Oceanic Iron Ore Corp.

Unaudited Condensed Interim Financial Statements
For the nine months ended December 31, 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)

	December 31, 2011	March 31, 2011 (Note 2)
Assets		
Current assets		
Cash and cash equivalents	**$ 8,221,510**	$ 19,082,521
Marketable securities (Note 4)	**-**	171,250
Receivables (Note 5)	**1,230,356**	253,600
Prepaid expenses and deposits (Note 6)	**446,372**	700,094
	9,898,238	20,207,465
Restricted cash (Note 9)	**150,000**	-
Equipment (Note 7)	**264,084**	-
Mineral Properties (Note 8)	**33,021,582**	18,459,328
	$ 43,333,904	$ 38,666,793
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,196,533**	$ 889,380
Due to related parties (Note 12)	**51,033**	24,247
Demand loan (Note 9)	**1,452,048**	-
Other liabilities	**161,000**	479,658
	2,860,614	1,393,285
Deferred taxes payable	**1,289,441**	-
	4,150,055	1,393,285
Shareholders' equity		
Share capital (Notes 10(a),10(b))	**49,213,699**	44,518,546
Contributed surplus (Notes 10(c),10(d))	**7,014,258**	5,835,323
Deficit	**(17,044,108)**	(13,080,361)
	39,183,849	37,273,508
	$ 43,333,904	$ 38,666,793

Nature of operations (Note 1)
Commitments (Note 11)
Subsequent events (Note 13)

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

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

Oceanic Iron Ore Corp.

Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited)

	Three months ended December 31, 2011	Three months ended December 31, 2010	Nine months ended December 31, 2011	Nine months ended December 31, 2010
Expenses				
Amortization	**-**	-	**-**	1,200
Consulting and management	**233,411**	138,050	**642,078**	175,050
Directors Fees	**11,500**	-	**35,000**	-
Investor relations	**144,424**	-	**252,161**	-
License and insurance	**9,016**	-	**26,861**	2,084
Office and general	**47,736**	2,635	**126,840**	13,100
Professional fees	**45,085**	159,735	**77,217**	190,990
Rent	**21,315**	28,067	**68,444**	76,995
Share-based payments (Note 10(c))	**644,066**	1,864,566	**1,318,482**	1,864,566
Transfer agent and regulatory	**33,541**	20,646	**89,812**	30,937
Travel	**49,077**	16,394	**76,143**	16,394
Donations and sponsorships	**21,250**	-	**28,750**	-
Wages and benefits	**25,066**	399	**104,947**	94,547
Loss from operations	**1,285,487**	2,230,492	**2,846,735**	2,465,863
Other income (expenses)				
Interest income	**16,906**	1,440	**95,261**	7,009
Gain/(loss) on disposal of marketable securities	**-**	(50,056)	**712**	(50,056)
Unrealized gain on marketable securities	**-**	93,750	**-**	99,500
Loss on write-off of equipment	**-**	(8,069)	**-**	(8,069)
Income relating to renounced exploration expenditures	**53,290**	-	**479,658**	-
Other expense	**(37,067)**	-	**(37,067)**	-
Net loss before income taxes	**(1,252,358)**	(2,193,427)	**(2,308,171)**	(2,417,479)
Deferred tax expense	**(110,802)**	-	**(1,655,576)**	-
Net loss and comprehensive loss for the period	**(1,363,160)**	(2,193,427)	**(3,963,747)**	(2,417,479)
Loss per common share - basic and diluted	**$ (0.01)**	$ (0.03)	**$ (0.03)**	$ (0.05)
Weighted average number of common shares outstanding	**161,139,101**	76,689,644	**150,656,529**	47,061,007

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 nine months ended December 31, 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**
Shares issued for cash	5,750,000	2,012,500	-	-	2,012,500
Share issue costs	-	(34,021)	-	-	(34,021)
Warrants exercised	20,610,000	2,249,258	(188,258)	-	2,061,000
Options exercised	527,014	262,281	(130,548)	-	131,733
Share-based compensation recognized	-	-	1,497,741	-	1,497,741
Net loss for the period	-	-	-	(3,963,747)	(3,963,747)
Tax recovery on share issuance costs (Note 10(b))	-	366,135	-	-	366,135
Deferral of sale of tax deductions to flow-through shareholders	-	(161,000)	-	-	(161,000)
Balance - December 31, 2011	**169,678,231**	**$ 49,213,699**	**$ 7,014,258**	**$ (17,044,108)**	**$ 39,183,849**

	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	81,525,000	21,975,439	997,061	-	22,972,500
Shares issued for mineral property	38,000,000	14,456,987	-	-	14,456,987
Shares issued as finders fees	1,010,000	384,252	-	-	384,252
Share issue costs	-	(1,296,048)	(44,352)	-	(1,340,400)
Fair value of warrants exercised	6,159,666	615,967	(56,264)	-	559,703
Options exercised	527,014	203,040	(76,557)	-	126,483
Share-based compensation recognized	-	-	1,864,566	-	1,864,566
Net loss for the period	-	-	-	(2,417,479)	(2,417,479)
Deferral of sale of tax deductions to flow-through shareholders	-	(479,658)	-	-	(479,658)
Balance - December 31, 2010	**134,469,383**	**$ 43,476,855**	**$ 3,107,187**	**$ (10,136,972)**	**$ 36,447,070**

Oceanic Iron Ore Corp.

Condensed Interim Statements of Cash Flows

For the nine months ended December, 2011 and 2010 (Unaudited)

	Three months ended December 31, 2011	Three months ended December 31, 2010	Nine months ended December 31, 2011	Nine months ended December 31, 2010
Operating activities				
Net loss for the period	**$ (1,363,160)**	$ (2,193,427)	**$ (3,963,747)**	$ (2,417,479)
Items not involving cash:				
Deferred income tax expense	**110,802**	-	**1,655,576**	-
Amortization	**-**	-	**-**	1,200
Share-based payments	**644,066**	1,864,566	**1,318,482**	1,864,566
Accrued interest	**10,732**	-	**3,116**	-
Loss/(gain) on disposal of marketable securities and investments	**-**	50,056	**(712)**	50,056
Unrealized gain on marketable securities	**-**	(93,750)	**-**	(99,500)
Write-off of equipment	**-**	8,069	**-**	8,069
Income relating to renounced exploration expenditures	**(53,290)**	-	**(479,658)**	-
Other income	**3,111**	-	**3,111**	-
Net changes in non-cash working capital balances:	**-**	-		
Prepaid expenses and deposits (Note 6)	**24,997**	669	**253,722**	1,117
Receivables (Note 5)	**(117,515)**	(58,203)	**(979,872)**	(62,961)
Accounts payable and accrued liabilities	**(164,402)**	7,796	**78,924**	(2,883)
Due to related parties	**17,045**	-	**26,786**	-
	(887,614)	(414,224)	**(2,084,273)**	(657,815)
Investing activities				
Mineral property expenditures	**(3,036,206)**	(2,061,600)	**(14,418,848)**	(2,061,600)
Proceeds from sale of marketable securities	**-**	-	**171,962**	-
	(3,036,206)	(2,061,600)	**(14,246,886)**	(2,061,600)
Financing activities				
Demand loan proceeds, net of loan fees (Note 9)	**1,448,937**	-	**1,448,937**	-
Demand loan proceeds held as restricted cash (Note 9)	**(150,000)**	-	**(150,000)**	-
Private placement, net of share issue cost (Note 10(b))	**1,978,479**	18,662,810	**1,978,479**	21,632,100
Exercise of stock options (Note 10(c))	**-**	126,483	**131,733**	126,483
Exercise of warrants (Note 10(d))	**875,000**	615,967	**2,061,000**	615,967
	4,152,416	**19,405,260**	**5,470,149**	**22,374,550**
Change in cash and cash equivalents during the period	**228,593**	16,929,436	**(10,861,011)**	19,655,135
Cash and cash equivalents, beginning of period	**7,992,917**	2,919,868	**19,082,521**	194,169
Cash and cash equivalents, end of period	**$ 8,221,510**	$ 19,849,304	**$ 8,221,510**	$ 19,849,304
Cash and cash equivalents are comprised of the following:				
Cash	**$ 4,187,010**	$ 19,849,304	**$ 4,187,010**	$ 19,849,304
Term deposits	**$ 4,034,500**	$ -	**$ 4,034,500**	$ -
	$ 8,221,510	$ 19,849,304	**$ 8,221,510**	$ 19,849,304
Supplemental cash flow information				
Interest paid	**$ 833**	$ -	**$ 833**	$ -
Income taxes paid	**-**	-	**-**	-
Mineral property expenditures in accounts payable and accrued liabilities	**996,919**	-	**996,919**	-

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 Québec, Canada. The Company was incorporated on March 8, 1986 under the British Columbia Business Corporations Act. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, British Columbia. The Company’s registered and records office is located at 1900-600 Granville Street, Vancouver, British Columbia. Its common shares are traded on the TSX Venture Exchange under the symbol “FEO” as well as the OTCQX in the United States under the symbol “FEOVF”.

The Company acquired a 100% interest, subject to a 2% net smelter returns royalty (“NSR”), in certain mining claims (the “Property”) located near Ungava Bay, Québec, as discussed in note 8.

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 enterprises 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 February 27, 2012, 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. The adoption of IFRS had no impact on the reported Condensed Interim Statements of Loss and Condensed Interim Statements of Cash Flows for the periods covered by these financial statements (December 31, 2011 and 2010).

The table below is a reconciliation of the statement of changes in equity for the nine month period ended December 31, 2010 from a presentation under Canadian GAAP to that under IFRS:

December 31, 2010	Note	Share capital	Contributed Surplus	Deficit	Total equity
Balance as reported under Canadian GAAP		**$ 44,316,513**	**$ 3,107,187**	**$ (10,136,972)**	**$ 37,286,728**
Reversal of deferred income tax asset on share issuance costs	(i)	(360,000)	-	-	(360,000)
Deferral of sale of tax deductions to flow-through shareholders	(ii)	(479,658)	-	-	(479,658)
Balance as reported under IFRS		**$ 43,476,855**	**$ 3,107,187**	**$ (10,136,972)**	**$ 36,447,070**

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

b) Reconciliations of Canadian GAAP to IFRS (continued)

(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. No such liability has been recognized under IFRS. As a result, the Company had a net deferred tax asset position. Given that it is not likely that such deferred income tax assets would be realized, the company reduced the asset to nil for the period ended December 31, 2010.

This change in accounting decreased share capital at December 31, 2010 by $360,000 with a corresponding decrease to deferred income tax assets. This change alone did not result in any gain or loss in either the three or nine months ended December 31, 2010.

(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. Therefore, under IFRS, the change in accounting decreased share capital at December 31, 2010 by $479,658 with a corresponding increase to deferred income tax liabilities.

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:

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.

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

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.

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 December 31 and March 31, 2011 are as follows:

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

During the nine month period ended December 31, 2011, the Company sold the 125,000 shares, representing its investment in Yellowhead Mining Inc. for proceeds of $171,962.

5. RECEIVABLES

	December 31, 2011	**March 31 2011**
Input tax credits	$ 1,183,499	$ 203,627
Accrued interest receivable	46,856	49,973
	$ 1,230,356	**$ 253,600**

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2011	March 31 2011
Deposits to Vendors	$ 380,691	$ 444,481
Prepaid Expenses	65,681	255,613
	$ 446,372	**$ 700,094**

7. EQUIPMENT

	Equipment	Total
At March 31, 2011		
Cost	$ -	$ -
Accumulated depreciation	-	-
Net book Value	**$ -**	**$ -**
Nine months ended December 31, 2011		
At April 1, 2011	$ -	$ -
Additions	268,333	268,333
Depreciation for the period	(4,249)	(4,249)
Closing net book value	**$ 264,084**	**$ 264,084**
At December 31, 2011		
Cost	$ 268,333	$ 268,333
Accumulated depreciation	(4,249)	(4,249)
Net book Value	**$ 264,084**	**$ 264,084**

8. MINERAL PROPERTIES - UNGAVA BAY

a) Purchase of mineral properties in Ungava Bay, Québec

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, Québec from John Patrick Sheridan of Toronto, Ontario and Peter Ferderber of Val D'or, Québec (collectively the "Vendors").

As consideration for the acquisition, Oceanic issued 30,000,000 common shares, of which 12,000,000 common shares are free trading as at the date of this report and 18,000,000 are in escrow. The shares held in escrow will be released as follows: 4,500,000 shares on each of the dates that are 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 were to 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 were released from escrow on December 5, 2011.

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

8. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Acquisition costs

		Total December 31, 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 December 31, 2011		Total March 31, 2011
Cumulative exploration costs - Beginning of period		1,385,404		-
Expenditures during the period				
Permitting & claims	**$**	**161,813**	$	121,104
Drilling		**3,234,307**		180,194
Fieldwork & geology		**2,393,164**		306,774
Consultants		**886,918**		16,946
Salaries*		**330,840**		84,343
Fuel		**546,535**		14,341
Mapping & imagery		**171,104**		-
Assays & metallurgy		**755,083**		-
Equipment & supplies		**800,157**		743
Accomodation		**762,487**		140,556
Transportation		**4,245,150**		458,849
Advance NSR payments		**200,000**		
Other		**74,696**		61,554
Exploration Expenditures for the period	**$**	**14,562,254**	$	1,385,404
Cumulative exploration costs - End of period		**15,947,658**		**1,385,404**

* Includes share-based payments of $179,259

9. DEMAND LOAN

The Company is eligible to receive a refundable tax credit of 38.75% of eligible exploration expenditures incurred in Québec ("Exploration tax credits"). The refundable tax credit can only be claimed in conjunction with the filing of the Company's annual corporate tax return, expected to occur in mid - 2012.

In order to monetize expected refundable tax credits due for the period ending March 31, 2012 prior to the Company's fiscal year end, on December 5, 2011, the Company entered into a demand loan agreement with National Bank of Canada ("National Bank") to borrow up to $4,500,000, representing a proportion of the Québec Exploration refundable tax credits receivable from Revenu Québec that the Company expects to apply for based on its estimate of eligible Québec Exploration expenditures incurred as part of its 2011 Exploration and Resource Verification program. There is no receivable recorded in respect of the Exploration tax credit for the period ended December 31, 2011.

The Company has provided the bank security by way of charges on its 2011 and 2012 Québec Exploration tax credits receivable, a general assignment of the Company's personal and movable property and a $150,000 cash pledge to Investissement Québec, the guarantor of the loan. The loan is not secured against the Company's mineral properties. The loan is repayable on the earlier of (a) August 31, 2013 or (b) upon collection of the Québec Exploration tax credits, which were assigned to Investissement Québec. However, the demand loan may be called at any time at the discretion of National Bank. The demand loan bears interest at National Bank's prime rate payable on a monthly basis. Interest expense for the three and nine month periods ended December 31, 2011 is $833.

	December 31, 2011	March 31, 2011
Demand loan - Beginning of period	$ -	$ -
Proceeds received	**1,688,824**	-
Less: Loan fees	**(239,887)**	-
Proceeds, net of loan fees	**1,448,937**	-
Add: Amortization of loan fees	**3,111**	-
Demand loan - End of period	**$ 1,452,048**	**$ -**

As a result of entering into the demand loan with National Bank, the Company must maintain an adjusted long-term debt to net worth ratio of 2.5:1. As at December 31, 2011, the Company was in compliance with this covenant.

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 8)	1,010,000	384,252
Issued for mineral property (Note 8)	30,000,000	11,413,411
Issued to Kataria (Note 8)	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**
Private placement - December 22, 2011	5,750,000	2,012,500
Share issue costs, cash	-	(34,021)
Exercise of stock options (Note 10(c))	527,014	262,281
Exercise of share purchase warrants (Note 10(d))	20,610,000	2,249,258
Deferral of sale of tax deductions to flow-through shareholders		(161,000)
Tax recovery on share issuance costs	-	366,135
Balance, December 31, 2011	**169,678,231**	**$ 49,213,699**

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.

On November 30, 2010, concurrently with closing of the iron ore property acquisition (Note 8), 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.

10. SHARE CAPITAL (continued)

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

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.

On December 22, 2011, the Company completed a private placement issuing 5,750,000 units at $0.35 per unit for aggregate gross proceeds of $2,012,500. Each Unit consisted of one flow-through common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one non flow-through common share of the Company at a price of $1.00 per share until December 22, 2016.

The Company incurred cash share issue costs in the amount of $1,361,083 in connection with the private placements noted above.

Shares in escrow

Other than the shares in escrow disclosed in Note 8, 1,200,000 common shares held by an officer of Oceanic are held in escrow at December 31, 2011. The shares held in escrow will be released as follows: 300,000 shares on each of the dates that are 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). As at December 31, 2011, all flow through funds have been spent in respect of these issuances.

During the nine month period ended December 31, 2011, the Company issued 5,750,000 flow-through common shares for total proceeds of $2,012,500, which must be used for qualifying exploration expenditures (renounced to the flow-through shareholders effective December 31, 2011). As at December 31, 2011, no flow-through funds have been spent with respect to this financing. A liability of $161,000 has been recorded, representing the premium paid for the flow-through feature.

A deferred tax liability arose due to the renounced qualifying exploration expenditures incurred in the nine month period ended December 31, 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 $366,135 at December 31, 2011 associated with share issuance costs was realized with the resulting offset to share capital.

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	6,194,000	$	0.32
Exercised	(527,014)		0.25
Expired	(850,000)		0.40
Cancelled	(1,369,000)		0.51
Options outstanding - December 31, 2011	**16,138,500**	**$**	**0.48**

The weighted average fair value of the options granted in the nine months ended December 31, 2011 was $0.24.

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

Risk-free interest rate	1.72% - 3.35%
Expected life	10 years
Annualized volatility	75%
Dividend rate	0.00%
Forfeiture rate	0.00%

10. SHARE CAPITAL (continued)

(c) Stock options (continued)

The following table summarizes information about the stock options outstanding at December 31, 2011:

	Options Outstanding		Options Exerciseable
Weighted average exercise price ($)	Number	Expiry date	Number
0.27	300,000	January 11, 2021	100,000
0.27	100,000	April 5, 2021	33,333
0.27	119,000	May 18, 2021	39,667
0.27	3,375,000	December 16, 2021	2,975,000
0.28	700,000	September 26, 2021	700,000
0.40	5,963,500	November 30, 2020	5,963,500
0.44	1,381,000	May 18, 2021	1,381,000
0.83	3,500,000	January 5, 2021	3,500,000
0.85	700,000	March 1, 2021	700,000
0.48	**16,138,500**		**15,392,500**

(d) Share purchase warrants

At December 31, 2011, the Company had outstanding share purchase warrants exercisable to acquire 42,902,500 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	-
Issued pursuant to private placement	2,875,000	$ 1.00	December 22, 2016
Exercised	(20,610,000)	(0.10)	June 9, 2012
Balance - December 31, 2011	42,902,500	$ 0.84	

10. SHARE CAPITAL (continued)

(d) Share purchase warrants (continued)

The following table summarizes information about the share purchase warrants outstanding at December 31, 2011:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
5,065,000	$ 0.10	June 9, 2012	0.4
6,562,500	0.65	November 30, 2015	3.9
28,400,000	1.00	November 30, 2015	3.9
2,875,000	1.00	December 22, 2016	5.0
42,902,500	$ 0.84		3.6

See note 13, subsequent events, in respect of warrants exercised subsequent to December 31, 2011.

11. 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, Québec. 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	$ 19,662
2013	88,653
2014	74,437
2015	75,486
thereafter	55,167
	$ 313,405

As noted in note 8, 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. The Company made its first payment to the Vendors on November 25, 2011.

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 December 31, 2011	Three months ended December 31, 2010	**Nine months ended December 31, 2011**	Nine months ended December 31, 2010
Rent & Shared Services	$ 38,343	$ -	$ 106,586	$ -
Management/Director Fees	138,500	6,000	417,500	18,000
Share-based payments	560,276	-	1,201,078	-
	$ 737,119	**$ 6,000**	**$ 1,725,164**	**$ 18,000**

Amounts due to related parties at December 31, 2011 amounted to $51,033 (March 31, 2011 - $24,247).

13. SUBSEQUENT EVENTS

Subsequent to period end,

a) A total of 3,383,333 warrants were exercised at a price of $0.10.