

Oceanic Iron Ore Corp.

Management's Discussion and Analysis of Financial Condition and Results of Operations First Quarter Report – June 30, 2012 and 2011

The following discussion is management's assessment and analysis of the results and financial condition of Oceanic Iron Ore Corp. ("Oceanic" or the "Company"), and should be read in conjunction with the accompanying unaudited condensed interim financial statements and related notes. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. Please see page 20 of this document for further detail on forward looking statements. The effective date of this report is August 28, 2012.

Description of Business

The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. Its common shares are traded on the TSX Venture Exchange and the OTCQX in the United States.

The Company is focused on the development of the Ungava Bay iron property (the "Property") in Nunavik, Québec, which the Company acquired in November, 2010. The Property comprises three project areas: Hopes Advance, Morgan Lake and Roberts Lake, which cover over 300 kilometres of iron formation and are located within 20 – 50 km of tidewater. The Company has a 100% interest, subject to a 2% net smelter returns royalty ("NSR") in the Property. All three project areas have been explored historically (in the 1950's and 1960's), including sampling, drilling and metallurgical work to support the planning and development of iron mines.

The Company is currently focused on fast-tracking the development of the Hopes Advance project. An initial NI 43-101 Resource estimate and Preliminary Economic Assessment was published in respect of the Hopes Advance project in November 2011, and in April 2012, the Company published an updated NI 43-101 Resource estimate update, which expanded the initial NI 43-101 Resource estimate. The Company is currently in the process of producing a pre-feasibility study in respect of the Hopes Advance project due for completion in September 2012.

Achievements to Date – Hopes Advance Project

The Company commenced its 2011 resource verification program in March 2011, and since then has made significant progress fast-tracking the development of the Hopes Advance project.

Milestones have been achieved in a number of areas:

1. Resource definition

- In April 2012, the Company published an updated NI 43-101 compliant "In-Pit Mineral" Resource estimate for the Hopes Advance project of 720,765,000 tonnes at 32.4% Fe measured, 547,518,000 tonnes at 32.3% Fe indicated and 193,403,000 tonnes at 32.9% Fe inferred (see "Resource Estimate" below), increasing the resource by 250% from the initial NI 43-101 compliant "In-Pit" Resource estimate published in November 2011

2. Project economics

- Completion of a Preliminary Economic Assessment ("PEA") in respect of Hopes Advance, which under the Company's optimal production scenario of 20 million tonnes

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per annum of concentrate, achieves a pre-tax NPV of \$10.4 bn, and pre-tax IRR of 34 % at an 8% discount rate (see "Preliminary Economic Assessment" below)

- Commencement of the production of a Pre-Feasibility Study taking account of the updated April 2012 Resource estimate and the results of additional extensive metallurgical testwork to further illustrate the technical and economic feasibility of developing the Hopes Advance project

3. *Metallurgy*

- Metallurgical bench scale testing program conducted by SGS Mineral Services Lakefield over approximately 600 composite samples from various deposits at the Hopes Advance project which demonstrated high weight recoveries with a high percentage of iron recovery from the gravity process, as well as low levels of deleterious materials
- Shipment of 10 and 250 tonne bulk samples to support pilot plant testwork and flowsheet development has occurred. Pilot plant testwork and flowsheet development are currently underway and expected to be completed in September 2012

4. *Infrastructure*

- Completion of a marine logistics study by AMEC Environment and Infrastructure acknowledging the viability of constructing a deep water port facility at Hopes Advance and that year-round shipping using Cape Size vessels is feasible
- Ongoing development and refinement of power supply solutions to ensure certainty over the delivery of power along the timelines the Company has established for the development of the Hopes Advance project
- Construction of a camp facility near the village of Aupaluk as a base for crews supporting the completion of the pre-feasibility study, as well as future field studies' support

5. *Community Relations and Support*

- Establishment of positive relations with the Inuit community including signing of a letter of intent setting the terms and conditions on which the Company plans to develop the Hopes Advance project
- Submission to the government of Québec for infrastructure under Québec's Plan Nord supported by the Inuit community

6. *Environmental*

- Re-submission of the Company's Project Notice to the Canadian Environmental Assessment Agency for the Hopes Advance project to be reviewed under new guidelines in accordance with the Canadian Environmental Assessment Act 2012

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Next steps

- Completion of a pre-feasibility study, expected to be published in September 2012, to be followed by a feasibility study
- Completion of pilot plant testing and flowsheet development to support pre-feasibility study
- Development of strong technical database to support negotiations with off-takers and / or strategic partners / investors
- Ongoing environmental review in support of the pre-feasibility study and environmental impact assessment
- Negotiate an Impact Benefits Agreement with local stakeholders
- Secure a joint venture agreement with a strategic partner(s)
- Secure letters of intent with potential customers for future deliveries of iron concentrate from Hopes Advance

Overall Performance and Results of Operations

Total assets increased to \$44,455,109 at June 30, 2012 from \$43,648,201 at March 31, 2012. The most significant assets at June 30, 2012 were mineral properties of \$33,675,825 (March 31, 2012: \$30,518,549), cash of \$4,508,901 (March 31, 2012: \$6,968,160), and receivables of \$4,682,539 (March 31, 2012: \$4,894,801). The Company's net working capital position at June 30, 2012 is \$5,507,588.

The increase in mineral properties of approximately \$3.2 million reflects the costs incurred in the continued development of the Hopes Advance project, including fieldwork and associated costs to complete the Company's pre-feasibility study (further discussed below), as well as costs prepare the NI 43-101 Mineral Resource estimate update.

The decrease in cash during the period of \$2,459,259 resulted from \$1,132,234 incurred in operating activities, \$2,439,972 in investing activities, including \$2,157,125 spent on mineral property expenditures, \$301,824 spent on equipment additions less interest income received of \$18,977, partially offset by \$1,112,947 received from financing activities, comprising primarily proceeds on exercise of warrants of \$78,167, net proceeds from the Company's demand loan facility of \$1,050,000, less interest expense on the demand loan of \$15,220.

The decrease in receivables of \$212,262 resulted from the receipt of \$358,611 in exploration tax credits for eligible exploration expenditures incurred for the year ended March 31, 2012, partially offset by \$146,349 of sales tax paid from ongoing operations that have yet to be refunded to the Company.

Private Placement Financing

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. As at June 30, 2012, all flow through funds have been spent in respect of this issuance. The Company incurred cash share issue costs in the amount of \$34,021 in connection with the private placement noted above.

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Demand Loan Facility

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.

Resource Estimate – Hopes Advance Project

The Company published two NI 43-101 compliant Mineral Resource estimates:

- In November 2011, the Company published an initial NI 43-101 compliant "In-Pit Mineral" Resource Estimate for the Hopes Advance project of 358,362,000 tonnes at 31.8% Fe indicated and 872,423,000 tonnes at 32.4% Fe inferred.
- This was followed by the publishing in April 2012 of an updated NI 43-101 compliant "In-Pit Mineral" Resource estimate for the Hopes Advance project of 720,765,000 tonnes at 32.4% Fe measured, 547,518,000 tonnes at 32.3% Fe indicated and 193,403,000 tonnes at 32.9% Fe inferred (detailed below).

Both estimates were based on the Company's 2011 resource verification and drilling program at the Hopes Advance project. The program consisted of 115 drill holes with 11,581 metres of NQ calibre drilling. 67 holes were twins of historic drill holes and 43 holes were exploration holes, which extended mineralization on Castle Mountain, West Zone, Iron Valley, and the Bay Zone. Based on the results from the exploration drilling, the Company believes there is potential to increase the resource base at Hopes Advance with additional exploration drilling at Castle Mountain, West Zone, and the Bay Zone. Airborne magnetics suggest additional drilling at Castle Mountain could extend mineralization 600 m to 1,200 m to the northeast. The Northwest Zone and Iron Plateau are currently untested.

Ten different mineralized areas were identified at Hopes Advance for inclusion into the updated resource estimate. These areas included Castle Mountain, the West Zone, Iron Valley, and the Bay Zone.

A separate block model was developed for each mineralized area. Grades were estimated using inverse distance cubed interpolation. The resource model is stratigraphic in nature and during resource estimation an unfolding technique was used to ensure that iron grades tracked along the stratigraphy. Mozley table and Davis tube test results were used to predict weight recovery based on head iron for

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each deposit. Whittle pit shells were developed for each zone using the economic assumptions summarized below. The resulting pit shells for each zone were used to constrain the updated mineral resource estimate reported in Table 2. The overall strip ratio for this In-Pit resource is 0.86 to 1 and is based on the conceptual pit shells. Conceptual pit shells do not include designed ramps and berms. The iron formation out-crops in most areas and would allow mining to begin with very little stripping. Furthermore, the iron formation is shallowly dipping in most zones which would allow mining to continue with a relatively low stripping ratio. At Castle Mountain the shallowly dipping iron formation could be mined along strike over 4.5 km.

Using a 25% total iron cut-off, the global mineral inventory is shown below in Table 1.

Table 1 – NI 43-101 Updated Global Mineral Inventory for Hopes Advance (at a 25% Fe cut-off)

Classification	April, 2012		
	Tonnes	Fe (%)	Concentrate Tonnes
Measured	857,258,000	32.3	331,754,000
Indicated	724,707,000	32.1	278,473,000
M+I	1,581,965,000	32.2	610,227,000
Inferred	269,399,000	32.6	103,390,000

- (1) The tonnes and grade presented above are global in nature and do not reflect conceptual open pit shells or detailed designs.

Table 2 below describes the in-pit mineral resources for the Hopes Advance project.

Table 2 – NI 43-101 Updated In-Pit Mineral Resource Estimate for Hopes Advance (25% Cut-off)

Classification	Tonnes	Fe (%)	Concentrate Tonnes
Measured	720,765,000	32.4	279,806,000
Indicated	547,518,000	32.3	211,516,000
M+I	1,268,283,000	32.3	491,322,000
Inferred	193,403,000	32.9	75,112,000

- (1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues.
- (2) The mineral resources presented here were estimated using a block model with parent blocks of 50 m by 50 m by 15 m sub-blocked to a minimum size of 25 m by 25 m by 1 m and using ID3 methods for grade estimation. A total of 10 individual mineralized areas were identified and each estimated into a separate block model. Given the continuity of the iron assay values, no top cuts were applied. All resources are reported using an iron cut-off of 25% within Whittle optimization pit shells and a mining recovery of 100%.
- (3) The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

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- (4) The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council November 27, 2010.

The mineral resource estimates are classified as “measured”, “indicated”, or “inferred” as defined by CIM. According to the CIM definitions, a Mineral Resource must be potentially economic in that it must be “in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction”. For the Hopes Advance iron deposit, an iron cut-off grade was assigned based on economic assumptions and metallurgical parameters and was used in the resource estimations.

The initial mineral resource estimate published in November 2011 is effective as of 9 September 2011. These mineral resources were estimated by Sam J. Shoemaker, Jr., M.AusIMM, and Registered Member-SME. Mr. Shoemaker is a Qualified Person as defined in NI 43-101 and is independent of the Company.

The mineral resource estimate presented in Tables 1 and 2 is effective as of 2 April 2012 and was prepared by Micon International Limited (“Micon”) under the direction of Eddy Canova, the Company's Director of Exploration and a Qualified Person as defined in NI 43-101.

Further information in respect of the Company's Resource Estimate is available in the full NI 43-101 technical report on the Company's website (www.oceanicironore.com) and SEDAR (www.sedar.com).

Preliminary Economic Assessment (“PEA”) – Hopes Advance Project

On September 22, 2011, the Company outlined the results of the PEA prepared by Micon in respect of the Hopes Advance project using the NI 43-101 Mineral Resource Estimate noted above. The full 43-101 report in respect of the PEA and Resource Estimate was released on SEDAR on November 4, 2011 and is available for review on the Company's website (www.oceanicironore.com) and SEDAR (www.sedar.com).

The PEA presents four potential project scenarios:

- Scenario 1 assumes production of 10 million tpa of 66.5% iron concentrate;
- Scenario 2 assumes production of 20 million tpa of 66.5% iron concentrate;
- Scenario 3 assumes production of 20 million tpa of iron pellets
- Scenario 4 assumes production of 10 million tpa of 66.5% iron concentrate and 10 million tpa iron pellets

In all four scenarios, the PEA demonstrates positive project economics. The Company will continue to study each alternative in detail through the pre-feasibility study stage and anticipates it will at the completion of pre-feasibility have refined the production scenario that will be advanced to the feasibility stage.

The PEA is preliminary in nature and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the conclusions in the PEA will be realized.

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The table below lists the key PEA metrics. The analysis is based on the assumption that production would begin in 2016.

Table 3 – PEA Results (Pre-tax)

Category	Scenario 1 10m tpa con	Scenario 2 20m tpa con	Scenario 3 20m tpa pellet	Scenario 4 10m tpa con 10m tpa pellet
Price assumption	\$115 / tonne	\$115 / tonne	\$150 / tonne	\$115 / tonne con \$150/tonne pellet
Pre-tax NPV (8%)	\$5.5 billion	\$10.4 billion	\$12.0 billion	\$11.0 billion
Pre tax IRR (%)	26.9%	34.0%	26.2%	28.4%
Payback (years)*	3.1 years	2.4 years	3.25 years	3.0 years
Mine Life (years)	47.7	23.8	25.9	24.8
Initial Capital Costs	\$2.4 billion	\$3.7 billion	\$6.4 billion	\$5.2 billion
Strip ratio	1.12	1.12	1.12	1.12

**post tax, unlevered*

The PEA assumes a concentrate selling price of \$115/tonne and also takes into consideration the 2% NSR payable to the vendors of the project. The Company can purchase 1% of the NSR payable to the vendors at any time within the first two years of commencement of commercial production for a one-time payment of CAD \$3 million.

In the PEA, the Company also reported its initial findings on metallurgy, port and shipping feasibility and environmental and social impacts:

Metallurgy

Two metallurgical programs are necessary to assess the resource at the Hopes Advance project.

The first program was designed to provide weight recovery and concentrate quality data on the composites from the drill holes at Hopes Advance that were used to further define the mineral resource. Over 600 composite samples constituting representative samples from the mineral resources at Hopes Advance were analyzed for ore characterization purposes and are described in further detail under "Metallurgical Bench Scale Testing".

The second program to undertake pilot plant testing and to develop the process flowsheet is also underway. In September and October, 2011, a 250-tonne bulk sample was collected from principal deposits of the Hopes Advance project in support of this program. Results from the pilot plant testing and flowsheet development will be used to support the pre-feasibility study due to be completed in September 2012.

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Marine Logistics Study

The Company engaged AMEC Environment and Infrastructure to identify a location for a port facility in Hopes Advance Bay and prepare an initial report as to the feasibility of the construction of the facility at Breakwater Point, located approximately 21 kilometres from where a concentrator could be located at Hopes Advance.

The key conclusions from the AMEC report are as follows:

- Construction of a deep water port facility in Hopes Advance Bay is viable
- Breakwater Point has been identified as an ideal port location in terms of iron ore shipping logistics and marine facility construction costs
- Year round shipping to European and Asian markets using Cape size vessels is feasible
- The estimated incremental shipping cost from Hopes Advance Bay to Rotterdam is \$5/tonne compared to the cost to ship to Rotterdam from the port of Sept-Iles. The optimum shipping cost is attained by direct shipment using ice class vessels from Hopes Advance Bay to Rotterdam
- The optimum shipping cost from Hopes Advance Bay to China is attained by direct shipping during summer and through trans-shipment during the winter season. The estimated weighted incremental shipping cost from Hopes Advance Bay to China ranges between \$6 to \$8/tonne in comparison to the shipping cost from Sept-Iles Bay

The Company continues to work with AMEC with respect to marine facility and port logistics in conjunction with the Pre-Feasibility study.

The Company has consulted with Fednav regarding the technical viability of year round shipments from Ungava Bay. Fednav has concluded that the concept of twelve month shipments from Deception Bay utilizing cape size icebreakers is feasible with the tidal variations prevalent there.

Environmental Review

The Company engaged Golder Associates of Montreal to advance the work necessary to provide an Environmental and Social Impact Assessment ("ESIA") on Hopes Advance.

The report reviewed the various areas requiring further study including the importance of continuing to inform and engage the Inuit community that resides in proximity to the project area, the need to complete a review of the presence of any species at risk or valued indigenous species and the potential impact of new infrastructures including energy sources for the project on the environment and local communities.

The report also notes that Golder has completed its first field survey and data collection at Hopes Advance, focused on aquatic habitats and that Golder has initiated consultations with the Inuit people, having now met with representatives of both Makivik Corporation and Aupaluk Landholdings, to exchange information about the environmental and social studies undertaken by the Company as well as increase the understanding of traditional land-use within the project study area. Golder undertook a fall fieldwork program and submitted the Project Notice in relation to the ESIA in January of this year.

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The Company has been recently advised by the Canadian Environmental Assessment Agency (the "Agency") that the Hopes Advance project will be reviewed under new guidelines in accordance with the Canadian Environmental Assessment Act 2012. The Company has been advised that while there is a requirement for re-submission of the Company's Project Notice, the overall completion dates should be maintained. A re-submission of the Company's Project Notice was made on August 3, 2012, and was subsequently accepted by the Agency on August 24, 2012.

Metallurgical Bench Scale Testing – Hopes Advance Project

In April 2012, the Company published the results of a metallurgical bench scale testing program undertaken by SGS Mineral Services Lakefield ("SGS") in respect of the Hopes Advance project.

Some 611 composite samples from various deposits at Hopes Advance were analyzed by SGS. SGS designed a comprehensive bench scale metallurgical testing program to simulate a concentrating plant composed of a gravity circuit, followed by regrinding and a magnetic circuit.

The gravity circuit was simulated by a single stage of grinding to 80% passing 150 mesh (106 μ) followed by gravity recovery using a Mozley Table. This stage recovered relatively coarse grained hematite and aggregates of magnetite and hematite.

The regrinding and magnetic circuit was simulated using Davis Tube testing. Davis Tubes were run on Mozley Table tails when normalized Fe Recovery was less than 70% and magnetite content of a sample (Head Sat / Satmagan) was greater than 15%. The tailings were then ground to 100% passing 400 mesh and passed through a Davis Tube to recover the magnetite. The concentrate from the Mozley Table test and the Davis Tube test were combined to produce a total concentrate weight recovery and concentrate grade.

Metallurgical Test Results

Table 4 summarizes the concentrate grade and Fe recovery resulting from the gravity recovery (Mozley Table) analyses. The testing was designed to achieve a concentrate with a grade of 4.5 wt% SiO₂, which is the current market accepted specification for iron concentrates for iron ore pellets.

Table 4. Gravity recovery (Mozley Table) Concentrate Grade and Recovery (at 4.5% SiO₂)

Deposit	Weighted Average				
	Head Grade		Conc. Grade		Fe Recovery
	Fe	Sat	Fe	SiO ₂	%
Iron Valley	33.2	12.5	66.05	4.50	77.01
Castle Mountain	32.8	15.0	65.78	4.50	75.68
Bay Zone	33.0	27.8	66.83	4.50	71.35
West Zone	34.0	19.9	65.44	4.50	64.98

Deposits at Castle Mountain, Iron Valley, and Bay Zone, where Fe recovery is greater than 70% ("High Gravity Recovery Deposits") as illustrated above, comprise over 91% of the total Hopes Advance Measured and Indicated resource (approximately 1.2 billion tonnes), as set out in Table 5 below.

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Table 5. Measured and Indicated In-Pit Mineral Resource for High Gravity Recovery Deposits

Deposit	Classification	Fe (%)	WRCP (%)	Resource Tonnes	Concentrate Tonnes
Castle Mountain	Measured	32.0	38.4	328,091,000	125,934,000
Castle Mountain	Indicated	31.5	37.8	172,108,000	65,011,000
Castle Mountain	M+I	31.8	38.2	500,199,000	190,945,000
Iron Valley	Measured	33.9	41.0	65,427,000	26,843,000
Iron Valley	Indicated	33.5	40.4	121,897,000	49,288,000
Iron Valley	M+I	33.6	40.6	187,324,000	76,131,000
Bay Zone	Measured	32.4	39.1	259,279,000	101,387,000
Bay Zone	Indicated	32.1	38.6	211,022,000	81,508,000
Bay Zone	M+I	32.3	38.9	470,301,000	182,895,000
All HGR	Measured	32.3	38.9	652,797,000	254,164,000
All HGR	Indicated	32.2	38.8	505,027,000	195,807,000
All HGR	M+I	32.3	38.9	1,157,824,000	449,971,000
Total	M+I	32.3	38.7	1,268,000,000	491,322,000

As noted above, Davis Tubes were run on Mozley Table tails when normalized Fe recovery was less than 70% and magnetite content of a sample (Head Sat / Satmagan) was greater than 15%. Table 6 below shows the overall recovery achieved by combining the gravity concentrate and the magnetic concentrate while maintaining approximately 4.5% SiO₂.

Table 6. Summary of Overall Concentrate Grade (at 4.5% SiO₂)

Deposit	Overall Concentrate Grade					Overall Recovery			
	Fe %	SiO ₂ %	Al ₂ O ₃ %	Sat %	MnO %	Wt %	Fe %	SiO ₂ %	Sat %
Bay Zone	66.96	4.46	0.03	59.15	0.28	40.08	81.01	4.38	81.06
Iron Valley	65.97	4.64	0.04	25.48	0.33	40.49	80.58	4.76	62.92
Castle Mountain	65.87	4.42	0.02	30.84	0.33	39.34	78.60	4.34	73.97
West Zone	65.81	4.34	0.03	41.28	0.73	38.80	74.58	4.40	72.50

Combined recovery methods at the High Gravity Recovery Deposits (Bay Zone, Iron Valley and Castle Mountain) achieved weight recoveries and Fe recoveries above or approaching 40% and 80% respectively.

Pre-Feasibility Study – Hopes Advance Project

As noted above, the Company is in the process of producing a pre-feasibility study expected to be completed in September 2012, which takes into account of updated April 2012 Resource estimate and the results of additional extensive metallurgical testwork described above, to further illustrate the technical and economic feasibility of developing the Hopes Advance project.

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The study is being led by Micon and Met-Chem Canada Inc. ("Met-Chem"). Micon is the overall project manager of the project and Met-Chem is leading the engineering component of the Pre-Feasibility study, focusing on processing plant, infrastructure, and metallurgical support.

Eddy Canova, P.Geo., OGQ(403), the Director of Exploration for the Company and a Qualified Person as defined by NI 43-101, has reviewed and is responsible for the technical information contained in this document.

Appointment of Chief Operating Officer

On May 25, 2012, the Company announced the appointment of Alan Gorman as Chief Operating Officer. Mr. Gorman has 30 years of operations and technical experience with mining companies and projects, both in Canada and internationally. He has been involved with, led or managed large projects and mining operations for both intermediate and senior mining companies, and has extensive experience operating in northern and Arctic environments. Most recently, Mr. Gorman was Executive Vice President of Operations for Goldbrook Ventures Inc. ("Goldbrook") until Goldbrook was acquired in a successful takeover bid. Prior to his tenure at Goldbrook, Mr. Gorman was Vice President of Operations for Jien Canada Mining Ltd's Nunavik Nickel Project, as well as Operations Manager for Baffinland Iron Mines Corp. Mr. Gorman is based out of the Company's Montreal office.

Three Month Period Ended June 30, 2012 and 2011

The Company incurred a net loss of \$622,862 during the three month period ended June 30, 2012 (2011: \$1,325,021). The most significant operating expenses incurred were share-based payments of \$57,579 (2011: \$510,285), consulting and management fees of \$276,847 (2011: \$209,312), investor relations and corporate development expenses of \$122,326 (2011: \$43,582), and wages and benefits of \$143,561 (2011: \$37,692). Share-based payments represent the Black-Scholes calculated fair value of the stock options issued to directors, officers, consultants and charities during the current and prior year. The increase in consulting and management fees relates to directors and officers' compensation as well as other consulting fees incurred to support the overall expansion of the Company's operations. The increase in investor relations and corporate development costs during the period reflected increased investor, marketing and corporate development activities including participation in conferences and other general marketing efforts undertaken to support the fast-track development of the Hopes Advance project. The increase in salaries and wages directly relates to recruitment costs and wages relating to the Company's newly appointed COO, Alan Gorman.

During the three month period ended June 30, 2012, the Company recorded interest income of \$28,443 (2011: \$50,459), which consisted of interest earned on the Company's term deposits. The Company recorded income relating to renounced exploration expenditures of \$198,830 (2011: \$226,015), a non cash item which reflects the sale of tax benefits to flow through shareholders in the period. The Company also incurred \$15,220 of interest and other financing expense (2011: \$Nil), most of which comprise interest charges on the demand loan with National Bank.

Liquidity and Capital Resources

While the unaudited condensed interim 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.

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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.

The Company expects it has sufficient cash resources to settle outstanding liabilities at June 30, 2012.

The Company has a demand loan facility in place with the National Bank of Canada. Under the facility agreement, 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.

Off-Balance Sheet Arrangements

As at June 30, 2012, the Company had no Off-Balance sheet arrangements.

Summary of Quarterly Results (unaudited)

	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenues (Note 1)	\$ 28,443	\$ 20,957	\$ 16,906	\$ 27,896
Net loss for the period	\$ (622,862)	\$ (984,848)	\$ (1,363,160)	\$ (1,275,568)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)

	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Revenues (Note 1)	\$ 50,459	\$ 52,150	\$ 1,440	\$ 4,714
Net loss for the period	\$ (1,325,021)	\$ (2,943,389)	\$ (2,193,427)	\$ (156,448)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.00)

Note 1 – Revenues consist of interest income.

Net loss significantly increased in Q3 and Q4 2011 from Q2 2011 due to the increased business activity with the acquisition of the Property, and commencement of the Company's resource verification program, the majority of which can be attributed to share-based payments to officers, directors, consultants and charities. The net loss in the first quarter of 2012 decreased from the fourth quarter of 2011, the majority of which is due to the decrease in share based payments of \$2,025,869 in the first quarter of 2012 compared to the fourth quarter of 2011. Operating expenses and overall net loss remained fairly consistent from the first to the third quarters of 2012 as the Company continued to advance the 2011 resource verification program. In the fourth quarter of 2012, the net loss for the period decreased significantly, most of which can be attributed to a decrease in recognition of share-based payments to officers, directors, consultants and charities, partially offset by an increase in consulting and management fees as performance bonuses were accrued for key management personnel. The net loss further decreased significantly in Q1 2013 given the fact that management bonuses were paid in Q4 2012 and transaction costs were also incurred in Q4 in conjunction with the demand loan towards the end of the 2012 fiscal year, both of which are non-recurring costs quarter over quarter.

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Critical Accounting Estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Areas requiring the use of estimates include mineral property impairment assessment, and measurement and recovery of deferred tax benefits. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes to the annual audited financial statements where applicable.

Financial Instruments and Other Instruments

Financial Risk Management

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

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and receivables. The Company has concentration of risk with respect to cash being held with 2 large Canadian financial institutions. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets noted above.

Liquidity Risk

The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and the Company's cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at June 30, 2012 and March 31, 2012 are presented below.

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June 30, 2012

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 2,138,039	\$ -	\$ -	\$2,138,039
Due to related parties	34,970	-	-	34,970
Demand loan	2,380,213	-	-	2,380,213
Advance royalty payable	200,000	600,000	200,000	1,000,000

March 31, 2012

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 1,053,264	\$ -	\$ -	\$1,053,264
Due to related parties	412,640	-	-	412,640
Demand loan	1,688,824	-	-	1,688,824
Advance royalty payable	200,000	600,000	200,000	1,000,000

The Company's ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production, all of which are uncertain. Further information relating to liquidity risk is disclosed in Note 1 to the unaudited condensed interim financial statements for the three months ended June 30, 2012.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in trading its marketable securities as well as its cash and cash equivalents. The Company manages market risk by investing in diverse industries and companies.

The Company's financial instruments are not subject to significant fluctuation due to changes in commodity prices or foreign exchange rates.

The Company also invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of fixed rate instruments. A 1% change in interest rates would have a \$12,500 impact on net loss and comprehensive loss.

Fair value

The fair value of financial instruments at June 30, 2012 and March 31, 2012 is summarized as follows:

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	June 30, 2012		March 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	4,508,901	4,508,901	6,968,160	6,968,160
Amounts receivable - at amortized cost	4,682,539	4,682,539 (i)	4,894,801	4,894,801
Restricted cash	184,500	184,500 (i)	184,500	184,500
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	\$ 2,138,039	\$ 2,138,039 (i)	\$ 1,053,264	\$ 1,053,264
Due to related parties	34,970	34,970 (i)	412,640	412,640
Demand loan	2,380,213	2,380,213 (i)	1,688,824	1,688,824
Advance royalty payable	643,820	643,820 (i)	612,673	612,673

- i) The carrying amount of cash, receivables, restricted cash, accounts payable, accrued liabilities, due to related parties, and the demand loan approximate fair value due their short-term nature.

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:

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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

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 June 30, 2012	Three months ended June 30, 2011
Salaries and other short-term benefits	\$ 21,859	\$ -
Consulting fees	145,000	127,500
Directors fees	11,500	9,000
Share-based payments	26,126	486,213
	\$ 204,485	\$ 622,713

b) Payments for services by related parties

As disclosed in the section entitled "Commitments", 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 the section entitled "Commitments" 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.

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Outstanding Share Data

As at the date of this report, there were 174,743,231 common shares issued and outstanding.

As at the date of this report, there were 16,663,500 stock options and 37,837,500 common share purchase warrants outstanding.

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.

Risks and Uncertainties

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties in Québec, Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily exploration), the following risk factors, among others, will apply:

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

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.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to

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prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in Canada. As such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in any of these countries may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to

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liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Fluctuations in Metal Prices

The price of the common shares, and the financial results and exploration, development and mining activities of the Company, may in the future be significantly and adversely affected by declines in the prices of iron ore and other metals or minerals. The prices of iron ore and other metals or minerals fluctuate widely and are affected by numerous factors beyond the control of the Company such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market prices of gold or other metals or minerals could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the prices of iron ore and other metals and minerals, cash flow from mining operations could not be sufficient and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's properties is dependent upon the prices of gold and other metals and minerals being adequate to make these properties economically viable.

In addition to adversely affecting the resource estimates of the Company and its financial condition, declining commodity prices can affect operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or be required under financing arrangements related to a particular project. Even if a project is ultimately determined to

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be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

Key Personnel

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Share Price Volatility and Liquidity

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

Forward Looking Statements

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

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