CENTRAL IRON ORE LIMITED

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

Information as of February 28, 2012 unless otherwise stated

Note to Reader

The following management discussion and analysis of the financial condition and results of operations of Central Iron Ore ("CIO" or "the Company") should be read in conjunction with the Company's interim financial statements for the quarter ended December 31, 2011, together with the notes thereto, as well as the Company's previous financial and MD&A reports. These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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. The Company has discontinued exploration of its Tanzanian uranium assets. The Company has repositioned the British King and Eureka gold mines into two regional exploration and development gold prospects.

During the year ended June 30, 2011 the Company 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 continues 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), 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 an initial 51% interest, and management of the , the tenements that are the subject of the Barrick Agreement (set out in this document under the heading ‘Barrick Joint Venture Project’) 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 CAD$0.20 per Unit for aggregate gross proceeds of CAD$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 CAD$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 CAD$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.

On May 26, 2011, CIO announced that Mr Graham Hurwitz has been appointed Chief Financial Officer. Mr Peter Treston has resigned as Chief Financial Officer but will continue to consult to the Company.

On June 14, 2011, CIO announced that Mr Anthony Howland-Rose has accepted a position on the CIO board. Mr Bruce Burrell has resigned as a non-executive director.

On June 22, 2011, CIO announced that it has entered into a farm-in agreement with the Australian Stock Exchange listed Pacific Ore Limited (“Pacific”) for CIO’s Perinvale North Iron Ore Hub for AUD$15million dollars. The Perinvale North Iron Ore Hub consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km North East of Perth, Western Australia in the Yilgarn Iron Ore Province (“YIOP”).

The farm-in agreement provides for Pacific to farm-in into a joint venture with CIO on the following terms:

- Earn 51% by spending $1.5 million within 2 years.
- Earn an additional 19% by spending a further $3.5 million within 3.5 years.
- Earn an additional 20% by spending a further $10 million within 5 years.

CIO may elect to maintain its interest at each stage of the farm-in once Pacific has earned a 51% interest.

On December 05, 2011, CIO announced that it has entered into an agreement for the AUD$4 million sale of its Eureka Gold Project to Greenstone Minerals Pty Ltd ("Purchaser"). The transaction involves the Purchaser paying an AUD$150,000 deposit and a further AUD$3,850,000 in two tranches as follows:

> Tranche 1: The Purchaser must pay CIO AUD$2,000,000 in cash on completion of the sale and purchase.
>
> Tranche 2: On the date that is twelve months from the date of the Purchaser's admission to the official list of the Australian Stock Exchange ("ASX"), the Purchaser must pay the following consideration to CIO:
>
> i. AUD$850,000 cash; and
>
> ii. AUD$1,000,000 in cash or shares in the Purchaser, at the Purchaser's election.

On December 05, 2011, CIO announced that Mr Andrew Spinks has resigned as a director of CIO. Andrew will continue to serve as a technical consultant to CIO.

Exploration and Development Update

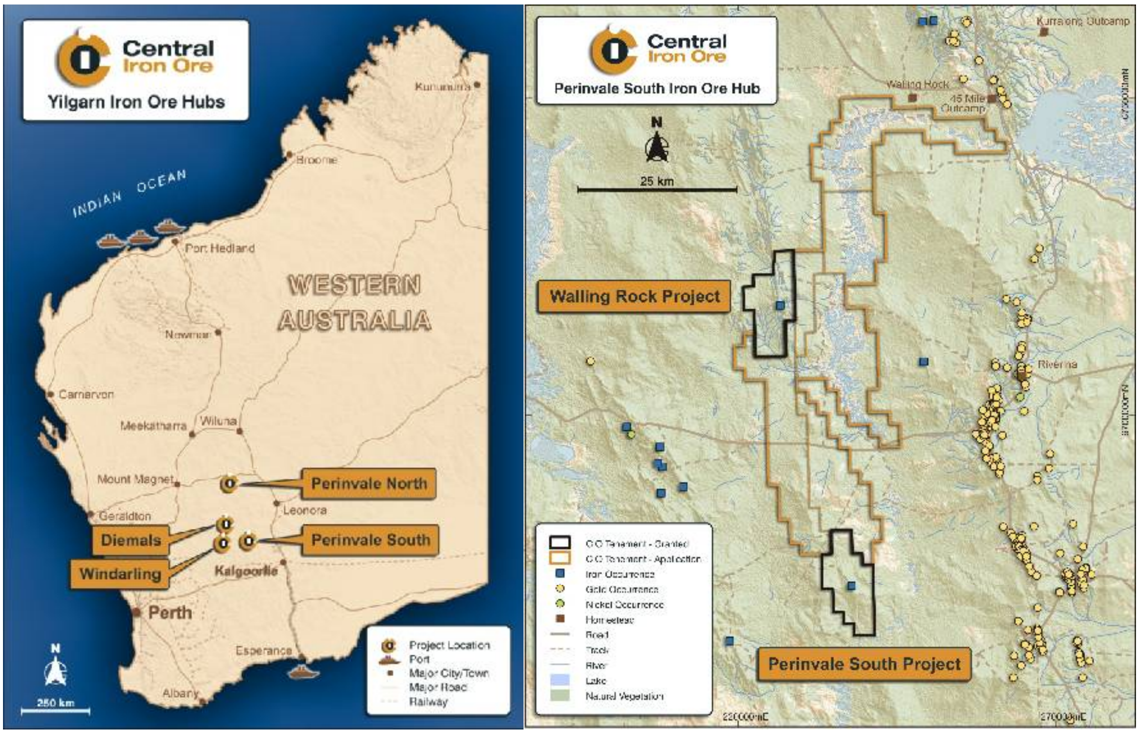
During the quarter ended December 31, 2011 the Company:

- Continued its iron ore exploration strategy and acquired tenements.
- Re-focused the gold projects into two regional exploration centres by acquiring tenements and entering into farm-in and joint ventures.

Summary of Projects

YILGARN IRON ORE PROJECT (Western Australia)

The Company continued its strategy into iron ore via applying for further tenements in the YIOP during the year. The applications have been made through its 100% owned subsidiary Central West Resources Pty Ltd and are located within the YIOP. The Company now has a total of 15 iron ore tenements covering 1,588km^2 that are located within the Yilgarn Iron Ore Province (“Yilgarn IOP”) in Western Australia, of which nine tenements are granted and six tenements are pending applications. The Yilgarn IOP is considered highly prospective, given its history of large-scale iron ore production, with the Cliffs Natural Resources-owned Koolyanobbing operation (formerly operated by Portman Limited) currently producing at a rate of approximately 8Mtpa of Direct Shipping Ore (“DSO”). The Yilgarn IOP 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:

- Perinvale North Iron Ore hub
- Perinvale South Iron Ore hub
- Windarling Iron Ore hub
- Diemals Iron Ore hub

Hub	Project	Tenement	Status	Area (km^2)
Perinvale South	Walling Rock	E30/414	Granted	93
Perinvale South	Perinvale South	E30/415	Granted	93
Perinvale South	Extension	P30/1084	Granted	1
Perinvale South		E29/0843	Pending	210
Perinvale South		E30/0434	Pending	126
Perinvale South		E30/0435	Pending	207
Perinvale South		E30/0439	Pending	156
Perinvale South		E30/0440	Pending	54
Perinvale South		E30/0441	Pending	210
Perinvale North	Perinvale North	E57/818	Granted	120
Windarling	Windarling West	E77/1820	Granted	12
Windarling	Windarling East	E77/1737	Granted	42
Diemals	Diemals North	E77/1749	Granted	111
Diemals	Far East	E77/1757	Granted	114
Diemals	Johnson North	E77/1758	Granted	39

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 Yilgarn 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 DSO within the above tenements to gain an initial understanding of their respective resource potential.

The Company announced on July 27, 2011 that field mapping and sampling has commenced on its YIOP tenements. Field activities are expected to be ongoing for the next few months and work will commence on the Perinvale South Iron Ore Hub followed in time by the other hubs. The initial field work is expected to take approximately three weeks. Field activities will focus on regolith mapping, structural mapping, soil sampling and systematic sampling of potential iron ore targets exposed within the tenements.

Perinvale South Iron Ore Hub (E30/414 and P30/1084)

Exploration Target (Walling Rock Project - E30/414)

3D and 2D magnetic modelling of recently flown helimagnetic survey data over CIO's 100% owned Walling Rock Project has indicated a potential exploration target estimate of between 510Mt to 850Mt (with a 25% range). Of this 30Mt to 75Mt is potentially enriched near surface mineralisation above the primary bedrock mineralisation.

The exploration target for primary BIF and potential near surface enriched material has been estimated based on a number of assumptions and limitations which include, among other things:

- The strike length of the modelled magnetic anomalies represents ore grade BIF mineralisation.
- The geometry of the magnetic sources remain constant over their entire length.
- The model depth extent has been fixed to 200m.
- The thickness of the potential enriched near surface material has been calculated as the difference between ground level as defined by the aeromagnetic survey DTM and the depth to the top of the model at the model centre, capped at 25m where required. No correction or adjustment has been made for variations between the ground level and the top of the model along strike.
- 100% recovery and no dilution.
- The specific gravity of the BIF and enriched material is 3.2t/m^3.
- It does not take into account the depth to top or effect of dip of the models and how this may impact potential mining viability.

The estimates of exploration target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of mineral resources as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

Regolith Mapping and rock chip sampling

The exploration licenses are located approximately 40km west of the town of Menzies. The tenements are primarily covered with recent sediments in the western half with reasonable out crops in the east. Of most significance are the banded iron formation ("BIF") and chert outcrops in the east which correspond to the magnetic anomaly. Mapping at the Perinvale South Iron Ore Hub was undertaken between August 17 and September 3, 2011. The preliminary report has indicated some BIF units are up to 50m true thickness when been mapped. A total of 20 rock samples were taken and results are still pending.

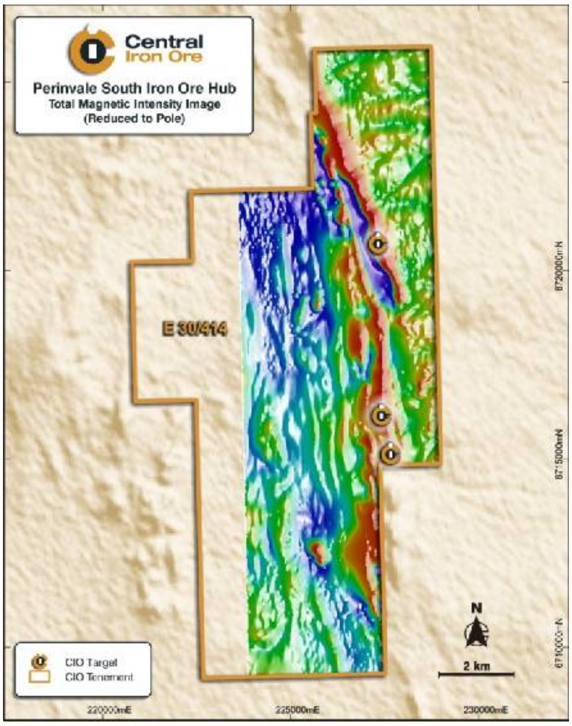
Airborne Magnetic Survey (E30/414)

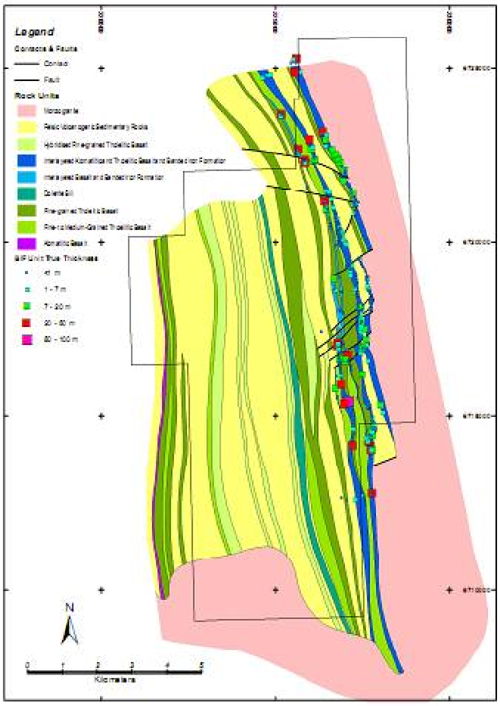
As a result of a review of the publically available geophysical data completed earlier this year it was recommended that E30/414 be flown to increase the concentration of data over the tenement. The survey was flown over E30/414 for a total of 917 line kilometres on a spacing of 100m. The data revealed several magnetic anomalies with a combined strike length in excess of 12km. This data is currently being processed and reviewed by an independent geophysical consulting firm. The results will be used to develop exploration drilling targets and are expected during the next quarter.

Detailed Mapping Sampling Program (Walling Rock Project - E30/414)
A targeted sampling program was undertaken in December 2011 by Strategic Resource Management Ltd. The program focused on sampling across the exposed BIF ridges. Coarse grained magnetite was exposed at surface and the BIF ridges were mapped along strike for 8km and up to 110m thick. A total of 37 rock chip samples were collected with assay results ranging from a peak value of 43.11% Fe to 30.18% Fe.

Flora Survey (Walling Rock Project - E30/414)
A Level 1 flora and fauna study was recently completed by Umwelt (Australia) Pty Ltd. The survey was designed to identify records or any potential occurrence of conservation significant flora and fauna. A desk top study and an infield survey were completed in early February, 2012. The results of the study and survey were that:

- No conservation-significant flora was identified within the proposed drilling area.
- It is highly unlikely any future exploration activity will impact on species identified by the desktop review.





Diemals Iron Ore Hub (E77/1749 and E77/1757)

Diemals Iron Ore Hub is located approximately 25km northeast of Cliffs Natural Resources Inc's iron ore operations. The regolith mapping and sampling program was undertaken between September 20 and October 13, 2011. The preliminary report has indicated some BIF units are up to 85m thick. A number of rock chip samples were taken and results are still pending.

Perinvale North Iron Ore Hub (E57/818)

AUD $15million PERINVALE NORTH IRON ORE HUB FARM-IN

On the June 22, 2011, CIO announced that it has entered into a farm-in agreement with the Australian Stock Exchange listed Pacific Ore Limited ("Pacific") for CIO's Perinvale North Iron Ore Hub for AUD$15million. The Perinvale North Iron Ore Hub consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km North East of Perth, Western Australia in the YIOP.

The farm-in agreement provides for Pacific to farm-in into a joint venture with CIO on the following terms:

Earn 51% by spending $1.5 million within 2 years.
Earn an additional 19% by spending a further $3.5 million within 3.5 years.
Earn an additional 20% by spending a further $10 million within 5 years.

CIO may elect to maintain its interest at each stage of the farm-in once Pacific has earned a 51% interest.

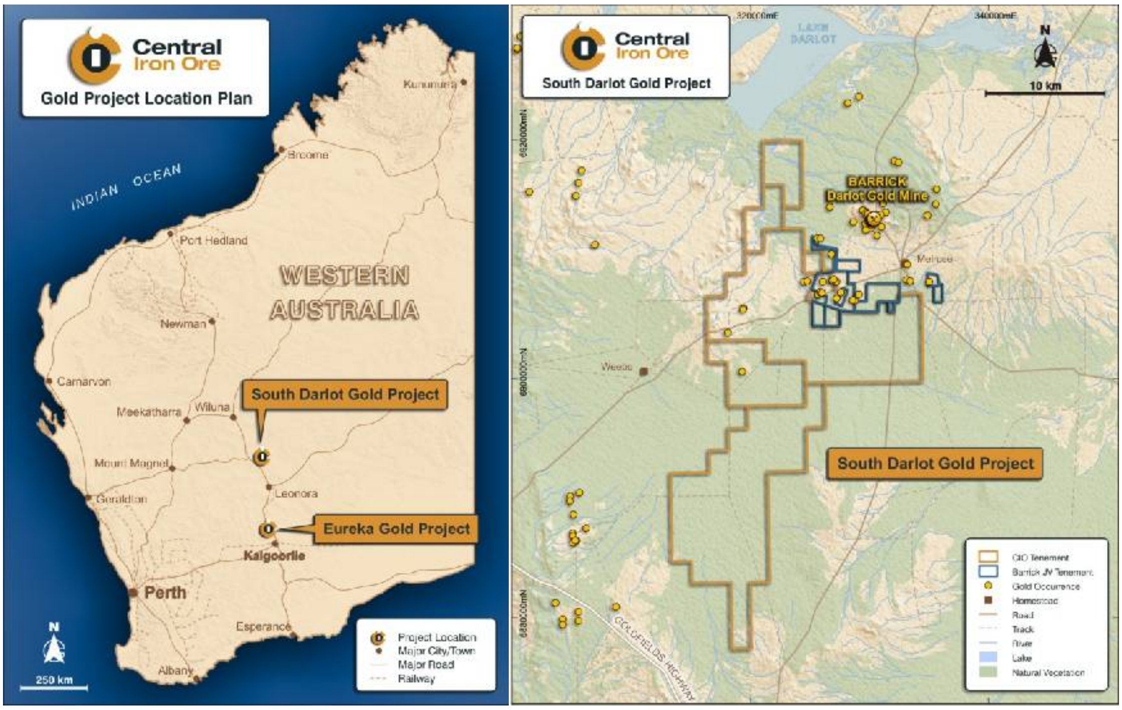
Quarterly Activity

Regolith Mapping and rock chip sampling
Detailed regolith mapping and rockchip sampling was completed on Perinvale North Iron Ore Hub tenements E57/818. The work was undertaken by Dr Mike Grigson of Arc minerals in early December 2011.

Geophysical Review
Pacific Ore Limited commissioned Core Geophysics Pty Ltd to compile, merge and process the open file aeromagnetic data available from the Department of Minerals and Petroleum ("DMP") over the Project. The available survey data comprised of 200m to 1,600m line spaced data with the majority of the tenement covered by 200m line spaced data. Results from the preliminary review have identified 25km of magnetic strike with some portions considered prospective for iron mineralisation. A total of five magnetic anomalies have been identified for follow up work. These have been selected based on their potential for primary BIF and enriched hematite.

SOUTH DARLOT GOLD PROJECT (Western Australia)

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 Limited's Darlot Mine. The British King Mine is currently under care and maintenance.



The Company has re-focused its 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 South Darlot Gold Project tenement package covers 324km^2.

Project	Tenement	Status	Area (km2)
South Darlot	E37/882	Granted	141
South Darlot	E37/1054	Granted	33
South Darlot	E37/1085	Granted	24
South Darlot	E37/1086	Granted	3
South Darlot	E37/1106	Pending	123
British King	M37/30	Granted	0.1
British King	P37/7026	Granted	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 Joint Venture Project (Western Australia)

The Barrick Joint Venture Project is an agreement ("Barrick Agreement") between CIO (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 ("Barrick 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 Barrick 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 336km^2 of highly prospective country under tenure. The tenements covered by the Barrick Joint Venture are detailed below.

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

The Barrick Agreement outlines the conditions under which CIO may progressively acquire an initial 51% interest, and management of the Barrick 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 Barrick Agreement. The total spend required over this period is AUD$450,000. A further spend of AUD$250,000 over a further 12 months is required in order for CIO to earn a 70% joint venture interest.

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

Quarterly Activity

During the quarter, the Company completed an integration of the geological databases for the British King data with the Barrick Joint Venture data. This will now enable a thorough analysis of the region to identify drill targets and the possible estimation of resources.

For the Barrick Joint Venture 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.

On December, 05, 2011 CIO entered into an agreement for the AUD$4 million sale of its Eureka Gold Project to Greenstone Minerals Pty Ltd ("Purchaser").The transaction involves the Purchaser paying an AUD$150,000 deposit and a further AUD$3,850,000 in two tranches as follows:

Tranche 1: The Purchaser must pay CIO AUD$2,000,000 in cash on completion of the sale and purchase.

Tranche 2: On the date that is twelve months from the date of the Purchaser's admission to the official list of the Australian Stock Exchange ("ASX"), the Purchaser must pay the following consideration to CIO:

iii. AUD$850,000 cash; and

iv. AUD$1,000,000 in cash or shares in the Purchaser, at the Purchaser's election.

Completion of the sale of the Eureka Gold Project is conditional upon:

1. The Purchaser obtaining a mandate agreement from a recognised and reputable Australian stockbroker to support, on a reasonable endeavours basis, an IPO on the ASX for a capital raising of at least AUD$10,000,000 by March 16, 2012;

2. The Purchaser being admitted to the official list of the ASX on a conditional basis by April 30, 2012; and

3. CIO obtaining any consents, approvals, authorisations or clearances which are required for the sale and purchase (including any required TSXV approvals) by April 30, 2012.

The Company's current Eureka gold project tenement package covers 563 hectares.

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

MINERAL PROPERTIES (all amounts in Australian dollars)

Tenement	Status	Area (km^2)	Grant Date	Expiry Date	Annual Rent	Expenditure
M24/189	Granted	2.18	15/02/1988	14/02/2030	$3,035.34	$21,900
M24/584	Granted	1.10	25/10/2000	24/10/2021	$1,538.46	$11,100
M24/585	Granted	1.04	25/10/2000	24/10/2021	$1,455.30	$10,500
M24/586	Granted	1.30	25/10/2000	24/10/2021	$1,801.80	$13,000
E37/882	Granted	141	26/03/2008	25/03/2013	$8,856.21	$47,000
E37/1054	Granted	33	1/04/2011	30/03/2016	$1,332.21	$20,000
E37/1085	Granted	24	12/08/2011	11/08/2016	$1,021.50	$20,000
E37/1086	Granted	3	12/08/2011	11/08/2016	$273.00	$10,000
E37/1106	Pending	123				
M37/30	Granted	0.1	4/07/1984	3/07/2026	$159.50	$10,000
L37/162	Granted	0.1	25/10/2006	24/10/2027	$99.33	
P37/7026	Granted	0.1	16/05/2007	15/05/2011	$23.1	$2,000
E30/414	Granted	93	15/09/2010	14/09/2015	$3,754.00	$31,000
E30/415	Granted	93	10/05/2011	9/05/2016	$3,341.41	$31,000
P30/1084	Granted	1	24/03/2010	23/03/2014	$191.73	$3,320
E57/818	Granted	120	22/02/2011	21/02/2016	$4,844.40	$40,000
E77/1820	Granted	12	20/06/2011	19/06/2016	$454.00	$15,000
E77/1737	Granted	42	24/05/2010	23/05/2016	$1,695.54	$20,000
E77/1749	Granted	111	11/05/2011	10/05/2016	$4,481.07	$37,000
E77/1757	Granted	114	5/04/2011	4/04/2016	$4,096.40	$38,000
E77/1758	Granted	39	25/10/2010	24/10/2015	$1,574.43	$20,000
E29/0843	Pending	210				
E30/0434	Pending	126				
E30/0435	Pending	207				
E30/0439	Pending	156				
E30/0440	Pending	54				
E30/0441	Pending	210				

Barrick JV Tenement Package

Tenement	Status	Area (ha)	Grant Date	Expiry Date	Annual Rent	Expenditure
M37/421	Granted	381	24/11/1993	23/11/2014	$6,075.95	$38,100
M37/552	Granted	200	5/12/2008	4/12/2029	$3,190.00	$20,000
M37/631	Granted	776	23/05/2007	22/04/2028	$12,393.15	$77,700
M37/632	Granted	595	23/05/2007	22/04/2028	$9,490.25	$59,500
M37/709	Granted	98	23/01/2008	22/01/2029	$1,563.00	$10,000
M37/1045	Granted	90	25/02/2009	25/02/2030	$1,436.00	$10,000
P37/7364	Granted	197	29/01/2008	28/01/2012	$457.38	$7,920
P37/7365	Granted	200	29/01/2008	28/01/2012	$462.00	$8,000
P37/7366	Granted	113	29/01/2008	28/01/2012	$261.03	$4,520
P37/7367	Granted	45	29/01/2008	28/01/2012	$103.95	$2,000

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 two 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 of CIO, subject to re-election at the 2010 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 CAD$0.20 per Unit for aggregate gross proceeds of CAD$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 CAD$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 CAD$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 CAD$0.20 per Broker Unit at any time on or before the date which is 24 months following the Closing Date.

AUD$15 MILLION PERINVALE NORTH IRON ORE HUB FARM-IN

On June 22, 2011, CIO announced that it has entered into a farm-in agreement with the Australian Stock Exchange listed Pacific Ore Limited (“Pacific”) for CIO’s Perinvale North Iron Ore Hub for AUD$15million. The Perinvale North Iron Ore Hub consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km North East of Perth, Western Australia in the YIOP.

The farm-in agreement provides for Pacific to farm-in into a joint venture with CIO on the following terms:

- Earn 51% by spending $1.5 million within 2 years.
- Earn an additional 19% by spending a further $3.5 million within 3.5 years.
- Earn an additional 20% by spending a further $10 million within 5 years.

CIO may elect to maintain its interest at each stage of the farm-in once Pacific has earned a 51% interest.

CIO AGREES AUD$4.0 MILLION SALE OF EUREKA GOLD PROJECT

On December 05, 2011, CIO announced that it has entered into an agreement for the AUD$4 million sale of its Eureka Gold Project to Greenstone Minerals Pty Ltd (“Purchaser”).

The transaction involves the Purchaser paying an AUD$150,000 deposit and a further AUD$3,850,000 in two tranches as follows:

Tranche 1: The Purchaser must pay CIO AUD$2,000,000 in cash on completion of the sale and purchase.

Tranche 2: On the date that is twelve months from the date of the Purchaser’s admission to the official list of the Australian Stock Exchange (“ASX”), the Purchaser must pay the following consideration to CIO:

1. AUD$850,000 cash; and

2. AUD$1,000,000 in cash or shares in the Purchaser, at the Purchaser’s election.

Completion of the sale of the Eureka Gold Project is conditional upon:

1. The Purchaser obtaining a mandate agreement from a recognised and reputable Australian stockbroker to support, on a reasonable endeavours basis, an IPO on the ASX for a capital raising of at least AUD$10,000,000 by March 16, 2012;

2. The Purchaser being admitted to the official list of the ASX on a conditional basis by April 30, 2012; and

3. CIO obtaining any consents, approvals, authorisations or clearances which are required for the sale and purchase (including any required TSXV approvals) by April 30, 2012.

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 evaluation 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 quarter ended September 30, 2011 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 its 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 evaluation 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 evaluation 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, labour disruptions, flooding, explosions, landslides and the inability to obtain suitable or adequate machinery, equipment or labour 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 - Chairman
- Brett Hodgins - President / CEO
- Anthony Howland-Rose - Director
- David Taylor - Director
- Hugh Pinniger - COO
- Graham Hurwitz - CFO

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 continues to serve on the board as a non-executive director.

Anthony William Howland-Rose was appointed director of the Company on June 3, 2011. Bruce Burrell resigned as a director on the Company on June 3, 2011.

The Company announced on December 05, 2011, that Mr Andrew Spinks has resigned as a director of the Company. Andrew will continue to serve as a technical consultant to CIO.

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, 2011 the Company's deficit was $18,820,604.

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, 2011, the closing per share price of the Company's shares fluctuated from a high of $0.095 to a low of $0.055 post consolidation. There can be no assurance that continual fluctuations in price will not occur.

Exploration Target

The estimates of exploration target sizes mentioned in this document should not be misunderstood or misconstrued as estimates of mineral resources as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

Market Conditions

Global Economy

The global recovery is threatened by intensifying strains in the euro area and fragilities elsewhere. Financial conditions have deteriorated, growth prospects have dimmed, and downside risks have escalated. Global output is projected to expand by 3¼ percent in 2012 a downward revision of about ¾ percentage point relative to the September 2011 World Economic Outlook (WEO). This is largely because the euro area economy is now expected to go into a mild recession in 2012 as a result of the rise in sovereign yields, the effects of bank deleveraging on the real economy, and the impact of additional fiscal consolidation. Growth in emerging and developing economies is also expected to slow because of the worsening external environment and a weakening of internal demand. The most immediate policy challenge is to restore confidence and put an end to the crisis in the euro area by supporting growth, while sustaining adjustment, containing deleveraging, and providing more liquidity and monetary accommodation. In other major advanced economies, the key policy requirements are to address medium-term fiscal imbalances and to repair and reform financial systems, while sustaining the recovery. In emerging and developing economies, near-term policy should focus on responding to moderating domestic growth and to slowing external demand from advanced economies

Global growth prospects dimmed and risks sharply escalated during the fourth quarter of 2011, as the euro area crisis entered a perilous new phase. Activity remained relatively robust throughout the third quarter, with global GDP expanding at an annualized rate of 3½ percent—only slightly worse than forecast in the September 2011 WEO. Growth in the advanced economies surprised on the upside, as consumers in the United States unexpectedly lowered their saving rates and business fixed investment stayed strong. The bounce back from the supply-chain disruptions caused by the March 2011 Japanese earthquake was also stronger than anticipated. Additionally, stabilizing oil prices helped support consumption. These developments, however, are not expected to sustain significant momentum going forward.

(Source: IMF World Economic Outlook, January, 2012, www.imf.org)

Gold Market

The spot gold price closed in NY at US$1736.20/oz 22 September (down US$44 on the previous close), before falling a further US$79/oz to US$1657/oz Friday 23 September. The price has fallen US$243/oz since reaching an all time nominal high of US$1900/oz 5 September. Most of this fall occurred in the past several days with liquidity related selling by funds and renewed fears of a global economic crisis.

Notwithstanding the uncertainty of short term volatility and liquidity related selling pressure and the associated move into the US dollar, we believe the long term price outlook for gold is positive, driven by its relative safe-haven status and longer term momentum of portfolio diversification away from the US currency. However, if the current rout is a prelude to the next leg down of the GFC, it could be a couple years before recent gold price highs are surpassed. During the 2008 GFC, by comparison, the gold price pulled back US$288/oz. It fell from US$1000/oz (Mar '08) pre-GFC to a low of US$712/oz (Nov '08) and did not return to US$1000/oz till September 2009, a period of 18 months. From its GFC lows, it subsequently rallied a massive ~US$1200/oz to US$1900/oz (Sep '11, refer to charts).

The safe-haven buying of gold is fear-generated, though this is irrelevant when investors are forced into liquidity related selling. The recent bull market in gold has been fuelled by the fear associated primarily with massive deficit-driven stimulus spending in the US, and perhaps the biggest fear factor, festering eurozone sovereign debt concerns and the perceived risk to the stability of global financial markets. These same factors are now pushing investors into liquidity related selling.

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

Iron Ore Market

The iron ore spot price is at US$173/t (Metal Bulletin Index 62% Fe CFR). Spot prices have declined 11% from the record high reached in February of US$192/t. The record high was primarily the result of global crude steel production at close to maximum levels over the last 6 months combined with iron ore supply disruptions due to heavy rainfall in Australia and seasonally high rainfall in Brazil. India's continued ban on iron ore exports from Karnataka state also had an impact.

In China, the internal spot price has remained over US$200/t since October 2010. This has encouraged additional growth in Chinese domestic supply: 23% 3Q11 and 16% yoy. This additional supply is likely to remain until prices fall significantly (below US$130-150/t, dry CFR 62% Fe).

The major impact iron ore producers (Vale, RIO, BHP and FMG) have increased production during 2Q11 and yoy. Further increases are expected in 2H11 as iron ore capacity comes on line in Australia and Brazil. FMG reached 55mtpa rate during July and plan to expand capacity to 70mtpa by June 2012. Rio Tinto will add 5mtpa by 1Q12.

On the demand side, quarterly Chinese imports of iron ore were 160mt steady qoq and 5% higher yoy. Stockpiled iron ore in China is steady qoq but 21% higher yoy. This compares with global steel prices which fell 1-5% qoq. The IMF September World Outlook has forecast global GDP growth to slow in 4Q11 and into 2012 to a forecast 4% in 2012 (down from 4.3%) and 9% for China (down from 9.6%).

During 2013 to 2015, as significant low cost iron ore supply is brought on line by the four major producers, an iron ore price above US$130/t (dry CFR 62% Fe) will be supported by the marginal high cost producers in China and India.

Long Term iron ore demand growth is driven by the urbanisation and industrialisation of China, India and other developing nations. Chinese growth and steel intensity will be at much lower levels than those experienced over 200-7 but seaborne iron ore growth is forecast to be similar on a volume basis. We revert to our long term price of US$86/t (62% Fe CFR) in late 2016 as the major producers expansions ramp-up to full capacity and begin to displace higher cost producers especially in China.

(Source: Resource Capital Research, Iron Ore Company Review; Exploration, Development & Production, September 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, 2011. This financial information is derived from the financial statements of the Company. The Company prepares financial information according to Canadian GAAP and all information is reported in Australian dollars.

	2011		2010		2009
Income from continuing operations	60,512		65,128		90,115
Net loss for the year	(1,282,440)		(2,039,258)		(1,356,524)
Net loss per share	(0.03)		(0.13)		(0.01)
Total Assets	6,712,624		3,819,446		4,180,950
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 three 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.

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. During the quarter the Company derived income of $150,000, being in connection with the sale of the Eureka Gold Project (refer to Business of the Company).

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, 2011 the Company expended $47,553 on exploration and development activities. This compares with $32,657 for the corresponding quarter ended December 31, 2010. These costs have increased compared to the previous financial year owing to an increase in field work undertaken.

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

Australian $	December 2011		December 2010		December 2009
Expenses					
British King mine	44,170		16,138		6,094
Eureka mine	0		11,758		5,173
Tanzania	0		0		39,221
Yilgarn	3,383		4,761		20,469
Capitalized expenses					
British King mine	0		0		0
Eureka mine	2,034		0		0
Yilgarn	5,621		0		0

Administrative Expenses

For the quarter ended December 31, 2011 the Company incurred administrative expenses of $410,473 compared to $341,509 for the quarter ended December 31, 2010, an increase of 16%. Overall, administrative costs increased in comparison to the previous financial period owing to an increase in professional fees and salaries and a decrease in office expenses and travel.

Income

Income is normally comprised of consulting fees and interest income. For the quarter ended December 31, 2011 the Company earned income of $161,274, compared to income of $17,404 for the quarter ended December 31, 2010. The increase was due to receipt of $150,000 in connection with the sale of the Eureka Gold Project (refer to Business of the Company). 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 for the quarters ended December 31, 2011 and December 31, 2010.

Net Losses

The net loss for the quarter ended December 31, 2011 was $296,752 compared with the net loss for the corresponding quarter ended December 31, 2010 of $356,762.

Change in Financial Position

At December 31, 2011 the Company had total assets of $6,026,816 compared to $4,144,673 at December 31, 2010. Net assets increased owing mainly to the issue of capital. The Company had a cash balance of $2,506,249 at December 31, 2011 compared to a cash balance of $537,215 at Dcember 31, 2010.

At December 31, 2011 the Company had a net working capital surplus of $2,436,996 compared with a net working capital deficiency of $853,500 at December 31, 2010. The increase in the net working capital surplus results from increased cash and the repayment of the loans payable.

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, 2011. This financial information is derived from the financial statements of the Company. The Company prepares financial information according to International Financial Reporting Standards (IFRS) and all information is reported in Australian dollars.

Australian $	Quarter to Dec 31, 2011	Quarter to Sept 30, 2011	Quarter to June 30, 2011	Quarter to March 31, 2011	Quarter to Dec 31, 2010	Quarter to Sept 30, 2010	Quarter to June 30, 2010	Quarter to Mar 31, 2010
Income from continuing operations	161,274	42,248	12,603	17,167	17,404	13,338	19,021	12,779
Net profit/loss for the period	(296,752)	(179,535)	(482,443),	(261,849)	(356,762)	(181,386)	(1,298,506)	(140,829)
Net profit/loss per basic and diluted share	(0.01)	(0.00)	(0,01)	(0.01)	(0,00)	(0.01)	(0.13)	(0.01)

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 8 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 and rental. 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. During the quarter ended December 31, 2011 the Company received $150,000 in connection with the sale of the Eureka Gold Project (refer to Business of the Company).

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, 2011, the Company had a net working capital surplus of $2,436,996.

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

COMMITMENTS

At December 31, 2011 the Company had commitments to pay for operating leases on office space. These commitments are set out in Note 14 to the Interim Financial Statements for December 31, 2011.

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 14 to the Interim Financial Statements for December 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 December 31, 2011.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

(a) Paid or accrued $48,585 (December 31, 2010 : $56,910) in accounting fees, wages, office and miscellaneous expenses to directors of the Company.

(b) Paid or accrued $25,200 (December 31, 2010: $Nil) in consulting fees to officers of the Company.

(c) Paid or accrued $38,678 (December 31, 2010: $Nil) in legal fees to Cardinals Corporate Pty Ltd trading as Cardinals Lawyers and Consultants, a related party by way of common directors.

Included in due to related party is $Nil (June 30, 2011 - $40,007) (July 1, 2010 - $90,000) due to directors, former directors and for accounting fees to an officer of the Company.

Included in non-current liabilities – loans payable at December 31, 2011 was $Nil (June 30, 2011 - $Nil) (July 1, 2010 - $754,182) owed to companies owned by directors and former directors of the Company.

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, IFRS 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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company’s receivables, accounts payable and accrued liabilities, and due to related parties approximate carrying value, which is the amount payable on the consolidated statements of financial position. The Company’s other financial instruments, cash and cash equivalents, and deposits, under the fair value hierarchy, are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company’s cash and cash equivalents are held at large Canadian and Australian financial institutions with a portion in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company’s receivables consist mainly of tax credits due from the government of Australia. As such, the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2011, the Company had a cash and cash equivalent balance of $2,506,249 (June 30, 2011 - $3,154,859) to settle current liabilities of $115,114 (June 30, 2011 - $324,635). Management believes that it has sufficient funds to meet its current liabilities as they become due.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has cash balances and term deposits. The interest earned on the term deposits approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2011, the Company had a total of $1,500,000 in short-term deposits.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because of the short-term nature of these investments.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Canadian dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using cash flow forecasting.

Consolidated companies are required to manage their foreign currency risk against their functional currency. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The Company does not hedge its foreign exchange risk exposure.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and iron ore, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these financial statements are for the period covered by the Company's first interim unaudited financial statements prepare in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the financial statements for the periods ended December 31, 2011 and 2010, the financial statements for the year ended June 30, 2011, and the opening IFRS statement of financial position on July 1, 2010, the "Transition Date".

There are no significant differences between IFRS and Canadian GAAP in connection with the Company's consolidated statements of financial position, loss and comprehensive loss and deficit or cash flows for the periods ended December 31, 2011 and 2010, the year ended June 30, 2011 or the opening statement of financial position on July 1, 2010.

First time exemptions applied

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening standard of financial position on our transition date of July 1, 2010, and allows certain exemptions on the transition of IFRS. The elections the Company has chosen to apply and that are considered significant to the Company include:

(i) Provision for closure and restoration

Applying International Financial Reporting Interpretation Committee 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities ("IFRIC 1"¨) as of the date of transition to IFRS. IFRIC 1 requires specified changes in decommissioning, restoration or similar liabilities to be added to or deducted from the cost of the asset to which it relates and the adjusted depreciable amount of the asset to then be depreciated prospectively over its remaining useful life. The Company has determined the impact on its closure and restoration obligation was immaterial.

(ii) Stock-based compensation charges

IFRS 1 permits first-time adopters to not apply IFRS 2, "Share-based Payments¨, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS. The Company elected to apply IFRS 2 to equity instruments granted after November 7, 2002 that had not vested by the transition date.

Under Canadian GAAP, share-based compensation expenses can be calculated based on the straight line method or graded method. Under IFRS, only the graded method is permitted. As the Company historically calculated stock based compensation charges using the straight line method, the Company adopted the graded method upon the IFRS transition. The quantitative differences between the methods were Nil and the Company did not recognize stock-based compensation charges on the statement of operations upon transition on July 1, 2010.

(iii) Applying IFRS 1 to eliminate the cumulative foreign translation balance as of the date of transition to IFRS. This balance was combined with the deficit balance in shareholders' equity.

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of July 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

OUTSTANDING SHARE DATA AS OF FEBRUARY 28, 2012:

Authorized and issued share capital:

Class	Par Value	Authorised Common Shares (No par value)	Issued
Common	No par value	Unlimited	72,710,718

As at February 28, 2012, there were 2,015,000 stock options and 22,000,000 warrants outstanding.

COMPETENT PERSON'S STATEMENT

Technical aspects of this MD&A were prepared and verified by Mr Andrew Spinks, B.App.Sc, Grad.Dip (Mining), who is a member of AusIMM, and a consultant geologist. He is a Qualified Person as defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and is the technical person responsible for this MD&A. The qualified person has verified the data disclosed in this MD&A.

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