Oceanic Iron Ore Corp.

Unaudited Condensed Interim Financial Statements
For the three and six months ended September 30, 2017 and 2016
(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Oceanic Iron Ore Corp. have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Oceanic Iron Ore Corp.

Consolidated Statements of Financial Position

	Notes	As at September 30, 2017	As at March 31, 2017
Assets			
Current			
Cash and cash equivalents		$ **647,294**	$ 234,085
Receivables		**12,028**	22,898
Prepaid expenses and deposits		**6,844**	16,598
Restricted cash		**1,150**	34,500
		667,316	308,081
Mineral properties	*4*	**42,150,852**	41,974,448
		$ **42,818,168**	$ 42,282,529
Liabilities			
Current			
Accounts payable and accrued liabilities		$ **127,186**	$ 149,361
Due to related parties	*8*	**87,554**	4,374
Current portion of advance royalty payable	*4b*	**193,496**	175,227
Convertible debentures - liability component	*5a*	**1,980,576**	1,862,062
		2,388,812	2,191,024
Non-current portion of advance royalty payable	*4b*	**492,587**	446,078
Non-current portion of convertible debentures	*5b*	**801,422**	-
		3,682,821	2,637,102
Shareholders' equity			
Share capital	*6a*	**57,829,901**	57,804,901
Contributed surplus	*6b,c,d*	**10,052,171**	9,961,531
Convertible debenture - equity component	*5a*	**339,739**	339,739
Deficit		**(29,086,464)**	(28,460,744)
		39,135,347	39,645,427
		$ **42,818,168**	$ 42,282,529

Nature of operations and going concern	*1*
Commitments	*7*
Subsequent Events	*5a, 4b*

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

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

Oceanic Iron Ore Corp.

Consolidated Statements of Loss and Comprehensive Loss (unaudited)
For the three and six months ended September 30

	Notes	Three months ended 2017	Three months ended 2016	Six months ended 2017	Six months ended 2016
Expenses					
Consulting and management fees		**$ 58,750**	$ 43,750	**$ 102,500**	$ 87,500
Directors' fees		**2,500**	7,500	**10,000**	15,000
Investor relations and corporate development		**3,725**	14,460	**22,200**	33,131
License and insurance		**4,898**	5,105	**9,843**	10,197
Office and general		**4,269**	6,357	**9,048**	11,076
Professional fees		**23,455**	6,249	**32,628**	14,161
Rent		**8,755**	8,750	**17,507**	17,218
Share-based payments	*6b,c,d*	**43,905**	52,720	**115,640**	116,361
Transfer agent and regulatory		**6,886**	495	**7,033**	1,474
Travel		**48**	914	**101**	1,428
Wages and benefits		**37,344**	76,334	**108,009**	152,298
		194,535	222,634	**434,509**	459,844
Other income (expenses)					
Interest and other income		**-**	306	**48**	652
Convertible debenture accretion expense		**(97,294)**	(85,341)	**(191,259)**	(168,024)
Net loss and comprehensive loss for the period		**$ (291,829)**	$ (307,669)	**$ (625,720)**	$ (627,216)
Loss per common share - basic and diluted		**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding		**50,129,480**	43,218,178	**50,062,085**	42,765,638

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

Oceanic Iron Ore Corp.

Consolidated Statements of Changes in Equity (unaudited)
For the three and six months ended September 30

	Notes	Shares		Share Capital		Contributed surplus		Convertible debenture		Deficit		Total Equity
						2017						
Balance - April 1, 2017		**49,962,813**	**$**	**57,804,901**	**$**	**9,961,531**	**$**	**339,739**	**$**	**(28,460,744)**	**$**	**39,645,427**
Share-based payments recognized	*6b,c*	-		-		115,640		-		-		115,640
Settlement of restricted share units	*6b*	166,667		25,000		(25,000)		-		-		-
Net loss for the period		-		-		-		-		(625,720)		(625,720)
Balance - September 30, 2017		**50,129,480**	**$**	**57,829,901**	**$**	**10,052,171**	**$**	**339,739**	**$**	**(29,086,464)**	**$**	**39,135,347**

	Shares		Share Capital		Contributed surplus		Convertible debenture		Deficit		Total Equity
					2016						
Balance - April 1, 2016	**42,308,124**	**$**	**56,372,208**	**$**	**10,012,094**	**$**	**339,739**	**$**	**(27,104,031)**	**$**	**39,620,010**
Private placement - September 13, 2016	4,925,000		985,000		-		-		-		985,000
Share issue costs	-		(24,707)		-		-		-		(24,707)
Share-based payments recognized	-		-		116,361		-		-		116,361
Net loss for the period	-		-		-		-		(627,216)		(627,216)
Balance - September 30, 2016	**47,233,124**	**$**	**57,332,501**	**$**	**10,128,455**	**$**	**339,739**	**$**	**(27,731,247)**	**$**	**40,069,448**

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

Oceanic Iron Ore Corp.

Consolidated Statements of Cash Flows (unaudited)
For the three and six months ended September 30

	Notes	Three Months ended 2017	Three Months ended 2016	Six Months ended 2017	Six months ended 2016
Operating activities					
Net loss for the period		**$ (291,829)**	$ (307,669)	**$ (625,720)**	$ (627,216)
Adjustments for:					
Share-based payments		**43,905**	52,720	**115,640**	116,361
Other (income) expense		**-**	(306)	**(48)**	(652)
Interest and financing expense		**97,294**	85,341	**191,259**	168,024
Net changes in non-cash working capital balances:					
Prepaid expenses and deposits		**(3,339)**	15,349	**9,755**	37,514
Receivables		**152**	9,530	**5,578**	79,163
Accounts payable and accrued liabilities		**(25,581)**	(25,591)	**(39,027)**	(17,635)
Due to related parties		**35,023**	736	**83,180**	83
		(144,375)	(169,890)	**(259,383)**	(244,358)
Investing activities					
Mineral property expenditures		**(91,054)**	(189,784)	**(93,212)**	(281,798)
		(91,054)	(189,784)	**(93,212)**	(281,798)
Financing activities					
Interest paid on convertible debenture	*5a*	**(30,380)**	(30,380)	**(72,746)**	(60,760)
Proceeds received from restricted cash		**33,350**	-	**33,350**	-
Proceeds from convertible debenture net of issuance costs	*5b*	**805,200**	-	**805,200**	-
Proceeds from private placement net of issuance costs		**-**	960,293	**-**	960,293
		808,170	929,913	**765,804**	899,533
Change in cash and cash equivalents during the period		**572,741**	570,239	**413,209**	373,377
Cash and cash equivalents, beginning of period		**74,553**	410,584	**234,085**	607,446
Cash and cash equivalents, end of period		**$ 647,294**	$ 980,823	**$ 647,294**	$ 980,823
Cash and cash equivalents are comprised of the following:					
Cash		**$ 647,294**	$ 804,823	**$ 647,294**	$ 804,823
Term deposits		**$ -**	$ 176,000	**$ -**	$ 176,000
		$ 647,294	$ 980,823	**$ 647,294**	$ 980,823

The accompanying notes are an integral part of these condensed interim 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. The Company has convertible debentures that mature on November 23, 2017, however, these debentures may be settled in common shares at the discretion of the Company. For the six months ended September 30, 2017, the Company reported a loss of $625,720 and as at that date had an accumulated deficit of $29,086,464 and working capital deficit of $1,721,496. Despite a private placement financing that completed in September 2017, the Company may need to raise additional funds in order 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, 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 PRESENTATION

These unaudited condensed interim financial statements for the three and six months ended September 30, 2017 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34"). 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 financial statements for the year ended March 31, 2017, which have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

These financial statements were approved by the board of directors on November 22, 2017.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The significant accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended March 31, 2017 and have been consistently followed in preparation of these Interim Financial Statements.

New relevant IFRS pronouncements that have been issued but are not yet effective are listed below. We plan to apply the new standard or interpretation in the annual period for which it is first required.

IFRS 9 – Financial instruments

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has assessed this standard as currently having no impact to the Company's financial statements.

IFRS 16 – *Leases*

In January 2016, the IASB issued IFRS 16 – Leases which replaces International Accounting Standard 17 – Leases and its associated interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has assessed this standard as currently having no impact to the Company's financial statements.

4. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Six months ended September 30, 2017	Year ended March 31, 2017
Acquisition Costs - beginning of period	**$ 18,895,230**	$ 18,598,530
Additions during the period		
Additional advance royalty payable	**-**	163,162
Accretion of advance royalty payable	**64,778**	133,538
Acquisition Costs - end of period	**$ 18,960,008**	$ 18,895,230

b) Exploration costs

	Six months ended September 30, 2017	Year ended March 31, 2017
Cumulative exploration costs - beginning of period	**$ 23,079,218**	$ 22,368,290
Expenditures during the period		
Permitting & claims	**32,977**	71,920
Fieldwork & geology	**-**	50,535
Consultants	**300**	84,454
Equipment, supplies & rentals	**5,538**	41,557
Office and accomodation	**72,811**	298,161
Transportation	**-**	68,332
Equipment depreciation	**-**	111,490
Exploration tax credit refund claim	**-**	(15,521)
Exploration expenditures for the period	**111,626**	710,928
Cumulative exploration costs - end of period	**$ 23,190,844**	**$ 23,079,218**
Grand total - mineral properties	**$ 42,150,852**	$ 41,974,448

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.

154619 Canada Inc. is a corporation controlled by Mr. Peter Ferderber, who assigned his original 1% NSR to the numbered company in 2012. The remaining 1% NSR advance royalty payment is due to SPG Royalties Inc. (“SPG”), the assignee of the late Mr. John Patrick Sheridan.

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. In the prior year, management revised its estimate on the timeline for reaching commercial production, extending the number of advance NSR payments to be paid by the Company, which resulted in an increase in the advance royalty payable.

4. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Exploration costs (continued)

The total estimated future undiscounted NSR payment as at September 30, 2017 is $1,000,000 (March 31, 2017: $1,000,000) (Note 7). For the three and six months ended September 30, 2017, accretion of the advance royalty payable totaled $33,192 and $64,778, respectively (September 30, 2016: $33,368 and $65,122, respectively). At September 30, 2017, the total advance royalty payable was $686,083 (March 31, 2017: $621,305), with $193,496 (March 31, 2017: $175,227) recognized as a current liability and $492,587 recognized as a long-term liability (March 31, 2017: $446,078).

On November 20, 2017, the Company signed an amending agreement with 154619 Canada Inc., whereby the annual advance royalty payment of $100,000, originally due on November 30, 2017, was deferred for a period of one year. On November 30, 2018, the Company will have the option to settle the advance royalty payment by cash payment or by way of issuance of Common Shares of the Company.

5. CONVERTIBLE DEBENTURES

	Convertible Debenture - Existing Debentures (a)	Convertible Debenture - 2017 Debentures (b)	Total
Opening balance - April 1, 2016	**$ 1,636,351**	**$ -**	**$ 1,636,351**
Interest expense and accretion	347,231	-	**347,231**
Interest payments	(121,520)	-	**(121,520)**
Balance - March 31, 2017	**$ 1,862,062**	**$ -**	**$ 1,862,062**
Cash received in 2017	-	810,000	**810,000**
Transaction costs	-	(8,578)	**(8,578)**
Interest expense and accretion	191,259	-	**191,259**
Interest payments	(72,745)	-	**(72,745)**
Balance - September 30, 2017	**$ 1,980,576**	**$ 801,422**	**$ 2,781,998**
Current portion of liability component	**$ 1,980,576**	**$ -**	**$ 1,980,576**
Non-current portion of liability component	**$ -**	**$ 801,422**	**$ 801,422**

a) Existing Debentures

The maturity date of the remaining principal amount of the Existing Debentures of $2,025,329 is November 23, 2017 and has a conversion price of $0.43 per share. In addition, and subject to receipt of all required regulatory approvals, the Company has the right at any time to pay all or any part of the unpaid principal in respect of the Existing Debentures in common shares, where the issue price of each common share will be equal to the volume weighted average trading price for the 20 days prior to the date of notice of the conversion. The interest rate of the Existing Debentures is 6%, payable quarterly.

Accretion expense for the three and six months ended September 30, 2017 was $97,294 and $191,259, respectively (September 30, 2016: $85,341 and $168,024, respectively).

5. CONVERTIBLE DEBENTURES *(continued)*

a) Existing Debentures

On November 17, 2017, the Company provided formal notice that the Company will repay the remaining principal balance and any unpaid accrued interest of the Existing Debentures, through the issuance of 16,734,703 common shares of the Company on November 23, 2017, being the maturity date of the Existing Debentures. The conversion price is based on the volume weighted average share price during the 20 trading days ending on the day before the Company provided notice of its intent to repay the Existing Debentures in common shares of the Company, being $0.1221. The amount to be repaid of $2,043,307 comprises a principal balance owing of $2,025,329 plus accrued and unpaid interest up to the maturity date of $17,798.

b) 2017 Debentures

On September 26, 2017, the Company completed a non-brokered financing of $810,000 by way of issuance of convertible debentures (the “2017 Debentures”). The 2017 Debentures carry an interest rate of 8.5%, payable quarterly, with a maturity date of September 26, 2022.

The principal amount of the 2017 Debentures are convertible at any time at the election of the Company. The 2017 Debentures are convertible into Units, whereby each Unit consists of one common share of the Company and one share purchase warrant of the Company. The conversion price during the first year of the 2017 Debentures is $0.08 per Unit, increasing to $0.10 per Unit for the remainder of the life of the 2017 Debentures. Each share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per common share, expiring September 26, 2022. The 2017 Debentures are secured against the assets of the Company.

6. SHARE CAPITAL

a) Share Capital

Unlimited common and preferred shares without par value

b) Restricted Share Units (“RSUs”)

The RSU plan provides for the issuance of common shares from treasury upon the exercise of vested RSUs at no additional consideration. The current maximum number of common shares authorized for issue under the RSU plan is 3,491,057. The RSUs have vesting conditions determined by the board of directors.

A summary of the changes in RSUs is as follows:

	Number of RSUs
Balance - March 31, 2016	2,596,354
Settled	(1,829,689)
RSUs outstanding - March 31, 2017	766,665
Settled	(166,667)
Cancelled	(33,333)
RSUs outstanding - September 30, 2017	**566,665**

6. SHARE CAPITAL (continued)

b) Restricted Share Units ("RSUs") (continued)

RSU expense for the three months ended September 30, 2017 was $3,958 (September 30, 2016: $44,530) which was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss.

RSU expense for the six months ended September 30, 2017 was $15,417 (September 30, 2016: $89,061) which was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss.

c) Stock options

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

	Options		Weighted average
Options outstanding - March 31, 2016	3,830,950	$	0.17
Expired	(155,000)		0.20
Granted	1,280,000		0.25
Options outstanding - March 31, 2017	4,955,950		0.19
Expired	(330,000)		0.19
Cancelled	(195,001)		0.25
Options outstanding - September 30, 2017	**4,430,949**	**$**	**0.19**
Options exerciseable - September 30, 2017	**4,152,616**	**$**	**0.14**

Total share based payments recognized during the three months ended September 30, 2017 was $39,947 which was expensed in the consolidated statements of loss and comprehensive loss (September 30, 2016 - $8,190).

Total share based payments recognized during the six months ended September 30, 2017 was $100,223 which was expensed in the consolidated statements of loss and comprehensive loss (September 30, 2016 - $27,300).

6. SHARE CAPITAL (continued)

c) Stock options (continued)

The following table summarizes information about stock options outstanding at September 30, 2017:

Number of Options outstanding	Exercise Price CAD	Expiry Date	Options Exercisable
56,666	0.25	December 27, 2017	56,666
998,333	0.17	June 13, 2018	998,333
392,350	0.20	November 30, 2020	392,350
250,000	0.20	January 5, 2021	250,000
30,000	0.20	January 11, 2021	30,000
10,000	0.20	April 5, 2021	10,000
110,600	0.20	May 18, 2021	110,600
205,000	0.20	December 16, 2021	205,000
183,000	0.20	January 18, 2023	183,000
765,000	0.155	November 25, 2024	765,000
25,000	0.155	December 15, 2024	25,000
570,000	0.15	December 2, 2025	570,000
835,000	0.25	January 20, 2027	556,667
4,430,949			4,152,616

d) Share purchase warrants

As at September 30, 2017 the Company had a total of 4,925,000 share purchase warrants outstanding with an exercise price of $0.30, expiring on September 13, 2018.

A summary of the changes in the share purchase warrants is as follows:

	Number		Weighted average exercise price
Balance - April 1, 2016	15,536,250		0.30
Private Placement - September 13, 2016	4,925,000		0.30
Expired	(287,500)		0.48
Balance March 31, 2017	20,173,750		0.30
Expired	(15,248,750)		0.30
Balance September 30, 2017	**4,925,000**	**$**	**0.30**

7. COMMITMENTS

Effective March 1, 2011 (amended on July 1, 2012) the Company entered into an agreement with an affiliated company, with a director and officer in common, 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 office in Vancouver. The agreement expires on December 31, 2018. Either party may terminate the agreement by providing 90 days' notice.

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 4b).

The committed charges for the Company are as follows:

September 30,	**Vancouver office rent**	**NSR payments**	**Total commitments**
2018	34,219	200,000	234,219
2019	8,486	200,000	208,486
Thereafter	-	600,000	600,000
	$ 42,705	$ 1,000,000	$ 1,042,705

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key Management Compensation

Key management includes the Company's directors, Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. Compensation awarded to key management is presented in the table below:

	Three months ended September 30, 2017	Three months ended September 30, 2016	**Six months ended September 30 2017**	Six months ended September 30 2016
Wages and benefits	15,000	$ 62,950	**75,208**	121,700
Directors' fees	5,000	7,500	**12,500**	15,000
Share-based payments	41,431	50,498	**99,635**	108,472
	$ 61,431	$ 120,948	**$ 187,343**	$ 245,172

As at September 30, 2017, the Company owed $17,500 in directors' fees, and owed $5,000 to an officer of the Company.

b) Payments for services by related parties

During the three and six months ended September 30, 2017, the Company incurred corporate consulting fees of $28,750 and $57,500, respectively (September 30, 2016: $28,750 and $57,500, respectively), to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director of the Company. As at September 30, 2017, the Company owed $10,090 to Sirocco.

During the three and six months ended September 30, 2017, the Company incurred corporate consulting fees of $15,000 and $30,000, respectively (September 30, 2016: $10,500 and $21,000, respectively) to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by Bing Pan, the Interim CEO of the Company. As at September 30, 2017, the Company owed $5,000 to Sinocan.

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

b) Payments for services by related parties (continued)

As disclosed in Note 7, the Company is charged shared lease, overhead, and service costs by Atlantic Gold Corporation, a company with a director and officer in common. For the three and six months ended September 30, 2017, the Company incurred $18,844 and $38,095, respectively (September 30, 2016: $19,057 and $37,607, respectively) in shared lease, overhead, and service costs. As at September 30, 2017, the Company owed $49,147 to Atlantic Gold Corporation (March 31, 2017: $4,374). Refer to Note 7 for a listing of future commitments in respect of such lease costs.

In September 2017, the Company completed a non-brokered financing by way of issuance of convertible debentures, whereby $105,000 of the debentures are held by directors and officers of the Company (refer to Note 5b for terms of the convertible debentures). The convertible debentures are secured against the assets of the Company.

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

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The carrying values of cash and cash equivalents, restricted cash, accounts payable, accrued liabilities, due to related parties and convertible debenture liability approximate their fair values due to their short-term nature.