



Central Iron Ore Limited

NEWS RELEASE

Symbol: CIO-TSXV

May 16, 2011

For Immediate Dissemination

CENTRAL IRON ORE CLOSSES \$4,000,000 PRIVATE PLACEMENT

NOT FOR DISSEMINATION IN THE UNITED STATES OR THROUGH US NEWSWIRE SERVICES

VANCOUVER, BRITISH COLUMBIA — Central Iron Ore Limited (TSX-V: CIO) (the “**Company**”) is pleased to announce that further to its press release dated April 11, 2011 it has closed a brokered private placement (the “**Private Placement**”) led by PowerOne Capital Markets Limited (the “**Agent**”).

The Private Placement consisted of 20,000,000 units (the “**Units**”) at a price of \$0.20 per Unit for aggregate gross proceeds of \$4,000,000 (which included the exercise in full of the Agent’s option to arrange for the purchase and sale of an additional 5,000,000 Units). Each Unit is comprised of one common share of the Company (a “**Common Share**”) and one-half of one common share purchase warrant (a “**Warrant**”). Each whole Warrant is exercisable for a period of 24 months following the closing of the Private Placement (the “**Closing Date**”) at an exercise price of \$0.30 per Common Share, provided that if the closing price of the Common Shares on the TSX Venture Exchange is equal to or greater than \$0.75 per Common Share for a period of 20 consecutive trading days at any time after four months and one day after the Closing Date, the Company may accelerate the expiry date of the Warrants by giving notice to the holders of Warrants to the 30th day after the date on which such notice is given by the Company.

The Agent received a cash fee equal to 8% of the gross proceeds raised in respect of the Private Placement and the Company issued to the Agent broker warrants exercisable to acquire 2,000,000 Units (“**Broker Units**”) at an exercise price of \$0.20 per Broker Unit at any time on or before the date which is 24 months following the Closing Date.

All securities issued pursuant to the Private Placement are subject to a four-month hold period expiring on September 14, 2011.

The net proceeds of the Private Placement will be used for the exploration on its gold and iron ore projects located in Western Australia and for working capital purposes.

About Central Iron Ore Limited

The Company is an exploration and development company engaged in the search for and development of iron ore and gold in Australia.

On behalf of the Board of Directors

CENTRAL IRON ORE LIMITED

“Brett Hodgins”

Brett Hodgins,
President & Chief Executive Officer

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Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking information within the meaning of Canadian securities laws. Such information includes, without limitation, information regarding the Company. Although the Company believes that such information is reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking information is typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or are those, which, by their nature, refer to future events. The Company cautions investors that any forward-looking information provided by the Company is not a guarantee of future results or performance, and that actual results may differ materially from those in forward looking information as a result of various factors, including, but not limited to, the state of the financial markets for the Company's equity securities, the state of the market for iron ore or other minerals that may be produced generally, recent market volatility, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's ability to obtain any necessary permits, consents or authorizations required for its activities, to raise the necessary capital or to be fully able to implement its business strategies and other risks associated with the exploration and development of mineral properties. The reader is referred to the Company's disclosure documents for a more complete discussion of such risk factors and their potential effects, copies of which may be accessed through the Company's page on SEDAR at www.sedar.com.