

Central Iron Ore Limited

ACN 072 871 133

**Annual Report
for the year ended June 30, 2018**

Central Iron Ore Limited ACN 072 871 133
Annual Report - Year ended June 30, 2018

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Central Iron Ore Limited

Corporate Directory

June 30, 2018

Stock Exchange Listing

Central Iron Ore Limited ('CIO' or 'the Company') is a public company whose shares are quoted in the Official List of the TSX-V (Toronto Stock Exchange – Venture Exchange). The Company was incorporated in Victoria Australia and is domiciled in Australia.

Directors

Richard Homsany - Chairman

Brett Hodgins

Anthony Howland-Rose

Secretary

Katherine Garvey

Registered Office

Suite 1, Level 2

49-51 York Street

Sydney NSW 2000

Australia

Telephone: +61 2 9397 7500

Email: info@centralironorelimited.com

Website address: www.centralironorelimited.com

Head Office

Suite 1, Level 2

49-51 York Street

Sydney NSW 2000

Australia

Telephone: +61 2 9397 7500

Email: info@centralironorelimited.com

Share Registry – Principal Office

Computershare Investors Services Pty Ltd

Yarra Falls

452 Johnston Street

Abbotsford VIC 3067

Australia

Telephone: 1300 850 505

Fax: +61 3 9473 2500

Share Registry – Canadian Office

Computershare Investor Services Inc

401-510 Burrard Street

Vancouver BC V6C 3B9

Canada

Telephone: +1 604 661 9400

Fax: +1 604 661 9401

Auditors

SCS Audit and Corporate Services Pty Ltd

Level 8, 309 Pitt Street

Sydney NSW 2000

Australia

Telephone: +61 2 9267 7771

Fax: +61 2 9267 3109

Central Iron Ore Limited

Directors' Report June 30, 2018

Your directors present their report on the Company for the year ended June 30, 2018.

Directors

Brett Hodgins, Richard Homsany and Anthony Howland-Rose were directors of CIO ("Directors") during the whole of the financial year.

Directors' Skills, Experience and Expertise

Mr Richard Homsany was appointed to the board of Directors ("**Board**") on 27 October 2010.
Chairman

Mr Homsany is an experienced corporate lawyer with significant experience in the resources sector. Mr Homsany has extensive experience in corporate law, including advising public resources and energy companies on corporate governance, finance, capital raisings, takeovers, mergers, acquisitions, joint ventures and divestments. Mr Homsany also has significant board experience with publicly listed resource companies including as chairman. He has also worked for an ASX top 50-listed internationally diversified resources company in operations (including at Robe River Iron Ore), risk management and corporate matters.

Mr Homsany is also a Certified Practising Accountant and is a fellow of the Financial Services Institute of Australasia (FINSIA). He has a Commerce Degree and Honours Degree in Law from the University of Western Australia and a Graduate Diploma in FINSIA.

Mr Brett Hodgins was appointed to the Board on 27 October 2010.
President and Chief Executive Officer

Mr Hodgins has over 20 years of professional experience in the resources sector primarily focused on iron ore mining operations. He began his career as a geologist with Robe River Mining and Rio Tinto Iron Ore. During that time he was involved with the commissioning and development of the West Angelas and Hope Downs operations. Mr Hodgins' recent experience includes General Manager Project Development for Iron Ore Holdings. He brings a wide range of experience in operations and feasibility studies and has a broad knowledge of the iron ore sector.

Mr Hodgins has completed a Science Degree with Honours in Geology from Newcastle University and a Graduate Diploma in Finance and Investment from FINSIA.

Central Iron Ore Limited

Directors' Report June 30, 2018

Directors' Skills, Experience and Expertise (Continued)

Mr Anthony Howland-Rose was appointed to the Board on 3 June 2011.
Non-Executive Director

Mr Howland-Rose has 50 years of experience in exploration, discovery, development and corporate activity worldwide in the junior exploration sector. From 1962 to 1965 he served as Exploration Geophysicist with the Commonwealth Bureau of Mineral Resources (now Geoscience Australia). From 1966 to 1993 he was with the worldwide geophysical consulting, contracting and instrument manufacturing company, Scintrex Limited based in Toronto, Canada. He served as Vice-President and a Director from 1985. He has been involved in a dozen mineral discoveries which included Poseidon's Mt Windarra mine in 1967, the most recent of which was the Avebury Nickel Project for which he was co-recipient of the Association of Mining & Exploration Companies (AMEC) Prospector of the Year Award in 2007. Mr Howland-Rose, for the years 1996 to 2008 as a Director and Chairman of Allegiance Mining NL, together with Mr David Deitz, presided over the discovery, drill out, financing and building of the \$180 million Avebury Mine and processing facility. Allegiance Mining NL was acquired by a hostile takeover by Zinifex Limited in 2008 for approximately \$860 million.

He holds a Bachelor of Science Honours Degree in Geology from the Queens University of Belfast, Ireland (1962); Master of Science in Applied Geophysics from London University (1966) and a Diploma from Imperial College (London) in Geophysics (1966). Mr Howland-Rose is presently the Executive Chairman of Gullewa Limited.

Central Iron Ore Limited

Directors' Report June 30, 2018

Directorships of other Listed Companies

Directorships of other listed companies held by Directors in the last 3 years immediately before the end of the financial year are as follows:

<u>Directors</u>	<u>Company</u>	<u>Period of Directorship</u>
Richard Homsany	Merah Resources Limited	2010 - present
	Redstone Resources Limited	2007 - present
Brett Hodgins	Redstone Resources Limited	2013 - present
Anthony Howland-Rose	Gullewa Limited	2010 - present
	Allegiance Coal Limited	2012 - 2016

Company Secretary

Ms Katherine Garvey was appointed Company Secretary on 20 December 2011. Ms Garvey is an experienced corporate lawyer with a focus on the Energy & Resources sector, including advising public companies on capital raisings, mergers and acquisitions, corporate matters, sale and purchase agreements, company secretarial, farm ins and joint ventures.

Principal Activities

CIO is an Australian public company listed in Canada (TSX-V) which is currently focused on the exploration and development of gold projects located in Western Australia.

Gold Projects

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 National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI43-101”) compliant. The British King Mine is 5km southwest of Red 5 Limited's Darlot Mine. The British King Mine is currently in care and maintenance.
- The South Darlot Exploration package is 100% CIO owned tenement package covering 120km². It also includes two 100% CIO owned application exploration licences covering 169km². The company announced that it had entered into an agreement for the AUD\$580,000 sale of its South Darlot Exploration Project to Kingwest Resources Limited.
- 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 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 Company's tenement package comprising the Eureka gold project covers 563 hectares. The Company announced that it has completed the AUD\$3.45 million sale of its Eureka Gold Project to ASX listed Tyranna Resources Limited (ASX:TYX).

Dividends

No dividends were paid or recommended for payment during the financial year.

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Directors' Report June 30, 2018

Review of Operations and State of Affairs

Report on Operating Results

The consolidated Profit of the Group for the year ended June 30, 2018 amounted to \$979,416 after income tax. This represents a 613 % increased on the loss of \$190,767 reported for the year ended June 30, 2017.

Report on Statement of Financial Position

During the year ended June 30, 2018, the Company's net assets increased from \$2,345,245 to \$3,324,661 (2017 decreased: from \$2,536,012 to \$2,345,245).

Report on Operations

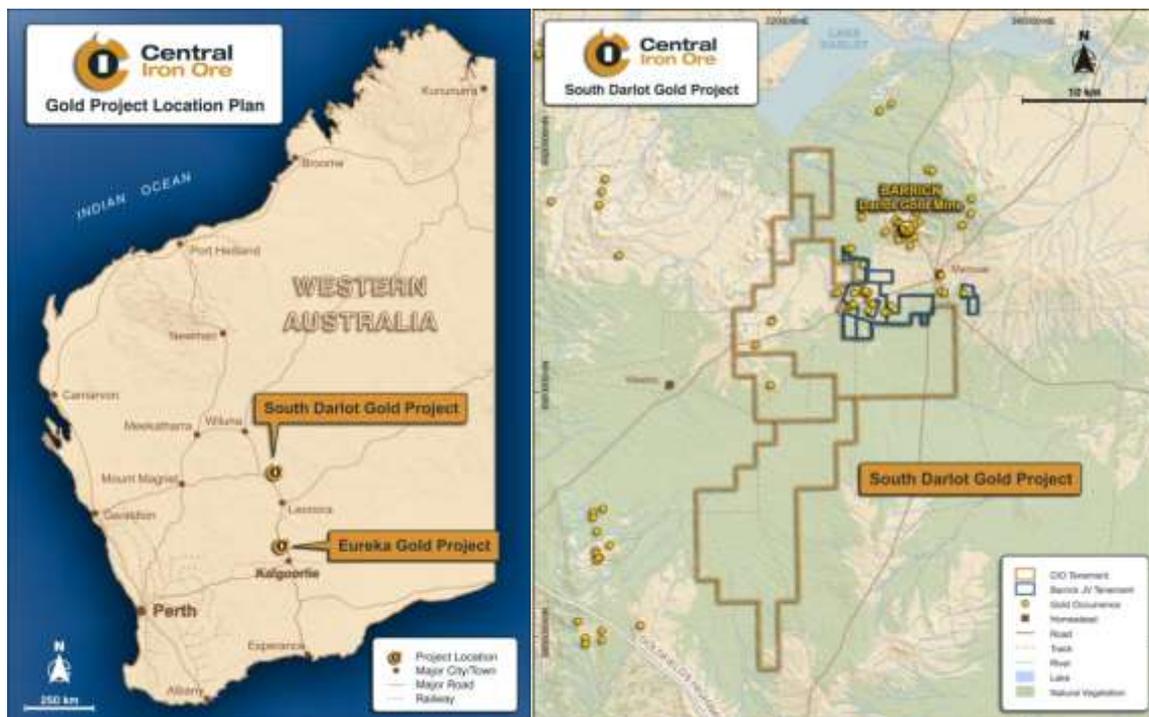
During the year ended June 30, 2018, the Company:

- continued its gold exploration strategy; and

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 National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI43-101”) compliant. The British King Mine is 5km southwest of Red 5 Limited's Darlot Mine. The British King Mine is currently in care and maintenance.
- The South Darlot Exploration package is 100% CIO owned tenement package covering 120km². It also includes two 100% CIO owned application exploration licences covering 169km²
- The Red 5 Joint Venture (formerly Barrick JV) consists of a number of tenements which are subject to a joint venture with subsidiaries of Red 5 Limited (“Red 5”), details of which are set out below, in which CIO has earned a 70% interest.



Central Iron Ore Limited

Directors' Report June 30, 2018

SOUTH DARLOT EXPLORATION PROJECT

The Company's current 100% owned South Darlot Gold Project tenement package covers 120km². Details of the Company's 100% owned South Darlot Gold Project tenements are set out below.

Project	Tenement	Status	Area (km ²)
South Darlot	E37/882	Granted	84
South Darlot	E37/1054	Granted	33
South Darlot	E37/1086	Granted	3

The Company has applied for two additional tenements in the region and are set out below:

Project	Tenement	Status	Area (km ²)
South Darlot	E37/1343	Application	99
South Darlot	E37/1344	Application	70

South Darlot Exploration Project Sale

On May 25, 2018, the company announced that it had entered into an agreement for the AUD\$580,000 sale of its South Darlot Exploration Project to Kingwest Resources Limited (Purchaser).

Kingwest is an unlisted public company which intends to undertake an initial public offer and list on the Australian Securities Exchange.

The transaction involves the Purchaser issuing 2,900,000 shares at an IPO value of 20 cents per share which comprises:

- Tenement Sale of South Darlot Exploration tenements by the issue of 2,700,000 shares with an IPO value of \$540,000 which will comprise 5.3% of the total issued share capital of the Purchaser on Completion (based on raising \$5,000,000 under the IPO Capital Raising).
- Call Option Agreement on E37/1343 and E37/1344 by the issue 200,000 shares with an IPO value of \$40,000 which will comprise 0.4% of the total issued share capital of the Purchaser on Completion (based on raising \$5,000,000 under the IPO Capital Raising).

Completion of the sale of the South Darlot Exploration Project is conditional upon:

1. The Purchaser obtaining receipt of Valid Applications for the minimum subscription of \$5,000,000 for the Capital Raising;
2. The Purchaser receiving conditional approval by ASX for the admission of the Purchaser to the official list of the ASX; and
3. CIO obtaining any consents, approvals, authorisations or clearances which are required for the sale and purchase (including any required TSXV approvals).

KINGWEST RESOURCES IPO

On August 22, 2018, Kingwest successfully listed on the ASX with the raising of AUD\$5,000,000 by the issue of 25,000,000 shares at an issue price of \$0.20 per share. Money raised will primarily fund the drilling and exploration on the Crawford and Emperor Projects, scoping studies and ongoing working capital requirements.

Kingwest is a mineral exploration company established to explore gold and base metal deposits in the Eastern Gold Fields Region near Leonora in Western Australia.

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Kingwest's advanced stage projects areas have been evaluated to ensure that they have the potential to be fast-tracked to production, should the economic viability and technical feasibility of the project be established with one hosting a Mineral Resource as defined in the JORC code. Intermediate and greenfield stage projects include those where gold mineralisation have been intersected, but further exploration is required to prove continuity.

To best exploit the potential of its mineral assets, Kingwest has assembled a uniquely qualified and experienced management team. Its Board has extensive corporate history in the exploration, development, financing and production of precious and base metal deposits. This management team has a proven track record and diverse management skills in the resource industry of Australia and abroad.

BRITISH KING PROJECT

The British King Mine which is 49% owned by the Company and which is National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI43-101”) compliant. The British King Mine is 5km southwest of Red 5 Limited's Darlot Mine. The British King Mine is currently in care and maintenance.

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

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%

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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).

Completion of the sale and purchase of the Project is conditional upon and subject to the satisfaction of a number of conditions precedent including CIO obtaining any consents, approvals, authorisations or clearances which are required for the sale and purchase of the Project (including any required TSXV approvals), the Purchaser obtaining finance for the acquisition on terms acceptable to it (acting reasonably) and the Project being free of any security interest by November 14, 2014 or by such later date as the parties may agree in writing.

On May 23, 2017, BK Gold Mines Pty Ltd went into administration with the appointment of Bob Jacobs. BK Gold Mines Pty Ltd has completed a Deed of Company Arrangement (DOCA). BK Gold Mines Pty Ltd has resumed normal trading.

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.

RED 5 JV Project (Formerly Barrick Joint Venture Project)

The tenements set out in the table below (“Red 5 JV Tenements”) are the subject of a joint venture between the Company and subsidiaries of Red 5 Limited (“Red 5 JV”), and are situated southwest of Red 5’s Darlot gold mine and are contiguous with CIO’s current holdings in the area. The Red 5 JV Tenements are detailed below.

Project	Tenement	Status	Area (ha)
Barrick JV	M37/421	Granted	381
Barrick JV	M37/552	Granted	200
Barrick JV	M37/631	Granted	776
Barrick JV	M37/632	Granted	595
Barrick JV	M37/709	Granted	98
Barrick JV	M37/1045	Granted	90

The Company’s strategy and objective for the Red 5 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 over the next 12 months, 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 Red 5 JV Tenements in accordance with the Red 5 JV and is continuing exploration on the Red 5 JV Tenements.

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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 in production. The Company's tenement package comprising the Eureka gold project covers 563 hectares.

On November 24, 2017, the company 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 commenced mining during 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.

On November 30, 2017, the company announced that it has entered into an agreement for the AUD\$3.2 million sale of its Eureka Gold Project to ASX listed Tyranna Resources Limited (ASX:TYX).

The structure of the consideration payable to CIO for the Eureka Gold Project consists of:

- Payment 1: Tyranna paying CIO AUD\$250,000 in cash on execution of the sale and purchase agreement.
- Payment 2: Issue of 14,705,882 shares in Tyranna at a deemed price of \$0.017 per share within 5 days after Tyranna's annual general meeting of Shareholders. The share consideration is escrowed for a period of 12 months.
- Payment 3: Issue of 70,882,353 shares in Tyranna at a deemed price of \$0.017 per share at completion being the 31 March 2018 or an earlier date agreed by the parties. The share consideration is escrowed for a period of 12 months.
- Payment 4 Tyranna paying CIO AUD\$1,350,000 in cash at completion being the 31 March 2018 or an earlier date agreed by the parties.

On December 06, 2017, the company announced that it has been notified mining operations have commenced at its Eureka Gold Mine in Western Australia by Eureka Mines Pty Ltd.

With mining operations commencing a pre-paid royalty of AUD\$250,000 is triggered which amount will satisfy subsequent royalty payments up to this amount.

On August 06, 2018, the Company announce that it has completed the AUD\$3.45 million sale of its Eureka Gold Project to ASX listed Tyranna Resources Limited (ASX:TYR) ("Tyranna").

The structure of the total consideration paid to CIO for the Eureka Gold Project consists of:

Tyranna paid CIO AUD\$1,869,003 in cash.

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Tyranna Issued of 93,205,304 shares in Tyranna at a deemed price of \$0.017 per shares totalling AUD\$1,584,492.

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").

Central Iron Ore Limited

Directors' Report June 30, 2018

Review of Operations and State of Affairs (Continued)

Matters subsequent to the end of the financial year and likely future developments

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years other than the successful ASX listing of Kingwest and the completion of the Eureka sale.

Environmental Regulations

The Company currently conducts exploration and development activities in 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 minimal environmental impact.

Shares under option

There are no unissued ordinary shares of the Company under option at the date of this report.

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Directors' Report June 30, 2018

Information on Directors

Particulars of Directors' interests in shares and options of the Company:

Director	Experience	Special Responsibilities	Particulars of Directors interest in shares and options of the Company	
			Ordinary Shares	Options
R Homsany	Director since October 2010	Chairman	-	-
B Hodgins	Director since October 2010	President & CEO	400,000	-
A Howland-Rose	Director since June 2011	Non-Executive Director	-	-

Meeting of Directors

The number of meetings of the Company's Board and of each Board committee held during the year ended June 30, 2018, and the number of meetings attended by each Director were:

	Number Attended	Number Eligible
Richard Homsany	4	4
Brett Hodgins	4	4
Anthony Howland-Rose	4	4

Share Options

No shares or interests in the Company were issued during or since the end of the financial year.

Insurance of Officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Central Iron Ore Limited

Directors' Report June 30, 2018

Information on Directors (Continued)

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit director's of SCS Audit & Corporate Services Pty Ltd

There are no officers of the company who are former audit director's of SCS Audit & Corporate Services Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 46.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Central Iron Ore Limited

Directors' Report June 30, 2018

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* ("Corporations Act"). The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration is required under section 307C of the Corporations Act and is set out on page 46.

This declaration is signed in accordance with a resolution of the Board of Directors.



.....
Brett Hodgins
President & CEO, Director

Sydney
26 October 2018

Central Iron Ore Limited

Financial Report – June 30, 2018

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This financial report covers both the separate financial statements of Central Iron Ore Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Central Iron Ore Limited and its subsidiaries. The financial report is presented in the Australian currency.

Its registered office and principal place of business are detailed on page 2.

A description of the nature of the consolidated entity's operations and its principal activities is included in the director's report on pages 3 to 15, which are not part of this financial report.

The financial report was authorised for issue by the directors on 26 October 2018.

Central Iron Ore Limited

Statement of Profit or Loss and Other Comprehensive Income For the year ended June 30, 2018 (Expressed in Australian dollars)

	Note	2018 \$	2017 \$
Royalty income	3	110,000	-
Profit from sales of Eureka	3	1,392,128	-
Other income	3	65,000	65,000
Interest income	3	7,438	349
Amortization	9	(370,026)	-
Consulting fees		(61,200)	(16,482)
Professional fees		(31,108)	(94,012)
Listing and filing fees		(31,146)	(28,069)
Office and miscellaneous expenses		(77,083)	(117,553)
Exploration expenses		(24,587)	-
Net profit/(loss) before tax		979,416	(190,767)
Income tax (expenses) / benefit	5	-	-
Net profit/(loss) for the year		979,416	(190,767)
Other comprehensive income, net of income tax		-	-
Total comprehensive profit/(loss) for the year		979,416	(190,767)
Earnings per share (cent)			
Basic and diluted profit/(loss) per common share	17	1.35	(0.26)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Central Iron Ore Limited

Statement of Financial Position As at June 30, 2018 (Expressed in Australian dollars)

	Note	2018 \$	2017 \$
ASSETS			
Current			
Cash and cash equivalents	6	446,012	24,726
Trade and other receivables	7	1,661,489	4,780
TOTAL CURRENT ASSETS		2,107,501	29,506
NON-CURRENT			
Deposit / Receivables	8	47,316	125,442
Property, plant & equipment	9	-	420,025
Exploration and evaluation assets	10	1,194,677	2,705,578
Investment	11	1,584,492	-
TOTAL NON-CURRENT ASSETS		2,826,485	3,251,045
TOTAL ASSETS		4,933,986	3,280,551
LIABILITIES			
Current liabilities			
Trade and other payables	12	934,318	428,078
Loans payable	12	675,007	457,228
TOTAL CURRENT LIABILITY		1,609,325	885,306
NON-CURRENT			
Provisions	13	-	50,000
TOTAL NON- CURRENT LIABILITIES		-	50,000
TOTAL LIABILITIES		1,609,325	935,306
NET ASSETS		3,324,661	2,345,245
EQUITY			
Contributed equity	14	23,671,655	23,671,655
Accumulated losses	15	(20,346,994)	(21,326,410)
TOTAL EQUITY		3,324,661	2,345,245

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Central Iron Ore Limited

Statement of Changes in Equity For the year ended June 30, 2018 (Expressed in Australian dollars)

	Contributed equity \$	Accumulated losses \$	Total equity \$
Balance at 30 June 2016	23,671,655	(21,135,643)	2,536,012
Balance at 1 July 2016	23,671,655	(21,135,643)	2,536,012
Loss for the year	-	(190,767)	(190,767)
Total comprehensive loss for the year	-	(190,767)	(190,767)
Balance at June 30, 2017	23,671,655	(21,326,410)	2,345,245
Balance at 1 July 2017	23,671,655	(21,326,410)	2,345,245
Profit for the year	-	979,416	979,416
Total comprehensive loss for the year	-	979,416	979,416
Balance at June 30, 2018	23,671,655	(20,346,994)	3,324,661

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Central Iron Ore Limited

Statement of Cash Flows For the year ended June 30, 2018 (Expressed in Australian dollars)

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		227,638	37,500
Payments to suppliers and employees		(255,471)	(114,548)
Interest received		7,437	349
		<hr/>	<hr/>
Net cash (used in)/provided by from operating activities	16	(20,396)	(76,699)
		<hr/>	<hr/>
Cash flows from investing activities			
Security deposits refunded/(paid)		78,126	(349)
Proceeds from disposal tenement (Eureka)		500,000	-
Payment for Exploration Activities		(288,858)	(216,051)
		<hr/>	<hr/>
Net cash provided by/(used in) from investing activities		289,268	(216,400)
		<hr/>	<hr/>
Financing activities			
Proceeds from related parties		152,414	264,079
Borrowing repayment		<hr/>	<hr/>
Net cash provided by/(used in) from financing activities		152,414	264,079
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		421,286	(29,020)
Cash and cash equivalents at beginning of financial year		24,726	53,746
		<hr/>	<hr/>
Cash and cash equivalents at the end of financial year	6	446,012	24,726
		<hr/> <hr/>	<hr/> <hr/>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Central Iron Ore Limited and its subsidiaries.

The financial report is presented in Australian dollars.

Central Iron Ore Limited is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Toronto Stock Exchange – Venture Exchange. The nature of the operations and principal activities of the Group are mineral exploration and investment.

Adoption of new and revised standards

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018, As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

Statement of Compliance

The financial report was authorised for issue on 26 October 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

Going concern

The consolidated financial statements have been prepared on the 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.

During the year ended June 30, 2018, the consolidated entity incurred a net profit of \$979,416 (2017 net loss: \$190,767) and experienced net cash inflows from operating and investing activities of \$268,872 (2017 outflow: \$293,099).

Current liabilities at June 30, 2018 include a loan payable to Gullewa Limited, a shareholder of CIO, of \$791,458 (2017: \$542,661), an amount owing of \$30,287 (2017: \$27,741) to Cardinals Corporate Pty Limited, a company related to Richard Homsany and an amount owing of \$409,053 (2017: \$292,437) 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 \$791,458, \$30,287 and \$409,053 respectively, for at least twelve months from the date of signing the financial report, or until such time as the Company is financially independent.

The directors have prepared a cash flow forecast for the period ending 27 October 2018. which indicates that the current cash resources will not be sufficient to fund working capital, exploration expenditure and other principal activities.

During the year ended June 30, 2018 and the period subsequent to that date, the directors have undertaken several key measures to ensure the Company and the consolidated entity continue as going concerns, including:

- continuing discussions with potential purchasers of the Eureka tenement;
- continuing to monitor the consolidated entity's ongoing working capital requirements;
- limited its exploration and evaluation expenditure to the minimum required to maintain current rights to tenure to its exploration tenements; and
- continuing their focus on maintaining an appropriate level of corporate overheads in line with the consolidated entity's available cash resources.

The ability of the Company and the consolidated entity to continue as going concerns is principally dependent upon:

- obtaining additional funding to meet working capital requirements in respect of current projects.

The Company has historically been able to raise funding to meet its ongoing working capital requirements. The directors are confident that the Company will be able to raise the necessary funding to meet future working capital requirements during the period of at least 12 months from the date of signing this financial report.

In the event of being unable to obtain funding in the short-term, the directors will seek to put on hold discretionary project expenditure until such time as additional equity funding can be raised.

At the date of this report, and having considered the above factors, the directors are confident that the Company and the consolidated entity will be able to continue as going concerns. Notwithstanding this, if additional funding to meet working capital requirements is not obtained, there is significant uncertainty whether the Company and the consolidated entity will continue as going concerns and, therefore, whether they will be able to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

Going concern (continued)

No adjustments have been made relating to the recoverability and classification of recorded asset values or to the amounts and classification of liabilities that might be necessary should the Company and the consolidated entity be unable to continue as going concerns.

b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Central Iron Ore Limited as at June 30, 2018 and the results of all subsidiaries for the year then ended. Central Iron Ore Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Central Iron Ore Limited.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

c) Exploration and evaluation expenditure

Exploration and evaluation expenditure is accumulated separately for each area of interest. Such expenditure comprises net direct costs, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Expenditure in respect of any area of interest or mineral resource is carried forward provided that:

- The Company's rights of tenure to that area of interest are current;
- Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively by its sale; or
- Exploration and/or evaluation activities in the areas of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas are continuing.

Exploration expenditure which no longer satisfies the above policy is written off. Evaluation expenditure for each area of interest or mineral resource is carried forward, but only to the extent to which its recoupment out of revenue to be derived from the relevant area of interest or mineral resource, or from sale of that area of interest, is reasonably assured.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off firstly against any existing provision for that expenditure, with any remaining balance being charged to earnings.

d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Central Iron Ore Limited's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken into shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The normal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of finance liabilities for disclosure purposes is estimated by discounting the future contractual cash flow at the current market interest rate that is available for similar financial instruments.

f) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

At June 30, 2018, deferred tax assets were re-assessed and have not been recognised as it has not yet become probable that they will be recovered and utilised.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated as follows:

Plant & Equipment	15% to 18.75% Diminishing Value Method
Office Equipment	7.5% to 25% Straight Line Method
	10% to 37.5% Diminishing Value Method
Mine Property	12.5% Straight Line Method

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

h) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

j) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

k) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net loss after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year; adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, rebates and taxes.

The company recognises revenue when the amount of revenue can be readily measured, it is probable that future economic benefit will flow to the entity and specific criteria have been met for each of the company's activities as described below.

Revenue is recognised for the major business activities as follows:

(i) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

(ii) Other revenue

Other revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

n) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

o) Borrowings

Borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

p) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

q) Investment and other financial assets

Classification

The company classifies its investments in the following categories: available-for-sale assets and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Available-for-sale financial assets

Available-for-sale financial assets are financial assets held for sale. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in the category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturity greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised as trade-date, the date on which the Company commits to purchase or sell the asset. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains or losses from investment securities.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method. Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arrive.

Fair value

The fair value of quoted investments is based on current bid prices.

Impairment

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 recognised 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.

Provisions

Provisions for legal action costs and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of managements' best estimate of the expenditure required to settle the present obligation at the statement of financial position date.

r) Employee benefits

(i) Wages and salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long term employee benefits

The liability for long service leave has not been recognised in the financial statements since it is not material and the single employee had only been employed for a short period of time at balance date. No retirement benefit obligations, termination benefits or share based payments have been incurred during the year.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Central Iron Ore Limited Option Plan.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 1: Summary of Significant Accounting Policies (cont'd)

The fair value of options granted under the Central Iron Ore Limited Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Note 2: Financial risk management

The Group'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 Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Board controls overall risk management and the investment of excess liquidity.

- (a) Market risk
- (b) Foreign exchange risk

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.

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

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 2: Financial risk management (cont'd)

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2018	2017
	CAD\$	CAD\$
Cash at bank	-	-

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars except as set out below:

	2018	2017
	CAD\$	CAD\$
Cash at bank	-	-

Group and parent entity sensitivity

The Group's and parent entity's exposure to foreign currency movements is not material. The Group's and parent entity's sensitivity to cash flow and fair value interest rate risk is not material.

(a) Credit risk

The credit risk in respect of financial assets of the Group which have been recognised in the statement of financial position is generally the carrying amount, net of any provision for diminution in value.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate capital raising with a variety of counterparties. Surplus funds are generally only invested in short term cash deposit accounts with banks. The Group does not have access to bank overdraft facilities.

(c) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of investments in unlisted subsidiaries is assumed to equal cost at balance date. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value due to their short-term nature.

Note 3: Revenue

	Consolidated	
	2018	2017
	\$	\$
Profit from sales of Tenement (Eureka)	1,392,128	-
Royalty income	110,000	-
Other income	65,000	65,000
Interest income	7,438	349
Total revenue from continuing operations	<u>1,574,566</u>	<u>65,349</u>

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 4: Segment

A business segment is identified for a group of assets and operation engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

The consolidated entity operates in one business segment. Its main business is exploration and mining for precious and other minerals. The consolidated entity operates in three main geographical areas.

	Australia	Canada	Consolidated
	\$	\$	\$
2018			
Total segment revenue	1,574,566	-	1,574,566
Total segment expenses	(595,150)	-	(595,150)
Profit before income tax	<u>979,416</u>		<u>979,416</u>
Income tax expense	-		-
Profit for the year	<u>979,416</u>		<u>979,416</u>
Segment assets	4,933,986	-	4,933,986
Segment liabilities	1,609,325	-	1,609,325

	Australia	Canada	Consolidated
	\$	\$	\$
2017			
Total segment revenue	65,349	-	65,349
Total segment expenses	(256,114)	-	(256,114)
Loss before income tax	<u>(190,767)</u>		<u>(190,767)</u>
Income tax expense	-		-
Loss for the year	<u>(190,767)</u>		<u>(190,767)</u>
Segment assets	3,280,551	-	3,280,551
Segment liabilities	935,306	-	935,306

Segment revenues and expenses are allocated based on the country in which the transactions occurred or are directly attributable to a segment. Segment assets and capital expenditure are allocated based on where the assets are located.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 5: Income Tax

(a)	Profit/(Loss) from continuing operations before income tax	979,416	(190,767)
	Tax at Australian tax rate of 27.50% (2016 28.50%)	269,339	(52,461)
	Tax effect amounts which are not deductible in calculating taxable income:		
	Impairment of assets	-	-
		269,339	(52,461)
	Current year tax losses not recognised	269,339	52,461
	Research and development refund (over provided)/received	-	-
	Income tax benefit	269,339	52,461
	Income tax expenses	-	-
(b)	Tax Losses		
	Tax losses for which no deferred tax asset has been recognised		
	Tax losses	12,367,800	13,557,261
	Potential Benefit	3,401,145	3,728,247

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 6: Current Assets – Cash and cash equivalents

	Consolidated	
	2018	2017
	\$	\$
Cash at bank and on hand	446,012	24,726
	446,012	24,726

The Group's and the parent entity's exposure to interest rate risk is discussed in note 2.

Note 7: Current Assets – Trade and other Receivables

Trade receivables	1,658,775	2,379
Prepayments	2,714	2,401
	1,661,489	4,780

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 8: Non-Current Assets – Receivables

	2018	Fair
	Carrying	Value
	Amount	\$
	\$	\$
Security deposit - office premises	34,967	32,374
Indemnity for Performance Bond – British King	-	80,719
Indemnity for Performance Bond – Yilgarn	12,349	12,349
	<u>47,316</u>	<u>125,442</u>

The fair values are based on cash flows measured at cost for the Security Deposit and other receivables. The indemnities are based on cash flows measured at cost plus interest paid on the invested funds.

(a) Risk Exposure

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 2.

Note 9: Property, Plant and Equipment

	Mine property \$	PP&E \$	Office equipment \$	Total \$
Year end June 30, 2018				
Opening net book value	420,025	-	-	420,025
Additions	-	-	-	-
Written off provision	(50,000)	-	-	(50,000)
Depreciation charge	(370,025)	-	-	(370,025)
Closing net book amount	<u>0</u>	<u>-</u>	<u>-</u>	<u>0</u>
At June 30, 2018				
Cost or Fair Value	1,435,927	405,390	32,722	1,874,039
Written off provision	(50,000)	-	-	(50,000)
Accumulated depreciation	(1,385,927)	(405,390)	(32,722)	(1,824,039)
Net book amount	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Year end June 30, 2017				
Opening net book value	420,025	1,404	-	421,429
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	-	1,404	-	1,404
Closing net book amount	<u>420,025</u>	<u>-</u>	<u>-</u>	<u>420,025</u>
At June 30, 2017				
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)
Net book amount	<u>420,025</u>	<u>0</u>	<u>0</u>	<u>420,025</u>

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 9: Property, Plant and Equipment (cont'd)

British King Gold Mine

The British King Gold Mine is located north of Kalgoorlie, Western Australia.

- The British King Mine which is 49% owned by the Company and which is National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI43-101”) compliant. The British King Mine is 5km southwest of Gold Fields Limited’s Darlot Mine. The British King Mine is currently under care and maintenance. 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

Note 10: 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.

	Consolidated	
	2018	2017
	\$	\$
Costs carried forward in respect of areas of interest in:		
Exploration and/or evaluation- Intangible	1,194,677	2,705,578
Cost		
Balance at beginning of year	2,705,578	2,489,527
Acquisition of exploration and evaluation assets	356,979	216,051
Disposal of Eureka project	(1,867,880)	-
Balance at end of year	1,194,677	2,705,578

The ultimate recoupment of costs carried forward as exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

Eureka Gold Mine

The Eureka Gold Mine is located north of Kalgoorlie, 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 Company’s tenement package comprising the Eureka gold project covers 563 hectares. The Company announced that it has completed the AUD\$3.45 million sale of its Eureka Gold Project to ASX listed Tyranna Resources Limited (ASX:TYX).

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 10: 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 49% owned by the Company.

During the year ended 30 June 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. 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 over the next 12 months, 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.

In October 2017, Gold Fields Limited interest in the Darlot region where acquired by Red 5 Limited.

Note 11: Investment

	Consolidated 2018	2017
	\$	\$
Shares in Tyranna Resources Ltd	1,584,492	-
	<u>1,584,492</u>	<u>-</u>

In November 2017 the Eureka Gold Project was sold to Tyranna Resources Limited. The final consideration which was paid in August 2018 amounted to \$3,453,493. This comprised, \$1,869,003 in cash and 93,205,304 shares in Tyranna Resources Limited which at a deemed price of 1.7 cents equates to \$1,584,492.

On August 22, 2018, Kingwest successfully listed on the ASX with the raising of AUD\$5,000,000 by the issue of 25,000,000 shares at an issue price of \$0.20 per share. Money raised will primarily fund the drilling and exploration on the Crawford and Emperor Projects, scoping studies and ongoing working capital requirements.

CIO received 2,900,000 shares at an IPO value of 20 cents per share.

Note 12: Current Liabilities – Trade and other payables

	Consolidated 2018	2017
	\$	\$
Trade payables	934,318	428,078
Loans payables (i)	675,007	457,228
	<u>1,609,325</u>	<u>885,306</u>

- (i) Other payables comprise a loan of \$675,007 (2017: \$457,228) from Gullewa Limited. Loan is interest 9% pa and repayable at call. As of June 30, 2018, Gullewa Limited holds 36.1% of the Company's shares.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 13: Current Liabilities – Provisions

	Consolidated	
	2018	2017
	\$	\$
Rehabilitation - Mine	-	50,000
	<u>-</u>	<u>50,000</u>

The British King project has been sold and therefore the provision for the Mine Rehabilitation has been written off.

Note 14: Contributed Equity

	2018	2017	2018	2017
	Shares	Shares	\$	\$
a) Share Capital:				
Ordinary Shares fully paid	72,710,741	72,710,741	23,671,655	23,671,655

b) Movements in ordinary Share Capital:

Date	Details	Number of Shares	Issue Price	AUD \$
30 June 2010	Balance	19,950,741		18,431,005
7 September 2010	Issue of Shares to Consultants	1,000,000	AUD\$0.10	100,000
27 October 2010	Subscription agreement – Tranche 1	5,000,000	CAD \$0.0525	259,738
27 October 2010	Subscription agreement – Tranche 2	25,000,000	CAD\$0.06	1,501,752
15 February 2011	Issued to MINC (broker)	1,760,000	AUD\$0.07	123,200
16 May 2011	Private Placement	20,000,000	CAD\$0.20	3,887,388
30 June 2011	Share issue costs	-		(631,428)
June 30, 2018	Balance	<u>72,710,741</u>		<u>23,671,655</u>

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares, is entitled to one vote, and upon a poll each share is entitled to one vote.

Note 15: Accumulated Losses

	Consolidated	
	2018	2017
	\$	\$
Accumulated losses at the beginning of the financial year	21,326,410	21,135,643
(Profit)/Loss attributable to members of Central Iron Ore Limited	(979,416)	190,767
	<u>20,346,994</u>	<u>21,326,410</u>

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 16: Reconciliation of loss after income tax to net cash inflow from operating activities

	Consolidated 2018	2017
	\$	\$
Net Profit/(Loss) for the year	979,416	(190,767)
Bad Debts	(60,315)	-
Interest from Loans	95,778	-
Accrued income/expenses	134,677	58,306
Amortization	370,026	
<i>Changes in operating assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(1,526,804)	35,684
(Decrease) /increase in trade & other payables	(13,174)	20,078
Net cash (used in) operating activities	<u>(20,396)</u>	<u>(76,699)</u>

Note 17: Earnings per share

	Consolidated 2018	2017
	\$	\$
Basic loss per share (cent)	1.35	(0.26)
Diluted loss per share (cent)	1.35	(0.26)

Weighted average number of shares used as the denominator

	Consolidated 2018	2017
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	72,710,741	72,710,741
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	72,710,741	72,710,741
Reconciliation of loss used in calculating loss per share		
Net Profit/(loss)	979,416	(190,767)
Profit/(Loss) used in calculating basic loss per share	979,416	(190,767)

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 18: Key Management Personnel Disclosures

Directors

The following persons were directors of Central Iron Ore Limited during the financial year.

Chairman

Richard Homsany

Executive Director – President and Chief Executive Officer

Brett Hodgins

Non-executive Director

Anthony Howland-Rose

Other key management personnel

The following persons also had authority and responsibility for the planning, directing and controlling various activities of the company during the financial year.

Katherine Garvey	Company Secretary
David Deitz	Chief Financial Officer
Hugh Pinniger	Chief Operating Officer

Principals used to determine the nature and amount of remuneration

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the company's operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

Details of Remuneration

Details of the remuneration of each key management personnel and their related parties of Central Iron Ore Limited are set out in the following tables. Due to the difficult conditions prevailing in the mining sector, the directors did not take fees. (Nil 2017)

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 18: Key Management Personnel Disclosures (cont'd)

Other transactions with key management personnel

	2018	2017
	\$	\$
Consulting work – Brett Hodgins (Jaybre Geological Consulting Pty Ltd)	398,554	152,446
Legal services – Richard Homsany (Cardinals Corporate Lawyers Pty Ltd)	2,546	2,285
Administration fees - Gullewa Limited (The Financial officer of the Company)	28,198	27,840
Borrowed working capital from Gullewa Limited	217,779	293,649

As at June 30, 2018, the Company owed Jaybre Geological Consulting Pty Limited \$409,053 which is included in trade payables (Note 11).

Equity instrument disclosures relating to key management personnel

Ordinary Shares

The number of shares in the company held during the financial year by each director of Central Iron Ore Limited, including their personally-related entities, are set out below.

Name	Number at 1/07/17	Number Acquired	Number Disposed	Number at 30/06/18
Brett Hodgins	400,000	-	-	400,000
Anthony Howland-Rose	-	-	-	-
Richard Homsany	-	-	-	-
	400,000	-	-	400,000

Anthony Howland-Rose is a substantial shareholder of Gullewa Limited. Gullewa Limited is the owner of 100% of the shares in Brooklyn Bay Pty Ltd

Note 19: Related Party Transactions

a) Directors and specified executives

Disclosures relating to directors and specified executives are set out in Note 18.

Note 20: Retirement Benefits of Directors

No amounts have been paid in connection with the retirement of Directors and Executive Officers, other than payments made in accordance with Superannuation Guarantee Legislation. These amounts have been included in Directors' Remuneration disclosed within Note 18.

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 21: Remuneration of Auditors

	Consolidated	
	2018	2017
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor.	-	-
-		
Audit services		
Audit review of the financial statement – SCS Audit & Corporate Services Pty Ltd	12,500	12,500
Total remuneration for audit services	12,500	12,500

A copy of the auditors' independence declaration is required under section 307C of the *Corporations Act 2001* and is set out on page 45.

Note 22: Commitments

	Consolidated	
	2018	2017
	\$	\$
<i>(a) Exploration and evaluation expenditure</i>		
In order to maintain current rights to tenure to exploration tenements, the company is required to perform minimum expenditure requirements specified by various governments. The expenditure obligations are subject to renegotiation when application for a mining lease and/or renewal of exploration permits is made and at other times. These obligations are not provided for in the financial statements and are payable:		
Not later than one year	215,300	446,800
Later than one year but not later than five years	861,200	1,346,200
Later than 5 years	2,153,000	2,097,600
	3,229,500	3,890,600

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 23: Parent entity disclosure

In accordance with the Corporations Amendment (Corporate Reporting Reform) Act 2010 and the Corporations Act 2001 the following summarised parent information is set out below. As at, and throughout, the financial year ending June 30, 2018 the parent company of the Group was Central Iron Ore Limited.

	2018	2017
	\$	\$
Profit/(Loss) of parent entity		
Profit/(Loss) for the year	236,308	(190,767)
Total comprehensive income for the year	236,308	(190,767)
	<hr/>	<hr/>
Financial position of the parent entity as at 30 June		
Current assets	2,874,388	29,505
Total assets	2,061,677	3,259,105
Current liabilities	1,611,404	887,384
Total liabilities	1,611,404	937,384
	<hr/>	<hr/>
Net assets	3,324,661	2,321,721
	<hr/>	<hr/>
Total equity of the parent entity comprising of		
Issued capital	23,671,654	23,671,654
Retained losses	(20,346,993)	(21,349,933)
	<hr/>	<hr/>
Total equity attributable to shareholders of Central Iron Ore Ltd	3,324,661	2,321,721

Central Iron Ore Limited

NOTES TO THE FINANCIAL STATEMENTS – JUNE 30, 2018

Note 24: Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy in note 1(b).

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (a)	
			2018 %	2017 %
Central West Resources Pty Ltd	Australia	Ordinary	100	100
International Gold Mining Pty Ltd	Australia	Ordinary	100	100
Central East Resources Pty Ltd	Australia	Ordinary	100	100
Central South Resources Pty Ltd	Australia	Ordinary	100	100
Central North Resources Pty Ltd	Australia	Ordinary	100	100
South Darlot Mines Pty Ltd	Australia	Ordinary	100	100
South Darlot Gold Pty Ltd	Australia	Ordinary	100	100
South Darlot Resources Pty Ltd	Australia	Ordinary	100	100

Note

(a) The proportion of equity holding is equal to the proportion of voting power held.

Central Iron Ore Limited

Directors' Declaration 30 June 2018

1. In the opinion of the directors of Central Iron Ore Ltd (the 'Company'):
 - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements,
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of Corporations Act 2001 for the financial year ended 30 June 2018.

This declaration is signed in accordance with a resolution of the Board of Directors.



.....
Brett Hodgins
President & CEO, Director

Sydney
26 October 2018



SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

Auditor's independence declaration

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors of Central Iron Ore Limited

In accordance with Section 307C of the Corporations Act 2001, we are pleased to provide the following declaration of independence.

As Audit Director for the audit of Central Iron Ore Limited for the financial year ended 30 June 2018, we declare that, to the best of our knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully
SCS Audit & Corporate Services Pty Ltd
(An Authorised Audit Company)

A handwritten signature in black ink, appearing to read 'Brian Taylor', is written over a horizontal line.

Brian Taylor
Director
Sydney
26 October, 2018

Limited liability by a scheme approved under Professional Standards Legislation



SCS AUDIT & CORPORATE SERVICES PTY LTD

ABN 99 165 260 444

Independent Auditor's report

30 June 2018

Independent Auditor's Report to the shareholders of Central Iron Ore Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Central Iron Ore Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a statement of accounting policies and selected explanatory notes and the directors' declaration.

In our opinion:

The accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Matter of Emphasis

1 Material uncertainty related to going concern:

Without qualifying our above opinion, we draw attention to Note 1 of the financial report – going concern, which indicates that the Group incurred an accumulated losses from continuing operations after tax of \$20,346,994. The matters detailed in Note 1 which describes events and/ or conditions which indicates the existence of a material uncertainty which may cast doubt as to the ability of the Group to continue as a going concern. The Group may be unable to realise its assets and discharge its liabilities in the normal course of business, at the amounts stated in the financial report. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Independent Auditor’s Report to the shareholders of Central Iron Ore Limited Continued

2 Carrying values of non-current Assets:

At 30 June 2018 the group had capitalised exploration and valuation expenditure of \$1,194,677. The recoverability of the group’s carrying value of capitalised exploration and acquisition costs is dependent on the successful commercial exploration of the assets and/or sale of the assets to generate profits at amounts in excess of the book values. In the event that the group entity is not successful in commercial exploration and/ or sale of the assets, the realisable value of the group’s assets may be significantly different than their current carrying values. Our opinion is not modified in respect of this matter.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration request by the *Corporations Act 2001*, which has been given to the directors of the company would be in the same terms if given to the directors as the time of this Auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1 Carrying value of capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
The carrying value of exploration and evaluation assets is subjective based on the Group’s ability and intention, to continue to explore and evaluate the asset. The carrying value may also be impacted by the results of exploration and evaluation work and performed and	We evaluated the Group’s assessment of the carrying value of exploration and evaluation assets. To obtain sufficient audit evidence, we considered:

<p>may indicate the mineral reserves may not be commercially viable for extraction. Accordingly, the recoverability of the assets is a key audit matter.</p> <p>Refer to Note 10 – Exploration and Evaluation assets to the financial statements for the amounts held on the Consolidated Statement of Financial Position as at 30 June 2018 and related disclosure.</p>	<ul style="list-style-type: none"> • the Group’s right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements; • the Group’s intention to carry out exploration and evaluation activity in the relevant exploration and evaluation area which included assessment of the Group’s budget and enquiries with directors of the Company as to the intentions and strategy of the Group. • the findings of independent reports relating to the exploration and evaluation activity carried out to date.
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2 Going concern

Why significant	How our audit addressed the key audit matter
<p>During the year ended June 30, 2018, the consolidated entity earned a Profit of \$979,416 (2017 Loss: \$190,797) and experienced net cash outflows from operating activities of \$(20,396) (2017: \$(76,699)).</p> <p>Current liabilities at June 30, 2018 include a loan payable to Gullewa Limited, a shareholder of CIO, of \$675,007 (2017: \$457,228), an amount owing of \$409,053 and entities he controls (2017: \$300,000) to Brett Hodgins (Director of CIO).</p> <p>The directors have prepared a cash flow forecast for the period ending 26 October 2018, which indicates that the current cash resources will not be sufficient to fund working capital, exploration expenditure and other principal activities.</p> <p>The ability of the Company and the consolidated entity to continue as going concerns is principally dependent upon:</p> <ul style="list-style-type: none"> • finalisation of payment for the British King tenement; and • obtaining additional funding to meet working capital requirements in respect of current projects. <p>If additional funding to meet working capital requirements is not obtained, or the sale of the British King tenement does not complete, there is significant uncertainty whether the Company and the consolidated entity will continue as going concern.</p>	<p>We evaluated the Group’s assessment of its ability to continue to operate as a going concern for the foreseeable future. In obtaining sufficient audit evidence we:</p> <ul style="list-style-type: none"> • considered the Group’s budget for the 2019 financial year. • made enquiries with directors of the Company as to the intentions and strategy of the Group. • considered the adequacy of the disclosures made by the Group in note 1 to the financial statements. • Reviewed the cash flow forecasts prepared by the management for the 12 months from the date of signing the financial statements.

Notwithstanding the ongoing losses, the financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.	
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3 Joint venture agreement with Red 5 Limited (South Darlot Gold Project)

Why significant	How our audit addressed the key audit matter
<p>The joint venture agreement between Red 5 Limited and CIO is ongoing. The Group has performed a detailed assessment of the risk exposure, entitlements, contractual terms and arrangements of the project. Significant judgement was required to apply the appropriate accounting standards to determine how to account for the project and determine the timing of revenue recognition. .</p> <p>To assess the appropriate accounting treatment for the Joint venture project, judgement was applied, that involved a consideration of the contractual terms and arrangements.</p>	<ul style="list-style-type: none"> • Assessed the commercial viability of results relating to exploration and evaluation activities carried out in the relevant licensed area; and • Assessed the ability to finance any planned future exploration and evaluation activity. • Assessed the risk exposure and entitlement to this project by assessing the terms of the key transaction documents against the requirements of Australian Accounting Standards. • Considered the adequacy of the disclosure made in the note 10 in accordance with the requirements of Australian Accounting standards

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the other information. The other information included in the Group's annual report for the year ended 30 June 2018 comprises the Director's Report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Company for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the shareholders of Central Iron Ore Limited Continued

Auditor's responsibilities for the audit of the financial report

Our responsibility is to express an opinion on the financial report base on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement that exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Central Iron Ore Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**SCS Audit & Corporate Services Pty Ltd
(An Authorised Audit Company)**



Brian Taylor
Director
Sydney

Dated 26 October, 2018