Oceanic Iron Ore Corp.

(formerly Pacific Harbour Capital Ltd.)
Management's Discussion and Analysis
of Financial Condition and Results of Operations
Year End Report – March 31, 2011 and 2010

The following discussion is management's assessment and analysis of the results and financial condition of Oceanic Iron Ore Corp. (formerly Pacific Harbour Capital Ltd.) ("Oceanic" or "Company"), and should be read in conjunction with the audited financial statements for the year ended March 31, 2011 and the related notes. The preparation of financial data is in accordance with Canadian generally accepted accounting principles ("GAAP") and all figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is July 28, 2011.

Description of Business

The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. Its common shares are traded on the TSX Venture Exchange and the OTCQX in the United States. The Company has a 100% interest, subject to a 2% net smelter returns royalty ("NSR"), in approximately 3,000 mining claims (the "Property") located near Ungava Bay, Quebec.

Acquisition of Iron Ore Mining Claims

On November 30, 2010, the Company closed the acquisition of a 100% interest, subject to the vendors retaining a 2% net smelter returns royalty (the "NSR"), in approximately 3,000 mining claims (the "Property") located near Ungava Bay, Quebec.

As consideration for the acquisition, Oceanic issued 30,000,000 common shares, of which 6,000,000 common shares are free trading as at the date of this report and 24,000,000 are in escrow. The shares held in escrow will be released as follows: 1,500,000 shares on September 30, 2011 and 4,500,000 shares on each of the dates that are 12 months, 18 months, 24 months, 30 months and 36 months following December 3, 2010, respectively.

Commencing on November 30, 2011, Oceanic must pay minimum advance NSR payments of $200,000 per year, which will be credited against all future NSR payments payable from production. Oceanic may purchase 50% of the NSR by paying $3,000,000 at any time in the first two years following the commencement of commercial production from the Property.

The Property was the subject of a dispute between Kataria Holdings Limited, a British Virgin Islands Company, Atulkumar Patel and Ramzy Abdul-Majeed, both of Dubai, UAE, (collectively the "Kataria Group") and the vendors. The vendors and the Kataria Group have made the necessary filings to dismiss all legal proceedings in respect of the Property and have entered into full and final releases.

On closing of the acquisition, Oceanic paid the Kataria Group US$2,000,000 and issued the Kataria Group 8,000,000 common shares, of which 4,000,000 common shares will be held in escrow and only released upon receipt of an independent report under National Instrument 43-101 which validates a resource equal to or greater than 450 million metric tonnes of 35% or higher iron content.

Finder's fees of $50,000 and 1,010,000 common shares (fair value $384,252) were paid in relation to the acquisition. Other transaction costs relating to the acquisition totalled $171,085.

Private Placement Financings

Concurrently with closing of the acquisition of the Property, Oceanic completed two non-brokered private placements of units for gross proceeds of $19,972,500. In the first private placement, 13,125,000 units were sold at a price of $0.40 per unit. Of the units, 8,844,500 units consisted of one flow-through common share and one-half of one share purchase warrant and 4,280,500 units consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.65 per share on or before November 30, 2015.

In the second private placement, 28,400,000 units were sold. Of the Units, 17,950,000 units were sold at a price of $0.50 per unit. Each unit consisted of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at a price of $1.00 per share on or before November 30, 2015. The balance of 10,450,000 units were sold at a price of $0.55 per unit, each unit consisting of one flow-through common share and one warrant, each warrant entitling the holder to purchase one common share at a price of $1.00 per share on or before November 30, 2015.

On June 9, 2010, the Company completed a private placement and issued 40,000,000 common share units at a price of $0.075 per unit for gross proceeds of $3,000,000. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of $0.10 per share for a period of two years following issuance.

The Company incurred cash share issue costs in the amount of $1,296,351 in connection with the private placements noted above.

Description of the Property

The Property consists of 3,000 claims situated across 3 project areas, namely Hopes Advance, Morgan Lake and Roberts Lake (the "Projects"). These projects are located over 126,000 hectares at tidewater along the northern extension of the Labrador Trough in the Nunavik region of northern Quebec.

The Projects cover over 300 kilometres of iron formation and all the deposits are located within 20 – 50 kilometres off the coast of Ungava Bay. The Property is the subject of a National Instrument 43-101 technical report prepared by Micon International Limited ("Micon") of Toronto, Ontario, entitled "Technical Report on the Ungava Iron Property Ungava Bay Region, Quebec Canada", which is available for review the Company's website (www.oceanicironore.com) and on SEDAR (www.sedar.com).

All three Projects have been explored historically (in the 1950's and 1960's), including sampling, drilling and metallurgical work to support the planning and development of iron mines.

The 43-101 Technical Report prepared by Micon (noted above) documents and summarizes the historic exploration (327 drillholes over 21,711 metres) and metallurgical work completed on the Projects, including the development of extensive historical mineral resource estimates set out below that do not comply with the current Canadian Institute of Mining, Metallurgy and Petroleum Resources (CIM) Definition Standards on Mineral Resources and Mineral Reserves as required by National Instrument 43-101 (NI 43-101) "Standards of Disclosure for Mineral Projects". The following tables set out the historic resource as published in the Micon 43-101 Technical report entitled "Technical report on the Ungava Iron Property – Ungava Bay Region, Quebec, Canada" (October 29, 2010).

1. *Hopes Advance – Historic Resource**

Deposit	Crude Resource (million metric tonnes)	Head Iron (Sol. Fe)	Exploration Drillholes	Metres Drilled	Source	Date
Bay Zones (A to F)	124.4	35.0%	54	3,929	P.E. Auger	1958
Castle Mountain	204.3	34.8%	53	3,966	P.E. Auger	1958
No. 2 Zone	80.8	36.4%	22	1,672	P.E. Auger	1958
No. 4 Zone	72.0	35.7%	27	1,435	P.E. Auger	1958
Northwest Corner	16.7	37.3%	3	252	P.E. Auger	1958
McDonald Zone	14.4	37.7%	7	443	P.E. Auger	1958
Iron Valley Zone	78.3	37.7%	16	1,129	P.E. Auger	1958
Total Drill Indicated	*590.9*	*35.7%*	*182*	*12,826*	---	---
No. 1 Zone	61.0	35.0%	3	109	P.E. Auger	1958
No. 2 Zone Western Part	40.6	35.0%	0	0	P.E. Auger	1958
No. 3 Zone	12.2	35.0%	0	0	P.E. Auger	1958
No. 6 Zone	10.2	35.0%	0	0	P.E. Auger	1958
Northwest Corner Possible	89.4	35.0%	0	0	P.E. Auger	1958
McDonald Zone Possible	15.2	35.0%	0	0	P.E. Auger	1958
Total Potential	*228.6*	*35.0%*	*3*	*109*	---	---
Total Hopes Advance Area	***819.5***	***35.5%***	***185***	***12,935***	---	---

2. *Morgan Lake – Historic Resource**

Deposit	Crude Resource (million metric tonnes)	Head Iron (Mag. Fe)	Exploration Drillholes	Metres Drilled	Source	Date
Payne Range	72.4	23.9%	29	1,427	G.A. Gross	1964
Morgan Lake	437.8	21.8%	16	2,184	A.T. Griffis	1957
Total Drill Indicated	*510.2*	*22.1%*	*45*	*3,611*	---	---
Morgan Lake Potential	*101.6*	*22.7%*	*0*	*0*	*A.T. Griffis*	*1,957*
Total Morgan Lake Area	***611.8***	***22.2%***	***45***	***3,611***	---	---

*3. Roberts Lake – Historic Resource**

Deposit	Crude Resource (million metric tonnes)	Head Iron (Sol. Fe)	Exploration Drillholes	Metres Drilled	Source	Date
Kayak Bay Zone (Zone 1)	111.7	35.3%	45	1,880	P.E. Cavanagh	1970
Payne River (Zone 2)	22.3	31.0%	26	2,535	P.E. Cavanagh	1970
Igloo Lake (Zone 3)	101.6	38.0%	11	248	P.E. Cavanagh	1970
Hump (Zone 4)	203.2	37.6%	15	452	P.E. Cavanagh	1970
Total Drill Indicated	*438.8*	*36.8%*	*97*	*5,115*	---	---
Synclinal (Zone 5)	203.2	36.0%	0	0	P.E. Cavanagh	1970
Yvon Lake (Zone 6)	101.6	36.8%	0	0	P.E. Cavanagh	1970
Potential Zone 1	254.0	35.0%	0	0	P.E. Cavanagh	1970
Potential Zone 2	254.0	35.0%	0	0	P.E. Cavanagh	1970
Total Potential	*812.8*	*35.5%*	*0*	*0*	---	---
Total Roberts Lake Area	***1,251.6***	***35.9%***	***97***	***5,115***	---	---

*These are historical resource estimates that do not comply with the current Canadian Institute of Mining, Metallurgy and Petroleum Resources (CIM) Definition Standards on Mineral Resources and Mineral Reserves as required by National Instrument 43-101 (NI 43-101) Standards of Disclosure for Mineral Projects. These historical resource estimates were described as "drill indicated" and "potential" at the time of reporting which does not correspond to the categorization set forth in sections 1.2 and 1.3 of NI 43-101. Although these historical resource estimates are relevant to support the presence of large areas of iron mineralization, these estimates are speculative, are based on very limited exploration drilling and will require extensive new exploration and metallurgical efforts to validate. They should not be treated as current mineral resources or reserves or relied upon until confirmed by current exploration and a Qualified Person. A Qualified Person has not done sufficient work to upgrade or classify these historical resource estimates as current NI-43-101 compliant mineral resources. The Roberts Lake historic resource was reported in 1970 from drilling in the late 1950s, the Morgan Lake historic resource was reported in 1957 and 1964, and the Hopes Advance historic resource was reported in 1958. Further information in respect of these historic resources is outlined in a 43-101 technical report prepared by Micon entitled "Technical Report on the Ungava Iron Property – Ungava Bay Region, Quebec, Canada dated Oct. 29, 2010, available on SEDAR.

**Sol Fe is soluble iron, Mag Fe is magnetic portion only.

Progress to Date

Senior management was appointed to the Company in January, 2011 to lead the development of the Projects. Since this appointment, the Company has made significant progress in advancing the Project with an initial resource estimate and Preliminary Economic Assessment targeted for release in October 2011.

2011 Drill Program

On April 6, 2011, the Company announced the commencement of the 2011 drill program. The program is focused primarily on the Hopes Advance project area and is targeted to delineate approximately 1 billion tonnes at a grade between 30% and 35% (Sol Fe) at Hopes Advance Bay by the end of the fourth quarter of 2011. In setting this target, the Company has taken account of the historic exploration and metallurgical work completed on the Property, including the combined historical estimate of 2.6 bn tonnes at an average grade of 32.7% (based on 21,711 metres of drilling) detailed above. The potential quantity and grade is conceptual in nature as to date there has been insufficient exploration to define a mineral resource to current 43-101 standards and it is uncertain if the current drill program will delineate the target as a mineral resource.

Three drills are now operational and focused on various targets in the Hopes Advance project area. Holes are being targeted based on historical information, although management has also identified certain extension targets to be tested as part of the overall program. The entire drill program is expected to last until the end of the third quarter of 2011. To date, the Company has drilled approximately 68 holes over 7,220 metres.

Assay Results

Twinned Holes

On July 5th and 20th respectively, the Company released initial assay results from the first six twinned holes of its 2011 drill program. Holes HA 11-03, HA 11-04, HA 11-05, HA 11-06, HA 11-07 and HA 11-08 were twinned with historic holes P34, P49, P35, P28, P27 and P47 respectively, and results compare closely to those reported historically, in addition to indicating low levels of sulphur and phosphorous. Results of these assays and the corresponding historic results are set out in the tables below

2011 Results				
DDH	**From (m)**	**To (m)**	**T.Width (m)**	**% Fe total**
HA-11-03	36.85	96.7	58.94	**34.0%**
HA-11-04	10.67	83.76	63.13	**32.3%**
HA-11-05	21.65	79.55	57.02	**34.6%**
HA-11-06	28.30	71.00	44.02	**31.3%**
HA-11-07	0.20	64.40	63.22	**32.6%**
HA-11-08	11.70	75.10	62.44	**32.6%**

Corresponding Historic Drill Hole Results (1954 – 1957)				
DDH	**From (m)**	**To (m)**	**T.Width (m)**	**% Fe soluble**
P34	36.58	96.32	58.83	**35.4%**
P49	10.67	83.76	65.98	**34.9%**
P35	19.81	79.85	59.14	**34.9%**
P28	27.43	82.30	54.04	**30.8%**
P27	7.92	59.83	59.14	**34.5%**
P47	10.67	74.68	63.03	**33.4%**

Exploration Drill Holes

Initial results from the first two exploration holes have also been released. Drill Hole HA 11-001b (on the section 40+00) is an exploration hole confirming the extension of mineralization 175 metres to the east of the historical resource boundaries. The drill hole returned an assay of 31.08% Fe (Sokoman Formation) over a width 63.00 m* (62.04 m T.W.). Drill hole HA 11-002, the second exploration drill hole to report, returned an assay of 33.4% Fe total over a width of 105.4 m* (103.8 m T.W.), with cover of approximately 30.6 m. This hole is located approximately 160 m east of drill hole HA 11-003 and 80 metres outside of the historical pit limit (1956), illustrating the potential extension eastward of the Castle Mountain zone.

The results of the assays will be used to select intervals with similar mineralogic and chemical characteristics for compositing. The composite samples will be analyzed to determine the combined weight recovery of magnetite and hematite and the resulting concentrate grade.
The drilling is of NQ caliber with sample lengths being collected up to a maximum length of two meters. Assay samples collected are sent to ALS Chemex for Whole Rock analysis by lithium borate fusion and

XRF (oxides), Ferrous iron by H2SO4 – HF and acid digestion and titrimetric finish, and Total Sulphur by LECO method.

On completion of the twinning, the Company will focus 5 drills on extension and step-out targets in Hopes Advance, as well as targets identified in its Roberts Lake and Morgan Lake project areas.

* *Down-hole Width*

Metallurgical Testing

On June 16, 2011, the Company announced that it had shipped a ten tonne bulk sample to FLSmidth of Utah for analysis of general metallurgical and mineralogical characterization and to establish a conceptual flowsheet. In addition, on July 26, 2011, the Company announced the appointment of SGS in Lakefield to conduct bench scale metallurgical testing, including head assays, Wilfley table gravity testing and Davis tube testing, on some 800 samples from the Company's Hopes Advance project. This testing will provide an analysis of weight recoveries and concentrate grades which will be included in the 43-101 resource estimate and Preliminary Economic Assessment.

Fast-Tracking of Resource Estimate and PEA

The Company is targeting the release of an interim CIM compliant 43-101 mineral resource estimate as well as Preliminary Economic Assessment in respect of the Hopes Advance project in October 2011.

The Company has appointed Micon to lead the studies. Micon will work alongside AMEC, which is producing a marine facility study with the help of FedNav, FLSmidth, who as noted above, are analyzing the Company's bulk sample and establishing a conceptual flowsheet, SGS who are conducting bench scale metallurgical testing and Golder, who are producing a report to be incorporated into the PEA that will focus on the environmental and social components important to the project.

Interaction with Stakeholders

The Company has made the establishment of positive social and community relations a corporate philosophy and priority. The Company engaged at a very early stage with the local Inuit communities in which it is currently working and has ensured that communication lines remain open and strong.

On May 31, 2011, the Company announced that it had engaged SECOR, an international strategic consulting firm to produce a high level economic impact study to be used as the basis for its continuing discussions with the Quebec government in relation to the potential economic benefits of the development of the Ungava Bay Project under the Plan Nord. This initial study lays the foundation for further analysis as the Projects develop, focusing on job creation, fiscal revenues, infrastructure development and potential economic and structural benefits for the local communities in the region. The Company has used this study as a basis for engaging with both the Federal and Provincial governments in respect of the development of the Projects.

Eddy Canova, P.Geo., the Exploration Manager for the Company and a Qualified Person as defined by NI 43-101, has reviewed and is responsible for the technical information contained in the MD&A.

Overall Performance and Results of Operations

	2011	2010	2009
Total Assets, March 31	$ 42,459,994	$ 344,760	$ 598,867
Revenues (**Note 1**)	$ 128,010	$ 20,762	$ (20,654)
Net loss for the year	$ (5,215,728)	$ (253,738)	$ (261,112)
Basic loss per share	$ (0.07)	$ (0.04)	$ (0.04)
Weighted average number of common shares outstanding	70,059,833	7,247,703	7,247,703

Note 1 – Revenues consist of interest and other income.

Total assets increased to $42,459,994 at March 31, 2011 from $344,760 at March 31, 2010. The most significant assets at March 31, 2011 were mineral properties of $22,252,259 (March 31, 2010: nil) and cash and cash equivalents of $19,082,521 (March 31, 2010: $194,169).

The increase in mineral properties during the period was a result of the acquisition of the properties as described in *Acquisition of Iron Ore Mining Claims*. The increase in cash and cash equivalents during the period was the result of net private placement proceeds of $21,645,438, proceeds on exercise of warrants and options of $1,608,782 and proceeds on the sale of marketable securities of $25,726, partially offset by $2,011,600 paid to the Kataria group, $807,427 spent on the acquisition of claims and subsequent exploration expenditures, and $1,572,567 used in operating activities.

The Company incurred a net loss of $5,215,728 during the year ended March 31, 2011 (2010: $253,738). The most significant expenses incurred were stock-based compensation of $4,668,087 (2010: nil), professional fees of $140,893 (2010: $47,425) and consulting and management fees of $284,194 (2010: $24,000). The stock-based compensation represents the Black-Scholes calculated fair value of the stock options issued to directors, officers and charities during the 3rd and 4th quarters. The increase in both professional fees and consulting and management fees were a result of expenditures incurred pursuant to the acquisition of the Property.

During the year ended March 31, 2011, the Company recorded interest income of $59,159 (2010: $399), which consisted of interest earned on the Company's term deposits. The Company recorded an unrealized gain on marketable securities of $121,250 (2010: $11,000) in relation to the Company's investment in Yellowhead Mining Inc. and a loss on write-off of investments of $50,056 (2010: nil) in respect of the Company's investment in a private company.

Liquidity and Capital Resources

As at March 31, 2011, the Company had working capital of $19,293,838. The Company expects it has sufficient cash resources to settle outstanding liabilities and carry out its 2011 exploration programs as well as corporate expenditures.

The Company has no bank debt or banking credit facilities in place.

Off-Balance Sheet Arrangements

As at March 31, 2011, the Company had no Off-Balance sheet arrangements.

Summary of Quarterly Results

	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenues (**Note 1**)	$ 79,626	$ 37,065	$ 15,214	$ (3,895)
Net loss for the period	$ (2,969,334)	$ (2,022,342)	$ (156,448)	$ (67,604)
Basic and diluted loss per share	$ (0.02)	$ (0.03)	$ (0.00)	$ (0.01)

	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Revenues (**Note 1**)	$ (6,100)	$ 5,150	$ 12,769	$ 8,943
Net loss for the period	$ (91,190)	$ (55,345)	$ (57,470)	$ (49,733)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

Note 1 – Revenues consist of interest and other income.

From the first quarter of 2010 to the first quarter of 2011, revenues and net loss remained fairly consistent given the limited level of activity of the business at the time. This began to increase in Q2 2011 as the Company began to raise money for the acquisition of the Property. The net loss then significantly increased in Q3 2011 due to increased business activity with the acquisition of the Property complete, along with stock based compensation of 4,668,087 as a result of options issued directors, employees, and consultants.

Fourth Quarter Results

For the three months ended March 31, 2011, the Company recorded a net loss of $2,969,334 or ($0.02) per share, compared with a net loss of $91,190, or ($0.01) per share, for the same period of 2010.

As was the case with the year ended March 31, 2010, operating expenses for the three months ended March 31, 2011, when compared to those for the same period of 2010 have increased significantly due to the overall increase in business activity.

The largest component of the loss in the quarter is represented by a non-cash expense for stock-based compensation of $2,803,521 (2010 – Nil). This amount comprises approximately 88% of the total administrative expenses. This amount also substantially contributes to the entire increase in net loss compared to the three months ended March 31, 2010. The third quarter of 2011 was the first period in which stock based compensation was recorded and as such, contributed to the sharp increase in net loss for the Company.

Furthermore, the Company recorded an income tax recovery of $145,140 to reflect the tax benefit for losses incurred since the acquisition of the Property.

Other expense items such as Consulting and management (2011 - $174,355, 2010 - $6,000), Professional Fees (2011 - $55,777, 2010 - $23,577), and Travel (2011 - $28,531, 2010 - Nil) all significantly increased from the same period of 2010. The items that offset the expenses above include interest income of $52,150 (2010 – ($7,101)) from the Company's investment of excess cash in fixed rate term deposits, and unrealized gain on marketable securities of $29,998 (2010 – ($15,543).

Critical Accounting Policies

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the annual financial statements for the year ended March 31, 2011.

Mineral Properties

All costs directly related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations.

A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Management regularly reviews the net carrying value of each mineral property. Where events or changes in circumstances suggest impairment, estimated future cash flows are calculated using estimated future prices, proven and probable reserves, value beyond proven and probable reserves, probability weighted outcomes and operating capital reclamation costs on an undiscounted basis. If it is determined that the future undiscounted cash flows are less than the carrying value, a write down to the estimated fair value is expensed in the period. Where future cash flows cannot be estimated and other events or changes in circumstances suggest impairment, the asset is written down to its estimated fair value using management's best estimates and comparative situations in the marketplace.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, and future profitable production or proceeds from the disposition thereof.

Stock Based Compensation

All stock-based awards made to directors, employees and non-employees are measured and recognized using the Black-Scholes valuation model. For directors and employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For all stock based awards, compensation expense is recorded in one of the following areas:

- The Balance sheet, under Mineral properties if the stock based compensation is for services directly attributable to the mineral property

- The Balance sheet, under equity if the stock based compensation is in relation to services performed under a share issuance; else

- The Statement of operations, comprehensive loss, and deficit

A corresponding increase is recorded in the Contributed Surplus account in the Balance Sheet.

Changes in Accounting Policies Including Initial Adoption

Business Combinations

In December 2008, the CICA issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Effective April 1, 2010, the Company early adopted all three sections.

Recent Accounting Standards Not Yet Effective

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board confirmed that International Financial Reporting Standards will replace Canadian standards("GAAP") for publicly accountable profit-oriented enterprises effective January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter of fiscal 2012, will contain IFRS compliant information on a comparative basis, as well as reconciliations for that quarter and as at the April 1, 2010 transition date.

Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The three phases of the Company's transition plan to IFRS are as follows:

- Preliminary planning: This phase involves the development of the IFRS convergence plan, including the impact of IFRS on the Company's accounting policies, information technology and data systems, internal control over financial reporting and disclosure controls and procedures.

- Detailed impact assessment: This phase involves a detailed review of the Company's current accounting policies and accounting policies that are expected to be implemented in preparing IFRS statements, along with quantification of key line items and disclosures, as well as the evaluation of the impact on operational elements.

- Implementation: This phase involves finalizing the accounting policy changes, implementation of additional internal controls, preparation and approval of completed IFRS financial statements and ongoing training of key personnel.

The Company has worked through the detailed impact assessment phase of the IFRS conversion plan.

At this stage, the Company expects three material changes to the face of the financial statements related to the Company's future income tax position.

- Under Canadian GAAP, the Company recognized a deferred income tax liability on temporary differences arising on the initial recognition of mineral properties acquired other than in business combinations. IAS 21, Income Taxes, does not permit the recognition of deferred taxes on such transactions which is not a business acquisition that affects neither accounting profit nor tax profit. The impact of the de-recognition of the deferred taxes is expected to result in a reduction of $3.6 million to the deferred tax liability at December 31, 2010 and $3.8 million at March 31, 2011, with a corresponding reduction to mineral properties at December 31, 2010 and at March 31, 2011, respectively.

- Under Canadian GAAP, a temporary taxable difference exists between the accounting base of flow through shares (the entire amount renounced in the year) and the tax basis (nil, due to renunciation of the deduction to investors). This created an FIT liability at March 31, 2011 of $2.5m ($9.3m x 26.9% FIT rate). Under IFRS, the accounting basis of the Flow through shares is recorded only to the extent that the Company has actually spent the money. For the period ended March 31, 2011, the Company has incurred approximately $1.4 million of exploration expenditures in respect of the projects. Accordingly, under IFRS, the impact of the new standard is expected to result in a reduction of the FIT liability of $0.4m ($1.4m x 26.9%) at March 31, 2011.

  The impact of the de-recognition of the deferred taxes is expected to be a reduction of $2.1 million to the deferred tax liability at March 31, 2011, with a corresponding increase to share capital. This FIT liability will increase over time as the exploration program spending progresses.

- Under Canadian GAAP, the amount received with respect to flow through shares issued by the Company is recorded as a credit to share capital. Under IFRS, the viewpoint taken is that the issue of flow through shares is the combination of an issuance of shares and a sale of tax deductions to the shareholder. The sale of the tax deductions may be measured using either the residual method or the relative fair value method. At the time the flow-through shares are issued, the sale of the tax deduction is deferred and presented as other liabilities on the balance sheet as the entity has yet to fulfill its obligation to pass on the tax deductions to the investor. When the entity fulfills its obligation, the sale of tax deductions is recognized in the income statement either as other income or a reduction in deferred tax expense.

  The initial impact of the adoption of this standard is expected to result in a reduction of $0.5m to share capital with a corresponding increase to deferred income. Although the Company began to fulfill its obligation in the fourth quarter of 2011, the amount to recognize in the income statement as other income is immaterial and therefore will not be adjusted for in the financial statements upon adoption of IFRS.

The expected adjustments noted above are not final as a final assessment has yet to be performed.

Based on management's review of current processes, minimal impact is expected on information technology and data systems, and internal controls over financial reporting. Management's assessment indicates that there will be revisions to the Company's financial statement disclosures on adoption of IFRS, but there will be no major financial impact. However, IFRS are evolving in advance of the transition date, and such changes may alter management's current assessment.

Critical Accounting Estimates

Estimates by management represent an integral component of financial statements prepared in conformity with Canadian GAAP. The estimates made in these financial statements reflect management's judgments based on past experiences, present conditions, and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared. Areas requiring the use of estimates include mineral properties, income taxes and stock-based compensation.

Risks and Uncertainties

The Company is exposed to financing risk as it is not in commercial production on any of its mineral resource properties, and accordingly, has no revenues. The Company currently finances its operations by raising capital in the equity markets. Although the Company presently has sufficient financial resources to undertake its currently planned exploration program and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

The Company is engaged in the acquisition, exploration and development of mineral properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits. The Company will seek to counter these risks to the extent possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

The Company depends on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term.

Financial Instruments and Other Instruments

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables, and accounts payable and accrued liabilities.

Cash and cash equivalents and marketable securities are designated as held-for-trading and carried at fair value, with the unrealized gain or loss recorded in the statement of operations, comprehensive loss and deficit.Receivables are designated as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The fair values of cash and cash equivalents, marketable securities, receivables and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Fair Value Measurement

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "Financial Instruments Disclosures" requires disclosure of a three-level hierarchy for fair value measurements based upon the significance of inputs used in making fair value measurements as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2– inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

At March 31, 2011, cash and cash equivalents were categorized as level 2 and marketable securities were categorized as level 1.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents, receivables and marketable securities. The Company reduces its credit risk by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets noted above.

Liquidity Risk

The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and our cash needs over the short term. Management has concluded that the Company has adequate financial resources to settle obligations as at March 31, 2011.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its marketable securities as well as its cash and cash equivalents. The Company manages market risk by investing in diverse industries and companies. The Company also has set thresholds on purchases of investments. A 10% change in the price of the Company's marketable securities would have an immaterial impact on net income and comprehensive income.

The Company also invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of fixed rate instruments. A 1% change in interest rates would have a $190,000 impact on net income and comprehensive income.

Commitment

Effective September 1, 2010, the Company entered into a financial advisory and office rental agreement with Endeavour Administration Services Ltd. ("Endeavour"). Endeavour charges $10,000 per month for the advisory services, and may also earn success fees on certain transactions. Endeavour had also charged $1,000 per month for rent in conjunction with the agreement. However this portion of the agreement was terminated in favour of the lease agreement noted below. The initial term of the agreement is for one year after which it will continue in force on a month-to-month basis.

Effective March 1, 2011, the Company entered into an agreement with a related company in respect of shared lease, overhead and service costs. Under the agreement, the Company is billed quarterly for office rental and other services relating to its Head Office in Vancouver. The agreement expires on September 29, 2015, but either party may terminate the agreement provided 90 days' notice. Absent of a termination of the agreement by either party, the committed rent charges for the Company are as follows:

March 31,	Amount
2012	$ 71,013
2013	73,098
2014	74,943
2015	74,943
thereafter	37,812
	$ 331,809

Lastly, as noted in note 5, commencing on November 30, 2011, Oceanic must pay minimum advance NSR payments of $200,000 per year, which will be credited against all future NSR payments payable from production.

Related Party Transactions

For the year ended March 31, 2011 and 2010, the Company was charged the following expenses by directors or companies with common directors:

	March 31 2011	March 31 2010
Rent & Shared Services	$ 21,650	$ -
Management Fees	176,925	24,000
	$ 198,575	**$ 24,000**
Amounts due to related parties	$ 24,247	$ -

All charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Outstanding Share Data

As at the date of this report, there were 144,203,231 common shares issued and outstanding.

As at the date of this report, there were 12,913,500 stock options and 59,752,500 common share purchase warrants outstanding.

Subsequent Events

Subsequent to year end,

a) The Company issued a total of 1,600,000 stock options to officers and employees of the Company with an exercise price ranging from $0.44 to $0.62 and expiry dates ranging from April 5, 2020 to May 18, 2021.

b) A total of 527,014 options were exercised, with exercise prices ranging from $0.24 to $0.27.

c) A total of 850,000 options with an exercise price of $0.40 were forfeited as a result of the resignation of a director of the Company.

d) A total of 885,000 warrants were exercised at a price of $0.10.

e) The Company sold 125,000 shares of an unrelated company for proceeds of $171,962.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Forward Looking Statements

This document includes certain "Forward-Looking Statements" as that term is used in applicable securities law. All statements included herein, other than statements of historical fact, including, without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "scheduled", "believes", or variations of such words and phrases or statements that certain actions, events or results "potentially", "may", "could", "would", "might" or "will" be taken, occur or be achieved. There can be no assurance that such statements will prove to be accurate, and actual results could differ materially from those expressed or implied by such statements. Forward-looking statements are based on certain assumptions that management believes are reasonable at the time they are made. In making the forward-looking statements in this presentation, the Company has applied several material assumptions, including, but not limited to, the assumption that: (1) there being no significant disruptions affecting operations, whether due to labour/supply disruptions, damage to equipment or otherwise; (2) permitting, development, expansion and power supply proceeding on a basis consistent with the Company's current expectations; (3) certain price assumptions for iron ore; (4) prices for availability of natural gas, fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (5) the accuracy of current mineral resource estimates on the Company's property; and (6) labour and material costs increasing on a basis consistent with the Company's current expectations. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" in the Company's Filing Statement dated November 22, 2010 (a copy of which is publicly available on SEDAR at www.sedar.com under the Company's profile) and elsewhere in documents filed from time to time, including MD&A, with the TSX Venture Exchange and other regulatory authorities. Such factors include, among others, risks related to the ability of the Company to obtain necessary financing and adequate insurance; the economy generally; fluctuations in the currency markets; fluctuations in the spot and forward price of iron ore or certain other commodities (e.g., diesel fuel and electricity); changes in interest rates; disruption to the credit markets and delays in obtaining financing; the possibility of cost overruns or unanticipated expenses; employee relations. Accordingly, readers are advised not to place undue reliance on Forward-Looking Statements. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise Forward-Looking Statements, whether as a result of new information, future events or otherwise.

Additional information relating to the Company is available on SEDAR at www.sedar.com.