

# **CENTRAL IRON ORE LIMITED**

## **Management Discussion and Analysis (Form 51-102F1) For the quarter ended September 30, 2017**

**Information as of November 27, 2017 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 annual audited financial statements for the year ended June 30, 2017, 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 International Financial Reporting Interpretation (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**

Since listing on the TSX Venture Exchange (“TSX-V”) in 2007, CIO’s business has primarily involved acquiring and conducting exploration activities on prospective exploration and mining projects in Australia and Tanzania.

In recent years the Company has refocused its activities on the acquisition of projects considered to be prospective for iron ore in Australia. The Company has discontinued exploration of its Tanzanian uranium assets and has repositioned its British King and Eureka gold mines into two regional exploration and development gold prospects.

On November 24, 2017, the Company announced that it has entered into an agreement for a Trial mining operation at its Eureka Gold Mine in Western Australia to Eureka Mines Pty Ltd.

The trial mining operation is expected to commence mining by the end of November 2017 and should be completed by April 2018. The trial mining operation is planned to extend the depth of the current open pit by approximately 20 metres. Currently the Pit is being dewatered and redevelopment of access to base of the pit.

## Exploration and Development Update

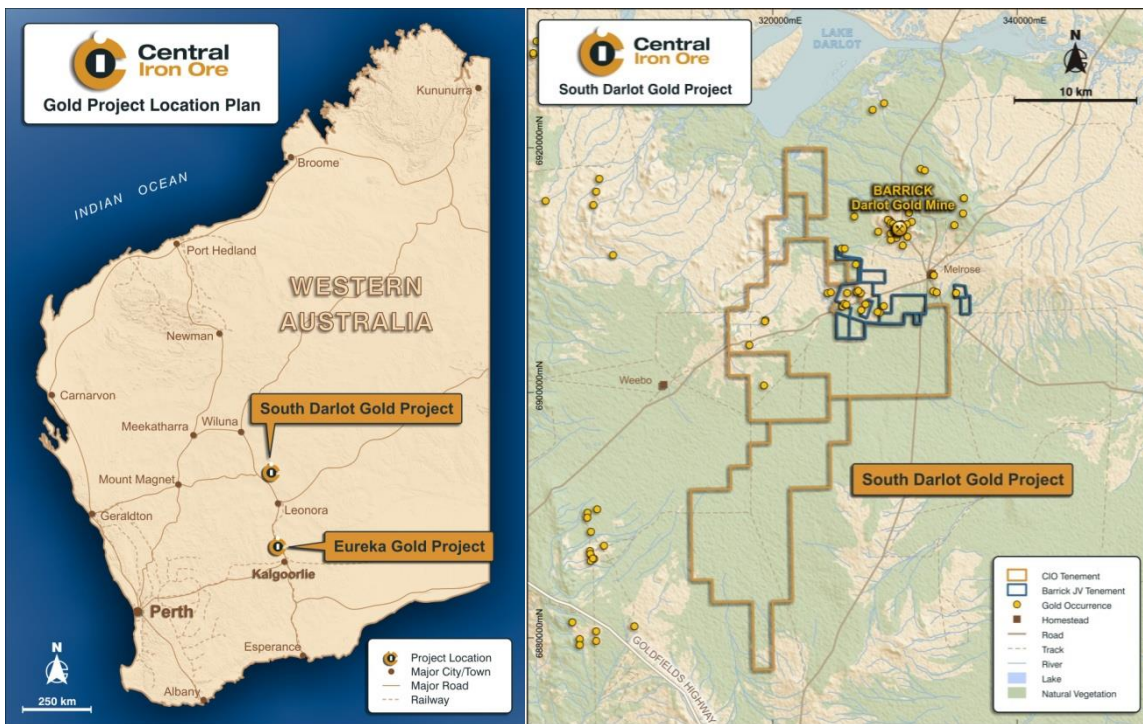
During the quarter ended September 30, 2017, the Company:

- continued its gold exploration strategy.

### SOUTH DARLOT GOLD PROJECT (Western Australia)

The Company's South Darlot Gold Project area is located approximately 320km northwest of Kalgoorlie in Western Australia and includes:

- The British King Mine which is 49% owned by the Company and which is NI43-101 compliant. The British King Mine is 5km southwest of Red 5 Limited's Darlot Mine. The Company has sold its British King Gold Mine to BK Gold Mines Pty Ltd for AUD\$1.1 million with payment to occur in four stages. BK Gold Mines Pty Ltd is currently in administration with a conditional Deed of Company Arrangement (DOCA) proposed.
- A 100% CIO owned tenement package covering 267km<sup>2</sup>.
- A number of tenements which are subject to a joint venture with subsidiaries of Red 5 Limited, in which CIO has earned 70% interest.



The Company's current 100% owned South Darlot Gold Project tenement package covers 267km<sup>2</sup>. Details of the Company's 100% owned South Darlot Gold Project and British King Project tenements are set out below.

Project	Tenement	Status	Area (km <sup>2</sup> )
South Darlot	E37/882	Granted	84
South Darlot	E37/1054	Granted	33
South Darlot	E37/1086	Granted	3
South Darlot	E37/1106	Granted	123

Project	Tenement	Status	Area (km <sup>2</sup> )
British King	M37/30	Granted	0.1
British King	L37/162	Granted	0.1

The Company's strategy and objective in respect of the South Darlot Gold Project is to evaluate the gold prospectivity of the region, generate targets, consolidate the tenement position and acquire all necessary access approvals in order to progress to the next stage of exploration. The Company has identified seven prospective targets on its 100% owned tenements and intends to systematically evaluate those targets.

### British King Sale

On November 10, 2014, CIO announced that it has entered into an agreement for the AUD\$1.1 million sale of its British King Gold Mine ("Project") in Western Australia to BK Gold Mines Pty Ltd ("Purchaser").

The consideration payable by the Purchaser for the acquisition of the Project includes a AUD\$250,000 payment on completion of the acquisition, with the balance of the consideration to be paid in three tranches upon the satisfaction of certain production milestones from the Project, as set out below.

Tranche 1: The Purchaser must deliver to CIO 150 troy ounces of gold upon the production and sale of 5,000 troy ounces of gold from the Project, upon which the Purchaser will acquire a further 14% interest in the Project (resulting in a total interest for the Purchaser of 65%).

Tranche 2: The Purchaser must deliver to CIO 175 troy ounces of gold upon the production and sale of 7,500 troy ounces of gold from the Project, upon which the Purchaser will acquire a further 15% interest in the Project (resulting in a total interest for the Purchaser of 80%).

Tranche 3: The Purchaser must deliver to CIO 215 troy ounces of gold upon the production and sale of 10,000 troy ounces of gold from the Project, upon which the Purchaser will acquire a further 20% interest in the Project (resulting in a total interest for the Purchaser of 100%).

In the event that the Purchaser fails to make any of the payments referred to above by the date required under the agreement, the Purchaser will be required to transfer back to CIO all of its then existing percentage interest in the Project and CIO will grant to the Purchaser a gross value royalty in respect of gold extracted from the Project. The percentage royalty interest will be determined as follows:

Purchaser Project Interest	Gross Value Royalty
51%	1.25%
65%	1.625%
80%	2%
100%	2.5%

In addition to the consideration set out above, the Purchaser will pay AUD\$5,000 per month to CIO for rental of the equipment located at the Project site, until such time as the Purchaser acquires a 100% interest in the Project (subject to the earlier termination of the agreement).

BK Gold Mines Pty Ltd went into administration with the appointment of Bob Jacobs. The Company is awaiting to see if the DOCA is put into effect. If the DOCA is not successful BK Gold Mines Pty Ltd may go into liquidation.

### **Barrick Joint Venture Project (Western Australia)**

The tenements set out in the table below (“Barrick JV Tenements”) are the subject of a joint venture between the Company and subsidiaries of Barrick (“Barrick JV”), and are situated southwest of Barrick’s Darlot gold mine and are contiguous with CIO’s current holdings in the area. The Barrick JV Tenements are detailed below.

<b>Project</b>	<b>Tenement</b>	<b>Status</b>	<b>Area (ha)</b>
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

The Company’s strategy and objective for the Barrick JV Tenements, the strategy and objective is to evaluate their gold prospectivity and deliver on target generation and access. The Company has identified 24 prospective targets on the Barrick JV Tenements and will systematically evaluate those targets, with a priority being placed on the exploration of the Mermaid and Endeavour Prospects.

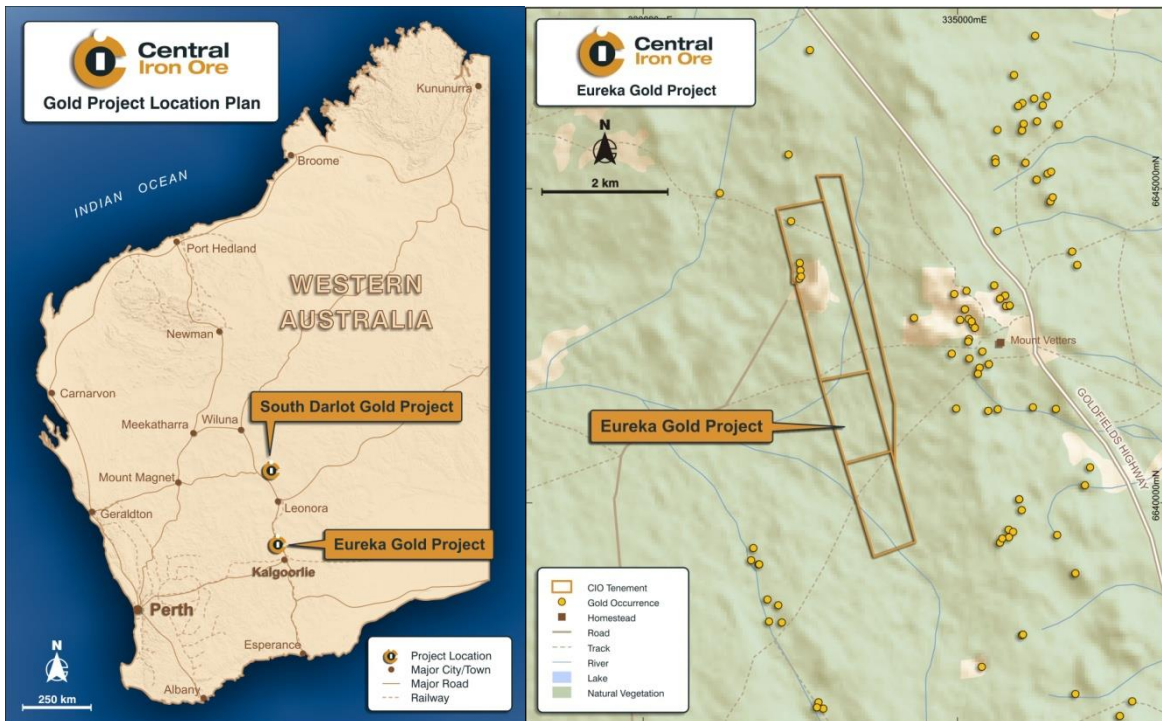
As at the date of this report, the Company has earned a 70% interest in the Barrick JV Tenements in accordance with the Barrick JV and is continuing exploration on the Barrick JV Tenements.

Gold Fields Limited interest in the Darlot region were acquired by Red 5 Limited.

## EUREKA GOLD PROJECT (Western Australia)

The Eureka gold project is approximately 50km north of Kalgoorlie and includes the Eureka open pit gold mine which is 100% owned by the Company and is NI43-101 compliant. The Eureka gold mine is currently under development. The Company's tenement package comprising the Eureka gold project 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



On November 24, 2017, Central Iron Ore Ltd. (CIO – TSX.V) (“CIO”) announced that it has entered into an agreement for a Trial mining operation at its Eureka Gold Mine (“Project”) in Western Australia to Eureka Mines Pty Ltd (“Producer”).

The consideration payable by the Producer for the gold rights of the Project includes an AUD\$100,000 reimbursement payment on signing of the transaction and a net smelter royalty.

### Royalty

The Producer will also pay CIO a royalty equal to 4% of the Net Smelter Return generated from the sale of any Product (the Royalty). The Royalty will increase by 2% (being a total royalty equal to 6% of the Net Smelter Return) generated from the sale or removal or other disposal of any Product in excess of 20,000 ounces.

### Pre-Paid Royalty

Upon the commencement of Mining Operations on the Tenement Area the Producer will promptly:

- notify the Royalty Holder that Mining Operations have commenced; and
- pay the Royalty Holder AUD\$250,000, being a pre-payment of the Royalty which amount will satisfy subsequent Royalty payments up to this amount.

The trial mining operation is expected to commence mining by the end of November 2017 and should be completed by April 2018. The trial mining operation is planned to extend the depth of the current open pit by approximately 20 metres. Currently the Pit is being dewatered and redevelopment of access to base of the pit.

#### **QUALIFIED PERSON**

Mr Darryl Mapleson who is a Fellow of Australasian Institute of Mining and Metallurgy has compiled the information within this report relating to mineralisation and drill results. Mr Mapleson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

**MINERAL PROPERTIES (all amounts in Australian dollars)**

Tenement	Status	Area (km <sup>2</sup> )	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	84	26/03/2008	25/03/2017	\$8,856.21	\$84,000
E37/1054	Granted	33	1/04/2011	30/03/2018	\$1,332.21	\$20,000
E37/1086	Granted	3	12/08/2011	11/08/2016	\$273.00	\$10,000
E37/1106	Granted	123	22/06/2012	21/06/2017	\$4,784.70	\$41,000
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	

**Barrick JV Tenement Package**

Tenement	Status	Area (ha)	Grant Date	Expiry Date	Annual Rent	Expenditure
M37/421	Granted	381	24/11/1993	23/11/2035	\$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	22/05/2028	\$12,393.15	\$77,700
M37/632	Granted	595	23/05/2007	22/05/2028	\$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	24/02/2030		\$10,000

## **CORPORATE UPDATE**

### **BRITISH KING ADMINISTRATION**

On May 23, 2017, BK Gold Mines Pty Ltd went into administration with the appointment of Bob Jacobs.

BK Gold Mines Pty Ltd is currently working on a conditional Deed of Company Arrangement (DOCA). The Company is awaiting to see if the DOCA is put into effect. If the DOCA is not successful BK Gold Mines Pty Ltd may go into liquidation.

BK Gold Mines Pty Ltd rental payment of AUD \$5,000 per month is currently being paid and a back payment of \$88,000 was received.

### **EUREKA GOLD PROJECT TRIAL MINING AGREEMENT**

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The consideration payable by the Producer for the gold rights of the Project includes an AUD\$100,000 reimbursement payment on signing of the transaction and a net smelter royalty.

#### **Royalty**

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#### **Pre-Paid Royalty**

Upon the commencement of Mining Operations on the Tenement Area the Producer will promptly:

- notify the Royalty Holder that Mining Operations have commenced; and
- pay the Royalty Holder AUD\$250,000, being a pre-payment of the Royalty which amount will satisfy subsequent Royalty payments up to this amount.

The trial mining operation is expected to commence mining by the end of November 2017 and should be completed by April 2018. The trial mining operation is planned to extend the depth of the current open pit by approximately 20 metres. Currently the Pit is being dewatered and redevelopment of access to base of the pit.

## **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 management's discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the year ended June 30, 2017 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 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, 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.

## **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
- Hugh Pinniger - COO
- David Deitz - CFO

### 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 September 30, 2017, the Company's deficit was \$21,276,789.

### Price Fluctuations: Share Price Volatility

For the quarter ended September 30, 2017, the closing price of the Company's shares fluctuated from a high of \$0.015 per share to a low of \$0.01 per share. 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 upswing in economic activity is strengthening. Global growth, which in 2016 was the weakest since the global financial crisis at 3.2 percent, is projected to rise to 3.6 percent in 2017 and to 3.7 percent in 2018. The growth forecasts for both 2017 and 2018 are 0.1 percentage point stronger compared with the April 2017 World Economic Outlook (WEO) forecast. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia—where growth outcomes in the first half of 2017 were better than expected—more than offset downward revisions for the United States and the United Kingdom.

But the recovery is not complete: while the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard hit as their adjustment to a sharp stepdown in foreign earnings continues. And while short term risks are broadly balanced, medium-term risks are still tilted to the downside. The welcome cyclical pickup in global activity thus provides an ideal window of opportunity to tackle the key policy challenges—namely to boost potential output while ensuring its benefits are broadly shared, and to build resilience against downside risks. A renewed multilateral effort is also needed to tackle the common challenges of an integrated global economy.

The global pickup in activity that started in the second half of 2016 gained further momentum in the first half of 2017. Growth is projected to rise over this year and next in emerging market and developing economies, supported by improved external factors—a benign global financial environment and a recovery in advanced economies. Growth in China and other parts of emerging Asia remains strong, and the still-difficult conditions faced by several commodity exporters in Latin America, the Commonwealth of Independent States, and sub-Saharan Africa show some signs of improvement. In advanced economies, the notable 2017 growth pickup is broad based, with stronger activity in the United States and Canada, the euro area, and Japan.

Prospects for medium-term growth are more subdued, however, as negative output gaps shrink (leaving less scope for cyclical improvement) and demographic factors and weak productivity weigh on potential growth. Changes to aggregate growth forecasts relative to the April 2017 WEO are generally positive but modest, with some meaningful changes for specific country groups and individual countries.

In line with stronger-than-expected momentum in the first half of 2017, the forecast sees a stronger rebound in advanced economies in 2017 (to 2.2 percent versus 2.0 percent foreseen in April), driven by stronger growth in the euro area, Japan, and Canada. In contrast, compared with the April 2017 WEO forecast, growth has been marked down for 2017 in the United Kingdom and for both 2017 and 2018 in the United States, implying a 0.1 percentage-point aggregate growth downgrade for advanced economies in 2018. Activity in the United Kingdom slowed more than anticipated in the first half of 2017; as for the United States, given the significant policy uncertainty, the forecast now uses a baseline assumption of unchanged policies, whereas in April it assumed a fiscal stimulus driven by then-anticipated tax cuts.

Growth prospects for emerging and developing economies are marked up by 0.1 percentage point for both 2017 and 2018 relative to April, primarily owing to a stronger growth projection for China. The country's 2017 forecast (6.8 percent, against 6.6 percent in April) reflects stronger growth outturns in the first half of 2017 as well as more buoyant external demand. For 2018, the revision mainly reflects an expectation that the authorities will maintain a sufficiently expansionary policy mix to meet their target of doubling real GDP between 2010 and 2020. Growth forecasts have also been marked up for emerging Europe for 2017, reflecting stronger growth in Turkey and other countries in the region, for Russia for 2017 and 2018, and Brazil in 2017.

Financial market sentiment has generally been strong, with continued gains in equity markets in both advanced and emerging market economies. Given current expectations of a more gradual pace of monetary policy normalization compared with March, US long-term interest rates have declined by some 25 basis points since then, and the dollar has depreciated by more than 5 percent in real effective terms, with a commensurate real appreciation of the euro. Despite expectations of more robust global

demand going forward, commodity prices have remained low, with oil prices reflecting stronger-than-anticipated supply. Headline consumer price inflation has softened since the spring, as the boost to prices from the oil price recovery of 2016 has faded and the decline in oil prices in recent months has started to exert downward pressure. Despite stronger growth in domestic demand, core inflation has generally remained muted across advanced economies, reflecting still-weak wage growth

Inflation is likely to rise only gradually toward central bank targets. Across emerging and developing economies, the waning of pass-through effects from earlier currency depreciations against the US dollar, and in some cases recent appreciations, have helped moderate core inflation rates. Short-term risks are broadly balanced. On the positive side, the recovery could strengthen further, supported by strong consumer and business confidence and benign financial conditions. At the same time, in an environment of high policy uncertainty and geopolitical tensions, policy missteps—which the baseline assumes will be avoided—could take a toll on market confidence, resulting in tighter financial conditions and weaker asset prices. Risks to growth in the medium term are still skewed to the downside, owing to several potential hazards:

A more rapid and sizable tightening of global financial conditions. This could take the form of higher long term interest rates in the United States and elsewhere, triggered by faster-than-expected monetary policy normalization or a decompression of term premia, with adverse repercussions for vulnerable economies. Monetary policy tightening in the euro area, if it had to come while the recovery in prices and growth is still lagging in highly indebted member economies, could pose risks for these economies if they have not undertaken the needed fiscal adjustment and implemented structural reforms to boost supply potential. Tighter global financial conditions could also result from a sharp decrease in global risk appetite from its currently strong levels, which would take a toll on macroeconomic activity through weaker confidence, lower asset valuations, and wider risk premia.

Financial turmoil in emerging market economies. The upward revision to China's growth forecasts reflects a slower rebalancing of activity toward services and consumption, a higher projected debt trajectory, and diminished fiscal space. Unless the Chinese authorities counter the associated risks by accelerating their recent encouraging efforts to curb the expansion of credit, these factors imply a heightened probability of a sharp growth slowdown in China, with adverse international repercussions. Following a period of abundant credit supply, a sudden tightening of global financial conditions (and an associated US dollar appreciation) could expose financial fragilities in some emerging markets, imposing strains on economies with US dollar pegs, high leverage, and balance sheet mismatches.

Persistently low inflation in advanced economies. If domestic demand were to falter, it could lead to a decline in medium-term inflation expectations, prolonging and reinforcing the weakness in inflation. Low inflation and nominal interest rates would in turn reduce central banks' capacity to lower real interest rates to restore full employment in an economic downturn.

A broad rollback of the improvements in financial regulation and oversight achieved since the global financial crisis. Such a rollback could lower capital and liquidity buffers or weaken supervisory effectiveness, with negative repercussions for global financial stability.

An inward shift in policies. A shift toward protectionism would reduce trade and cross-border investment flows, harming global growth.

Noneconomic factors. These would include geopolitical tensions, domestic political discord, risks from weak governance and corruption, extreme weather events, and terrorism and security concerns, which could derail growth.

These risks are closely interconnected and can be mutually reinforcing. For example, an inward turn in policies could be associated with increased geopolitical tensions as well as with rising global risk aversion; noneconomic shocks can weigh directly on economic activity while shaking confidence and market sentiment; and a faster-than-anticipated tightening of global financial conditions or a shift toward protectionism in advanced economies could exacerbate capital outflow pressures on emerging markets. The welcome cyclical pickup in global economic activity after disappointing growth over the past few years provides an ideal window of opportunity to undertake key reforms designed to boost potential output and ensure that its benefits are broadly shared and to build resilience against downside

risks. With countries still facing differences in cyclical conditions, varied stances of monetary and fiscal policy remain appropriate. Completing the economic recovery and adopting strategies to ensure fiscal sustainability remain important goals in many economies.

(Source: IMF World Economic Outlook, October 2017, [www.imf.org/external/pubs/ft/weo/2017/10/#front](http://www.imf.org/external/pubs/ft/weo/2017/10/#front))

## Gold Market

Q2 2017 gold demand of 953.4t was 10% lower than 2016, while H1 demand slowed 14% to 2,003.8t. Y-o-y comparisons are affected by record ETF inflows in 2016: demand from this sector slowed dramatically after last year's H1 surge. Central bank net purchases of 176.7t were also slightly lower in the first half (-3%). By contrast, bar and coin investment improved, as did jewellery demand, although the latter remains weak in a long-term context. Technology demand also made modest gains.

Investors continued to buy gold-backed ETFs in Q2: global AUM grew by 56t. By the end of June, holdings of ETFs had reached 2,313t (worth US\$92.4bn), the highest month-end total since October last year. H1 holdings were up by 167.9t. And while this pales in comparison with last year's record growth, it nonetheless signals a continued interest in gold investment among institutional investors.

After 10 months of unhindered inflows in 2016, investment in gold-backed ETFs during the first half of 2017 have been rather more erratic. Of the main – sometimes conflicting – factors that influenced investor attitudes towards gold-backed ETFs, the three that seemed to dominate Q2 were:

- Monetary policy 'normalisation'
- Gold price
- Event risk

Monetary policy was again front of mind during the quarter as the Federal Reserve raised rates in June and ECB President Draghi signalled possible tightening in Europe as deflationary pressures start to reverse. The prospect of continued, if modest, monetary tightening dampened ETF demand. Rising interest rates are usually interpreted as being negative for gold. But the Federal Reserve continues to telegraph its plans for monetary policy clearly, and – since the end of Q2 – market expectations of a third US rate hike have subsequently been pushed out to Q1 2018. This gives investors ample time to adjust positioning, so we believe that gold should not come under undue pressure as the timing of a likely rate rise approaches.

The gold price rose by 8% during the first half of 2017, building on the 8% gains seen during 2016. This led to some investors taking a more cautious approach, reluctant to build positions after a strong price move. Others used it as an opportunity to take profits. Although lower prices may encourage fresh buying, anecdotal reports suggest that investment in Q2 was not generally driven by investors' expectations of strong near-term capital appreciation.

Event risk, particularly surrounding geopolitical tension, remained a key driver of demand for ETFs. Across Western markets investors were attracted by gold's properties as an insurance asset. The environment created by sporadic global terrorist incidents, tension between the US and North Korea, and the shock sacking of FBI Director Comey, left investors keenly aware of the risk of unexpected, destabilising events, and this underpinned an element of gold-backed ETF inflows.

Investment in the US and Europe was quite evenly matched in Q2, with inflows of 30.9t and 35.2t respectively. But it is European investors who dominate the H1 picture: ETFs listed in the region grew by 128t in the first half of 2017, absorbing 76% of net global inflows.

After a strong Q1, those inflows slowed markedly in Q2, although demand on the continent was firm, with little interest in outright selling. The region's geopolitical climate settled somewhat after the election of French President Macron. Negative bond yields in Germany – home to the largest European-based fund, Xetra-Gold – continued to drive investment into domestic funds, albeit to a lesser extent than in Q1, as they recovered from the record lows seen in March. Anxiety caused by the UK election was largely confined to the domestic market, where Source Physical Gold ETF saw the biggest increase in holdings. The bulk of the 12.2t inflow was concentrated at the end of June, coinciding with the sharp drop in the Sterling gold price.

AUM in European-listed funds have grown sharply over the last 18 months. Tonnage grew from 570.2t at end-2015 to a new all-time high of 977.7t at the end of Q2, exceeding the previous peak of 960.1t from 2012.

Demand for US-based ETFs fluctuated throughout the quarter: inflows in April and June were partly offset by small mid-quarter outflows. Investors remained broadly – if inconsistently – positive in their approach to ETFs, as the factors outlined above vied for attention. Inflows of 30.9t were the strongest since Q2 last year.

The path of inflation and interest rates continues to be subject to some uncertainty, with Federal Reserve messaging appearing to soften in recent weeks. Investors will continue to scrutinise the progress of the US economy, inflation and the US dollar, for signs that interest rate hikes may be pushed further out.

Away from the dominant Western markets, Chinese ETFs again saw outflows. Holdings of these funds dropped by almost 9t, more than half of which came from the Hua'an Yifu Gold Fund, which saw its first quarterly decline. Holdings dropped by 4.8t during the quarter, to 20t at the end of June – the lowest level for a year. But the outflows have reportedly had a positive consequence: strategic long-term investors now account for a greater share of the holdings in the fund.

Chinese gold-backed ETF holdings have shrunk this year, having risen more than six-fold during 2016. This volatility in part reflects the speculative investment behaviour that is more prominent in China than in many other markets. Our consumer research confirms this 'speculative' bias, which is more closely linked to gold-backed ETFs than gold bars and coins. According to our research, 54% of Chinese investors described the role of their investment in gold-backed ETFs as being either speculative or for short term returns, compared with just 25% of investors in gold bars and coins.

Bar and coin demand in Q2 rose 13% compared to the same period last year. The H1 performance was strong too, with demand up 11%. Although encouraging to see demand bounce, the figures are flattered somewhat by exceptionally weak demand in H1 2016. When the longer-term trend is considered, Q2 demand of 240.8t was below both the five-year and three-year quarterly averages of 306.1t and 263t respectively.

(Source: World Gold Council, Q2 2017 Gold Demand Trends report, August, 2017, <http://www.gold.org/supply-and-demand/gold-demand-trends>)

## 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, 2017. This financial information is derived from the financial statements of the Company. The Company prepares financial information according to IFRS and all information is reported in Australian dollars.

	2017	2016	2015
Income from continuing operations	65,349	57,203	40,785
Net loss for the year	(190,767)	(52,130)	(348,114)
Net loss per share	(0.0026)	(0.0007)	(0.010)
Total Assets	3,280,550	3,132,237	2,904,582
Total Long-term financial liabilities	50,000	50,000	50,000

## 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.

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 September 30, 2017 the Company expended \$39,147 on exploration and development activities. This compares with \$60,459 for the corresponding quarter ended September 30, 2016. These costs have increased compared to the previous financial year owing to field work.

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

Australian \$	September 2017	September 2016	September 2015
<b>Expenses</b>			
British King mine	3,351	5,349	3,357
Eureka mine	0	0	0
Yilgarn	0	0	2,213
<b>Capitalized expenses</b>			
British King mine	21,036	36,862	99,189
Eureka mine	16,140	23,597	42,431
Yilgarn Project	1,971	23,597	5,813

## Administrative Expenses

For the quarter ended September 30, 2017 the Company incurred administrative expenses of (\$52,971) compared to \$6,021 for the year ended September 30, 2016.

## Income

Income is normally comprised of consulting fees, rents and interest income. For the quarter ended September 30, 2017, the Company earned income of \$0, compared to income of \$25,349 for the quarter ended September 30, 2016. 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 quarter ended September 30, 2017 and quarter ended September 30, 2016.

## Net Losses

The net profit for the quarter ended September 30, 2017 was \$49,621 compared with the net loss for the corresponding quarter ended September 30, 2016 of \$13,979.

## Change in Financial Position

At quarter ended September 30, 2017, the Company had total assets of \$3,382,420 compared to \$3,181,480 at September 30, 2016. Net assets increased owing mainly to the increased in cash. The Company had a cash balance of \$27,982 at September 30, 2017 compared to a cash balance of \$41,302 at September 30, 2016.

At September 30, 2017 the Company had a net working capital deficit of \$845,324 compared with a net working capital deficit of \$495,460 at September 30, 2016. The increased in the net working capital deficit results from increased exploration expenses.

## 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 September 30, 2017. 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.

Australian \$	Quarter to Sept 30, 2017	Quarter to Jun 30, 2017	Quarter to Mar 31, 2017	Quarter to Dec 31, 2016	Quarter to Sept 30, 2016	Quarter to Jun 30, 2016	Quarter to Mar 31, 2016	Quarter to Dec 31, 2015
Income From continuing operations	0	25,000	0	15,000	25,349	20,379	381	31,043
Net profit/loss for the period	49,621	(85,682)	(32,293)	(15,405)	13,979	(52,130)	(145,002)	(128,345)
Net profit/loss per basic and diluted share	0.0007	(0.0012)	(0.0004)	(0.0002)	0.0002	(0.01)	(0.002)	(0.0018)

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.

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 September 30, 2017, the Company had a net working capital deficit of \$845,324.

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

## **COMMITMENTS**

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 22 to the financial statements for June 30, 2017.

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 1 to the Financial Statements for June 30, 2017.

## **RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- (i) Paid or accrued \$242,934 (September 30, 2016 - \$258,693) in consulting fees, to Jaybre Geological consulting Pty Limited, directors of the Company. The 2016 amount includes the \$87,686 which was a contingent liability to Jaybre Geological Consulting Pty Limited from 2015.
- (ii) Paid or accrued \$85,434 (September 30, 2016 - \$54,810) in accounting fees to Gullewa Ltd the officers of the Company.
- (iii) Borrowed \$557,228 (September 30, 2016 - \$244,223) as working capital from Gullewa Ltd
- (iv) Paid or accrued \$27,741 (September 30, 2016 – \$25,456) in legal fees to Cardinals Corporate Pty Ltd trading as Cardinals Lawyers and Consultants, a related party by way of common directors.

Included in non-current liabilities - loans payable at September 30, 2017 was \$Nil (September 30, 2016 - \$Nil) owed to companies owned by directors and former directors of the Company. The Company paid or accrued \$Nil (September 30, 2016 - \$Nil) in interest expense related to the loans payable due to related parties.

Included in current liabilities at September 30, 2017 include a loan payable to Gullewa Limited, a shareholder of the Company, of \$557,227 (2016: \$298,403), an amount owing of \$27,741 to Cardinals Corporate Pty Limited, a company related to Richard Homsany and an amount owing of \$242,934 to Jaybre Geological Consulting Pty Limited, a company related to Brett Hodgins. Gullewa Limited, Cardinals Corporate Pty Limited and Jaybre Geological Consulting Pty Limited have agreed to defer repayment of the balances owing to them of \$557,227, \$27,742 and \$242,934 respectively, for at least twelve months from the date of signing the financial report, or until such time as the Company is financially independent.

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

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.

## OUTSTANDING SHARE DATA AS OF NOVEMBER 27, 2017:

Authorized and issued share capital:

<b>Class</b>	<b>Par Value</b>	<b>Authorised Common Shares (No par value)</b>	<b>Issued</b>
Common	No par value	Unlimited	72,710,741

As at November 27, 2017, nil warrants are outstanding.

## COMPETENT PERSON'S STATEMENT

Mr Darryl Mapleson who is a Fellow of Australasian Institute of Mining and Metallurgy has compiled the information within this report relating to mineralisation and drill results. Mr Mapleson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

**OTHER INFORMATION**

The Company's website address is [www.centralironorelimited.com](http://www.centralironorelimited.com). Other information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**BY ORDER OF THE BOARD**

*"Brett James Hodgins"*

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Brett James Hodgins, Director  
President and CEO

*"Richard Homsany"*

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Richard Homsany  
Director