Oceanic Iron Ore Corp.

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars, unless otherwise noted)

NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to National-Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Oceanic Iron Ore Corp. (the “Company”) for the interim period ended March 31, 2021, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 - Interim Financial Reporting and are the responsibility of the Company’s management.

The Company’s independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these condensed interim consolidated financial statements.

Oceanic Iron Ore Corp.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

	Notes		As at March 31, 2021		As at December 31, 2020
Assets					
Current					
Cash and cash equivalents		**$**	**727,938**	$	46,632
Receivables			**22,682**		2,762
Prepaid expenses and deposits			**5,173**		9,779
			755,793		59,173
Mineral properties	*3*		**43,642,100**		43,605,303
Total assets		**$**	**44,397,893**	$	43,664,476
Liabilities					
Current					
Accounts payable and accrued liabilities		**$**	**226,282**	$	348,541
Due to related parties	*7*		**76,351**		501,613
Current portion of advance royalty payable	*3*		**281,117**		372,355
			583,750		1,222,509
Non-current portion of advance royalty payable	*3*		**447,171**		425,537
Convertible debentures	*4*		**7,160,369**		5,548,487
Total liabilities			**8,191,290**		7,196,533
Shareholders' equity					
Share capital	*5a,b*		**61,326,503**		61,318,043
Reserves	*5b,c,d*		**11,130,664**		11,108,190
Deficit			**(36,250,564)**		(35,958,290)
Total shareholders' equity			**36,206,603**		36,467,943
Total liabilities and shareholders equity		**$**	**44,397,893**	$	43,664,476

Nature of operations and going concern	*1*
Commitments	*6*
Subsequent events	*9*

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

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

Oceanic Iron Ore Corp.

Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

(Unaudited – Expressed in Canadian Dollars, except per share amounts)

	Notes		Three months ended March 31, 2021		Three months ended March 31, 2020
Expenses					
Consulting and management fees	*7*	**$**	**58,750**	$	58,750
Directors' fees	*7*		**7,500**		7,500
License and insurance			**4,780**		5,956
Office and general			**4,418**		3,181
Professional fees expense			**19,472**		12,602
Rent			**2,541**		2,951
Share-based payments	*5b,c*		**30,934**		7,270
Transfer agent and regulatory			**6,195**		3,621
Wages and benefits	*7*		**23,110**		16,975
Loss from operations			**(157,700)**		(118,806)
Other (expenses) income					
(Loss) gain on non-cash derivative liabilities	*4*		**(63,818)**		216,076
Convertible debenture accretion expense	*4*		**(70,756)**		(55,682)
Net (loss) income and comprehensive (loss) income for the period		**$**	**(292,274)**	$	41,588
(Loss) income per common share					
Basic and diluted		**$**	**(0.00)**	$	0.00
Weighted average number of common shares outstanding					
Basic			**93,879,601**		92,555,848
Diluted			**93,879,601**		105,079,849

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

Oceanic Iron Ore Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Expressed in Canadian Dollars, except number of shares)

	Notes	Shares	Share capital	Reserves	Deficit	Total equity
Balance - January 1, 2021		**93,867,068**	**$ 61,318,043**	**$ 11,108,190**	**$ (35,958,290)**	**$ 36,467,943**
Share-based payments - stock options	5c	-	-	30,934	-	30,934
Shares issued on settled restricted share units	5b	93,999	8,460	(8,460)	-	-
Net loss for the period		-	-	-	(292,274)	(292,274)
Balance - March 31, 2021		**93,961,067**	**$ 61,326,503**	**$ 11,130,664**	**$ (36,250,564)**	**$ 36,206,603**

		Shares	Share capital	Reserves	Deficit	Total equity
Balance - January 1, 2020		**92,555,849**	**$ 61,101,843**	**$ 10,810,683**	**$ (31,377,790)**	**$ 40,534,736**
Share-based payments - stock options	5c	-	-	7,270	-	7,270
Net income for the period		-	-	-	41,588	41,588
Balance - March 31, 2020		**92,555,849**	**$ 61,101,843**	**$ 10,817,953**	**$ (31,336,202)**	**$ 40,583,594**

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

Oceanic Iron Ore Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

	Notes	**Three months ended March 31, 2021**	Three months ended March 31, 2020
Operating activities			
Net (loss) income for the period		**$ (292,274)**	$ 41,588
Adjustments for:			
Share-based payments	*5b,c*	**30,934**	7,270
(Loss) gain on convertible debenture derivative liability	*4*	**63,818**	(216,076)
Convertible debenture accretion expense	*4*	**70,756**	55,682
Net changes in non-cash working capital balances:			
Prepaid expenses and deposits		**4,605**	(39,335)
Receivables		**(19,282)**	11,045
Accounts payable and accrued liabilities		**(145,631)**	29,088
Due to related parties		**(425,262)**	62,132
Cash used in operating activities		**$ (712,336)**	$ (48,606)
Investing activities			
Mineral property expenditures	*3b*	**(12,324)**	(24,648)
Cash used in investing activities		**(12,324)**	(24,648)
Financing activities			
Interest paid on convertible debenture	*4*	**(41,927)**	(33,947)
Proceeds from convertible debenture net of issuance costs		**1,547,893**	-
Settlement of advance royalty payable		**(100,000)**	-
Cash provided by (used in) financing activities		**1,405,966**	(33,947)
Change in cash and cash equivalents during the period		**681,306**	(107,201)
Cash and cash equivalents, beginning of period		**46,632**	422,788
Cash and cash equivalents, end of period		**$ 727,938**	$ 315,587

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Oceanic Iron Ore Corp. ("Oceanic" or the "Company") is an exploration stage company engaged in the acquisition and exploration of iron ore properties in Québec, Canada. The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, British Columbia. The Company's registered/records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol "FEO".

The Company acquired a 100% interest in certain mining claims (the "Property") located near Ungava Bay, Québec, Canada in November 2010. The Company is currently conducting exploration activity on the Property.

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the three months ended March 31, 2021, the Company reported a net loss of $292,274 and as at that date had an accumulated deficit of $36,250,564, with working capital of $172,043. While the Company has completed a non-brokered private placement in the amount of $1,557,548 during the three months ended March 31, 2021 (see note 4), the Company will need to raise additional funds in order to meet its current obligations and to finance ongoing exploration, development and administrative expenses over the coming 12 months. The Company continues to pursue a number of options to improve its financial capacity, including securing a strategic partner to further advance the Hopes Advance project, and obtaining cash flow through other forms of financing. The success of raising such funds cannot be assured.

Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets which may be adversely impacted by uncertainty arising from the ongoing novel coronavirus ("COVID-19") pandemic, investor perceptions and expectations, the retention of key executive management and the state of global financial and metals markets.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements ("Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of Interim Financial Statements, including International Auditing Standard 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board and interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"). These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual consolidated financial statements (the "annual financial statements") for the year ended December 31, 2020. The accounting policies followed in these Interim Financial Statements are the same as those applied in note 3 of the Company's annual financial statements.

2. BASIS OF PREPARATION (continued)

Basis of preparation and measurement

The Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. These Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

These Interim Financial Statements were approved by the board of directors on May 18, 2021.

Use of estimates and judgements and COVID-19

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company has assessed the economic impacts of the COVID-19 pandemic on its Interim Financial Statements including the valuation of the Company's non-cash derivative liability associated with its convertible debentures. As at March 31, 2021, management has determined that its general operation of business and the value of the Company's assets and liabilities are not materially impacted. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in commodity prices and capital markets.

While we have not experienced any significant negative impact to date, the extent to which COVID-19 impacts future business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and unknown at this time.

(Unaudited – Expressed in Canadian Dollars – unless otherwise noted)

3. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

		Three months ended March 31, 2021		Year ended December 31, 2020
Acquisition costs - beginning of period	**$**	**19,671,816**	$	19,470,891
Additions during the period				
Additional advance royalty payable		**-**		76,678
Accretion of advance royalty payable		**30,396**		124,247
Acquisition costs - end of period	**$**	**19,702,212**	$	19,671,816

b) Exploration costs

		Three months ended March 31, 2021		Year ended December 31, 2020
Cumulative exploration costs - beginning of period	**$**	**23,933,487**	$	23,854,010
Expenditures during the period				
Permitting & claims		**400**		14,707
Consultants		**2,400**		56,359
Equipment, supplies & rentals		**3,001**		6,000
Office and accomodation		**600**		2,411
Exploration expenditures for the period		**6,401**		79,477
Cumulative exploration costs - end of period	**$**	**23,939,888**	$	23,933,487
Grand total - mineral properties	**$**	**43,642,100**	$	43,605,303

Under the terms of the acquisition of the Property, the Company must pay advance net smelter return ("NSR") payments of $200,000 per year until the commencement of commercial production. The aggregate advance NSR payments will then be credited against all future NSR payments payable from production. The advance NSR payments included in the purchase price represent the present value of advance payments to the royalty holders until the estimated date of commencement of commercial production.

A 1% NSR is payable to 154619 Canada Inc. and a 1% NSR is payable to SPG Royalties Inc. The Company discounted the advance NSR payments using a discount rate of 20%, representing the estimated rate of return of similar investments. The advance royalty liability will be accreted up to the date of ultimate NSR advance payment, resulting in an increase to mineral property acquisition costs and the advance royalty payable.

The total estimated future undiscounted NSR payments as at March 31, 2021 total $1,100,000 (December 31, 2020 - $1,200,000) (Note 6). For the three months ended March 31, 2021, accretion of the advance royalty payable totaled $30,396 (three months ended March 31, 2020 - $30,349). At March 31, 2021, the total advance royalty payable was $728,288 (December 31, 2020 - $797,892), with $281,117 (December 31, 2020 - $372,355) recognized as a current liability and $447,171 recognized as a long-term liability (December 31, 2020 - $425,537).

(Unaudited – Expressed in Canadian Dollars – unless otherwise noted)

4. CONVERTIBLE DEBENTURES

	2017 Debentures	2018 Debentures	2021 Debentures	Total
Opening balance - January 1, 2020	**$ 1,122,092**	**$ 760,168**	**$ -**	**$ 1,882,260**
Interest expense and accretion	**120,551**	**100,354**	**-**	**220,905**
Amortization of transaction costs	**3,226**	**4,196**	**-**	**7,422**
Interest payments	**(64,600)**	**(71,188)**	**-**	**(135,788)**
Loss due to fair value adjustment on derivative liability	**1,511,458**	**2,062,230**	**-**	**3,573,688**
Balance - December 31, 2020	**$ 2,692,727**	**$ 2,855,760**	**$ -**	**$ 5,548,487**
Proceeds received	**-**	**-**	**1,557,548**	**1,557,548**
Transaction costs allocated	**-**	**-**	**(38,314)**	**(38,314)**
Interest expense and accretion	**31,959**	**25,474**	**10,829**	**68,262**
Amortization of transaction costs	**806**	**1,049**	**639**	**2,494**
Interest payments	**(16,150)**	**(17,797)**	**(7,980)**	**(41,927)**
(Gain) loss due to fair value adjustment on derivative liability	**(69,607)**	**(12,138)**	**145,563**	**63,818**
Balance - March 31, 2021	**$ 2,639,735**	**$ 2,852,348**	**$ 1,668,285**	**$ 7,160,369**

On March 10, 2021, the completed a non-brokered private placement financing in the amount of $1,557,548 by way of issuance of convertible debentures (the "2021 Debentures"). The 2021 Debentures bear interest at 8.5% per annum over a five-year term. The 2021 Debentures are convertible at the option of the subscribers into Units at a price of $0.19 per Unit. Each Unit entitles the holder to one common share and one share purchase warrant, the latter which is exercisable into common shares at a price of $0.19 per warrant until March 10, 2026.

Similar to the 2017 Debentures and 2018 Debentures, the conversion option associated with the 2021 Debentures is treated as a derivative liability and fair valued each reporting period, creating an accounting unrealized gain or loss. The convertible debentures are recognized as having two separate liability components. Firstly, the Units which are recognized as a derivative liability and fair valued each reporting period, and secondly the convertible debenture liability, which is fair valued at the time of issue, and then accounted for at amortized cost and accreted to the face value over the life of the convertible debentures. At inception, the Company recognized a deferred unrealized loss in the amount of $2,188,272, which was the difference between the fair value of the combined liability and the proceeds received. The deferred unrealized loss has been recorded against the convertible debentures on the balance sheet and will be amortized over the life of the warrants on a straight-line basis. Any subsequent fair value changes are recognized in the Statement of Loss and Comprehensive Loss. As at March 31, 2021, the Company recognized a $24,314 unrealized loss that was expensed to the Statement of Loss and Comprehensive Loss as part of the convertible debenture accretion expense.

In accordance with *IFRS 9 – Financial Instruments* ("IFRS 9"), it has been determined that the respective convertible debentures are, for IFRS purposes, hybrid debt instruments which contain non-cash embedded derivative liabilities associated with the conversion features of the debentures into Units. IFRS 9 further determines that the debenture is to be measured at amortized cost and the non-cash embedded derivative is to be measured at fair value.

The convertible debentures and non-cash derivative liabilities have a combined carrying value of $7,160,369, representing the discounted face value of the debentures of $200,543 and the fair value of the non-cash embedded derivative of $6,959,826. However, the total future cash outflows associated with the repayment of the principal of the 2017 Debentures ($760,000), 2018 Debentures ($837,500) and 2021 Debentures ($1,557,548) cannot exceed the combined amount of principal of $3,155,048 plus any accrued interest. Should holders elect to convert the convertible debentures into Units, the future cash outflows associated with the redemption of convertible debentures could be as low as $nil.

(Unaudited – Expressed in Canadian Dollars – unless otherwise noted)

4. CONVERTIBLE DEBENTURES (continued)

The fair value of the non-cash embedded derivative does not represent a future cash liability to the Company.

The Company uses an option pricing model to fair value the derivative liability components contained in the 2017 Debentures, 2018 Debentures and 2021 Debentures.

5. EQUITY

a) Authorized share capital

Unlimited common and preferred shares without par value.

b) Restricted share units ("RSUs")

A summary of the changes in RSUs is as follows:

	Number of RSUs
Balance - January 1, 2020	634,157
Settled	(179,998)
RSUs outstanding - December 31, 2020	**454,159**
Settled	(93,999)
RSUs outstanding - March 31, 2021	**360,160**

RSU expense for the three months ended March 31, 2021 and 2020 was $nil.

(Unaudited – Expressed in Canadian Dollars – unless otherwise noted)

5. EQUITY (continued)

c) Stock options

A summary of the changes in the stock options is as follows:

	Number of options		Weighted average exercise price
Options outstanding - January 1, 2020	5,235,950	$	0.16
Granted	3,405,000		0.14
Forfeited	(642,350)		0.18
Options outstanding - December 31, 2020	**7,998,600**	**$**	**0.15**
Granted	-		-
Forfeited	(280,000)		0.20
Options outstanding - March 31, 2021	**7,718,600**	**$**	**0.15**
Options exercisable - March 31, 2021	**6,583,600**	**$**	**0.15**

Total share-based payments recognized during the three months ended March 31, 2021 was $30,934 (March 31, 2020 - $7,270) which was recorded within share-based payment expense in the statement of loss and comprehensive loss.

The following table summarizes information about stock options outstanding at March 31, 2021:

Number of options outstanding		**Exercise price**	**Expiry Date**	**Number of options exercisable**
10,000	$	0.20	April 5, 2021	10,000
110,600	$	0.20	May 18, 2021	110,600
202,500	$	0.20	December 16, 2021	202,500
180,500	$	0.20	January 18, 2023	180,500
750,000	$	0.16	November 25, 2024	750,000
505,000	$	0.15	December 2, 2025	505,000
745,000	$	0.25	January 20, 2027	745,000
1,810,000	$	0.09	March 19, 2029	1,810,000
3,405,000	$	0.14	June 29, 2030	2,270,000
7,718,600				6,583,600

(Unaudited – Expressed in Canadian Dollars – unless otherwise noted)

5. EQUITY (continued)

d) Share purchase warrants

As at March 31, 2021 the Company had a total of 20,125,000 share purchase warrants outstanding with a weighted exercise price of $0.05. 625,000 warrants expire on September 30, 2022 (exercise price of $0.10 per warrant) and 19,500,000 warrants expire on November 23, 2023 (exercise price of $0.05 per warrant).

6. COMMITMENTS

As part of the acquisition of the Ungava Bay mineral properties, commencing on November 30, 2011, Oceanic must pay advance net smelter royalty ("NSR") payments of $200,000 per year, which will be credited against all future NSR payments payable from production (Note 3(b)).

The Company's undiscounted contractual commitments were as follows:

March 31, 2021

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 226,282	$ -	$ -	$ 226,282
Due to related parties	76,351	-	-	76,351
Convertible debenture - liability component	201,134	2,045,032	1,847,359	4,093,526
Advance royalty payable	300,000	200,000	600,000	1,100,000
	$ 803,767	$ 2,245,032	$ 2,447,359	$ 5,496,159

December 31, 2020

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 348,541	$ -	$ -	$ 348,541
Due to related parties	501,613	-	-	501,613
Convertible debenture - liability component	135,788	1,780,249	-	1,916,038
Advance royalty payable	400,000	400,000	400,000	1,200,000
	$ 1,385,942	$ 2,180,249	$ 400,000	$ 3,966,192

Additionally, in order to maintain current rights of tenure to exploration tenements, the Company is expected to incur expenditures of $77,653 in respect of claim renewal fees and minimum work requirements in the year ending December 31, 2021.

(Unaudited – Expressed in Canadian Dollars – unless otherwise noted)

7. RELATED PARTY TRANSACTION AND KEY MANAGEMENT COMPENSATION

a) Key management compensation

Key management includes the Company's directors, Chief Executive Officer and Chief Financial Officer Compensation awarded to key management, for the three months ended March 31, 2021 and 2020 compromised the following:

		Three months ended March 31, 2021		Three months ended March 31, 2020
Wages and benefits	**$**	**15,000**	$	15,000
Directors' fees		**7,500**		7,500
Share-based payments*		**29,856**		10,593
	$	**52,356**	$	33,093

**Share-based payments based on Options and RSUs granted to Individuals*

b) Payments for services by related parties

During each of the three-month periods ended March 31, 2021 and 2020, the Company incurred corporate consulting fees of $28,750 to Sirocco Advisory Services Ltd., a company controlled by a director and officer of the Company. As at March 31, 2021, the Company owed $9,583 to Sirocco relating to unpaid consulting fees (December 31, 2020 - $268,333).

During each of the three-month periods ended March 31, 2021 and 2020, the Company incurred corporate consulting fees of $15,000 to Sinocan Consultant Hong Kong Ltd., a company controlled by an officer of the Company. As at March 31, 2021, the Company owed $5,000 to Sinocan Consultant Hong Kong Ltd. (December 31, 2020 - $5,000).

As at March 31, 2021, the Company owed $30,000 in directors' fees to certain directors of the Company (December 31, 2020 - $66,500). As at March 31, 2021, the Company owed unpaid salaries and benefits of $5,000 to an officer of the Company (December 31, 2020 - $80,000).

During the three months ended March 31, 2021, the Company was charged $4,989 (three months ended March 31, 2020 - $nil), on corporate overhead expenses by Artemis Gold Inc., a company with common management and directors. As at March 31, 2021, the Company owed $26,768 to Artemis Gold Inc. (December 31, 2020 - $21,779).

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is based on available public market information or, when such information is not available, estimated using fair valuation techniques (incl. option pricing models and present value models) which include assumptions concerning the amount and timing of future cash flows and/or debt conversions, discount rates which factor in the appropriate credit risk, as well as historical volatility rate assumptions as applicable. The carrying values of cash and cash equivalents, accrued interest receivable, restricted cash, accounts payable, accrued liabilities and due to related parties approximate their fair values due to their short-term nature.

9. SUBSEQUENT EVENTS

a) On April 5, 2021, 10,000 stock options with an exercise of $0.20 expired unexercised.

b) On April 28, 2021, the Company granted 150,000 stock options with an exercise price of $0.215, expiring on April 28, 2031.

Following the above subsequent events, the number of stock options outstanding totalled 7,858,600.