

Oceanic Iron Ore Corp.

Unaudited Condensed Interim Financial Statements
For the three months ended June 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)

	June 30, 2012	March 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 4,508,901	\$ 6,968,160
Receivables (Note 4)	4,682,539	4,894,801
Prepaid expenses and deposits	869,005	831,499
Restricted cash	184,500	184,500
	10,244,945	12,878,960
Equipment (Note 5)	534,339	250,692
Mineral Properties (Note 6)	33,675,825	30,518,549
	\$ 44,455,109	\$ 43,648,201
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,138,039	\$ 1,053,264
Due to related parties (Note 10)	34,970	412,640
Demand loan (Note 7)	2,380,213	1,688,824
Current portion of advance royalty payable	184,135	175,227
Other liabilities	-	198,830
	4,737,357	3,528,785
Advance royalty payable	459,685	437,446
Deferred income tax liability	1,341,754	1,298,011
	6,538,796	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))	7,100,668	7,030,759
Deficit	(18,651,820)	(18,028,958)
	37,916,313	38,383,959
	\$ 44,455,109	\$ 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

Oceanic Iron Ore Corp.

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

	2012	2011
Expenses		
Consulting and management	\$ 276,847	\$ 209,312
Directors Fees	11,500	11,500
Investor relations & corporate development	122,326	43,582
License and insurance	13,044	8,955
Office and general	51,429	43,958
Professional fees	50,688	10,714
Rent	37,173	26,183
Share-based payments (Note 8(c))	57,579	510,285
Transfer agent and regulatory	15,510	34,246
Travel	14,456	23,933
Wages and benefits	143,561	37,692
Loss from operations	794,113	960,360
Other income (expenses)		
Interest income	28,443	50,459
Gain on marketable securities	-	712
Income relating to renounced exploration expenditures	198,830	226,015
Interest and financing expense	(15,220)	-
Other income	2,941	-
Net loss before income taxes	(579,119)	(683,176)
Deferred tax expense	(43,743)	(641,845)
Net loss and comprehensive loss for the period	\$ (622,862)	\$ (1,325,021)
Loss per common share - basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		
	174,362,993	143,154,603

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

	Share capital		Contributed Surplus	Deficit	Total equity
	Number of shares	Amount			
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	-	-	77,049	-	77,049
Net loss for the period	-	-	-	(622,862)	(622,862)
Balance - June 30, 2012	174,743,231	\$ 49,467,465	\$ 7,100,668	\$ (18,651,820)	\$ 37,916,313

	Share capital		Contributed Surplus	Deficit	Total equity
	Number of shares	Amount			
Balance - April 1, 2011	142,791,217	\$ 44,518,546	\$ 5,835,323	\$ (13,080,361)	\$ 37,273,508
Warrants exercised	250,000	27,284	(2,284)	-	25,000
Options exercised	527,014	262,281	(130,548)	-	131,733
Share-based compensation recognized	-	-	601,584	-	601,584
Net loss for the period	-	-	-	(1,325,021)	(1,325,021)
Tax recovery on share issuance costs	-	356,983	-	-	356,983
Balance - June 30, 2011	143,568,231	\$ 45,165,094	\$ 6,304,075	\$ (14,405,382)	\$ 37,063,787

Oceanic Iron Ore Corp.
Condensed Interim Statements of Cash Flows
For the three months ended June 30, (unaudited)

	2012	2011
Operating activities		
Net loss for the period	\$ (622,862)	\$ (1,325,021)
Adjustments for:		
Deferred income tax expense	43,743	641,845
Share-based payments	57,579	510,285
Interest income	(28,443)	(20,034)
Gain on marketable securities	-	(712)
Income relating to renounced exploration expenditures	(198,830)	(226,015)
Interest and other financing expense	15,220	-
Net changes in non-cash working capital balances:		
Prepaid expenses and deposits	9,126	(124,247)
Receivables	(136,883)	(673,525)
Accounts payable and accrued liabilities	106,786	(17,541)
Due to related parties	(377,670)	18,197
	(1,132,234)	(1,216,768)
Investing activities		
Mineral property expenditures	(2,157,125)	(4,683,281)
Equipment additions	(301,824)	-
Interest income received	18,977	-
Proceeds from sale of marketable securities	-	171,962
	(2,439,972)	(4,511,319)
Financing activities		
Demand loan proceeds (Note 7)	1,050,000	-
Interest paid on demand loan (Note 7)	(15,220)	-
Exercise of stock options (Note 8(c))	-	131,733
Exercise of warrants (Note 8(d))	78,167	25,000
	1,112,947	156,733
Change in cash and cash equivalents during the period	(2,459,259)	(5,571,354)
Cash and cash equivalents, beginning of period	6,968,160	19,082,521
Cash and cash equivalents, end of period	\$ 4,508,901	\$ 13,511,167
Cash and cash equivalents are comprised of the following:		
Cash	\$ 3,258,901	\$ 1,043,917
Term deposits	\$ 1,250,000	\$ 12,467,250
	\$ 4,508,901	\$ 13,511,167
Supplemental cash flow information		
	June 30,	June 30,
	2012	2011
Repayment on demand loan (Note 7)	358,611	-
Accretion on advance royalty payables	31,147	34,451

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

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

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 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 three months ended June 30, 2012, the Company reported a loss of \$622,862 and as at that date had an accumulated deficit of \$18,651,820. 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.

The accounting policies applied in these condensed interim financial statements are based on IFRS effective for the period ended June 30, 2012, as issued and outstanding as of August 28, 2012, the date the Board of Directors approved the statements.

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

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

	June 30,		March 31,
	2012		2012
Input tax credits	\$ 497,713	\$	360,741
Refundable exploration tax credits	4,164,442		4,523,053
Accrued interest receivable	20,384		11,007
	\$ 4,682,539	\$	4,894,801

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

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

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 June 30, 2012

At April 1, 2012	\$	250,692
Additions		301,824
Depreciation for the period		(18,177)
Closing net book value	\$	534,339

At June 30, 2012

Cost	\$	570,157
Accumulated depreciation		(35,818)
Net book Value	\$	534,339

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

6. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Three months ended June 30, 2012	Three months ended June 30, 2011
Balance - Beginning of period	\$ 17,886,597	\$ 17,751,593
Additions		
Accretion of advance royalty payable	31,147	34,451
Balance - End of period	\$ 17,917,744	\$ 17,786,044

b) Exploration costs

	Three months ended June 30, 2012	Three months ended June 30, 2011
Cumulative exploration costs - Beginning of period	\$ 12,631,952	\$ 1,385,404
Expenditures during the period		
Permitting & claims	52,630	64,098
Drilling	39,204	1,287,430
Fieldwork & geology	790,096	874,072
Consultants	756,551	151,569
Salaries*	69,036	142,879
Fuel	180,342	449,304
Mapping & imagery	36,827	81,273
Assays & metallurgy	518,680	11,313
Equipment & supplies	113,763	575,946
Accommodation	58,727	333,150
Transportation	491,889	1,946,469
Other	18,384	39,156
Exploration Expenditures for the period	3,126,129	5,956,658
Cumulative exploration costs - End of period	\$ 15,758,081	\$ 7,342,062

* Includes share-based payments of \$19,470 (2011: \$91,299)

Grand total - mineral properties	\$ 33,675,825	\$ 25,128,106
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Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

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 months ended June 30, 2012 was \$15,220 (2011: \$Nil). 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.

	Three months ended June 30, 2012	Three months ended June 30, 2011
Demand loan - Beginning of period	\$ 1,688,824	\$ -
Proceeds, net of loan fees	1,050,000	-
Less: Repayment of loan*	(358,611)	-
Demand loan - End of period	\$ 2,380,213	\$ -

* 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 three months ended June 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 June 30, 2012, the Company was in compliance with this covenant.

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

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, June 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.

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.

Flow-through shares

During the year ended March 31, 2012, the Company issued 5,750,000 flow-through common shares for total proceeds of \$2,012,500, which must be used for qualifying exploration expenditures (renounced to the flow-through shareholders effective December 31, 2011). As at June 30, 2012, all flow through funds have been spent in respect of this issuance.

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

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
Options outstanding - March 31, 2012	16,138,500	\$ 0.48
Granted	1,250,000	\$0.27
Options outstanding - June 30, 2012	17,388,500	\$ 0.46

The weighted average fair value of the options granted for the three months ended June 30, 2012 was \$0.20 per option (2011: \$0.36). 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%

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

8. SHARE CAPITAL (continued)

(c) Stock options (continued)

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

Weighted average exercise price (\$)	Options Outstanding		Options Exercisable
	Number	Expiry date	Number
0.26	250,000	May 28, 2017	-
0.27	300,000	January 11, 2021	200,000
0.27	100,000	April 5, 2021	66,666
0.27	119,000	May 18, 2021	79,334
0.27	3,375,000	December 16, 2021	3,108,330
0.27	1,000,000	May 25, 2022	-
0.28	700,000	September 26, 2021	700,000
0.40	5,963,500	November 30, 2020	5,963,500
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
0.46	17,388,500		15,698,830

Subsequent to period end, a total of 725,000 stock options with exercise prices ranging from \$0.27 to \$0.28 were forfeited as a result of the resignation of a director of the Company.

(d) Share purchase warrants

At June 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 - June 30, 2012	37,837,500	\$ 0.94	

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

8. SHARE CAPITAL (continued)

(d) Share purchase warrants (continued)

The following table summarizes information about the share purchase warrants outstanding at June 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	3.4
28,400,000	1.00	November 30, 2015	3.4
2,875,000	1.00	December 22, 2016	4.5
37,837,500	\$ 0.94		3.5

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 first payment to the Vendors on November 25, 2011.

The committed charges for the Company are as follows:

March 31,	Vancouver office rent	Montreal office rent	NSR Payments	Total Commitments
2013	\$ 12,589	\$ 44,077	\$ 200,000	\$ 256,666
2014	-	124,964	200,000	324,964
2015	-	126,312	200,000	326,312
2016	-	127,684	200,000	327,684
thereafter	-	170,973	200,000	370,973
	\$ 12,589	\$ 594,010	\$ 1,000,000	\$ 1,606,599

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2012 and 2011 (unaudited)

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

	Three months ended	Three months ended
	June 30, 2012	June 30, 2011
Salaries and other short-term benefits	\$ 21,859	\$ -
Consulting fees	145,000	127,500
Directors fees	11,500	11,500
Share-based payments	26,126	486,213
	\$ 204,485	\$ 625,213

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 three months ended June 30, 2012, the Company incurred \$30,847 in shared lease and overhead, and service costs (2011: \$37,896). 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 months ended June 30, 2012, the Company provided accounting, administrative and geological services to an affiliated company with a director and an officer in common. For the three months ended June 30, 2012, the Company earned income totalling \$2,941 for accounting, administrative and geological services (2011: \$Nil).

Amounts due to related parties at June 30, 2012 amounted to \$34,970 (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 725,000 stock options with exercise prices ranging from \$0.27 to \$0.28 were forfeited as a result of the resignation of a director of the Company.