Oceanic Iron Ore Corp.

Unaudited Condensed Interim Financial Statements
For the three and six months ended September 30, 2012 and 2011
(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.
Condensed Interim Statements of Financial Position (unaudited)

	September 30, 2012	March 31, 2012
Assets		
Current assets		
Cash and cash equivalents	**$ 2,493,380**	$ 6,968,160
Receivables (Note 4)	**4,549,633**	4,894,801
Prepaid expenses and deposits	**282,158**	831,499
Restricted cash	**184,500**	184,500
	7,509,671	12,878,960
Equipment (Note 5)	**505,597**	250,692
Mineral Properties (Note 6)	**36,019,447**	30,518,549
	$ 44,034,715	$ 43,648,201
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,581,815**	$ 1,053,264
Due to related parties (Note 10)	**65,580**	412,640
Demand loan (Note 7)	**3,123,190**	1,688,824
Current portion of advance royalty payable	**193,496**	175,227
Other liabilities	**-**	198,830
	4,964,081	3,528,785
Advance royalty payable	**483,054**	437,446
Deferred income tax liability	**1,158,270**	1,298,011
	6,605,405	5,264,242
Shareholders' equity		
Share capital (Notes 8(a),8(b))	**49,467,465**	49,382,158
Contributed surplus (Notes 8(c),8(d))	**7,203,465**	7,030,759
Deficit	**(19,241,620)**	(18,028,958)
	37,429,310	38,383,959
	$ 44,034,715	$ 43,648,201

Nature of operations and going concern (Note 1)
Commitments (Note 9)
Subsequent events (Note 11)

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.

Condensed Interim Statements of Loss and Comprehensive Loss for the three and six months ended September 30, (unaudited)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Six months ended September 30, 2012	Six months ended September 30, 2011
Expenses				
Consulting and management	**$ 277,121**	$ 199,355	**$ 553,968**	$ 408,667
Directors Fees	**7,500**	12,000	**19,000**	23,500
Investor relations & corporate development	**133,305**	73,159	**255,631**	115,237
License and insurance	**10,307**	8,890	**23,351**	17,845
Office and general	**28,551**	33,642	**79,980**	79,104
Professional fees	**24,940**	21,418	**75,628**	32,132
Rent	**22,033**	20,946	**59,206**	47,129
Share-based payments (Note 8(c))	**95,457**	164,131	**153,036**	674,416
Transfer agent and regulatory	**20,022**	22,025	**35,532**	56,271
Travel	**9,667**	3,133	**24,123**	27,066
Wages and benefits	**121,531**	42,189	**265,092**	79,881
Loss from operations	**750,434**	600,888	**1,544,547**	1,561,248
Other income (expenses)				
Interest income	**(6,232)**	27,896	**22,211**	78,355
Gain on marketable securities	**-**	-	**-**	712
Income relating to renounced exploration expenditures	**-**	200,353	**198,830**	426,368
Interest and financing expense	**(20,685)**	**-**	**(35,905)**	**-**
Other income	**4,067**	**-**	**7,008**	**-**
Net loss before income taxes	**(773,284)**	(372,639)	**(1,352,403)**	(1,055,813)
Deferred tax recovery/(expense)	**183,484**	(902,929)	**139,741**	(1,544,774)
Net loss and comprehensive loss for the period	**$ (589,800)**	$ (1,275,568)	**$ (1,212,662)**	$ (2,600,587)
Loss per common share - basic and diluted	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.02)
Weighted average number of common shares outstanding	**174,743,231**	147,588,633	**174,554,151**	145,386,602

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

Oceanic Iron Ore Corp.
Condensed Interim Statements of Changes in Equity
For the six months ended September 30, 2012 and 2011 (unaudited)

	Share capital								
	Number of shares		Amount		Contributed Surplus		Deficit		Total equity
Balance - April 1, 2012	**173,961,564**	**$**	**49,382,158**	**$**	**7,030,759**	**$**	**(18,028,958)**	**$**	**38,383,959**
Warrants exercised	781,667		85,307		(7,140)		-		78,167
Share-based compensation recognized	-		-		179,846		-		179,846
Net loss for the period	-		-		-		(1,212,662)		(1,212,662)
Balance - September 30, 2012	**174,743,231**	**$**	**49,467,465**	**$**	**7,203,465**	**$**	**(19,241,620)**	**$**	**37,429,310**

	Share capital								
	Number of shares		Amount		Contributed Surplus		Deficit		Total equity
Balance - April 1, 2011	**142,791,217**	**$**	**44,518,546**	**$**	**5,835,323**	**$**	**(13,080,361)**	**$**	**37,273,508**
Warrants exercised	11,860,000		1,294,333		(108,333)		-		1,186,000
Options exercised	527,014		262,281		(130,548)		-		131,733
Share-based compensation recognized	-		-		808,387		-		808,387
Net loss for the period	-		-		-		(2,600,587)		(2,600,587)
Tax recovery on share issuance costs	-		356,983		-		-		356,983
Balance - September 30, 2011	**155,178,231**	**$**	**46,432,143**	**$**	**6,404,829**	**$**	**(15,680,948)**	**$**	**37,156,024**

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

Oceanic Iron Ore Corp.

Condensed Interim Statements of Cash Flows

For the three and six months ended September 30, (unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2012	2011	**2012**	2011
Operating activities				
Net loss for the period	**$ (589,800)**	$ (1,275,568)	**$ (1,212,662)**	$ (2,600,587)
Adjustments for:				
Deferred income tax expense	**(183,484)**	902,929	**(139,741)**	1,544,774
Share-based payments	**95,457**	164,131	**153,036**	674,416
Interest income	**6,232**	12,418	**(22,211)**	(7,616)
Gain on marketable securities	**-**	-	**-**	(712)
Income relating to renounced exploration	**-**	(200,353)	**(198,830)**	(426,368)
Interest and other financing expense	**20,685**	-	**35,905**	-
Net changes in non-cash working capital balances:				
Prepaid expenses and deposits	**15,268**	352,972	**24,394**	228,725
Receivables	**117,695**	(188,832)	**(19,188)**	(862,357)
Accounts payable and accrued liabilities	**(57,018)**	260,867	**49,768**	243,326
Due to related parties	**30,610**	(8,456)	**(347,060)**	9,741
	(544,355)	20,110	**(1,676,589)**	(1,196,658)
Investing activities				
Mineral property expenditures	**(2,202,438)**	(6,699,360)	**(4,359,562)**	(11,382,642)
Equipment additions	**-**	-	**(301,824)**	-
Interest income received	**8,980**	-	**27,956**	-
Proceeds from sale of marketable securities	**-**	-	**-**	171,962
	(2,193,458)	(6,699,360)	**(4,633,430)**	(11,210,680)
Financing activities				
Demand loan proceeds (Note 7)	**742,977**	-	**1,792,977**	-
Interest paid on demand loan (Note 7)	**(20,685)**	-	**(35,905)**	-
Exercise of stock options (Note 8(c))	**-**	-	**-**	131,733
Exercise of warrants (Note 8(d))	**-**	1,161,000	**78,167**	1,186,000
	722,292	1,161,000	**1,835,239**	1,317,733
Change in cash and cash equivalents during the period	**(2,015,521)**	(5,518,250)	**(4,474,780)**	(11,089,604)
Cash and cash equivalents, beginning of period	**4,508,901**	13,511,167	**6,968,160**	19,082,521
Cash and cash equivalents, end of period	**$ 2,493,380**	$ 7,992,917	**$ 2,493,380**	$ 7,992,917
Cash and cash equivalents are comprised of the following:				
Cash	**$ 2,493,380**	$ 1,308,417	**$ 2,493,380**	$ 1,308,417
Term deposits	**$ -**	$ 6,684,500	**$ -**	$ 6,684,500
	$ 2,493,380	$ 7,992,917	**$ 2,493,380**	$ 7,992,917
Non cash investing and financing activities				
Repayment on demand loan (Note 7)	-	-	**358,611**	-
Accretion on advance royalty payables	32,730	36,203	**63,877**	70,654

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 and 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, subject to a 2% net smelter returns royalty ("NSR") 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, 2012, the Company reported a loss of $1,212,662 and as at that date had an accumulated deficit of $19,241,620. The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. 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, and the 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 balance sheet 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"). 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, 2012. 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, 2012.

These condensed interim financial statements were approved by the Board of Directors on November 27, 2012.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial Instruments (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), and IFRS 13, Fair Value Measurement (IFRS 13). Each of the new standards is effective for annual periods beginning on or after January 1, 2013, with the exception of IFRS 9 (effective for annual periods on or after January 1, 2015) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

4. RECEIVABLES

	September 30, 2012	March 31, 2012
Input tax credits	$ 329,956	$ 360,741
Refundable exploration tax credits	4,164,442	4,523,053
Interest and other receivables	55,235	11,007
	$ 4,549,633	**$ 4,894,801**

Refer to note 7 for additional disclosure on Refundable exploration tax credits.

5. EQUIPMENT

Year ended March 31, 2012		
At April 1, 2011	$	-
Additions		268,333
Depreciation for the year		(17,641)
Closing net book value	**$**	**250,692**

At March 31, 2012		
Cost	$	268,333
Accumulated depreciation		(17,641)
Net book Value	**$**	**250,692**

Period ended September 30, 2012		
At April 1, 2012	$	250,692
Additions		301,824
Depreciation for the period		(46,919)
Closing net book value	**$**	**505,597**

At September 30, 2012		
Cost	$	570,157
Accumulated depreciation		(64,560)
Net book Value	**$**	**505,597**

6. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

		Six months ended September 30, 2012		Six months ended September 30, 2011
Balance - Beginning of period	**$**	**17,886,597**	$	17,751,593
Additions				
Accretion of advance royalty payable		63,877		70,654
Balance - End of period	**$**	**17,950,474**	$	17,822,247

b) Exploration costs

		Six months ended September 30, 2012		Six months ended September 30, 2011
Cumulative exploration costs - Beginning of period	**$**	**12,631,952**	$	1,385,404
Expenditures during the period				
Permitting & claims		**144,556**		156,194
Drilling		**195,999**		3,197,721
Fieldwork & geology		**1,030,127**		2,133,872
Consultants		**1,758,901**		614,057
Salaries*		**127,394**		235,550
Fuel		**144,985**		541,023
Mapping & imagery		**62,777**		140,946
Assays & metallurgy		**856,975**		246,599
Equipment & supplies		**168,108**		923,337
Accomodation		**116,820**		694,701
Transportation		**782,474**		3,980,119
Other		**47,906**		68,067
Exploration Expenditures for the period		**5,437,021**		12,932,186
Cumulative exploration costs - End of period	**$**	**18,068,973**	$	14,317,590

* Includes share-based payments of $26,810 (2011: $133,970)

Grand total - mineral properties	**$**	**36,019,447**	$	32,139,837

7. DEMAND LOAN

The Company is eligible to receive a refundable tax credit of 38.75% of eligible exploration expenditures incurred in Québec ("Exploration tax credits"). The refundable tax credit can only be claimed in conjunction with the filing of the Company's annual corporate tax return.

In order to monetize the expected refundable tax credits due for the year ended March 31, 2012, the Company entered into a demand loan agreement with National Bank of Canada ("National Bank") on December 5, 2011 to borrow up to $4,500,000, representing a proportion of the estimated Québec Exploration refundable tax credits receivable from Revenu Québec based on the Company's eligible expenditures to March 31, 2012.

The Company has provided the bank security by way of charges on its 2011 and 2012 Québec Exploration tax credits receivable, a general assignment of the Company's personal and movable property and a $150,000 cash pledge to Investissement Québec, the guarantor of the loan. The Company did not provide the Property as security against the loan. The loan is scheduled to be repaid on the earlier of (a) August 31, 2013 or (b) upon collection of the Québec Exploration tax credits, which were assigned to Investissement Québec. However, the demand loan may be called at any time at the discretion of National Bank. The demand loan bears interest at National Bank's prime rate payable on a monthly basis. Interest expense for the three and six months ended September 30, 2012 was $20,685 (2011: $Nil) and $35,905 (2011: $Nil) respectively. Upon executing the demand loan agreement, the Company incurred transaction costs associated with the demand loan of $245,137, which were expensed in the statement of loss and comprehensive loss in the prior year.

	Six months ended September 30, 2012	Six months ended September 30, 2011
Demand loan - Beginning of period	**$ 1,688,824**	$ -
Proceeds	**1,792,977**	-
Less: Repayment of loan*	**(358,611)**	-
Demand loan - End of period	**$ 3,123,190**	**$ -**

* In April 2012, a total of $358,611 of investment tax credits was paid directly to National Bank by Revenu Québec under the terms of the demand loan. This amount had been previously drawn by the Company under the demand loan and has therefore been presented as a non-cash item on the Statement of Cash Flows for the six months ended September 30, 2012.

As a result of entering into the demand loan with National Bank, the Company must maintain an adjusted long-term debt to net worth ratio of 2.5:1. As at September 30, 2012, the Company was in compliance with this covenant.

8. SHARE CAPITAL

(a) Share Capital

Unlimited common and preferred shares without par value

(b) Issued and fully paid common shares

	Number of shares	Amount
Balance, April 1, 2011	142,791,217	$44,518,546
Private placement - December 22, 2011	5,750,000	2,012,500
Share issue costs, cash	-	(34,021)
Exercise of stock options (Note 8(c))	527,014	262,281
Exercise of share purchase warrants (Note 8(d))	24,893,333	2,716,716
Deferral of sale of tax deductions to flow-through shareholders		(460,000)
Tax recovery on share issuance costs	-	366,136
Balance, March 31, 2012	**173,961,564**	**$49,382,158**
Exercise of share purchase warrants (Note 8(d))	781,667	85,307
Balance, September 30, 2012	**174,743,231**	**$49,467,465**

On December 22, 2011, the Company completed a private placement issuing 5,750,000 units at $0.35 per unit for aggregate gross proceeds of $2,012,500. Each Unit consisted of one flow-through common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one non flow-through common share of the Company at a price of $1.00 per share until December 22, 2016. The Company incurred cash share issue costs in the amount of $34,021 in connection with the private placement. Funds raised via this private placement must be used for qualifying exploration expenditures by December 31, 2012 (as these expenditures are renounced to the flow-through shareholders effective December 31, 2011). As at September 30, 2012, all flow through funds have been spent in respect of this issuance.

Subsequent to period end, the Company completed a brokered private placement comprising 21,875,000 common shares, at a price of $0.16 per common share for gross proceeds of $3,500,000.

Shares in escrow

14,400,000 common shares are held in escrow at the date of this report. The shares held in escrow will be released as follows: 4,800,000 shares on December 3, 2012, June 3, 2013 and December 3, 2013 respectively.

8. SHARE CAPITAL (continued)

(c) 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.

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

	Options		Weighted average exercise price
Options outstanding - March 31, 2011	11,840,514	$	0.56
Granted	6,194,000		0.32
Exercised	(527,014)		0.25
Expired	(850,000)		0.40
Cancelled	(519,000)		0.51
Forfeited	(700,000)		0.40
Options outstanding - March 31, 2012	**15,438,500**	**$**	**0.48**
Granted	1,250,000		$0.27
Forfeited	(725,000)		$0.28
Options outstanding - September 30, 2012	**15,963,500**		**$0.48**

The weighted average fair value of the options granted for the six months ended September 30, 2012 was $0.20 per option (2011: $0.32). The exercise price for all stock option grants in the year was equal to the market price at the time of grant.

The following assumptions were used in the valuation of the stock options granted in the period:

Risk-free interest rate	1.32% - 1.79%
Expected life	5 - 10 years
Annualized volatility	75%
Dividend rate	0.00%
Forfeiture rate	0.00%

8. SHARE CAPITAL (continued)

(c) Stock options (continued)

The following table summarizes information about the stock options outstanding at September 30, 2012:

	Options Outstanding		Options Exerciseable
Weighted average exercise price ($)	Number	Expiry date	Number
0.26	250,000	May 28, 2017	62,500
0.27	300,000	January 11, 2021	300,000
0.27	100,000	April 5, 2021	66,666
0.27	119,000	May 18, 2021	79,334
0.27	3,350,000	December 16, 2021	3,083,330
0.27	1,000,000	May 25, 2022	-
0.40	5,263,500	November 30, 2020	5,263,500
0.44	1,381,000	May 18, 2021	1,381,000
0.83	3,500,000	January 5, 2021	3,500,000
0.85	700,000	March 1, 2021	700,000
0.48	**15,963,500**		**14,436,330**

Subsequent to period end, a total of 500,000 stock options with an exercise price of $0.19 were granted to a new director of the Company and a total of 1,000,000 stock options with an exercise price of $0.27 were granted to an officer of the Company.

(d) Share purchase warrants

At September 30, 2012, the Company had outstanding share purchase warrants exercisable to acquire 37,837,500 shares as follows:

	Number		Weighted average exercise price	Expiry date
Balance - March 31, 2011	60,637,500	$	0.58	
Issued pursuant to private placement	2,875,000		1.00	December 22, 2016
Exercised	(24,893,333)		(0.10)	June 9, 2012
Balance - March 31, 2012	38,619,167		0.92	-
Exercised	(781,667)		(0.10)	June 9, 2012
Balance - September 30, 2012	**37,837,500**	**$**	**0.94**	

8. SHARE CAPITAL (continued)

(d) Share purchase warrants (continued)

The following table summarizes information about the share purchase warrants outstanding at September 30, 2012:

Outstanding and exercisable		Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
6,562,500	$	0.65	November 30, 2015	3.2
28,400,000		1.00	November 30, 2015	3.2
2,875,000		1.00	December 22, 2016	4.2
37,837,500	$	0.94		3.2

9. COMMITMENTS

Effective March 1, 2011 (amended on January 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 Head Office in Vancouver. The agreement expires on September 29, 2015, but 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 new 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 NSR payments of $200,000 per year, which will be credited against all future NSR payments payable from production. The Company made its second payment to the Vendors on November 16, 2012.

The committed charges for the Company are as follows:

March 31,		**Vancouver office rent**		**Montreal office rent**		**NSR Payments**		**Total Commitments**
2013	$	12,589	$	42,263	$	200,000	$	254,852
2014		-		132,122		200,000		332,122
2015		-		126,312		200,000		326,312
2016		-		127,684		200,000		327,684
thereafter		-		170,973		200,000		370,973
	$	12,589	$	599,354	$	1,000,000	$	1,611,942

10. 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 President and Chief Operating Officer. Compensation awarded to key management is presented in the table below:

	Three months ended September 30, 2012	Three months ended September 30, 2011	**Six months ended September 30, 2012**	Six months ended September 30, 2011
Salaries and other short-term benefits	**$ 68,750**	-	**$ 90,609**	$ -
Consulting fees	**145,000**	130,500	**290,000**	255,500
Directors fees	**7,500**	12,000	**19,000**	23,500
Share-based payments	**64,962**	154,589	**91,088**	640,802
	$ 286,212	$ 297,089	**$ 490,697**	$ 919,802

b) Payments for services by related parties

As disclosed in note 9, the Company is charged shared lease and overhead, and service costs by an affiliated company, with a director and officer in common. For the six months ended September 30, 2012, the Company incurred $64,176 in shared lease and overhead, and service costs (2011: $68,243). For the three months ended September 30, 2012, the Company incurred $33,329 in shared lease and overhead, and service costs (2011: $30,347). Refer to note 9 for a listing of future commitments in respect of such lease costs.

c) Services provided to related parties

During the three and six months ended September 30, 2012, the Company provided accounting, administrative and geological services to an affiliated company with a director and an officer in common. For the six months ended September 30, 2012, the Company earned income totalling $7,008 for accounting, administrative and geological services (2011: $Nil). For the three months ended September 30, 2012, the Company earned income totalling $4,067 for accounting, administrative and geological services (2011: $Nil).

Amounts due to related parties at September 30, 2012 amounted to $65,580 (March 31, 2012 - $412,640). 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.

11. SUBSEQUENT EVENTS

Subsequent to period end,

a) A total of 500,000 stock options with an exercise price of $0.19 were granted to a new director of the Company and a total of 1,000,000 stock options with an exercise price of $0.27 were granted to an officer of the Company.