sheet date the Company had commitments to pay $12,595 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 Interim Consolidated Financial Statements for March 31, 2011.

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 March 31, 2011.

RELATED PARTY TRANSACTIONS

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

Accrued $21,951 (2010: $16,079) in consulting and directors fees to Capital Street Group, a company of which David Taylor is a director.

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).

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.

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 June 30, 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 MAY 20, 2011:

Authorized and issued share capital:

Class	**Par Value**	**Authorized Common shares (No par value)**	**Issued**
Common	No par value	Unlimited	72,710,718

As at May 20, 2011, there were 2,015,000 stock options and 22,910,514 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