Oceanic Iron Ore Corp.

Annual Financial Statements
For the years ended March 31, 2018 and 2017
(Stated in Canadian Dollars)

July 26, 2018

Independent Auditor's Report

To the Shareholders of Oceanic Iron Ore Corp.

We have audited the accompanying consolidated financial statements of Oceanic Iron Ore Corp., which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Oceanic Iron Ore Corp. as at March 31, 2018 and March 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Oceanic Iron Ore Corp.'s ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Oceanic Iron Ore Corp.

Consolidated Statements of Financial Position

	Notes	**As at March 31, 2018**	As at March 31, 2017
Assets			
Current			
Cash and cash equivalents		**$ 330,373**	$ 234,085
Receivables		**6,924**	22,898
Prepaid expenses and deposits		**41,053**	16,598
Restricted cash		**1,150**	34,500
		379,500	308,081
Mineral properties	*5*	**42,325,645**	41,974,448
		$ 42,705,145	$ 42,282,529
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 126,510**	$ 149,361
Due to related parties	*10*	**188,835**	4,374
Current portion of advance royalty payable	*5b*	**278,148**	175,227
Convertible debentures - liability component	*6a*	**-**	1,862,062
		593,493	2,191,024
Non-current portion of advance royalty payable	*5b*	**447,715**	446,078
Non-current portion of convertible debentures	*6b*	**1,184,281**	-
		2,225,489	2,637,102
Shareholders' equity			
Share capital	*7a*	**59,993,208**	57,804,901
Contributed surplus	*7b,c,d*	**10,400,443**	9,961,531
Convertible debenture - equity component	*6a,b*	**-**	339,739
Deficit		**(29,913,995)**	(28,460,744)
		40,479,656	39,645,427
		$ 42,705,145	$ 42,282,529
Nature of operations and going concern	*1*		
Commitments	*9*		

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

The accompanying notes are an integral part of these financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended March 31,

	Notes	**March 31, 2018**	March 31, 2017
Expenses			
Consulting and management fees		**$ 220,000**	$ 175,000
Directors' fees		**27,500**	30,000
Investor relations and corporate development		**23,390**	96,131
License and insurance		**19,796**	20,550
Office and general		**19,605**	23,317
Professional fees		**81,466**	75,269
Rent		**34,023**	34,723
Share-based payments	*7b,c,d*	**144,173**	222,836
Transfer agent and regulatory		**36,661**	21,442
Travel		**101**	6,335
Wages and benefits		**157,552**	306,225
		764,267	1,011,828
Other income (expenses)			
Interest and other income (expense)		**48**	2,346
Unrealized loss on convertible debenture derivative liability	*6b*	**(380,818)**	-
Convertible debenture accretion expense		**(308,214)**	(347,231)
Net loss and comprehensive loss for the year		**$ (1,453,251)**	$ (1,356,713)
Loss per common share - basic and diluted		**$ (0.03)**	$ (0.03)
Weighted average number of common shares outstanding		**56,212,517**	46,368,897

The accompanying notes are an integral part of these financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Changes in Equity
For the years ended March 31,

			2018				
	Notes	**Shares**	**Share Capital**	**Contributed surplus**	**Convertible debenture**	**Deficit**	**Total Equity**
Balance - April 1, 2017		**49,962,813**	**$ 57,804,901**	**$ 9,961,531**	**$ 339,739**	**$ (28,460,744)**	**$ 39,645,427**
Share-based payments recognized	*7b,c*	-	-	144,173	-	-	144,173
Settlement of restricted share units	*7b*	300,000	45,000	(45,000)	-	-	-
Settlement of advance royalty payment		1,000,000	100,000	-	-	-	100,000
Settlement of Convertible Debenture	*6a*	16,734,703	2,043,307	339,739	(339,739)	-	2,043,307
Net loss for the year		-	-	-	-	(1,453,251)	(1,453,251)
Balance - March 31, 2018		**67,997,516**	**$ 59,993,208**	**$ 10,400,443**	**$ -**	**$ (29,913,995)**	**$ 40,479,656**

		2017				
	Shares	**Share Capital**	**Contributed surplus**	**Convertible debenture**	**Deficit**	**Total Equity**
Balance - April 1, 2016	**42,308,124**	**$ 56,372,208**	**$ 10,012,094**	**$ 339,739**	**$ (27,104,031)**	**$ 39,620,010**
Private placement - September 13, 2016	4,925,000	985,000	-	-	-	985,000
Share issue costs	-	(25,706)	-	-	-	(25,706)
Share-based payments recognized	-	-	222,836	-	-	222,836
Settlement of advance royalty payment	900,000	200,000	-	-	-	200,000
Settlement of restricted share units	1,829,689	273,399	(273,399)	-	-	-
Net loss for the year	-	-	-	-	(1,356,713)	(1,356,713)
Balance - March 31, 2017	**49,962,813**	**$ 57,804,901**	**$ 9,961,531**	**$ 339,739**	**$ (28,460,744)**	**$ 39,645,427**

The accompanying notes are an integral part of these financial statements

Oceanic Iron Ore Corp.

Consolidated Statements of Cash Flows
For the years ended March 31,

	Notes		March 31, 2018		March 31, 2017
Operating activities					
Net loss for the year		**$**	**(1,453,251)**	$	(1,356,713)
Adjustments for:					
Share-based payments			**144,173**		222,836
Unrealized loss on convertible debenture derivative liability	*6b*		**380,770**		(2,346)
Interest and financing expense			**308,214**		347,231
Net changes in non-cash working capital balances:					
Prepaid expenses and deposits			**(24,454)**		334
Receivables			**6,668**		(106)
Accounts payable and accrued liabilities			**(21,295)**		27,051
Due to related parties			**184,461**		(15,757)
			(474,714)		(777,470)
Investing activities					
Mineral property expenditures			**(138,843)**		(519,293)
Refundable exploration tax credit received			**-**		85,629
			(138,843)		(433,664)
Financing activities					
Interest paid on convertible debenture	*6a,b*		**(108,065)**		(121,520)
Proceeds received from restricted cash			**33,350**		-
Proceeds from convertible debenture net of issuance costs	*6b*		**784,560**		-
Proceeds from private placement net of issuance costs			**-**		959,293
			709,845		837,773
Change in cash during the period			**96,288**		(373,361)
Cash, beginning of year			**234,085**		607,446
Cash, end of year		**$**	**330,373**	$	234,085
Non cash investing and financing activities					
Settlements of convertible debenture			**(2,025,329)**		-
Settlement of accrued and unpaid interest on convertible debenture			**(17,978)**		-
Settlement of advance royalty payable			**(100,000)**		(200,000)

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. For the year ended March 31, 2018, the Company reported a loss of $1,453,251 and as at that date had an accumulated deficit of $29,913,995 and working capital deficit of $213,993. The Company will need to raise additional funds in order to finance ongoing exploration, development and administrative expenses over the coming 12 months. The Company continues to pursue a number of options to improve its financial capacity, including securing a strategic partner to further advance the Hopes Advance project, and obtaining cash flow through other forms of financing. The success of raising such funds cannot be assured. Factors that could affect the availability of financing include the Company’s performance, the state of international debt and equity markets, investor perceptions and expectations, the retention of key executive management and the state of global financial and metals markets. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate, and these adjustments could be material.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies followed in these consolidated financial statements have been consistently applied in all periods presented.

These consolidated financial statements include the accounts of the Company and its inactive subsidiary incorporated in Canada.

These financial statements were approved by the board of directors on July 26, 2018.

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

The significant accounting policies used to prepare these 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.

Once the rights to explore an area have been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets 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.

b. Impairment of mineral properties

Mineral properties 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's intention to continue exploration and evaluation activities, the impact of government legislation and political stability in the region, and the impact of current and expected future iron ore prices on potential reserves.

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

c. Investment tax credits

The Company is eligible to receive investment tax credits ("ITCs") related to certain exploration expenditures. The amount of the ITC reduces the Company's exploration expenses. Due to the uncertainty around the timing and amount of the ITC, it is recorded only when the eligible expense is incurred and there is intent by management to claim the ITC related to the eligible expense.

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 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 March 31, 2018.

e. Cash and cash equivalents

Cash and cash equivalents include amounts held in banks and highly liquid investments which are readily convertible to known amounts of cash at any time without penalty and which, in the opinion of management, are subject to an insignificant risk of changes in value.

f. 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 (loss) 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 year.

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

g. Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation 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 equipment to its significant parts and depreciates separately each part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Depreciation of equipment used in the Company's exploration and development activities is capitalized to mineral properties.

h. Share issue costs

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

i. Share-based payments

Share-based payments to employees and others providing similar services are measured at the fair value of the instruments issued and amortized over the vesting periods. Other 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. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

Consideration received on the exercise of stock options and share purchase warrants is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for stock options and RSUs that are forfeited before vesting are reversed from contributed surplus.

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

j. 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.

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 neither 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 statement of financial position date and are expected to apply when the related deferred income tax asset is realized 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.

k. 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 on the statement of financial position 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.

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.

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

k. Financial instruments (continued)

- 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 cash and cash equivalents, restricted cash, accrued interest receivable and deposits, 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, liability component of the convertible debenture, advance royalty payable 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. Transaction costs associated with financial liabilities are capitalized to the financial liability and accreted over the life of the financial liability.

l. Convertible debenture

The Company's Sino-Canada convertible debenture is classified as a liability, less the portion relating to the conversion feature which is classified as a component of equity. As a result, the recorded liability to repay the convertible notes is lower than its face value. The liability was initially recorded at fair value and subsequently at amortized cost using the effective interest rate method; the liability is accreted to the face value over the term of the convertible debenture.

The Company's 2017 Debentures are classified as two liability components, the Units which are classified as a derivative liability and fair valued each reporting period, and the convertible debenture liability component which is initially recorded at fair value and subsequently at amortized cost using the effective interest rate method; the liability is accreted to the face value over the term of the convertible debenture.

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

m. Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Areas of judgment include the mineral property impairment indicator assessment. Areas of estimates include measurement of advance royalty payables, and the fair value of the embedded derivative liability related to the 2017 Debentures (a Level 3 financial instrument). Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes to the financial statements where applicable.

4. RECENT ACCOUNTING PRONOUNCEMENTS

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

IFRS 9 – Financial instruments

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

4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

IFRS 16 – *Leases*

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

5. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

		Year end March 31, 2018		Year ended March 31, 2017
Acquisition Costs - beginning of year	**$**	**18,895,230**	$	18,598,530
Additions during the period				
Additional advance royalty payable		**81,919**		163,162
Accretion of advance royalty payable		**122,638**		133,538
Acquisition Costs - end of year	**$**	**19,099,787**	$	18,895,230

b) Exploration costs

		Year end March 31, 2018		Year ended March 31, 2017
Cumulative exploration costs - beginning of year	**$**	**23,079,218**	$	22,368,290
Expenditures during the year				
Permitting & claims		**47,742**		71,920
Fieldwork & geology		**8,421**		50,535
Consultants		**600**		84,454
Equipment, supplies & rentals		**8,646**		41,556
Office and accomodation		**79,333**		298,161
Transportation		**1,898**		68,332
Equipment depreciation		**-**		111,490
Exploration tax credit refund claim		**-**		(15,520)
Exploration expenditures for the year		**146,640**		710,928
Cumulative exploration costs - end of year	**$**	**23,225,858**	**$**	**23,079,218**
Grand total - mineral properties	**$**	**42,325,645**	$	41,974,448

5. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Exploration costs (continued)

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

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

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

The total estimated future undiscounted NSR payment as at March 31, 2018 is $1,100,000 (March 31, 2017: $1,000,000) (Note 9). For the year ended March 31, 2018, accretion of the advance royalty payable totaled $122,638 (March 31, 2018 - $133,538). At March 31, 2018, the total advance royalty payable was $725,863 (March 31, 2017: $621,305), with $278,148 (March 31, 2017: $175,227) recognized as a current liability and $447,715 recognized as a long-term liability (March 31, 2017: $446,078).

On November 20, 2017, the Company signed an amending agreement with 154619 Canada Inc., whereby the annual advance royalty payment of $100,000, originally due on November 30, 2017, was deferred for a period of one year. On November 30, 2018, the Company will have the option to settle the advance royalty payment by cash payment or by way of issuance of Common Shares of the Company.

On January 15, 2018, the Company settled its 2017 advance royalty payable to SPG Royalties Inc. through the issuance of 1,000,000 common shares of the Company, at a price of $0.10 per share.

6. CONVERTIBLE DEBENTURES

	Convertible Debenture - Sino-Canada Debentures (a)	Convertible Debenture - 2017 Debentures (b)	Total
Opening balance - April 1, 2016	**$ 1,636,351**	**$ -**	**$ 1,636,351**
Interest expense and accretion	347,231	**-**	**347,231**
Interest payments	(121,520)	**-**	**(121,520)**
Balance - March 31, 2017	**$ 1,862,062**	**$ -**	**$ 1,862,062**
Cash received	-	810,000	**810,000**
Transaction costs allocated	-	(25,440)	**(25,440)**
Deferred income tax liability	-	-	**-**
Interest expense and accretion	253,990	52,611	**306,601**
Amortization of transaction costs	-	1,613	**1,613**
Interest payments	(90,723)	(35,321)	**(126,044)**
Settlement of convertible debenture	(2,025,329)	-	**(2,025,329)**
Unrealized loss due to fair value adjustment on derivative liability	-	380,818	**380,818**
Balance - March 31, 2018	**$ -**	**$ 1,184,281**	**$ 1,184,281**

a) Sino-Canada Debentures

On November 23, 2017 the Company settled the remaining principal amount of the Sino-Canada Debentures of $2,025,329 plus accrued and unpaid interest up to the maturity date of $17,798 through the issuance of 16,734,703 common shares of the Company. The conversion price used to determine the common shares issued to Sino-Canada Debenture holders was based on the volume weighted average share price during the 20 trading days ending on the day before the Company provided notice of its intent to repay the Sino-Canada Debentures in common shares of the Company, being November 17, 2017.

Accretion expense for the year ended March 31, 2018 was $253,990 (March 31, 2017 - $347,231).

b) 2017 Debentures

On September 26, 2017, the Company completed a non-brokered financing of $810,000 by way of issuance of convertible debentures (the “2017 Debentures”). The 2017 Debentures carry an interest rate of 8.5%, payable quarterly, with a maturity date of September 26, 2022.

The principal amount of the 2017 Debentures are convertible at any time at the election of the Company. The 2017 Debentures are convertible into Units, whereby each Unit consists of one common share of the Company and one share purchase warrant of the Company. The conversion price during the first year of the 2017 Debentures is $0.08 per Unit, increasing to $0.10 per Unit for the remainder of the life of the 2017 Debentures. Each share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per common share, expiring September 26, 2022. The 2017 Debentures are secured against the assets of the Company.

6. CONVERTIBLE DEBENTURES *(continued)*

b) 2017 Debentures (continued)

As the conversion option contains both a common share and a warrant, IFRS does not allow the conversion feature to be accounted for as equity, but rather, IFRS requires this conversion option to be treated as a derivative liability and fair valued each reporting period, creating an accounting unrealized gain or loss. As a result of the application of this standard, the Company is required to recognize the convertible debentures as having two separate liability components. Firstly, the Units which are recognized as a derivative liability and fair valued each reporting period, and secondly the convertible debenture liability, which is fair valued at the time of issue, and then accreted to the face value over the life of the convertible debentures.

At March 31, 2018, the fair value of the Units increased by $380,818 to a liability balance of $677,380, resulting in the Company recognizing an unrealized loss of $380,818 on the Statement of Loss and Comprehensive Loss. Interest and accretion expense on the convertible debenture liability for the year ended March 31, 2018 was $52,611 (March 31, 2017 - $nil).

7. SHARE CAPITAL

a) Share Capital

Unlimited common and preferred shares without par value

b) Restricted Share Units ("RSUs")

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

A summary of the changes in RSUs is as follows:

	Number of RSUs
Balance - March 31, 2016	2,596,354
Settled	(1,829,689)
RSUs outstanding - March 31, 2017	766,665
Settled	(300,000)
Forfeited	(33,333)
RSUs outstanding - March 31, 2018	**433,332**

RSU expense for the year ended March 31, 2018 was $15,417 (March 31, 2017: $104,478) which was recorded within Share-based payment expense in the Statement of Loss and Comprehensive Loss.

7. 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. Stock options are settled through the issuance of the Company's common shares.

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

	Options	Weighted average
Options outstanding - March 31, 2016	3,830,950	$ 0.17
Expired	(155,000)	0.20
Granted	1,280,000	0.25
Options outstanding - March 31, 2017	4,955,950	0.19
Forfeited	(581,667)	0.25
Options outstanding and exerciseable - March 31, 2018	**4,374,283**	**$ 0.19**

Total share-based payments recognized during the year ended March 31, 2018 was $128,756 which was expensed in the consolidated statements of loss and comprehensive loss (March 31, 2017 - $118,358).

The following table summarizes information about stock options outstanding at March 31, 2018:

Number of Options outstanding	**Exercise Price CAD**	**Expiry Date**
998,333	0.17	June 13, 2018
392,350	0.20	November 30, 2020
250,000	0.20	January 5, 2021
30,000	0.20	January 11, 2021
10,000	0.20	April 5, 2021
110,600	0.20	May 18, 2021
205,000	0.20	December 16, 2021
183,000	0.20	January 18, 2023
765,000	0.155	November 25, 2024
25,000	0.155	December 15, 2024
570,000	0.15	December 2, 2025
835,000	0.25	January 20, 2027
4,374,283		

7. SHARE CAPITAL (continued)

d) Share purchase warrants

As at March 31, 2018 the Company had a total of 4,925,000 share purchase warrants outstanding with an exercise price of $0.30, expiring on September 13, 2018.

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

	Number		Weighted average exercise price
Balance - April 1, 2016	15,536,250		0.48
Private Placement - September 13, 2016	4,925,000		0.30
Expired	(287,500)		0.48
Balance March 31, 2017	20,173,750		0.30
Expired	(15,248,750)		0.30
Balance March 31, 2018	**4,925,000**	**$**	**0.30**

8. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian and federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

		March 31 2018	March 31 2017
Loss before income taxes	**$**	**(1,453,251)**	$ (1,356,716)
Canadian federal and provincial income tax rates		**26.78%**	26.88%
Expected Income tax recovery		**(389,181)**	(364,685)
Increase due to:			
Non-deductible expenses and other		**38,484**	65,685
Losses not recognized		**350,697**	299,000
Income tax recovery	**$**	**-**	$ -

8. INCOME TAXES (continued)

Recognized deferred tax assets and liabilities of the Company, which are all based in Canada, comprise the following:

	March 31 2018	March 31 2017
Deferred income tax assets		-
Non-capital losses	**3,427,964**	3,469,138
Share and debt issue costs	**13,551**	24,744
Equipment	**122,898**	122,898
Total deferred income tax assets	**3,564,413**	3,616,780
Deferred income tax liabilities		
Convertible debenture	**-**	43,266
Mineral property costs	**3,564,413**	3,573,514
Deferred income tax liabilities	**3,564,413**	3,616,780
Deferred income tax liability, net	**-**	-

The composition of deferred tax recovery is as follows:

	March 31 2018	March 31 2017
Non-capital losses	**$ 52,366**	$ 212,158
Mineral property costs	**(9,100)**	(122,654)
Convertible debt	**(43,266)**	(61,369)
Equipment	**-**	(28,135)
	$ -	$ -

The composition of the unrecognized deferred tax asset is provided in the table below:

	March 31 2018	March 31 2017
Non-capital losses	**$ 1,218,281**	$ 973,761
Capital losses	**49,105**	49,105
Donations	**12,905**	12,906
	$ 1,280,291	$ 1,035,772

8. INCOME TAXES (continued)

The Company has loss carry-forwards of $17,533,000 that may be available for tax purposes. The loss carry-forwards are all in respect of Canadian operations and expire as follows:

Expiry date	**March 31, 2018**	March 31, 2017
March 31, 2026	**$ 162,769**	$ 162,769
March 31, 2027	**15,624**	15,624
March 31, 2028	**237,037**	237,037
March 31, 2029	**213,861**	213,861
March 31, 2030	**270,804**	270,804
March 31, 2031	**203,390**	203,390
March 31, 2032	**2,764,167**	2,764,167
March 31, 2033	**6,443,859**	6,443,859
March 31, 2034	**2,835,889**	2,835,889
March 31, 2035	**2,047,694**	2,047,694
March 31, 2036	**891,831**	891,831
March 31, 3037	**909,617**	678,731
March 31, 2038	**536,458**	-
	$ 17,533,000	$ 16,765,656

At March 31, 2018, the Company has not recognized a tax benefit on the losses given it is unlikely that these benefits will be realized before expiry.

9. COMMITMENTS

Effective March 1, 2011 (amended on July 1, 2012) the Company entered into an agreement with an affiliated company, with a director and officer in common, in respect of shared lease, overhead and service costs. Under the agreement, the Company is billed quarterly for office rental and other services relating to its office in Vancouver. The agreement expires on December 31, 2019. Either party may terminate the agreement by providing 90 days' notice.

As part of the acquisition of the Ungava Bay mineral properties, commencing on November 30, 2011, Oceanic must pay advance net smelter royalty ("NSR") payments of $200,000 per year, which will be credited against all future NSR payments payable from production (Note 5b).

The committed charges for the Company are as follows:

March 31,	**Vancouver office rent**	**NSR payments**	**Total commitments**
2019	34,219	300,000	334,219
2020	25,872	200,000	225,872
Thereafter	-	600,000	600,000
	$ 60,091	$ 1,100,000	$ 1,160,091

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Key Management Compensation

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

		Year end March 31 2018		Year end March 31 2017
Wages and benefits		**105,210**		241,832
Directors' fees		**27,500**		30,000
Share-based payments		**120,031**		197,710
	$	**252,741**	$	469,542

b) Payments for services by related parties

During the year ended March 31, 2018, the Company incurred corporate consulting fees of $115,000 (March 31, 2017: $115,000), to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director of the Company. As at March 31, 2018, the Company owed $67,563 to Sirocco relating to unpaid consulting fees.

During the year ended March 31, 2018, the Company incurred corporate consulting fees of $60,000 (March 31, 2017: $42,500) to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by Bing Pan, the Interim CEO of the Company.

As at March 31, 2018, the Company owed $17,500 in directors' fees, and unpaid salaries of $35,000 to an officer of the Company.

As disclosed in Note 9, the Company is charged shared lease, overhead, and service costs by Atlantic Gold Corporation, a company with a director and officer in common. For the year ended March 31, 2018, the Company incurred $75,850 (March 31, 2017 - $74,800) in shared lease, overhead, and service costs. As at March 31, 2018, the Company owed $68,772 to Atlantic Gold Corporation (March 31, 2017: $4,374). Refer to Note 9 for a listing of future commitments in respect of such lease costs.

In September 2017, the Company completed a non-brokered financing by way of issuance of convertible debentures, whereby $105,000 of the debentures are held by directors and officers of the Company (refer to Note 5b for terms of the convertible debentures). The convertible debentures are secured against the assets of the Company.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

11. FINANCIAL RISK MANAGEMENT

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, interest receivables and deposits, restricted cash, accounts payable, accrued liabilities, the convertible debenture (comprised of an embedded derivative and the host contract), advance royalty payable and due to related parties. Cash and cash equivalents, restricted cash, accrued interest receivable, and deposits are designated as loans and receivables and are measured at amortized cost.

Accounts payable and accrued liabilities, advance royalty payable, the liability component of the convertible debenture and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Financial instrument risk exposure

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

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and receivables. The Company has concentration of risk with respect to cash being held with one large Canadian financial institution. Amounts receivable are comprised of GST and QST receivable from the Government of Canada. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets noted above.

11. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company's cash and cash equivalents are invested in business accounts which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and the Company's cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2018 and 2017 are presented below.

March 31, 2018

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 126,510	$ -	$ -	$ 126,510
Due to related parties	188,835	-	-	188,835
Convertible debenture - liability component	68,850	206,550	841,129	1,116,529
Advance royalty payable	300,000	200,000	600,000	1,100,000

March 31, 2017

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 149,361	$ -	$ -	$ 149,361
Due to related parties	4,374	-	-	4,374
Convertible debenture - liability component	2,025,329	-	-	2,025,329
Advance royalty payable	200,000	400,000	400,000	1,000,000

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

Market risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in its cash and cash equivalents. The Company manages market risk by investing funds with a reputable financial institution that provides competitive rates of return.

The Company's financial instruments are not subject to significant fluctuation due to changes in equity prices of investments included in marketable securities, commodity prices or foreign exchange rates.

12. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

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

Fair Value

A three-level hierarchy for fair value measurements exists based upon the significance of inputs used in making fair value measurements:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

At March 31, 2018, the Company had no marketable securities.

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

13. MANAGEMENT OF CAPITAL

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 and also taking into consideration externally imposed capital requirements. The annual and updated budgets are approved by the board of directors as needed. As a matter of carrying out the Company's objectives, the Company may issue new equity or incur debt.

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. The Company has no externally imposed capital requirements as at March 31, 2018. Further information relating to management of capital is disclosed in Note 1.