Oceanic Iron Ore Corp.

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

Oceanic Iron Ore Corp.
Consolidated Statements of Financial Position

		June 30, 2017	March 31, 2017
Assets			
Current assets			
Cash and cash equivalents	**$**	**74,553**	$ 234,085
Receivables		**11,701**	22,898
Prepaid expenses and deposits		**3,505**	16,598
Restricted cash		**34,500**	34,500
		124,259	308,081
Mineral properties (Note 4)		**42,060,068**	41,974,448
	$	**42,184,327**	$ 42,282,529
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**$**	**181,973**	$ 149,361
Due to related parties (Note 8)		**52,531**	4,374
Current portion of advance royalty payable (Note 4(b))		**184,135**	175,227
Convertible debenture - liability component (Note 5)		**1,913,662**	1,862,062
		2,332,301	2,191,024
Non-current portion of advance royalty payable (Note 5(b))		**468,756**	446,078
		2,801,057	2,637,102
Shareholders' equity			
Share capital (Notes 6(a))		**57,829,901**	57,804,901
Contributed surplus (6(b),6(c),6(d))		**10,008,266**	9,961,531
Convertible debenture - equity component (Note 5)		**339,739**	339,739
Deficit		**(28,794,636)**	(28,460,744)
		39,383,270	39,645,427
	$	**42,184,327**	$ 42,282,529

Nature of operations and going concern (Note 1)
Commitments (Note 7)

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

Oceanic Iron Ore Corp.

Consolidated Statements of Loss and Comprehensive Loss
For the three months ended June 30, 2017 and 2016

		June 30, 2017		June 30, 2016
Expenses				
Consulting and management fees	**$**	**43,750**	$	43,750
Directors' fees		**7,500**		7,500
Investor relations and corporate development		**18,475**		18,671
License and insurance		**4,945**		5,092
Office and general		**4,779**		4,719
Professional fees		**9,173**		7,912
Rent		**8,752**		8,468
Share-based payments (Note 6(b)(c))		**71,735**		63,641
Transfer agent and regulatory		**147**		979
Travel		**53**		514
Wages and benefits		**70,665**		75,964
Loss from operations		**239,974**		237,210
Other income (expenses)				
Interest and other income		**47**		346
Interest and other financing expense		**(93,965)**		(82,683)
Net loss and comprehensive loss for the period	**$**	**(333,892)**	$	(319,547)
Loss per common share - basic and diluted	**$**	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding		**49,993,949**		42,308,124

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

Oceanic Iron Ore Corp.

Consolidated Statements of Changes in Equity
For the three months ended June 30, 2017 and 2016

	Share capital										
	Number of shares		Amount		Contributed surplus		Convertible debenture		Deficit		Total equity
Balance - April 1, 2017	**49,962,813**	**$**	**57,804,901**	**$**	**9,961,531**	**$**	**339,739**	**$**	**(28,460,744)**	**$**	**39,645,427**
Share-based payments recognized	-		-		71,735		-		-		71,735
Settlement of restricted share units	166,667		25,000		(25,000)		-		-		-
Net loss for the period	-		-		-		-		(333,892)		(333,892)
Balance - June 30, 2017	**50,129,480**	**$**	**57,829,901**	**$**	**10,008,266**	**$**	**339,739**	**$**	**(28,794,636)**	**$**	**39,383,270**

	Share capital										
	Number of shares		Amount		Contributed surplus		Convertible debenture		Deficit		Total equity
Balance - April 1, 2016	**42,308,124**	**$**	**56,372,208**	**$**	**10,012,094**	**$**	**339,739**	**$**	**(27,104,031)**	**$**	**39,620,010**
Share-based payments recognized	-		-		63,641		-		-		63,641
Net loss for the period	-		-		-		-		(319,547)		(319,547)
Balance - June 30, 2016	**42,308,124**	**$**	**56,372,208**	**$**	**10,075,735**	**$**	**339,739**	**$**	**(27,423,578)**	**$**	**39,364,104**

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

Oceanic Iron Ore Corp.

Consolidated Statements of Cash Flows
For the three months ended June 30, 2017 and 2016

		June 30, 2017		June 30, 2016
Operating activities				
Net loss for the period	**$**	**(333,892)**	$	(319,547)
Adjustments for:				
Share-based payments		**71,735**		63,641
Other (income) expense		**(47)**		(346)
Interest and financing expense		**93,965**		82,683
Net changes in non-cash working capital balances:				
Prepaid expenses and deposits		**13,094**		22,165
Receivables		**5,426**		69,633
Accounts payable and accrued liabilities		**(13,446)**		7,956
Due to related parties		**48,157**		(653)
		(115,008)		(74,468)
Investing activities				
Mineral property expenditures		**(2,158)**		(92,014)
		(2,158)		(92,014)
Financing activities				
Interest paid on convertible debenture (Note 5)		**(42,366)**		(30,380)
		(42,366)		(30,380)
Change in cash and cash equivalents during the period		**(159,532)**		(196,862)
Cash and cash equivalents, beginning of period		**234,085**		607,446
Cash and cash equivalents, end of period	**$**	**74,553**	$	410,584
Cash and cash equivalents are comprised of the following:				
Cash	**$**	**74,553**	$	584
Term deposits	**$**	**-**	$	410,000
	$	**74,553**	$	410,584

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Oceanic Iron Ore Corp. ("Oceanic" or the "Company") is an exploration stage company engaged in the acquisition and exploration of iron ore properties in Québec, Canada. The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, British Columbia. The Company's registered/records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol "FEO".

The Company acquired a 100% interest in certain mining claims (the "Property") located near Ungava Bay, Québec, Canada in November, 2010. The Company is currently conducting exploration activity on the Property.

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. The Company's convertible debenture matures on November 23, 2017, however, the debentures may be settled in common shares at the discretion of the Company. For the three months ended June 30, 2017, the Company reported a loss of $333,892 and as at that date had an accumulated deficit of $28,794,636 and working capital deficit of $2,208,042. Despite the private placement financing that completed in September 2016, the Company will need to raise additional funds in order to finance ongoing exploration, development and administrative expenses over the coming 12 months. The Company continues to pursue a number of options to improve its financial capacity, including securing a strategic partner to further advance the Hopes Advance project, and obtaining cash flow through other forms of financing. The success of raising such funds cannot be assured. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations, the retention of key executive management and the state of global financial and metals markets. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate, and these adjustments could be material.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. These condensed interim financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual financial statements for the year ended March 31, 2017. 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, 2017.

These financial statements were approved by the board of directors on August 23, 2017.

3. RECENT ACCOUNTING PRONOUNCEMENTS

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

IFRS 9 – Financial instruments

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

IFRS 16 – *Leases*

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

4. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

		Three months ended June 30, 2017		Year ended March 31, 2017
Balance - beginning of period	**$**	**18,895,230**	$	18,598,530
Additions				
Additional advance royalty payable		**-**		163,162
Accretion of advance royalty payable		**31,586**		133,538
Balance - end of period	**$**	**18,926,816**	$	18,895,230

b) Exploration costs

		Three months ended June 30, 2017		Year ended March 31, 2017
Cumulative exploration costs - beginning of period	**$**	**23,079,218**	$	22,368,290
Expenditures during the period				
Permitting & claims		**16,878**		71,920
Fieldwork & geology		**-**		50,535
Consultants		**-**		84,694
Equipment, supplies & rentals		**24**		41,316
Office and accomodation		**37,132**		298,161
Transportation		**-**		68,332
Equipment depreciation		**-**		111,490
Exploration tax credit refund claim		**-**		(15,520)
Exploration expenditures for the period		**54,034**		710,928
Cumulative exploration costs - end of period	**$**	**23,133,252**	**$**	**23,079,218**
Grand total - mineral properties	**$**	**42,060,068**	$	41,974,448

Under the terms of the acquisition of the Property, the Company must pay advance net smelter return (“NSR”) payments of $200,000 per year until the commencement of commercial production. The aggregate advance NSR payments will then be credited against all future NSR payments payable from production. The advance NSR payments included in the purchase price represent the present value of advance payments to the royalty holders until the estimated date of commencement of commercial production.

4. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Exploration costs *(continued)*

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

The Company discounted the advance NSR payments using a discount rate of 20%, representing the estimated rate of return of similar investments. The advance royalty liability will be accreted up to the date of ultimate NSR advance payment, resulting in an increase to mineral property acquisition costs and the advance royalty payable. In the prior year, management revised its estimate on the timeline for reaching commercial production, extending the number of advance NSR payments to be paid by the Company, which resulted in an increase in the advance royalty payable.

The total estimated future undiscounted NSR payment as at June 30, 2017 is $1,000,000 (March 31, 2017: $1,000,000) (Note 7). For the three months ended June 30, 2017, accretion of the advance royalty payable totaled $31,586 (June 30, 2016: $31,753). At June 30, 2017, the total advance royalty payable was $652,891 (March 31, 2017: $621,305), with $184,135 (March 31, 2016: $175,227) recognized as a current liability and $468,756 recognized as a long-term liability (March 31, 2017: $446,078).

5. CONVERTIBLE DEBENTURE

	Liability component	Equity component	Total
Opening balance - April 1, 2016	**$ 1,636,351**	**$ 339,739**	**$ 1,976,090**
Accretion of discount	347,231	-	**347,231**
Interest payments	(121,520)	-	**(121,520)**
Balance - March 31, 2017	**$ 1,862,062**	**$ 339,739**	**$ 2,201,801**
Accretion of discount	93,965	-	**93,965**
Interest payments	(42,365)	-	**(42,365)**
Balance - June 30, 2017	**$ 1,913,662**	**$ 339,739**	**$ 2,253,401**

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

Accretion expense on the Company’s convertible debenture for the three months ended June 30, 2017 was $93,965 (June 30, 2016: $82,683).

6. SHARE CAPITAL

a) Share Capital

Unlimited common and preferred shares without par value

b) Restricted Share Units ("RSUs")

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

A summary of the changes in RSUs is as follows:

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

RSU expense for the three months ended June 30, 2017 was year ended March 31, 2017 was $6,458 (June 30, 2016: $44,530) which was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss.

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 the stock options is as follows:

	Options	Weighted average
Options outstanding - March 31, 2016	3,830,950	$ 0.17
Expired	(155,000)	0.20
Granted	1,280,000	0.25
Options outstanding - March 31, 2017	4,955,950	0.19
Cancelled	(166,667)	0.25
Options outstanding - June 30, 2017	**4,789,283**	**$ 0.19**
Options exerciseable - June 30, 2017	**4,175,950**	**$ 0.12**

6. SHARE CAPITAL (continued)

c) Stock options (continued)

Total share based payments recognized during the three months ended June 30, 2017 was $33,527 which was expensed in the consolidated statements of loss and comprehensive loss (June 30, 2016 - $19,110).

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

Number of Options outstanding	Exercise Price CAD	Expiry Date	Options Exercisable
330,000	0.19	July 6, 2017	330,000
998,333	0.17	June 13, 2018	998,333
392,350	0.20	November 30, 2020	392,350
250,000	0.20	January 5, 2021	250,000
30,000	0.20	January 11, 2021	30,000
10,000	0.20	April 5, 2021	10,000
110,600	0.20	May 18, 2021	110,600
205,000	0.20	December 16, 2021	205,000
183,000	0.20	January 18, 2023	183,000
765,000	0.155	November 25, 2024	765,000
25,000	0.155	December 15, 2024	25,000
570,000	0.15	December 2, 2025	570,000
920,000	0.25	January 20, 2027	306,667
4,789,283			4,175,950

Subsequent to June 30, 2017, the Company had 330,000 stock options expire.

(d) Share purchase warrants

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

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

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

7. COMMITMENTS

Effective March 1, 2011 (amended on July 1, 2012) the Company entered into an agreement with an affiliated company, with a director and officer in common, in respect of shared lease, overhead and service costs. Under the agreement, the Company is billed quarterly for office rental and other services relating to its office in Vancouver. The agreement expires on September 29, 2017. Either party may terminate the agreement by providing 90 days' notice.

Effective May 25, 2012, the Company entered into an agreement with Monit International Inc. in respect of the leasing of office space in Montreal, Québec. The agreement expires on January 31, 2023, but the Company may terminate the agreement effective December 31, 2016 with prior notice. In September 2016, the Company provided notice to early terminate the agreement. In January 2017, the Company signed a lease amending agreement, whereby the Company committed to a month to month lease term in the Montreal office space from the period January 1, 2017 onward, with a two-month notice provision. In June 2017, the Company provided written notice of termination of the lease agreement effective August 31, 2017.

As part of the acquisition of the Ungava Bay mineral properties, commencing on November 30, 2011, Oceanic must pay advance net smelter royalty ("NSR") payments of $200,000 per year, which will be credited against all future NSR payments payable from production (Note 4b).

The committed charges for the Company are as follows:

June 30,	Vancouver office rent	Montreal office rent	NSR payments	Total commitments
2018	8,624	22,996	200,000	231,620
2019	-	-	200,000	200,000
Thereafter	-	-	600,000	600,000
	$ 8,624	$ 22,996	$ 1,000,000	$ 1,031,620

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key Management Compensation

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

	Three months June 30, 2017	Three months June 30, 2016
Wages and benefits	**60,208**	$ 58,750
Directors' fees	**7,500**	7,500
Share-based payments	**58,204**	57,974
	$ 125,912	$ 124,224

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

b) Payments for services by related parties

During the three months ended June 30, 2017, the Company incurred corporate consulting fees of $28,750 (June 30, 2016: $28,750), to Sirocco Advisory Services Ltd., a company controlled by a director and officer of the Company.

During the three months ended June 30, 2016, the Company incurred corporate consulting fees of $15,000 (June 30, 2016: $10,500) to Sinocan Consultant Hong Kong Ltd., a company controlled by Bing Pan, the Interim CEO of the Company.

As disclosed in Note 7, the Company is charged shared lease, overhead, and service costs by Atlantic Gold Corporation, a company with a director and officer in common. For the three months ended June 30, 2017, the Company incurred $19,251 (June 30, 2016: $18,550) in shared lease, overhead, and service costs. As at June 30, 2017, the Company owed $20,448 to Atlantic Gold Corporation (March 31, 2017: $4,374). Refer to Note 7 for a listing of future commitments in respect of such lease costs.

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.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

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