Oceanic Iron Ore Corp.

Unaudited Condensed Interim Financial Statements

For the six months ended September 30, 2011

(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

Oceanic Iron Ore Corp.

Condensed Interim Statements of Financial Position (Unaudited)

	September 30, 2011	March 31, 2011 (Note 2)
Assets		
Current assets		
Cash and cash equivalents	**$ 7,992,917**	$ 19,082,521
Marketable securities (Note 4)	**-**	171,250
Receivables (Note 5)	**1,123,573**	253,600
Prepaid expenses and deposits (Note 6)	**471,369**	700,094
	9,587,859	20,207,465
Mineral Properties (Note 7)	**31,391,514**	18,459,328
	$ 40,979,373	$ 38,666,793
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,548,280**	$ 889,380
Due to related parties (Note 10)	**33,988**	24,247
Other liabilities	**53,290**	479,658
	2,635,558	1,393,285
Deferred taxes payable	**1,187,791**	-
	3,823,349	1,393,285
Shareholders' equity		
Share capital (Notes 8(a),8(b))	**46,432,143**	44,518,546
Contributed surplus (Notes 8(c),8(d))	**6,404,829**	5,835,323
Deficit	**(15,680,948)**	(13,080,361)
	37,156,024	37,273,508
	$ 40,979,373	$ 38,666,793

Nature of operations (Note 1)
Commitments (Note 9)
Subsequent events (Note 13)

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

Oceanic Iron Ore Corp.

Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Six months ended September 30, 2011	Six months ended September 30, 2010
Expenses				
Amortization	**-**	600	**-**	1,200
Consulting and management	**199,355**	24,445	**408,667**	37,000
Investor relations	**65,659**	-	**107,737**	-
License and insurance	**8,890**	-	**17,845**	2,084
Office and general	**41,142**	6,481	**86,604**	10,465
Professional fees	**21,418**	30,628	**32,132**	31,255
Rent	**20,946**	24,732	**47,129**	48,928
Share-based payments (Note 8(c))	**164,131**	-	**674,416**	-
Transfer agent and regulatory	**22,025**	8,867	**56,271**	10,291
Travel	**3,133**	-	**27,066**	-
Wages and benefits	**54,189**	75,909	**103,381**	94,148
Loss from operations	**600,888**	171,662	**1,561,248**	235,371
Other income (expenses)				
Interest income	**27,896**	4,714	**78,355**	5,569
Gain on disposal of marketable securities	**-**	-	**712**	-
Unrealized gain on marketable securities	**-**	10,500	**-**	5,750
Other income relating to renounced exploration expenditures	**200,353**	-	**426,368**	-
Net loss before income taxes	**(372,639)**	(156,448)	**(1,055,813)**	(224,052)
Deferred tax expense	**(902,929)**	-	**(1,544,774)**	-
Net loss and comprehensive loss for the period	**(1,275,568)**	(156,448)	**(2,600,587)**	(224,052)
Loss per common share - basic and diluted	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.01)
Weighted average number of common shares outstanding	**147,588,633**	47,247,703	**145,386,602**	32,165,736

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

Oceanic Iron Ore Corp.

Condensed Interim Statements of Changes in Equity

For the six months ended September 30, 2011 and 2010 (Unaudited)

	Share capital				
	Number of shares	Amount	Contributed Surplus	Deficit	Total equity
Balance - April 1, 2011	**142,791,217**	**$ 44,518,546**	**$ 5,835,323**	**$ (13,080,361)**	**$ 37,273,508**
Warrants exercised	11,860,000	1,294,333	(108,333)	-	1,186,000
Options exercised	527,014	262,281	(130,548)	-	131,733
Share-based compensation recognized	-	-	808,387	-	808,387
Net loss for the period	-	-	-	(2,600,587)	(2,600,587)
Tax recovery on share issuance costs (Note 8(b))	-	356,983	-	-	356,983
Balance - September 30, 2011	**155,178,231**	**$ 46,432,143**	**$ 6,404,829**	**$ (15,680,948)**	**$ 37,156,024**

	Share capital				
	Number of shares	Amount	Contributed Surplus	Deficit	Total equity
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	-	-	-	(224,052)	(224,052)
Balance - September 30, 2010	**47,247,703**	**$ 10,217,015**	**$ 791,884**	**$ (7,943,545)**	**$ 3,065,354**

Oceanic Iron Ore Corp.

Condensed Interim Statements of Cash Flows

For the six months ended September 30, 2011 and 2010 (Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Six months ended September 30, 2011	Six months ended September 30, 2010
Operating activities				
Net loss for the period	**$ (1,275,568)**	$ (156,448)	**$ (2,600,587)**	$ (224,052)
Items not involving cash:				
Deferred income tax expense	**902,929**	-	**1,544,774**	-
Amortization	**-**	600	**-**	1,200
Share-based payments	**164,131**	-	**674,416**	-
Accrued interest	**12,418**	-	**(7,616)**	-
Gain on disposal of marketable securities and investments	**-**	-	**(712)**	-
Unrealized gain on marketable securities	**-**	(10,500)	**-**	(5,750)
Other income relating to renounced exploration expenditures	**(200,353)**	-	**(426,368)**	-
Net changes in non-cash working capital balances:	**-**	-		
Prepaid expenses and deposits (Note 6)	**352,972**	(8,248)	**228,725**	448
Accrued interest and receivables (Note 5)	**(188,832)**	(4,758)	**(862,357)**	(4,758)
Accounts payable and accrued liabilities	**260,867**	(24,610)	**243,326**	(10,680)
Due to related parties	**(8,456)**	**-**	**9,741**	-
	20,110	(203,963)	**(1,196,658)**	(243,591)
Investing activities				
Mineral property expenditures	**(6,699,360)**	**-**	**(11,382,642)**	-
Proceeds from sale of marketable securities	**-**	**-**	**171,962**	-
	(6,699,360)	**-**	**(11,210,680)**	-
Financing activities				
Private placement, net of share issue cost (Note 8(b))	**-**	**-**	**-**	2,969,290
Exercise of stock options (Note 8(c))	**-**	**-**	**131,733**	-
Exercise of warrants (Note 8(d))	**1,161,000**	**-**	**1,186,000**	-
	1,161,000	**-**	**1,317,733**	2,969,290
Change in cash and cash equivalents during the period	**(5,518,250)**	(203,963)	**(11,089,604)**	2,725,699
Cash and cash equivalents, beginning of period	**13,511,167**	3,123,831	**19,082,521**	194,169
Cash and cash equivalents, end of period	**$ 7,992,917**	$2,919,868	**$ 7,992,917**	$2,919,868
Cash and cash equivalents are comprised of the following:				
Cash	**$ 1,308,417**	$ 14,788	**$ 1,308,417**	$ 14,788
Term deposits	**$ 6,684,500**	$2,905,080	**$ 6,684,500**	$2,905,080
	$ 7,992,917	$2,919,868	**$ 7,992,917**	$2,919,868
Supplemental cash flow information				
Interest paid	**$ -**	$ -	**$ -**	$ -
Income taxes paid	**-**	-	**-**	-
Mineral property expenditures in accounts payable and accrued liabilities	**2,184,264**	-	**2,184,264**	-

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

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 7.

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"). The accounting policies followed in these condensed interim financial statements are the same as those applied in note 3 of the Company's condensed interim financial statements for the period ended June 30, 2011. 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.

The accounting policies applied in these condensed interim financial statements are based on IFRS effective for the year ended March 31, 2012, as issued and outstanding as of November 28, 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, and the Company's interim financial statements for the quarter ended June 30, 2011 prepared in accordance with IFRS applicable to interim financial statements.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS (continued)

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.

b) Reconciliations of Canadian GAAP to IFRS

IFRS 1.32 requires the Company to disclose the impact of the transition to IFRS on the Company’s reported financial position, financial performance and cash flows for the periods covered by the financial statements. As the adoption of IFRS had no impact on the reported financial position, financial performance and cash flows for the periods covered by these financial statements (September 30, 2011 and 2010), no reconciliation is provided as the presentation under Canadian GAAP matches that under IFRS for these periods.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

During 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, *Financial Instruments* (“IFRS 9”), IFRS 10, *Consolidated Financial Statements* (“IFRS 10”), IFRS 11, *Joint Arrangements* (“IFRS 11”), IFRS 12, *Disclosure of Interests in Other Entities* (“IFRS 12”), IAS 27, *Separate Financial Statements* (“IAS 27”), IFRS 13, *Fair Value Measurement* (“IFRS 13”)and IFRIC 20, Stripping Costs in the Production Phase of a Mine (“IFRIC 20”). 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:

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED (continued)

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.

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.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED (continued)

IFRIC 20 – Stripping Costs in the Production Phase of a Mine

IFRIC 20 was issued in October, 2011 and is effective for the years beginning January 1, 2013. IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity; useable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. This standard does not have an impact on the Company's financial statements as it is currently in the exploration stage.

4. MARKETABLE SECURITIES

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

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

During the six month period ended September 30, 2011, the Company sold 125,000 shares of its investment in Yellowhead Mining Inc. for proceeds of $171,962.

5. RECEIVABLES

	September 30, 2011	March 31 2011
Input tax credits	$ 1,065,985	$ 203,627
Accrued interest receivable	57,589	49,973
	$ 1,123,573	**$ 253,600**

6. PREPAID EXPENSES AND DEPOSITS

	September 30, 2011	March 31 2011
Deposits to Vendors	$ 439,627	$ 444,481
Prepaid Expenses	31,742	255,613
	$ 471,369	**$ 700,094**

7. 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 a 2% net smelter returns royalty (the "NSR"), in approximately 3,000 mining claims (the "Property") located near Ungava Bay, Quebec from John Patrick Sheridan of Toronto, Ontario and Peter Ferderber of Val D'or, Quebec (collectively the "Vendors").

As consideration for the acquisition, Oceanic issued 30,000,000 common shares, of which 7,500,000 common shares are free trading as at the date of this report and 22,500,000 are in escrow. The shares held in escrow will be released as follows: 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. On November 25, 2011, the Company made its first required minimum advance NSR payment of $200,000 to the Vendors.

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. The shares are in the process of being released from escrow.

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

7. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Acquisition costs

		Total September 30, 2011		Total March 31, 2011
Balance - Beginning of period	**$**	**17,073,924**	**$**	**-**
Additions				
Ungava Bay properties		**-**		17,073,924
Balance - End of period	**$**	**17,073,924**	**$**	**17,073,924**

c) Exploration costs

		Total September 30, 2011		Total March 31, 2011
Cumulative exploration costs - Beginning of period		1,385,404		-
Expenditures during the period				
Permitting & claims	**$**	**156,194**	$	121,104
Drilling		**3,197,721**		180,194
Fieldwork & geology		**2,133,872**		306,774
Consultants		**614,057**		16,946
Salaries*		**235,550**		84,343
Fuel		**541,023**		14,341
Mapping & imagery		**140,946**		-
Assays		**246,599**		-
Equipment & supplies		**923,337**		743
Accomodation		**694,701**		140,556
Transportation		**3,980,119**		458,849
Other		**68,067**		61,554
Exploration Expenditures for the period	**$**	**12,932,186**	$	1,385,404
Cumulative exploration costs - End of period	**$**	**14,317,590**	**$**	**1,385,404**

* Includes share-based payments of $133,970

8. SHARE CAPITAL

(a) Share Capital

Unlimited common and preferred shares without par value

(b) Issued and fully paid common shares

	Number of shares	Amount
Balance, 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 7)	1,010,000	384,252
Issued for mineral property (Note 7)	30,000,000	11,413,411
Issued to Kataria (Note 7)	8,000,000	3,043,576
Exercise of stock options (Note 8(c))	683,514	284,011
Exercise of share purchase warrants (Note 8(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 8(c))	527,014	262,281
Exercise of share purchase warrants (Note 8(d))	11,860,000	1,294,333
Tax recovery on share issuance costs	-	356,983
Balance, September 30, 2011	**155,178,231**	**$ 46,432,143**

Concurrently with closing of the iron ore property acquisition (Note 7), 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.

8. 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, expiring on June 9, 2012.

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 7, 1,500,000 common shares held by a principal of Oceanic are held in escrow at September 30, 2011. The shares held in escrow will be released as follows: 300,000 shares on each of the dates that are 12 months, 18 months, 24 months, 30 months and 36 months following December 3, 2010, respectively.

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 September 30, 2011 was $1,031,568.

A deferred tax liability arose due to the renounced qualifying exploration expenditures incurred in the six month period ended September 30, 2011. 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 September 30, 2011 associated with share issuance costs was realized with the resulting offset to share capital.

8. SHARE CAPITAL (continued)

(c) Stock options

The Company has established a “rolling” stock option plan (the “Plan”) in compliance with the TSX Venture Exchange’s policy for granting stock options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares and the term of any option granted under the Plan may not exceed ten years. The exercise price of each option shall not be less than the market price of the Company’s stock at the date of grant. Each option vesting period is determined on a grant by grant basis.

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	2,300,000	$	0.40
Exercised	(527,014)		0.25
Forfeited	(850,000)		0.40
Options outstanding - September 30, 2011	**13,613,500**	**$**	**0.54**

The weighted average fair value of the options granted in the six months ended September 30, 2011 was $0.32.

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

Risk-free interest rate	2.14% - 3.35%
Expected life	10 years
Annualized volatility	75%
Dividend rate	0.00%
Forfeiture rate	0.00%

8. SHARE CAPITAL (continued)

(c) Stock options *(continued)*

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

		Options Outstanding	**Options Exerciseable**
Weighted average exercise price ($)	Number	Weighted average remaining life (years)	Number
0.28	700,000	10.0	700,000
0.40	6,813,500	9.2	6,813,500
0.41	1,500,000	9.6	1,381,000
0.62	100,000	9.3	-
0.83	3,800,000	9.3	3,600,000
0.85	700,000	9.4	700,000
0.54	**13,613,500**	**9.3**	**13,194,500**

(d) Share purchase warrants

At September 30, 2011, the Company had outstanding share purchase warrants exercisable to acquire 48,777,500 shares as follows:

	Number	Weighted average exercise price	Expiry date
Balance - April 1, 2010	-	$ -	
Issued pursuant to private placement	40,000,000	0.10	June 9, 2012
Issued pursuant to private placement	6,562,500	0.65	November 30, 2015
Issued pursuant to private placement	28,400,000	1.00	November 30, 2015
Exercised	(14,325,000)	(0.10)	June 9, 2012
Balance - March 31, 2011	60,637,500	$ 0.58	-
Exercised	(11,860,000)	(0.10)	June 9, 2012
Balance - September 30, 2011	48,777,500	$ 0.70	

8. SHARE CAPITAL (continued)

(d) Share purchase warrants (continued)

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

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
13,815,000	$ 0.10	June 9, 2012	0.7
6,562,500	0.65	November 30, 2015	4.2
28,400,000	1.00	November 30, 2015	4.2
48,777,500	$ 0.70		3.2

9. COMMITMENTS

Effective March 1, 2011, the Company entered into an agreement with an affiliated company, with a director 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 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	$ 39,460
2013	80,028
2014	81,907
2015	83,048
thereafter	58,948
	$ 343,391

As noted in note 7, 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.

10. 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 September 30, 2011	Three months ended September 30, 2010	Six months ended September 30, 2011	Six months ended September 30, 2010
Rent & Shared Services	$ 30,347	$ -	$ 68,243	$ -
Management/Director Fees	142,500	6,000	279,000	12,000
Share-based payments	154,589	-	640,802	-
	$ 327,436	**$ 6,000**	**$ 988,045**	**$ 12,000**

Amounts due to related parties at September 30, 2011 amounted to $33,988 (March 31, 2011 - $24,247).

11. FINANCIAL INSTRUMENTS

a) Fair value

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

	September 30, 2011			March 31, 2011	
	Carrying amount	Fair value		Carrying amount	Fair value
Financial assets					
Held for trading					
Marketable securities	$ -	$ -		$ 171,250	$ 171,250
Loans and receivables					
Cash and cash equivalents	$ 7,992,917	$ 7,992,917		$ 19,082,521	$ 19,082,521
Amounts receivable - at amortized cost	$ 1,123,573	$ 1,123,573	(i)	$ 253,600	$ 253,600
Financial liabilities at amortized cost					
Accounts payable and accrued liabilities	$ 2,548,280	$ 2,548,280	(i)	$ 889,380	$ 889,380
Due to related parties	$ 33,988	$ 33,988	(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.

11. 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 September 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 September 30, 2011 was 1.2%.

Based on the amount of cash and cash equivalents invested at September 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 $66,845 in the interest earned by the Company per annum.

12. 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.

13. SUBSEQUENT EVENTS

Subsequent to period end,

a) A total of 4,500,000 warrants were exercised at a price of $0.10.

b) On November 25, the Company made its first required minimum advance NSR payment of $200,000 to the Vendors of the Ungava Bay property.