

# **Oceanic Iron Ore Corp.**

Unaudited Condensed Interim Financial Statements

**For the three and six months ended September 30, 2014 and 2013**  
(Stated in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of Oceanic Iron Ore Corp. ("the Company") 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 financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# Oceanic Iron Ore Corp.

## Statements of Financial Position

	September 30, 2014	March 31, 2014
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 357,462	\$ 2,093,897
Receivables (Note 4)	629,651	695,994
Prepaid expenses and deposits	166,514	185,713
Restricted cash	34,500	34,500
	<b>1,188,127</b>	<b>3,010,104</b>
Equipment	289,331	348,720
Mineral properties (Note 5)	40,048,374	38,994,208
	<b>\$ 41,525,832</b>	<b>\$ 42,353,032</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 757,025	\$ 718,977
Due to related parties (Note 9)	13,040	14,852
Current portion of advance royalty payable	193,496	175,227
Current portion of Convertible debenture - liability component ( Note 6)	159,258	-
	<b>1,122,819</b>	<b>909,056</b>
Advance royalty payable	395,535	358,190
Convertible debenture - liability component (Note 6)	2,342,376	2,312,720
Deferred income tax liability	-	246,758
	<b>3,860,730</b>	<b>3,826,724</b>
<b>Shareholders' equity</b>		
Share capital (Notes 7(a),7(b))	52,719,225	52,719,225
Contributed surplus (Notes 7(c),7(d))	8,387,856	8,308,310
Convertible debenture - equity component (Note 6)	562,011	562,011
Deficit	(24,003,990)	(23,063,238)
	<b>37,665,102</b>	<b>38,526,308</b>
	<b>\$ 41,525,832</b>	<b>\$ 42,353,032</b>

Nature of operations and going concern (Note 1)  
 Commitments (Note 8)  
 Subsequent events (Note 11)

Approved by the Board:

\_\_\_\_\_  
 " Steven Dean " Director

\_\_\_\_\_  
 " Gordon Keep " Director

# Oceanic Iron Ore Corp.

## Statements of Loss and Comprehensive Loss for the three and six months ended September 30, 2014 and 2013

	Three months ended September 30,		Six months ended September 30,	
	2014	2013	2014	2013
<b>Expenses</b>				
Consulting and management	\$ 137,500	\$ 137,500	\$ 275,000	\$ 275,000
Directors' fees	7,500	13,500	15,000	21,000
Investor relations and corporate development	37,792	54,025	106,549	130,507
License and insurance	11,595	11,434	26,140	26,191
Office and general	15,727	28,316	39,063	62,843
Professional fees	22,385	57,752	81,414	113,246
Rent	26,768	23,703	51,268	47,406
Share-based payments (Note 7(c)(d))	37,236	74,221	74,068	515,570
Transfer agent and regulatory	13,967	9,613	28,066	15,698
Travel	1,311	2,583	3,051	12,580
Wages and benefits	107,010	100,796	217,734	215,135
<b>Loss from operations</b>	<b>418,791</b>	<b>513,443</b>	<b>917,353</b>	<b>1,435,176</b>
<b>Other income (expenses)</b>				
Interest income	4,242	57,887	8,757	67,058
Interest and other financing expense	(141,421)	(90,534)	(278,914)	(174,838)
Other income	-	1,667	-	5,019
<b>Net loss before income taxes</b>	<b>(555,970)</b>	<b>(544,423)</b>	<b>(1,187,510)</b>	<b>(1,537,937)</b>
Deferred income tax recovery	88,255	115,780	246,758	265,015
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (467,715)</b>	<b>\$ (428,643)</b>	<b>\$ (940,752)</b>	<b>\$ (1,272,922)</b>
<b>Loss per common share - basic and diluted</b>	<b>\$ (0.024)</b>	<b>\$ (0.022)</b>	<b>\$ (0.048)</b>	<b>\$ (0.064)</b>
<b>Weighted average number of common shares outstanding</b>				
	<b>19,661,822</b>	<b>19,861,822</b>	<b>19,661,822</b>	<b>19,861,822</b>

**Oceanic Iron Ore Corp.**  
**Statements of Changes in Equity**  
**For the six months ended September 30, 2014 and 2013**

	Share capital		Contributed surplus	Convertible debenture	Deficit	Total equity
	Number of shares	Amount				
<b>Balance - April 1, 2014</b>	<b>19,661,822</b>	<b>\$ 52,719,225</b>	<b>\$ 8,308,310</b>	<b>\$ 562,011</b>	<b>\$ (23,063,238)</b>	<b>\$ 38,526,308</b>
Share-based payments recognized	-	-	79,546	-	-	79,546
Net loss for the period	-	-	-	-	(940,752)	(940,752)
<b>Balance - September 30, 2014</b>	<b>19,661,822</b>	<b>\$ 52,719,225</b>	<b>\$ 8,387,856</b>	<b>\$ 562,011</b>	<b>\$ (24,003,990)</b>	<b>\$ 37,665,102</b>

	Share capital		Contributed Surplus	Convertible debenture	Deficit	Total equity
	Number of shares	Amount				
<b>Balance - April 1, 2013</b>	<b>19,661,822</b>	<b>\$ 52,719,225</b>	<b>\$ 7,710,507</b>	<b>\$ -</b>	<b>\$ (20,657,281)</b>	<b>\$ 39,772,451</b>
Convertible debenture - equity portion (Note 6)	-	-	-	768,825	-	768,825
Share-based payments recognized	-	-	532,845	-	-	532,845
Net loss for the period	-	-	-	-	(1,272,922)	(1,272,922)
Tax recovery of convertible debenture issuance	-	-	-	(206,814)	-	(206,814)
<b>Balance - September 30, 2013</b>	<b>19,661,822</b>	<b>\$ 52,719,225</b>	<b>\$ 8,243,352</b>	<b>\$ 562,011</b>	<b>\$ (21,930,203)</b>	<b>\$ 39,594,385</b>

**Oceanic Iron Ore Corp.**  
**Statements of Cash Flows**  
**For the three and six months ended September 30, 2014 and 2013**

	Three months ended September 30,		Six months ended September 30,	
	2014	2013	2014	2013
<b>Operating activities</b>				
Net loss for the period	\$ (467,715)	\$ (428,643)	\$ (940,752)	\$ (1,272,922)
Adjustments for:				
Deferred income tax (recovery)	(88,255)	(115,780)	(246,758)	(265,015)
Share-based payments	37,236	74,221	74,068	515,570
Interest income	(4,242)	(57,887)	(8,757)	(67,058)
Gain on sale of marketable securities	-	-	-	(1,685)
Interest and financing expense	141,421	90,534	278,914	174,838
Net changes in non-cash working capital balances:				
Prepaid expenses and deposits	98,063	3,632	19,199	554
Receivables	33,602	60,126	68,250	(12,208)
Accounts payable and accrued liabilities	13,304	(61,122)	46,058	(94,441)
Due to related parties	(8,673)	12,816	(1,812)	(7,830)
	<b>(245,259)</b>	<b>(422,103)</b>	<b>(711,590)</b>	<b>(1,030,197)</b>
<b>Investing activities</b>				
Mineral property expenditures	(446,057)	(1,117,935)	(941,694)	(1,619,094)
Refundable exploration tax credit received	-	4,678,315	-	4,678,315
Interest income received	4,157	53,135	6,849	58,015
Net proceeds from sale of marketable securities	-	-	-	56,114
	<b>(441,900)</b>	<b>3,613,515</b>	<b>(934,845)</b>	<b>3,173,350</b>
<b>Financing activities</b>				
Convertible debenture proceeds, net of issuance costs (Note 6)	-	-	-	2,789,552
Interest paid on convertible debenture (Note 6)	(45,000)	(45,000)	(90,000)	(45,000)
Demand loan proceeds held as restricted cash	-	150,000	-	150,000
Demand loan repayment	-	(3,123,190)	-	(3,123,190)
Interest and other financing fees paid on demand loan	-	(19,253)	-	(42,869)
	<b>(45,000)</b>	<b>(3,037,443)</b>	<b>(90,000)</b>	<b>(271,507)</b>
Change in cash and cash equivalents during the period	<b>(732,159)</b>	153,969	<b>(1,736,435)</b>	1,871,646
Cash and cash equivalents, beginning of period	<b>1,089,621</b>	4,021,001	<b>2,093,897</b>	2,303,324
<b>Cash and cash equivalents, end of period</b>	<b>\$ 357,462</b>	<b>\$ 4,174,970</b>	<b>\$ 357,462</b>	<b>\$ 4,174,970</b>
<b>Cash and cash equivalents are comprised of the following:</b>				
Cash	\$ 357,462	\$ 2,174,970	\$ 357,462	\$ 2,174,970
Term deposits	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
	<b>\$ 357,462</b>	<b>\$ 4,174,970</b>	<b>\$ 357,462</b>	<b>\$ 4,174,970</b>
<b>Non cash investing and financing activities</b>				
Accretion on debt portion of convertible debenture	66,830	66,830	278,914	131,969
Accretion on advance royalty payable	32,730	32,730	55,614	143,133
Tax recovery of convertible debenture issuance	-	-	-	206,814
Change in mineral property expenditures in accounts payable	(630,673)	(650,020)	(8,011)	(27,358)

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

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### 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 1900-600 Granville Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol “FEO” as well as the OTCQX in the United States under the symbol “FEOVF”.

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, there are certain conditions and events that may cast significant doubt on the validity of this assumption. For the six months ended September 30, 2014, the Company reported a loss of \$940,752 and as at that date had an accumulated deficit of \$24,003,990 and a working capital balance of \$65,308. Although the Company completed a non-brokered private placement in October, 2014 as discussed in note 11, the Company will need to raise sufficient funds in order to finance ongoing exploration, development and administrative expenses over the coming 12 months. 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 condensed 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. These condensed 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, 2014. The accounting policies followed in these condensed interim financial statements are the same as those applied in note 3 of the Company’s audited annual financial statements for the year ended March 31, 2014, except for the adoption of new standards as described in note 3 below.

The Board of Directors approved these condensed interim financial statements on November 26, 2014.

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

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### 3. RECENTLY ISSUED ACCOUNTING STANDARDS

#### a) Recently issued and applied accounting standards

##### Pronouncements affecting accounting policies only

##### *IFRIC 21, Levies ("IFRIC 21")*

The Company adopted IFRIC 21 on April 1, 2014 with retrospective application. IFRIC 21 provides guidance on the accounting for a liability to pay a levy, if that liability is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Levies are imposed by governments in accordance with legislation and do not include income taxes, which are accounted for under IAS 12, Income Taxes or fines or other penalties imposed for breaches of legislation.

The interpretation was issued to address diversity in practice around when the liability to pay a levy is recognized. An example of a common levy is property taxes. IFRIC 21 defines an obligating event as the activity that triggers the payment of the levy, as identified by legislation. A liability to pay a levy is recognized at the date of the obligating event, which may be at a point in time or over a period of time. The fact that an entity is economically compelled to continue to operate in the future, or prepares its financial statements on a going concern basis, does not create an obligation to pay a levy that will arise in a future period as a result of continuing to operate.

The adoption of IFRIC 21 did not affect the Company's financial statements or disclosures as the Company's analysis determined that no changes were required to the existing accounting treatment for levies.

#### b) Accounting standards recently issued but not yet applied

##### *IFRS 9 – Financial instruments*

The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through profit and loss. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. The Company has yet to commence assessing the impact of this new standard.



# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

### 4. RECEIVABLES

	September 30, 2014	March 31, 2014
Input tax credits	\$ 58,971	\$ 102,912
Refundable exploration tax credits	566,363	591,000
Interest and other receivables	4,317	2,082
	<b>\$ 629,651</b>	<b>\$ 695,994</b>

### 5. MINERAL PROPERTIES - UNGAVA BAY

#### a) Acquisition costs

	Six months ended September 30, 2014	Six months ended September 30, 2013
<b>Balance - Beginning of period</b>	<b>\$ 18,207,341</b>	<b>\$ 18,007,341</b>
<b>Additions</b>		
Accretion of advance royalty payable	55,614	143,133
<b>Balance - End of period</b>	<b>\$ 18,262,955</b>	<b>\$ 18,150,474</b>

#### b) Exploration costs

	Six months ended September 30, 2014	Six months ended September 30, 2013
<b>Cumulative exploration costs - Beginning of period</b>	<b>\$ 20,786,867</b>	<b>\$ 18,436,006</b>
<b>Expenditures during the period</b>		
Permitting & claims	101,402	133,920
Drilling	10,000	16,000
Fieldwork & geology*	69,152	613,921
Consultants	207,515	258,759
Salaries*	110,478	117,964
Fuel	12,802	2,833
Mapping & imagery	65,754	5,454
Assays & metallurgy	25,447	58,808
Equipment & supplies	39,030	75,817
Accommodation	86,843	88,128
Transportation	210,739	305,292
Equipment depreciation	59,389	59,298
Exploration tax credit refund claim	-	59,389
Exploration expenditures for the period	998,551	1,795,583
<b>Cumulative exploration costs - End of period</b>	<b>\$ 21,785,418</b>	<b>\$ 20,231,589</b>
<b>Grand total - mineral properties</b>	<b>\$ 40,048,374</b>	<b>\$ 38,382,063</b>

\* Includes a portion of share-based payments of \$5,478 (2013: \$17,275).

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

### 6. CONVERTIBLE DEBENTURE

On May 23, 2013, the Company completed a non-brokered financing of \$3 million by way of issuance of a convertible debenture, which bears interest, payable quarterly, at a rate of 6% over a 30 month term.

The principal amount of the debenture is convertible to common shares of the Company at a price of \$1.60 per share at the election of the subscriber. 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 debenture 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.

In the event that the volume weighted average trading price of common shares is equal to or greater than \$1.60 per share for any 20 consecutive trading day period during the term of the debenture, the principal and interest owing under the debenture will be automatically converted into common shares of the Company.

For accounting purposes, the convertible debenture is separated into its liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the convertible debenture assuming a 20% effective interest rate which was the estimated rate for a convertible debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debenture and the fair value of the liability component, less a deferred income tax adjustment to reflect the book to tax difference in value of the convertible debenture at the time of issuance.

Issuance costs of \$210,448 were incurred and have been recorded against the liability and equity components and are being accreted to the statements of loss and comprehensive loss over the life of the convertible debenture. Accretion and other financing expense for the three and six months ended September 30, 2014 was \$141,421 and \$278,914 respectively (2013: \$82,075 and \$131,969, respectively).

	Liability component		Equity component		Total
	\$		\$		\$
<b>Opening balance - April 1, 2013</b>		-		-	-
Issued - amount at date of issue (May 23, 2013)		2,173,174		826,826	<b>3,000,000</b>
Issuance costs allocated		(152,447)		(58,001)	<b>(210,448)</b>
Deferred income tax liability		-		(206,814)	<b>(206,814)</b>
Amortization of issuance costs		50,816		-	<b>50,816</b>
Accretion of discount		376,177		-	<b>376,177</b>
Interest payment		(135,000)		-	<b>(135,000)</b>
<b>Balance - March 31, 2014</b>	<b>\$</b>	<b>2,312,720</b>	<b>\$</b>	<b>562,011</b>	<b>\$ 2,874,731</b>
Amortization of issuance costs		30,489		-	<b>30,489</b>
Accretion of discount		248,425		-	<b>248,425</b>
Interest payment		(90,000)		-	<b>(90,000)</b>
<b>Balance - September 30, 2014</b>	<b>\$</b>	<b>2,501,634</b>	<b>\$</b>	<b>562,011</b>	<b>\$ 3,063,645</b>
<b>Current portion of liability component</b>	<b>\$</b>	<b>159,258</b>			
<b>Non-current portion of liability component</b>	<b>\$</b>	<b>2,342,376</b>			

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

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### 7. SHARE CAPITAL

#### (a) Share Capital

Unlimited common and preferred shares without par value

#### (b) Issued and fully paid common shares

On July 2, 2014, the Company's common shares were consolidated on the basis of one post-consolidated share for every ten pre-consolidated shares. All common share, share option, share purchase warrant, restricted share unit and per share amounts in these financial statements have been retrospectively restated to present post-consolidation amounts.

#### (c) Restricted Share Units ("RSUs")

At the Company's annual general meeting held on November 28, 2013, the Company's shareholders approved the implementation of an RSU plan, whereby RSUs may be granted to directors, officers, or key employees at the discretion of the Board of Directors. 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 1,966,182. The RSUs have vesting conditions determined by the Board of Directors.

A summary of the changes in RSUs is as follows:

	<b>Number of RSUs</b>
Balance - April 1, 2013	-
Granted	476,406
<b>RSUs outstanding - March 31, 2014 and September 30, 2014</b>	<b>476,406</b>
<b>RSUs exercisable - March 31, 2014 and September 30, 2014</b>	<b>-</b>

Subsequent to the approval of the RSU plan by shareholders, on November 28, 2013, the Company granted a total of 476,406 RSUs to directors, officers and employees of the Company. The vesting period for the RSUs granted is as follows: 1/3 on the first anniversary, 1/3 on the second anniversary, and 1/3 on the third anniversary. Each RSU has a fair value of \$1.00 which was the closing share price at the grant date. The fair value of the RSUs in the amount of \$476,406 will be recognized over the vesting periods of the RSUs.

RSU expense for the three months ended September 30, 2014 was \$39,990 (2013: \$Nil), of which \$37,236 (2013: \$Nil) was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss and \$2,754 (2013: \$Nil) was capitalized to mineral properties. RSU expense for the six months ended September 30, 2014 was \$79,546 (2013: \$Nil), of which \$74,068 (2013: \$Nil) was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss and \$5,478 (2013: \$Nil) was capitalized to mineral properties.

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

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### 7. SHARE CAPITAL (continued)

#### (d) Stock options

The Company has established a rolling stock option plan (the "Plan") in compliance with the TSX Venture Exchange's policy for granting stock options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the term of any option granted under the Plan may not exceed ten years. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. Each option vesting period is determined on a grant by grant basis. Stock options are settled through the issuance of the Company's common shares.

As at September 30, 2014, the Company had a total of 1,964,350 stock options outstanding and exercisable with an exercise price of \$1.60 (March 31, 2013 and 2014: 1,964,350 options outstanding with an exercise price of \$1.60).

On November 28, 2013, the Company re-priced a total of 1,964,350 stock options, with original exercise prices ranging from \$1.90 to \$8.30 and expiry dates ranging from May 28, 2017 to January 18, 2023, to \$1.60 per option. The incremental fair value granted as a result of the modification was \$256,943 and was expensed during the three months ended December 31, 2013. The incremental fair value is the difference between the value of the options at the modification date calculated using the original exercise prices and the modified exercise price.

The following table summarizes information about stock options outstanding at September 30, 2014:

Options outstanding and exercisable		
Weighted average exercise price (\$)	Number	Expiry date
1.60	25,000	May 28, 2017
1.60	526,350	November 30, 2020
1.60	350,000	January 5, 2021
1.60	30,000	January 11, 2021
1.60	10,000	April 5, 2021
1.60	150,000	May 18, 2021
1.60	317,500	December 16, 2021
1.60	100,000	May 25, 2022
1.60	150,000	October 18, 2022
1.60	305,500	January 18, 2023
<b>1.60</b>	<b>1,964,350</b>	

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

### 7. SHARE CAPITAL (continued)

#### (e) Share purchase warrants

As at September 30, 2014, and March 31, 2014 and 2013, the Company had a total of 3,783,750 share purchase warrants outstanding with a weighted average exercise price of \$9.39.

The following table summarizes information about share purchase warrants outstanding at September 30, 2014:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
656,250	\$ 6.50	November 30, 2015	1.2
2,840,000	10.00	November 30, 2015	1.2
287,500	10.00	December 22, 2016	2.2
<b>3,783,750</b>	<b>\$ 9.39</b>		<b>1.2</b>

### 8. 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 September 29, 2015. Either party may terminate the agreement by providing 90 days' notice.

Effective May 25, 2012, the Company entered into an agreement with Monit International Inc. in respect of the leasing of office space in Montreal, Québec. The agreement expires on January 31, 2023, but the Company may terminate the agreement effective December 31, 2016 with six months' 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. The Company made its fourth annual payment on November 25, 2014.

The committed charges for the Company are as follows:

March 31,	Vancouver office rent	Montreal office rent	NSR payments	Total commitments
2015	72,853	65,392	200,000	338,245
2016	-	132,973	200,000	332,973
Thereafter	-	175,761	400,000	575,761
	<b>\$ 72,853</b>	<b>\$ 374,126</b>	<b>\$ 800,000</b>	<b>\$ 1,246,979</b>

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

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### 9. 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, 2014	Three months ended September 30, 2013	Six months ended September 30, 2014	Six months ended September 30, 2013
Wages and benefits	\$ 68,750	\$ 68,750	\$ 137,500	\$ 137,500
Directors' fees	7,500	13,500	15,000	21,000
Share-based payments	36,397	69,179	72,398	473,561
	\$ 112,647	\$ 151,429	\$ 224,898	\$ 632,061

#### b) Payments for services by related parties

During the three and six months ended September 30, 2014 and 2013, the Company incurred corporate consulting fees of \$82,500 and \$165,000, respectively to Sirocco Advisory Services Ltd., a company controlled by a director and officer of the Company.

During the three and six months ended September 30, 2014 and 2013, the Company incurred corporate consulting fees of \$40,000 and \$80,000, respectively to Shariff Advisory Services Ltd., a company controlled by a former officer of the Company.

As disclosed in note 8, the Company is charged shared lease, overhead, and service costs by Atlantic Gold Corporation (formerly Spur Ventures Inc.), a company with a director and officer in common. For the three and six months ended September 30, 2014, the Company incurred \$37,853 and \$72,853, respectively (2013: \$34,648 and \$68,127, respectively) in shared lease, overhead, and service costs. Refer to note 8 for a listing of future commitments in respect of such lease costs.

Amounts due to related parties at September 30, 2014 amounted to \$13,040 (March 31, 2014: \$14,852). All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. None of the amounts due to related parties are secured against assets of the Company.

### 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, receivables, restricted cash, the liability component of the convertible debenture and the demand loan approximate their fair values due to their short term nature.

# Oceanic Iron Ore Corp.

## Notes to the Financial Statements

For the three and six months ended September 30, 2014 and 2013

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### 11. SUBSEQUENT EVENTS

Subsequent to period end:

- a) On October 9, 2014, the Company completed a non-brokered private placement issuing 15,248,750 units at \$0.20 per unit for aggregate gross proceeds of \$3,049,750. Each unit consisted of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at a price of \$0.30 per share until April 9, 2017.
- b) At the Company's annual general meeting held on November 13, 2014, the Company's shareholders approved the re-pricing of 1,964,350 stock options, with original exercise prices of \$1.60 and expiry dates ranging from May 28, 2017 to January 18, 2023, to \$0.20 per option;
- c) A total of 1,415,000 stock options with an exercise price of \$0.155 were granted to directors, officers, employees, consultants and investor relations consultants, expiring on November 25, 2024;
- d) At the Company's annual general meeting held on November 13, 2014, the Company's shareholders approved the implementation of an Amended RSU plan, whereby the maximum number of common shares authorized for issue under the RSU plan was increased to 3,491,057. The RSUs continue to have vesting conditions determined by the Board of Directors.

Subsequent to the approval of the Amended RSU plan by shareholders, the Company granted a total of 1,225,806 RSUs to directors and officers of the Company.