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Central Iron Ore Ltd.

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NEWS RELEASE
January 26, 2011

Symbol: CIO-TSXV
For Immediate Dissemination

**CLOSING OF BALANCE OF TRANCHE 2
COMPLETES CAPITAL RAISING OF \$1,760,000**

VANCOUVER, BRITISH COLUMBIA – (Marketwire – January 26, 2011), Central Iron Ore Ltd. (CIO – TSX.V) (the “Company”) is pleased to announce that further to its press release dated January 4, 2011 it has closed the balance of Tranche 2 of its previously announced capital raising of \$1.76 million for gross proceeds of \$1,098,000. Pursuant to the balance of Tranche 2 the Company issued:

- 15.8 million common shares of the Company (“Shares”) (approximately 31% of the outstanding Shares on an undiluted basis based on a total of 50,950,741 Shares currently outstanding) and (3.16 million attached warrants exercisable at 10 cents until January 26, 2014 to Brooklyn Bay Pty Ltd. (“Brooklyn”))
- 2.5 million Shares (approximately 4.9% of the outstanding Shares on an undiluted basis based on a total of 50,950,741 Shares currently outstanding) and 0.5 million attached warrants exercisable at 10 until January 26, 2014 to Golden Sword Investments Pty Ltd. (“GSI”))

In accordance with the terms and conditions of Tranche 2, the Company agreed with Brooklyn and GSI that, on closing of Tranche 2 and following payment of specified liabilities up to April 2011, two directors of the Company (apart from Messrs Hodgins and Homsany) will resign from the Board thereby reducing the number of directors of the Company from five to three.

Pursuant to the Capital Raising, a total of 25,000,000 million Shares were issued to Brooklyn representing approximately 49.1% of the total issued and outstanding Shares (approximately 55.2% of the total issued and outstanding Shares assuming all of the 7,000,000 warrants held by Brooklyn are exercised); and a total of 5,000,000 million Shares were issued to GSI representing approximately 9.8% of the total issued and outstanding Shares (approximately 14.8% of the total issued and outstanding Shares assuming all of the 3,000,000 warrants held by GSI are exercised).

A finder’s fee consisting of \$50,000 and 1,760,000 Shares at a deemed issue price of \$0.07, being the closing price of the Shares for the last trading session prior to the announcement of the capital raising on October, 15, 2010, will be paid to Minc Stockbroking’s nominee in connection with the capital raising. The finder’s fee remains subject to the approval of the TSX Venture Exchange and will be paid once such approval has been received.

Proceeds from the issuance of the securities will be used for repayment of liabilities, for general and administrative expenses and to provide the Company with a working capital reserve. The securities issued in the capital raising are subject to a four month hold period.

On behalf of the Board of Directors
CENTRAL IRON ORE LTD.

“Andrew Spinks”

Andrew Spinks, President/CEO

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Director

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For further information about GSI, please contact:

Brett Hodgins

Director

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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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 use of proceeds from the Capital Raising. 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.