

# CENTRAL IRON ORE LIMITED

Condensed Interim Consolidated Financial Statements  
March 31, 2017

(Expressed in Australian dollars)

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**CENTRAL IRON ORE LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015

(Expressed in Australian dollars)

UNAUDITED

	<b>March 31</b>	<b>June 30</b>	<b>June 30</b>
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents (Note 4)	48,947	53,746	94,962
Receivables (Note 5)	49,918	43,845	23,781
	<u>98,866</u>	<u>97,591</u>	<u>118,743</u>
<b>Non-Current</b>			
Deposits (Note 6)	125,442	125,093	213,027
Property, plant and equipment (Note 7)	420,025	420,025	421,429
Exploration & evaluation assets (Note 8)	2,670,505	2,489,527	2,151,383
Total non-current assets	<u>3,215,972</u>	<u>3,034,645</u>	<u>2,785,839</u>
<b>Total Assets</b>	<b>3,314,837</b>	<b>3,132,236</b>	<b>2,904,582</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities (Note 9)	354,374	382,646	102,861
Due to related party (Note 16)			
Loans payable (Note 9)	408,157	163,579	163,579
Total current liabilities	<u>762,531</u>	<u>546,225</u>	<u>266,440</u>
Provision for closure and restoration	50,000	50,000	50,000
<b>Total liabilities</b>	<b>812,531</b>	<b>596,225</b>	<b>316,440</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital stock (Note 11)	23,671,655	23,671,655	23,671,655
Reserves	607,672	607,672	607,672
Deficit	(21,777,021)	(21,743,316)	(21,083,513)
Total Shareholders' equity	<u>2,502,306</u>	<u>2,536,011</u>	<u>2,588,142</u>
<b>Total Liabilities and shareholders' equity</b>	<b>3,314,837</b>	<b>3,132,237</b>	<b>2,904,582</b>

**Nature and continuance of operations** (Note 1)**Commitments and contingencies** (Note 15)

Approved and authorized by the Board on May 29, 2017:

On Behalf of the Board

"Brett Hodgins"

Brett Hodgins, Director

"Richard Homsany"

Richard Homsany, Director

The accompanying notes are an integral part of these financial statements

**CENTRAL IRON ORE LIMITED****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS COMPREHENSIVE PROFIT AND LOSS**

THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(Expressed in Australian dollars)

UNAUDITED

	Three months ended March 31 2017 \$	Three months Ended March 31 2016 \$	Nine months ended March 31 2017 \$	Nine months ended March 31 2016 \$
<b>Expenses</b>				
Amortization	-	132,740	-	399,625
Consulting fees	-	-	-	6,658
Interest	-	-	-	-
Professional fees	12,000	(10,520)	12,570	18,180
Listing and filing fees	9,934	9,166	18,651	16,768
Office and miscellaneous expenses	6,588	9,222	29,747	18,620
Exploration expenses	3,758	4,775	13,086	12,435
Salaries and management fees	-	-	-	-
Travel and accommodation	-	-	-	-
<b>Total expenses</b>	<b>32,279</b>	<b>145,383</b>	<b>74,054</b>	<b>472,286</b>
<b>Loss before other items</b>	<b>(32,279)</b>	<b>(145,383)</b>	<b>(74,054)</b>	<b>(472,286)</b>
<b>Other items:</b>				
Interest income	-	381	349	6,824
Other income	-	-	40,000	-
Sale of British King	-	-	-	30,000
	-	381	40,349	36,824
<b>Net loss before taxes</b>	<b>(32,279)</b>	<b>(145,002)</b>	<b>(33,705)</b>	<b>(435,462)</b>
Future income tax recovery/liability				
<b>Net loss for the period</b>	<b>(32,279)</b>	<b>(145,002)</b>	<b>(33,706)</b>	<b>(435,462)</b>
Deficit, beginning of period	(21,137,070)	(21,373,973)	(21,135,643)	(21,083,513)
Deficit, end of period	(21,169,349)	(21,518,975)	(21,169,349)	(21,518,975)
<b>Basic and diluted loss per common share</b>	<b>(0.0004)</b>	<b>(0.002)</b>	<b>(0.0005)</b>	<b>(0.006)</b>
<b>Weighted average number of common shares outstanding</b>	<b>72,710,741</b>	<b>72,710,741</b>	<b>72,710,741</b>	<b>72,710,741</b>

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

**CENTRAL IRON ORE LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW**  
**THREE MONTHS ENDED MARCH 31, 2017 AND 2016**  
(Expressed in Australian dollars)  
**UNAUDITED**

	<b>Three months ended March 31 2017 \$</b>	<b>Three months ended March 31 2016 \$</b>	<b>Nine months ended March 31 2017 \$</b>	<b>Nine months ended March 31 2016 \$</b>
<b>OPERATING ACTIVITIES</b>				
Net loss for the period	(32,279)	(145,000)	(33,705)	(435,462)
Items not involving cash:	-	-	-	-
Amortization	(2,314)	132,740	(7,071)	399,625
Accrued interest	-	-	-	-
Stock based compensation	-	-	-	-
Write back exploration costs	-	-	-	-
<i>Changes in non-cash working capital     items related to operations</i>	-	-	-	-
Receivables	-	-	(9,000)	-
Accounts payable and accrued liabilities	39,713	(21,427)	(18,272)	222,889
<b>Net Cash used in Operating Activities</b>	<b>5,120</b>	<b>(33,687)</b>	<b>(68,049)</b>	<b>187,052</b>
<b>INVESTING ACTIVITIES</b>				
Restricted cash	-	(381)	(349)	95,456
Plant and equipment	-	-	-	-
Mineral exploration expenditures	(91,418)	(36,181)	(180,979)	(307,194)
<b>Net Cash used in Investing Activities</b>	<b>(9,1418)</b>	<b>(36,562)</b>	<b>(181,328)</b>	<b>(211,738)</b>
<b>FINANCING ACTIVITIES</b>				
Application monies for common shares	-	-	-	-
Proceeds to/from related parties	109,934	375	244,579	-
<b>Net Cash provided by Financing Activities</b>	<b>109,934</b>	<b>375</b>	<b>244,579</b>	<b>-</b>
<b>Increase/(Decrease) in cash during period</b>	<b>23,636</b>	<b>(69,874)</b>	<b>(4,799)</b>	<b>(24,686)</b>
<b>Cash, beginning of period</b>	<b>25,311</b>	<b>140,150</b>	<b>53,746</b>	<b>94,962</b>
<b>Cash, end of period</b>	<b>48,947</b>	<b>70,276</b>	<b>48,947</b>	<b>70,276</b>
<b>Cash paid during the period for interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash paid during the period for income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no significant non-cash transactions for the period ended March 31, 2017.

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

**CENTRAL IRON ORE LIMITED**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015

(Expressed in Australian dollars)

UNAUDITED

**CENTRAL IRON ORE LIMITED**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Australian Dollars)

(UNAUDITED)

	Contributed Equity	Deficit	Total
<b>Balance at July 1, 2015</b>	23,671,655	(21,083,514)	2,588,141
Net loss for the period		(52,130)	(52,130)
Total comprehensive loss for the year		(52,130)	(52,130)
<b>Balance at June 30, 2016</b>	<b>23,671,655</b>	<b>(21,135,644)</b>	<b>2,536,011</b>
<b>Balance at July 1, 2016</b>	<b>23,671,655</b>	<b>(21,135,644)</b>	<b>2,536,011</b>
Net loss for the period		(33,705)	(33,705)
Total comprehensive loss for the year		(33,706)	(33,706)
<b>Balance at March 31, 2017</b>	<b>23,671,655</b>	<b>(21,169,349)</b>	<b>2,502,306</b>

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

## CENTRAL IRON ORE LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015

(Expressed in Australian dollars)

UNAUDITED

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#### 1. NATURE AND CONTINUANCE OF OPERATIONS

Central Iron Ore Limited (the "Company") is in the business of the exploration and evaluation of its mineral properties. The Company was incorporated in Victoria, Australia on February 21, 1996 and currently resides in Sydney, Australia. The address of the Company's corporate office and principal place of business is Level 2, 49-51 York Street, Sydney, NSW 2000, Australia.

#### Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

To continue as a going concern, the consolidated entity requires additional funding to be secured from sources including but not limited to:

Further equity capital raisings; and / or

- The potential farm out of participating interests in the consolidated entity's tenements and rights.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the consolidated entity's ability to effectively manage their expenditures and cash flows from operations and the opportunity to farm out participating interests in existing permits and rights, the Directors believe that the consolidated entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty that may cast significant doubt whether the consolidated entity will continue to operate as a going concern. If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

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

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	March 31 2017 \$	March 31 2016 \$
Deficit	(21,777,021)	(21,518,975)
Working Capital	(663,665)	(402,411)

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## **CENTRAL IRON ORE LIMITED**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015**

(Expressed in Australian dollars)

**UNAUDITED**

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#### **2. BASIS OF PRESENTATION AND FIRST TIME ADOPTION OF IFRS**

The Company commenced reporting under International Financial Reporting Standards (“IFRS”) for reporting period commencing July 1, 2011. The transitional date for the Company of July 1, 2010 required restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011.

Previously the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”) as set in the Handbook of the Canadian Institute of Chartered Accountant (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate IFRS, and required publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

These are the Company’s IFRS interim consolidated financial statements which have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. These interim unaudited consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies in Note 3. The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as at October 30, 2013 the date the Board of Directors approved the statements.

The interim consolidated financial statements should be read in conjunction with the Company’s Canadian GAAP annual financial statements for the year ended June 30, 2013. The disclosure in Note 18 provides IFRS information for the comparative year commencing July 1, 2010 that is material to the understanding of these interim consolidated financial statements prepared under IFRS.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

##### **Use of estimates**

The preparation of financial statements in conformity with IFRS requires that management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant accounts that require estimates relate to stock-based compensation, valuation allowance for income taxes, and impairment assessment of long lived assets, and future reclamation provisions.

##### **Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances and transactions have been eliminated upon consolidation. The Company has eight subsidiaries:

- a) International Gold Mining Pty Ltd: Dormant subsidiary.
- b) Central West Resources Pty Ltd: Holding company for Iron Ore tenements.
- c) Central East Resources Pty Ltd.
- d) Central South Resources Pty Ltd.
- e) Central North Resources Pty Ltd.

## **CENTRAL IRON ORE LIMITED**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015**

(Expressed in Australian dollars)

UNAUDITED

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

##### **Principles of consolidation (cont'd...)**

f) South Darlot Mines Pty Ltd: Joint Venturer in the Barrick Joint Venture.

g) South Darlot Gold Pty Ltd.

h) South Darlot Resources Pty Ltd.

Note: c, d, e, f, g and h were incorporated to acquire tenements from Central Iron Ore Limited. To date the companies have not been used and are dormant.

##### **Cash**

Cash is comprised of cash held in banks and on hand and term deposits.

##### **Mineral exploration and evaluation properties**

The interests in which the Company has committed to earn an interest are located in Western Australia.

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation. Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Once an economically viable project has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mines under construction within mine properties, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

At a future date when the Company transitions from exploration and evaluation activities for the Project to the development stage of the Project, it will apply the following policy.

##### **Provision for closure and restoration**

An obligation to incur closure and restoration costs arises with the retirement of tangible long-lived assets that the Company is required to settle. Such costs arising from the decommissioning of plant, mines and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

## **CENTRAL IRON ORE LIMITED**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015**

(Expressed in Australian dollars)

UNAUDITED

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

##### **Provision for closure and restoration (cont'd...)**

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

For the period presented, the Company has recorded \$50,000 in provisions for closure and restoration.

##### **Functional currency**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Australian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Australian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statements of operations, comprehensive loss and deficit.

##### **Stock-based compensation**

Stock based compensation benefits are provided to employees, directors, officers and consultants via the Company's Stock Option Plan.

The fair value of options granted under the Company's Stock Option Plan is recognized as a stock based compensation expense with a corresponding increase in equity. Their fair value is measured and expensed at grant date as the Company's options are fully vested upon granting.

The fair value at grant date is determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of share purchase options, the fair value of the Company's shares and the risk-free interest rate.

If share purchase options are exercised then the fair value of the options is re-classified from reserves in equity to share capital.

## CENTRAL IRON ORE LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015

(Expressed in Australian dollars)

UNAUDITED

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

##### **Impairment on non-financial assets**

On an annual basis the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

##### **Income taxes**

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

##### **Financial instruments**

###### Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of operations.

## CENTRAL IRON ORE LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015

(Expressed in Australian dollars)

UNAUDITED

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

##### Financial instruments (cont'd...)

##### Financial assets (cont'd...)

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of operations.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

##### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of operations.

*Other financial liabilities*: This category includes amounts due to related parties and accounts payables and accrued liabilities which are recognized at amortized cost.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

## CENTRAL IRON ORE LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015

(Expressed in Australian dollars)

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

##### Comprehensive income/(loss)

Comprehensive income/(loss) is defined as the change in equity (net assets) from transactions and other events from non-owner sources.

##### New accounting standards and interpretations

Financial Instruments IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

Amendments to IFRS 7, *Financial Instruments: Disclosures* are effective for annual periods beginning on or after July 1, 2011 and introduce enhanced disclosure around transfer of financial assets and associated risks. These amendments are not anticipated to impact the disclosures made by the Company.

Amendments to IAS 1, *Presentation of Financial Statements* (effective for annual periods beginning on or after July 1, 2012) require that elements of other comprehensive income that may subsequently be reclassified through profit and loss be differentiated from those items that were not reclassified.

IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, and consequential revisions to IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (all effective January 1, 2013) provide revised guidelines on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated.

##### Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

#### 4. CASH AND CASH EQUIVALENT

	March 31 2017 \$	June 30 2016 \$	June 30 2015 \$
Cash at bank and on hand	48,947	53,746	94,962
Term Deposits	-	-	-
	48,947	53,746	94,962

**CENTRAL IRON ORE LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

THREE MONTHS ENDED MARCH 31, 2017 AND 2016 AND 2015

(Expressed in Australian dollars)

UNAUDITED

**5. RECEIVABLES**

The Company's receivables arise from trade and GST receivables that are in the normal course of business. These are broken down as follows:

	<b>March 31 2017 \$</b>	<b>June 30 2016 \$</b>	<b>June 30 2015 \$</b>
R&D tax refund receivable	-	37,495	12,812
Trade receivables	49,918	-	2,684
GST receivable	-	6,350	8,285
	<u>49,918</u>	<u>43,845</u>	<u>23,781</u>

**6. DEPOSITS**

Security deposit for the Company are broken down as follows:

	<b>March 31 2017 \$</b>	<b>June 30 2016 \$</b>	<b>June 30 2015 \$</b>
Security deposit - office premises	32,374	32,374	30,091
Indemnity for bank guarantee - Eureka		-	76,262
Indemnity for performance bond - British King	80,719	80,370	94,725
Indemnity for performance bond - Yilgarn	12,349	12,349	11,949
	<u>125,442</u>	<u>125,093</u>	<u>213,027</u>

**7. PLANT AND EQUIPMENT**

	<b>Mine Property \$</b>	<b>PP&amp;E \$</b>	<b>Office equipment \$</b>	<b>Total \$</b>
<b>Year end 30 June, 2016</b>				
Opening net book value	420,025	-	-	420,025
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	-	-	-	-
<b>Closing net book amount at March 31, 2017</b>	<u>420,025</u>	<u>-</u>	<u>-</u>	<u>420,025</u>
<b>At 30 June, 2016</b>				
Cost or fair value	1,435,927	-	-	1,841,317
Additions	-	-	-	-
Accumulated depreciation	(1,015,902)	-	-	(1,421,292)
<b>Net book amount as at March 31, 2017</b>	<u>420,025</u>	<u>-</u>	<u>-</u>	<u>420,025</u>

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	Mine Property \$	PP&E \$	Office equipment \$	Total \$
<b>Year end June 30, 2016</b>				
Opening net book value	420,025	1,404	-	421,429
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	-	1,404	-	1,404
<b>Closing net book amount 30 June 2016</b>	<b>420,025</b>	<b>0</b>	<b>-</b>	<b>420,025</b>
<b>At June 30, 2016</b>				
Cost or fair value	1,435,927	405,390	32,722	1,874,039
Additions				
Accumulated depreciation	(1,015,902)	(405,390)	(32,722)	(1,454,014)
<b>Net book amount at 30 June 2016</b>	<b>420,025</b>	<b>0</b>	<b>0</b>	<b>420,025</b>
<b>Year end June 30, 2015</b>				
Opening net book value	535,505	19,572	163	555,240
Additions	2,861			2,861
Disposals				
Depreciation charge	(118,341)	(18,169)	(163)	(136,672)
<b>Closing net book amount at 30 June 2015</b>	<b>420,025</b>	<b>1,404</b>	<b>0</b>	<b>421,429</b>
<b>At June 30, 2015</b>				
Cost or fair value	1,433,066	405,390	32,722	1,871,179
Additions	2,861			2,861
Accumulated depreciation	(1,015,902)	(403,986)	(32,722)	(1,452,611)
<b>Net book amount as 30 June 2015</b>	<b>420,025</b>	<b>1,404</b>	<b>0</b>	<b>421,429</b>

**British King Gold Mine**

The British King Gold Mine is located north of Kalgoorlie, Western Australia. The Company acquired a 100% interest in the British King Mine through the issuance of 10,000,000 common shares at \$0.10 per share.

The Company estimates that the provision for closure and restoration will be approximately \$50,000 for this property. Assumptions used in the calculation for the estimated cash flows were as follows: inflation at the rate of 3% and discount rate of 6%. Certain minimum amounts of the provision will occur each year with the significant amounts to be paid on abandonment of the mineral property interests.

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**8. EXPLORATION AND EVALUATION ASSETS**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest are located in Western Australia.

For the three months ended March 31, 2017, the Company's exploration and evaluation assets consist of:

	<b>Yilgarn Iron Ore Project</b>	<b>South Darlot Gold Project</b>	<b>Eureka Mine</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Acquisition Costs:				
Balance July 1, 2016			2,196,900	2,196,900
Additions				
Balance, March 31, 2017			2,196,900	2,196,900
Exploration Costs:				
Balance July 1, 2016	619,436	847,283	250,947	1,717,666
Field expenses	3,428	135,270	42,281	180,979
Balance, March 31, 2017	622,864	982,553	293,228	1,898,645
Provisions for Impairment	(564,874)	(234,818)	(625,348)	(1,425,040)
<b>Balance, March 31, 2017</b>	<b>57,990</b>	<b>747,735</b>	<b>1,864,780</b>	<b>2,670,505</b>

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For the year ended June 30, 2016, the Company's exploration and evaluation assets consist of:

**8. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

	<b>Yilgarn Iron Ore Project</b>	<b>South Darlot Gold Project</b>	<b>Eureka Mine</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Acquisition Costs:				
Balance, July 1, 2015	-	-	2,196,900	2,196,900
Additions	-	-	-	-
Balance, June 30, 2016	-	-	2,196,900	2,196,900
Exploration Costs:				
Balance, July 1, 2015	601,724	583,818	193,980	1,379,522
Field expenses	17,712	263,464	56,968	338,144
Disposal of BK				
Balance, June 30, 2016	<b>619,436</b>	<b>847,282</b>	<b>250,948</b>	<b>1,717,666</b>
Provisions for Impairment	(564,874)	(234,817)	(625,348)	(1,425,039)
<b>Total, June 30, 2016</b>	<b>54,562</b>	<b>612,466</b>	<b>1,822,499</b>	<b>2,489,527</b>

**Eureka Gold Mine**

The Eureka Gold Mine is located north of Kalgoorlie, Western Australia. The Company acquired a 100% interest in the Eureka Gold Mine through the issuance of 20,000,000 common shares at \$0.10 per share.

**Yilgarn Iron Ore Project**

The Yilgarn Iron Ore Project is located within the Yilgarn Iron Ore Province of Western Australia.

On June 22, 2011, through its subsidiary Central West Resources Pty Ltd, the Company entered into a farm in and joint venture agreement with the Australian Stock Exchange listed Pacific Ore Limited (ASX:PSF) ("Pacific") in respect of the Company's Perinvale North Iron Ore Hub ("Perinvale North Hub") for \$15 million ("Perinvale Joint Venture"). The Perinvale North Hub is located approximately North East of Perth, Western Australia, in the Yilgarn Iron Ore Province.

The farm in and joint venture agreement entitles Pacific to earn up to a 90% interest in the Perinvale Joint Venture by funding expenditure on the Perinvale North Hub in the following manner:

- 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.

The Company may elect to maintain its interest in the Perinvale Joint Venture at each stage of the farm in once

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Pacific has earned its initial 51% interest.

#### 8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

##### South Darlot Gold Project

The South Darlot Gold Project is North West of Kalgoorlie and includes the British King gold mine which is 100% owned by the Company.

During the year ended June 30, 2011 a farm in and joint venture agreement was entered between the Company (through a 100% owned subsidiary, South Darlot Mines Pty Ltd) and Barrick (Plutonic) Limited and Barrick (Darlot) NL (together "Barrick") ("Barrick Agreement") in respect of certain tenements that form Barrick's Southern Darlot Gold Project area ("Barrick Joint Venture Tenements").

The Barrick Joint Venture Tenements are situated south west of Barrick's Darlot gold mine and are contiguous with the Company's current holdings in the area which includes the British King gold mine.

Under the Barrick Agreement the Company may earn an initial 51% interest in the Barrick Joint Venture Tenements by spending \$450,000 on those tenements within 24 months from the date of the Barrick Agreement. The Company may elect to earn a further 19% interest by spending an additional \$250,000 on the Barrick Joint Venture Tenements within the following 12 month period. The company has spent close to one million on the joint venture.

#### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	March 31 2017 \$	June 30 2016 \$	June 30 2015 \$
Trade Payables	354,374	382,646	102,861
Other Payables	408,157	165,579	163,579
	<u>762,531</u>	<u>546,225</u>	<u>266,440</u>

All payables and accrued liabilities for the Company fall due within the next 12 months.

#### 10. LOANS PAYABLE

A loan of \$408,157 from Gullewa Limited was entered into during the three months ended March 31, 2017. Loan is interest free and repayable at call. As of March 31, 2017 Gullewa Limited holds 36.1% of the Company's shares.

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**11. CAPITAL STOCK**

Authorized Unlimited common voting shares, without par value

During the three months ended March 31, 2017:

The company did not issue any common shares.

During the year ended March 31, 2017:

The company did not issue any common shares

**Stock options**

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

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

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

Stock option transactions and the number of stock options outstanding are nil:

Stock options outstanding at March 31, 2017 are nil:

**Stock-based compensation**

During the three months ended March 31, 2017 the Company granted no stock options.

	March 31, 2017		June 30, 2016	
	Number of Warrants	CAD \$ Weighted Average Exercise Price	Number of Warrants	CAD \$ Weighted Average Exercise Price
Outstanding, beginning of period	-	-	10,000,000	0.30
Granted	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	-	-	10,000,000	0.30

Warrants outstanding at March 31, 2017 are nil:

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**12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

	<b>Three months ended March 31 2017 \$</b>	<b>Twelve months ended June 30 2016 \$</b>
Cash paid during the period for interest	-	-
Cash paid during the period for income taxes	-	-

During the three months ended March 31, 2017, the Company entered into the following non-cash transactions:

a) None.

**13. SEGMENTED INFORMATION**

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

**14. CAPITAL MANAGEMENT AND FINANCIAL INFORMATION**

The Company's activities expose it to a variety of financial risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Board controls overall risk management and the investment of excess liquidity. In the management of capital, the Company includes the components of shareholders' equity. There were no changes to the Company's approach to capital management during the three months ended March 31, 2017. The Company is not subject to externally imposed capital requirements.

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:

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#### 14. CAPITAL MANAGEMENT AND FINANCIAL INFORMATION (cont'd...)

##### *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 March 31, 2017, the Company had a cash and cash equivalent balance of \$48,947 (March 31, 2016 \$70,276) to settle current liabilities of \$762,531 (March 31, 2016 \$249,608).

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.

##### Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

To continue as a going concern, the consolidated entity requires additional funding to be secured from sources including but not limited to:

Further equity capital raisings; and / or

- The potential farm out of participating interests in the consolidated entity's tenements and rights.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the consolidated entity's ability to effectively manage their expenditures and cash flows from operations and the opportunity to farm out participating interests in existing permits and rights, the Directors believe that the consolidated entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

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In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty that may cast significant doubt whether the consolidated entity will continue to operate as a going concern. If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

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, other commitments and contingencies for expenditure are set out in note 15. 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.

March 31, 2017 the Company had a net working capital deficit of \$663,665.

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

#### *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.

#### a) Interest rate risk

The Company has cash balance of \$48,947. The interest earned on the cash deposit 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 March 31, 2017, the Company had a total of \$nil 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.

#### b) 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.

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#### c) 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.

## 15. COMMITMENTS AND CONTINGENCIES

Consolidated	
March 31	June 30
2017	2016
\$	\$

#### *(a) Operating Lease commitments*

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Within one year

-

Later than one year but not later than five years

-

Non-cancellable operating lease

-

The lease was for office space for 36 months from 1 June 2012. During the 2012 year the lease was terminated early.

#### *(b) Exploration and evaluation expenditure*

In order to maintain current rights to tenure to exploration tenements, the company is required to perform minimum expenditure requirements specified by various governments. The expenditure obligations are subject to renegotiation when application for a mining lease and/or renewal of

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exploration permits is made and at other times. These obligations are not provided for in the financial statements and are payable:

Not later than one year	446,800	446,800
Later than one year but not later than five years	1,346,200	1,346,200
Later than 5 years	1,086,400	2,097,600
	<u>3,443,400</u>	<u>3,890,600</u>

**16. RELATED PARTY TRANSACTIONS**

Total remuneration of each key management personnel and their related parties of the Company for the three months ended March 31, 2017, is Nil.

Total remuneration of each key management personnel and their related parties of the Company for the three months ended June 30, 2016 is Nil.

Total remuneration of each key management personnel and their related parties of The Company for the year ended June 30, 2015 Nil.

**Other transactions with key management personnel**

- a) The President & Chief Executive Officer of the Company, Mr Brett Hodgins, is a Principal of Jaybre Geological Consulting Pty Ltd, which provides management and consulting services to the Company. For the three months ended March 31, 2017, these were valued at \$68,650.
- b) The Chief Financial Officer of the Company, Mr David Deitz is a director of Gullewa Limited, which provides accounting services to the Company. For the three months ended March 31, 2017, these were valued at nil.

Aggregate amounts of each of the above types of other transactions with key management personnel and their related parties of the Company:

	<b>Three months ended March 31 2017 \$</b>
Consulting work – Brett Hodgins (Jaybre Geological Consulting Pty Ltd)	68,650
Accounting services – David Deitz (Gullewa Ltd)	-
Legal services – Richard Homsany (Cardinals Corporate Lawyers Pty Ltd)	-
	<u>68,650</u>

Aggregate amounts payable to key management personnel of the Company at balance date relating to the above types of transactions.

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	Nine months ended March 31 2017 \$	Twelve months ended June 30 2016 \$	Twelve months ended June 30 2015 \$
Brett Hodgins	-	-	-
Hurwitz Geller Pty Ltd	-	34,690	15,000
Jaybre Geological Consulting Pty Ltd	253,312	242,934	32,006
Cardinals Corporate Lawyers Pty Ltd	25,456	25,456	25,456
Gullewa Ltd	69,214		
	347,982	303,080	72,462

**17. OTHER INCOME**

During the three months ended March 31, 2017, the Company earned \$Nil (March 31, 2016: \$381) in interest income from bank balances. The Company did not earn any other type of income in the period.

**18. FIRST TIME ADOPTION OF IFRS**

As stated in Note 2, these consolidated financial statements have been prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the financial statements for the years ended June 30, 2012 and 2011, and the opening IFRS statement of financial position on July 1, 2010, the "Transition Date".

There were 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 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.

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(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.

**19. FIRST TIME ADOPTION OF IFRS (cont'd...)**

(iii) Estimates

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.