

Oceanic Iron Ore Corp.

Unaudited Interim Financial Statements
For the three months ended June 30, 2011
(Stated in Canadian Dollars)

Oceanic Iron Ore Corp.

Statements of Financial Position (Unaudited)

	June 30, 2011	March 31, 2011 (Note 5)	April 1, 2010 (Note 5)
Assets			
Current assets			
Cash and cash equivalents	\$ 13,511,167	\$ 19,082,521	\$ 194,169
Marketable securities (Note 6)	-	171,250	120,056
Receivables (Note 7)	947,159	253,600	-
Prepaid expenses and deposits (Note 8)	824,341	700,094	21,266
	15,282,667	20,207,465	335,491
Equipment	-	-	9,269
Mineral Properties (Note 9)	24,415,986	18,459,328	-
	\$ 39,698,653	\$ 38,666,793	\$ 344,760
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 2,053,917	\$ 889,380	\$ 24,644
Due to related parties (Note 12)	42,444	24,247	-
Other liabilities	253,643	479,658	-
	2,350,004	1,393,285	24,644
Deferred taxes payable	284,862	-	-
	2,634,866	1,393,285	24,644
Shareholders' equity			
Share capital (Notes 10(a),10(b))	45,165,094	44,518,546	7,616,876
Contributed surplus (Notes 10(c),10(d))	6,304,075	5,835,323	422,733
Deficit	(14,405,382)	(13,080,361)	(7,719,493)
	37,063,787	37,273,508	320,116
	\$ 39,698,653	\$ 38,666,793	\$ 344,760

Nature of operations (Note 1)
 Commitments (Note 11)
 Subsequent events (Note 15)

Approved by the Board:

" Steven Dean "	Director
" Gordon Keep "	Director

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

Oceanic Iron Ore Corp.

Statements of Loss and Comprehensive Loss

For the three months ended June 30, 2011 and 2010 (Unaudited)

	June 30, 2011	June 30, 2010
Expenses		
Amortization	-	600
Consulting and management	209,312	6,000
Investor relations	42,078	-
License and insurance	8,955	2,084
Office and general	45,462	9,789
Professional fees	10,714	627
Rent	26,183	24,196
Share-based payments (Note 10(c))	510,285	-
Transfer agent and regulatory	34,246	2,174
Travel	23,933	-
Wages and benefits	49,192	18,239
Loss from operations	960,360	63,709
Other income (expenses)		
Interest income	50,459	855
Gain on disposal of marketable securities	712	-
Unrealized gain on marketable securities	-	(4,750)
Other income relating to renounced exploration expenditures	226,015	-
Net loss before income taxes	(683,176)	(67,604)
Deferred tax expense	(641,845)	-
Net loss and comprehensive loss for the period	(1,325,021)	(67,604)
Loss per common share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	143,154,603	9,658,659

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

Oceanic Iron Ore Corp.
Statements of Changes in Equity
For the three months ended June 30, 2011 and 2010 (Unaudited)

	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 (Note 10(b))	-	356,983	-	-	356,983
Balance - June 30, 2011	143,568,231	\$ 45,165,094	\$ 6,304,075	\$ (14,405,382)	\$ 37,063,787

	Share capital		Contributed Surplus	Deficit	Total equity
	Number of shares	Amount			
Balance - April 1, 2010	7,247,703	\$ 7,616,876	\$ 422,733	\$ (7,719,493)	\$ 320,116
Shares issued for cash	40,000,000	2,630,849	369,151	-	3,000,000
Share issue costs	-	(30,710)	-	-	(30,710)
Net loss for the period	-	-	-	(67,604)	(67,604)
Balance - June 30, 2010	47,247,703	\$ 10,217,015	\$ 791,884	\$ (7,787,097)	\$ 3,221,802

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

Oceanic Iron Ore Corp.
Statements of Cash Flows
Three months ended June 30, 2011 and 2010 (Unaudited)

	June 30, 2011	June 30, 2010
Operating activities		
Net loss for the period	\$ (1,325,021)	\$ (67,604)
Items not involving cash:		
Deferred income tax expense	641,845	-
Amortization	-	600
Share-based payments	510,285	-
Accrued interest	(20,034)	-
Gain on disposal of marketable securities and investments	(712)	-
Unrealized gain on marketable securities	-	4,750
Other income relating to renounced exploration expenditures	(226,015)	-
Net changes in non-cash working capital balances:		
Prepaid expenses and deposits (Note 8)	(124,247)	8,696
Accrued interest and receivables (Note 7)	(673,525)	-
Accounts payable and accrued liabilities	(17,541)	13,930
Due to related parties	18,197	-
	(1,216,767)	(39,628)
Investing activities		
Mineral property expenditures	(4,683,282)	-
Proceeds from sale of marketable securities	171,962	-
	(4,511,320)	-
Financing activities		
Private placement, net of share issue cost (Note 10(b))	-	2,969,290
Exercise of stock options (Note 10(c))	131,733	-
Exercise of warrants (Note 10(d))	25,000	-
	156,733	2,969,290
Change in cash and cash equivalents during the period	(5,571,354)	2,929,662
Cash and cash equivalents, beginning of period	19,082,521	194,169
Cash and cash equivalents, end of period	\$ 13,511,167	\$3,123,831
Cash and cash equivalents are comprised of the following:		
Cash	\$ 1,043,917	\$ 46,515
Term deposits	\$ 12,467,250	\$3,077,316
	\$ 13,511,167	\$3,123,831
Supplemental cash flow information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-
Mineral property expenditures in accounts payable	1,950,767	-

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

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

1. NATURE OF OPERATIONS

Oceanic Iron Ore Corp. ("Oceanic" or the "Company") is an exploration stage company engaged in the acquisition and exploration of iron ore properties in Quebec, Canada. The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, British Columbia. The Company's registered and records office is located at 1900-600 Granville Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol "FEO" as well as the OTCQX in the United States under the symbol "FEOVF".

The Company acquired a 100% interest, subject to a 2% net smelter returns royalty ("NSR"), in approximately 3,000 mining claims (the "Property") located near Ungava Bay, Quebec, as discussed in note 9.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and required publicly accountable enterprise to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34") and IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). Subject to certain elections disclosed in note 5, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at April 1, 2010 ("the transition date") and throughout all periods presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Company's reported financial results, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended March 31, 2011.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of September 23, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending March 31, 2012 could result in restatement of these condensed interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended March 31, 2011.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY

The significant accounting policies used to prepare these unaudited condensed interim financial statements are outlined as follows:

a) Mineral properties

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition costs are capitalized and deferred until such time as the property is put into production or the property is disposed of, either through sale or abandonment or becomes impaired. If a property is put into production the cost of acquisition will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property. If a property is abandoned, the acquisition costs will be written off to operations.

Recorded costs of mineral properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amounts.

Although the Company has taken steps that it considers adequate to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Title to mineral properties in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

b) Mineral property exploration expenditures

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of mineral properties. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

c) Impairment of mineral properties

The Company regularly reviews the recoverability of the carrying value of each mineral property. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

d) Asset retirement obligations

Asset retirement obligations will be recognized for estimated obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A liability for an asset retirement obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with the corresponding asset retirement cost recognized by increasing the carrying amount of the related long-lived asset. The asset retirement cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. The Company had no asset retirement obligations at June 30, 2011.

e) Cash and cash equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with an initial term to maturity of 90 days or less.

f) Translation of foreign currencies

i) Functional and presentation currency: Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These interim financial statements are presented in Canadian dollars which is the Company's functional currency.

ii) Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recorded in profit or loss.

g) Loss per share

Basic earnings (loss) per share is calculated by dividing income (or loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share has not been presented separately as the effect of common shares issuable on the exercise of stock options and share purchase warrants would be anti-dilutive.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

h) Equipment

Property and equipment are carried at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Amortization is calculated at the following annual rates:

Vehicles	straight-line - 20%
Office furniture and equipment	straight-line - 20%

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

i) Share issue costs

Share issue costs incurred on the issue of the Company's shares are charged directly to share capital.

j) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payment reserve.

k) Current and deferred taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Use of estimates and judgements

The preparation of the interim 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. Actual area of estimates includes mineral property impairment assessment, assumptions used in the accounting for share-based compensation, valuation of deferred tax benefits and contingent liabilities. 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 interim financial statements is included in the notes to the financial statements where applicable.

m) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY (continued)

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- **Held for trading:** A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. The Company has designated its marketable securities and investments as held for trading and are measured at fair value at the end of each period with any resulting gains or losses recognized in profit or loss.
- **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of accounts receivables, cash and cash equivalents, and amounts due from related parties, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.
- **Financial liabilities at amortized cost:** Financial liabilities at amortized cost include accounts payable and accrued liabilities and amounts due to related parties. Accounts payable are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Financial liabilities are classified as current liabilities as payment is due within twelve months.

n) Flow through shares

On issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon qualifying expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income relating to renounced exploration expenditures and the related deferred tax is recognized as a tax provision.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

4. 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 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 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.

The following is a brief summary of the new standards:

IFRS 9 - Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 - Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

4 ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED (continued)

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

5. TRANSITION TO IFRS

As stated in note 2, these are the Company's first financial statements prepared in accordance with IFRS. The accounting policies, in accordance with IFRS, set out in note 3 have been applied in preparing the unaudited condensed interim financial statements for the period ended June 30, 2011, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS balance sheet at April 1, 2010 (the Company's date of transition). In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS with respect to the financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Initial elections upon adoption

Set out below are the applicable IFRS 1 exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS:

- a) IFRS exemption options:
 - i) Exemption for share-based payment transactions

An IFRS 1 exemption allows the Company to not apply IFRS 2, 'Share-based payments', to equity instruments granted after 7 November 2002 and vested before the date of transition to IFRS. The Company has elected to take the exemption and, as a result, is only required to recalculate the impact on any share based payments that have not vested at the date of transition, April 1, 2010.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

5. TRANSITION TO IFRS (continued)

b) Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The adoption of IFRS had no impact on the net cash flows of the Company. The changes made to the statements of loss and comprehensive loss and statements of financial position have resulted in reclassification of various amounts on the statements of cash flows. However as there have been no changes to the net cash flows, no reconciliations have been prepared. The following table represents the reconciliation from Canadian GAAP to IFRS for the opening balance sheet (April 1, 2010).

- i) A reconciliation between the Canadian GAAP and IFRS statements of financial position at March 31, 2011 is provided below. Note that a reconciliation at April 1, 2010 and June 30, 2010 is not shown as the presentation under Canadian GAAP matches that under IFRS.

		March 31, 2011		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 19,082,521	\$ -	\$ 19,082,521
Marketable securities		171,250	-	171,250
Receivables		253,600	-	253,600
Prepaid expenses and deposits		700,094	-	700,094
		20,207,465	-	20,207,465
Equipment		-	-	-
Investments		-	-	-
Mineral properties	(i)	22,252,529	(3,793,201)	18,459,328
Total assets		\$ 42,459,994	\$ (3,793,201)	\$ 38,666,793
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 889,380	\$ -	\$ 889,380
Due to related parties		24,247	-	24,247
Other liabilities	(ii)	-	479,658	479,658
Deferred taxes		5,785,807	(5,785,807)	-
Total liabilities		6,699,434	(5,306,149)	1,393,285
Equity attributable to shareholders				
Share capital	(i),(ii)	42,860,458	1,658,088	44,518,546
Contributed surplus		5,835,323	-	5,835,323
Deficit	(i)	(12,935,221)	(145,140)	(13,080,361)
		35,760,560	1,512,948	37,273,508
Total liabilities and equity		\$ 42,459,994	\$ (3,793,201)	\$ 38,666,793

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

5. TRANSITION TO IFRS (continued)

- ii) A reconciliation between the Canadian GAAP and IFRS total comprehensive loss for the year ended March 31, 2011 is provided below. Note that a reconciliation for the three month period ended June 30, 2010 is not shown as the presentation under Canadian GAAP matches that under IFRS.

	Note	Year ended March 31, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses				
Amortization		1,200	-	1,200
Consulting and management		284,194	-	284,194
Investor relations		36,785	-	36,785
License and insurance		6,964	-	6,964
Office and general		27,203	-	27,203
Professional fees		140,893	-	140,893
Rent		95,301	-	95,301
Stock-based compensation		4,668,087	-	4,668,087
Transfer agent and regulatory		57,081	-	57,081
Travel		44,925	-	44,925
Wages and benefits		126,245	-	126,245
Loss from operations		(5,488,878)	-	(5,488,878)
Other income (expenses)				
Interest income		59,159	-	59,159
Loss on write-off of investment		(50,056)	-	(50,056)
Gain on disposal of marketable securities		5,726	-	5,726
Loss on write-off of equipment		(8,069)	-	(8,069)
Unrealized gain on marketable securities		121,250	-	121,250
Net loss before income taxes		(5,360,868)	-	(5,360,868)
Income tax recovery	(i)	145,140	(145,140)	-
Net loss and comprehensive loss for the year		\$ (5,215,728)	\$ (145,140)	\$ (5,360,868)

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

5. TRANSITION TO IFRS (continued)

Notes to the IFRS reconciliation above:

(i) - Deferred taxes

Under IFRS, deferred income taxes are not recognized on asset acquisition providing certain conditions are met, whereas they are under Canadian GAAP. Prior to transition, the Company acquired additional exploration and evaluation assets and under Canadian GAAP a deferred income tax liability was recognized, although a portion of this was offset by applying the Company's available income tax losses. No such liability has been recognized under IFRS. This change in accounting decreased mineral properties at April 1, 2010 by \$nil (\$nil at June 30, 2010 and \$3,793,201 at March 31, 2011) and decreased contributed surplus at April 1, 2010 by \$nil (\$nil at June 30, 2010 and \$11,102 at March 31, 2011). This change alone did not result in any gain or loss in either the three months ended June 30, 2010 or the year ended March 31, 2011.

As a result of derecognizing the impacts of all future income tax liabilities which had previously been recognized under Canadian GAAP through transactions deemed not to be business combinations and affecting neither accounting profit or loss nor taxable profit or loss, a reduction of the deferred income tax recovery of \$145,140 on the Statement of Loss and Comprehensive loss for the year ended March 31, 2011 was recorded.

(ii) - Flow-through shares

Under Canadian GAAP, the entire net proceeds from the issuance of flow-through shares were recognized in equity. Upon renunciation of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and shareholders' equity reduced.

Under IFRS, proceeds from the issuance of flow-through shares are segregated as follows: the estimated premium investors pay for the flow-through feature, if any, is recorded as an other liability; and, the remaining net proceeds are recorded as share capital. This premium is included in other income relating to renounced exploration expenditures at the time the qualifying expenditures are made. During the current quarter, the Company recognized other income relating to renounced exploration expenditures of \$226,015 (June 30, 2010: Nil). Furthermore, a deferred income tax liability is recognized with respect to the tax benefits on renounced qualifying exploration expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Therefore, under IFRS, the change in accounting decreased share capital and increased other liabilities at April 1, 2010 by \$nil (\$nil at June 30, 2010 and \$479,658 at March 31, 2011).

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

6. MARKETABLE SECURITIES

Holdings of marketable securities as at June 30 and March 31, 2011 are as follows:

Investee	June 30, 2011		March 31, 2011	
	Number of shares	\$	Number of shares	\$
Yellowhead Mining Inc	-	-	125,000	171,250
	-	-	125,000	171,250

During the period, the Company sold 125,000 shares of its investment in Yellowhead Mining Inc. for proceeds of \$171,962.

7. RECEIVABLES

	June 30 2011	March 31 2011
Input tax credits	\$ 877,152	\$ 203,627
Accrued interest receivable	70,007	49,973
	\$ 947,159	\$ 253,600

8. PREPAID EXPENSES AND DEPOSITS

	June 30 2011	March 31 2011
Deposits to Vendors	\$ 762,144	\$ 444,481
Prepaid Expenses	62,197	255,613
	\$ 824,341	\$ 700,094

9. MINERAL PROPERTIES - UNGAVA BAY

a) Purchase of mineral properties in Ungava Bay, Quebec

On November 30, 2010, the Company closed the acquisition of a 100% interest, subject to the vendors retaining a 2% net smelter returns royalty (the "NSR"), in approximately 3,000 mining claims (the "Property") located near Ungava Bay, Quebec.

As consideration for the acquisition, Oceanic issued 30,000,000 common shares, of which 6,000,000 common shares are free trading as at the date of this report and 24,000,000 are in escrow. The shares held in escrow will be released as follows: 1,500,000 shares on September 30, 2011 and 4,500,000 shares on each of the dates that are 12 months, 18 months, 24 months, 30 months and 36 months following December 3, 2010, respectively.

Commencing on November 30, 2011, Oceanic must pay minimum advance NSR payments of \$200,000 per year, which will be credited against all future NSR payments payable from production.

Oceanic Iron Ore Corp.

Notes to the financial statements

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(Unaudited)

9. MINERAL PROPERTIES - UNGAVA BAY (continued)

Oceanic may purchase 50% of the NSR by paying \$3,000,000 at any time in the first two years following the commencement of commercial production from the Property.

The Property was the subject of a dispute between Kataria Holdings Limited, a British Virgin Islands Company, Atulkumar Patel and Ramzy Abdul-Majeed, both of Dubai, UAE, (collectively the "Kataria Group") and the vendors. The vendors and the Kataria Group have made the necessary filings to dismiss all legal proceedings in respect of the Property and have entered into full and final releases.

On closing of the acquisition, Oceanic paid the Kataria Group US\$2,000,000 and issued the Kataria Group 8,000,000 common shares, of which 4,000,000 common shares will be held in escrow and only released upon receipt of an independent report under National Instrument 43-101 which validates a resource equal to or greater than 450 million metric tonnes of 35% or higher iron content.

Finder's fees of \$50,000 and 1,010,000 common shares (fair value \$384,252) were paid in relation to the acquisition. Other transaction costs relating to the acquisition totalled \$171,085.

The Company has accounted for the transaction as a purchase of assets and the shares issued were fair valued at approximately \$0.38 per share. The allocation of the net assets acquired is summarized in the table below:

Purchase Price:

Finders fees relating to the acquisition	\$	605,337
Cash payment to Kataria Group (US \$2 million)		2,011,600
Common shares to Vendors (30,000,000 shares)		11,413,411
Common shares to Kataria Group (8,000,000 shares)		3,043,576
	\$	17,073,924

Net Assets Acquired:

Mineral Properties	\$	17,073,924
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b) Acquisition costs

	Balance - Beginning of the period	Additions	Balance - End of the period
Ungava Bay properties	\$ 17,073,924	\$ -	\$ 17,073,924
	\$ 17,073,924	\$ -	\$ 17,073,924

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

9. MINERAL PROPERTIES - UNGAVA BAY (continued)

c) Exploration costs

	Three months ended June 30, 2011	Three months ended June 30, 2010
Permitting, claims & legal	\$ 64,098	\$ -
Drilling	1,287,430	-
Fieldwork & geology	874,072	-
Consultants	151,569	-
Salaries*	142,879	-
Fuel	449,304	-
Mapping & imagery	81,273	-
Assays	11,313	-
Equipment & supplies	575,946	-
Accomodation	333,150	-
Transportation	1,946,469	-
Other	39,156	-
Exploration Expenditures for the period	\$ 5,956,658	\$ -
Cumulative exploration costs - End of period**	\$ 7,342,062	\$ -

* Includes share-based payments of \$91,299

** Cumulative exploration costs represent costs incurred from the start of our resource verification program in the fourth quarter of 2011.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

10. 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, March 31, 2010	7,247,703	\$ 7,616,876
Private placement - June 9, 2010	40,000,000	2,630,849
Private placement - November 30, 2010	13,125,000	5,005,327
Private placement - November 30, 2010	28,400,000	14,339,263
Share issue costs, cash	-	(1,282,710)
Issued as finders fees (Note 9)	1,010,000	384,252
Issued for mineral property (Note 9)	30,000,000	11,413,411
Issued to Kataria (Note 9)	8,000,000	3,043,576
Exercise of stock options (Note 10(c))	683,514	284,011
Exercise of share purchase warrants (Note 10(d))	14,325,000	1,563,349
Deferral of sale of tax deductions to flow-through shareholders	-	(479,658)
Balance, March 31, 2011	142,791,217	\$ 44,518,546
Exercise of stock options (Note 10(c))	527,014	262,281
Exercise of share purchase warrants (Note 10(d))	250,000	27,284
Tax recovery on share issuance costs	-	356,983
Balance, June 30, 2011	143,568,231	\$ 45,165,094

Concurrently with closing of the iron ore property acquisition (Note 9), Oceanic completed two non-brokered private placements of units for gross proceeds of \$19,972,500. In the first private placement, 13,125,000 units were sold at a price of \$0.40 per unit. Of the units, 8,844,500 units consisted of one flow-through common share and one-half of one share purchase warrant and 4,280,500 units consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.65 per share on or before November 30, 2015.

In the second private placement, 28,400,000 units were sold. Of the Units, 17,950,000 units were sold at a price of \$0.50 per unit. Each unit consisted of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at a price of \$1.00 per share on or before November 30, 2015. The balance of 10,450,000 units were sold at a price of \$0.55 per unit, each unit consisting of one flow-through common share and one warrant, each warrant entitling the holder to purchase one common share at a price of \$1.00 per share on or before November 30, 2015.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

10. SHARE CAPITAL (continued)

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

On June 9, 2010, the Company completed a private placement and issued 40,000,000 common share units at a price of \$0.075 per unit for gross proceeds of \$3,000,000. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of \$0.10 per share for a period of two years following issuance.

The Company incurred cash share issue costs in the amount of \$1,327,062 in connection with the private placements noted above.

Shares in escrow

Other than the shares in escrow disclosed in Note 9, 1,500,000 common shares held by a principal of Oceanic are held in escrow at June 30, 2011.

Share capital activity for the 3 month period ended June 30, 2011

During the period the Company issued 527,014 shares pursuant to the exercise of options at an average price of \$0.25 per share for a total consideration of \$131,733. The Company also issued 250,000 shares pursuant to the exercise of warrants at a price of \$0.10 per share for a total consideration of \$25,000. Contributed surplus allocated to share capital upon the exercise of stock options and agent's warrants was \$130,548 and \$2,284 respectively.

Flow-through shares

During the year ended March 31, 2011, the Company issued 19,294,500 flow-through common shares for total proceeds of \$9,285,300, which must be used for qualifying exploration expenditures (renounced to the flow-through shareholders effective December 31, 2010). The unspent balance of this flow-through issuance at June 30, 2011 was \$4,964,444.

A deferred tax liability arose due to the renounced qualifying exploration expenditures incurred in the quarter. Subsequent changes to deferred tax items allocated to equity are traced back and allocated to equity. As a result, a deferred tax asset of \$356,983 at June 30, 2011 associated with share issuance costs was realized with the resulting offset to share capital.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

10. 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.

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

	Options	Weighted average exercise price
Options outstanding - March 31, 2010	1,134,028	\$0.24
Granted	12,240,000	0.56
Exercised	(683,514)	0.26
Options outstanding - March 31, 2011	12,690,514	\$ 0.55
Granted	1,600,000	\$0.45
Exercised	(527,014)	0.25
Forfeited	(850,000)	0.40
Options outstanding - June 30, 2011	12,913,500	\$ 0.56

The weighted average fair value of the options granted during the period was \$0.36.

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

Risk-free interest rate	3.19% - 3.35%
Expected life	10 years
Annualized volatility	75%
Dividend rate	0.00%

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

10. SHARE CAPITAL (continued)

(c) Stock options (continued)

The following table summarizes information about the stock options outstanding at June 30, 2011:

Weighted average exercise price (\$)	Options Outstanding		Options Exercisable	
	Number	Weighted average remaining life (years)	Number	
0.40	6,813,500	9.4	6,813,500	
0.41	1,500,000	9.9	1,381,000	
0.62	100,000	9.5	-	
0.83	3,800,000	9.5	3,500,000	
0.85	700,000	9.7	700,000	
0.55	12,913,500	9.5	12,394,500	

(d) Share purchase warrants

At June 30, 2011, the Company had outstanding share purchase warrants exercisable to acquire 60,387,500 shares as follows:

	Number	Weighted average exercise price	
Balance - April 1, 2010	-	\$	-
Issued pursuant to private placement	40,000,000		0.10
Issued pursuant to private placement	6,562,500		0.65
Issued pursuant to private placement	28,400,000		1.00
Exercised	(14,325,000)		(0.10)
Balance - March 31, 2011	60,637,500	\$	0.58
Exercised	(250,000)		(0.10)
Balance - June 30, 2011	60,387,500	\$	0.58

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

10. SHARE CAPITAL (continued)

(d) Share purchase warrants (continued)

The following table summarizes information about the share purchase warrants outstanding at June 30, 2011:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
25,425,000	\$ 0.10	June 9, 2012	0.9
6,562,500	0.65	November 30, 2015	4.4
28,400,000	1.00	November 30, 2015	4.4
60,387,500	\$ 0.58		3.0

11. COMMITMENTS

Effective March 1, 2011, the Company entered into an agreement with a related company 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 provided 90 days' notice.

Effective May 1, 2011, the Company entered into an agreement with Optrust Office Inc. in respect of the leasing of office space in Montreal, Quebec. The agreement expires on June 30, 2016, but the Company may terminate the agreement at the end of the second year with one year's notice.

Absent of a termination of the agreements by either party, the committed rent charges for the Company are as follows:

March 31,	
2012	\$ 58,821
2013	80,028
2014	81,907
2015	83,048
thereafter	58,948
	<u>\$362,752</u>

As noted in note 9, commencing on November 30, 2011, Oceanic must pay minimum advance NSR payments of \$200,000 per year, which will be credited against all future NSR payments payable from production.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, Chief Executive Officer, and Chief Financial Officer. Compensation awarded to key management included:

	Three months ended June 30, 2011	Three months ended June 30, 2010
Rent & Shared Services	\$ 37,896	\$ -
Management/Director Fees	136,500	6,000
Share-based payments	486,213	-
	\$ 660,609	\$ 6,000

Amounts due to related parties at June 30, 2011 amounted to \$42,444 (March 31, 2011 - \$24,247).

13. FINANCIAL INSTRUMENTS

a) Fair value

The fair value of financial instruments at June 30, 2011 and March 31, 2011 is summarized as follows:

	<u>June 30, 2011</u>		<u>March 31, 2011</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets				
<i>Held for trading</i>				
Marketable securities	\$ -	\$ -	\$ 171,250	\$ 171,250
<i>Loans and receivables</i>				
Cash and cash equivalents	\$ 13,511,167	\$ 13,511,167	\$ 19,082,521	\$ 19,082,521
Amounts receivable - at amortized cost	\$ 947,159	\$ 947,159 (i)	\$ 253,600	\$ 253,600
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	\$ 2,053,917	\$ 2,053,917 (i)	\$ 889,380	\$ 889,380
Due to related parties	\$ 42,444	\$ 42,444 (i)	\$ 24,247	\$ 24,247

- i) The carrying amount of receivables, accounts payable, accrued liabilities and due to related parties approximate fair value due the short-term nature of these instruments.

Oceanic Iron Ore Corp.

Notes to the financial statements

For the Three Month Period ended June 30, 2011

(Unaudited)

13. FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk and interest rate risk.

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, receivables and marketable securities. The Company reduces its credit risk 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 has not generated revenues from operations. These unaudited interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company presently has sufficient financial resources to fund its current operations and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

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 our cash needs over the short term.

Management has concluded that the Company has adequate financial resources to settle obligations as at June 30, 2011.

Interest rate risk

Interest rate risk Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk mainly arises from the interest rate impact on the cash and cash equivalents. Cash and cash equivalents earn interest based on current market interest rates, which at June 30, 2011 was 1.2%.

Based on the amount of cash and cash equivalents invested at June 30, 2011, and assuming that all other variables remain constant, a 1% change in the applicable interest rate would result in an increase/decrease of \$124,673 in the interest earned by the Company per annum.

Oceanic Iron Ore Corp.

Notes to the financial statements

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(Unaudited)

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company includes the components of equity attributable to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company's investment policy is to limit investments to guaranteed investment certificates, banker's acceptance notes, investment savings accounts or money market funds with high quality financial institutions in Canada and treasury bills, selected with regards to the expected timing of expenditures from continuing operations.

15. SUBSEQUENT EVENTS

Subsequent to year end,

- a) A total of 11,160,000 warrants were exercised at a price of \$0.10.
- b) The Company issued a total of 700,000 options to a director of the company with an exercise price of \$0.28 and expiry date of September 20, 2021.