Interim financial statements of

Oceanic Iron Ore Corp.

(formerly Pacific Harbour Capital Ltd.)

Three and nine months ended
December 31, 2010 and 2009
(Unaudited)

Oceanic Iron Ore Corp.
(formerly Pacific Harbour Capital Ltd.)
Balance sheets
(Expressed in Canadian dollars)
(unaudited)

	December 31, 2010	March 31, 2010
Assets		
Current assets		
Cash and cash equivalents	**$ 19,849,304**	$ 194,169
Marketable securities (Note 3)	**169,500**	20,000
Receivables	**62,961**	-
Prepaid expenses and deposits	**20,149**	21,266
	20,101,914	235,435
Investments (Note 3)	**-**	100,056
Equipment (Note 4)	**-**	9,269
Mineral Properties (Note 5)	**20,055,587**	-
	$ 40,157,501	$ 344,760
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 21,761**	$ 24,644
Future income taxes (Note 5, 6(b))	**3,227,000**	-
	3,248,761	24,644
Shareholders' equity		
Share capital (Note 6(b))	**44,779,128**	7,616,876
Contributed surplus (Note 6(b))	**2,735,076**	422,733
Deficit	**(10,605,464)**	(7,719,493)
	36,908,740	320,116
	$ 40,157,501	$ 344,760

Nature and continuance of operations (Note 1)
Commitment (Note 7)
Subsequent events (Note 10)

Approved by the Board:

" Steven Dean " Director

" Gordon Keep " Director

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

Oceanic Iron Ore Corp.

(formerly Pacific Harbour Capital Ltd.)

Statements of operations, comprehensive loss and deficit

(Expressed in Canadian dollars)
(unaudited)

	Three months ended December 31, 2010	Three months ended December 31, 2009	Nine months ended December 31, 2010	Nine months ended December 31, 2009
Expenses				
Acquisition costs (Notes 5, 6(b))	**$ 468,492**	$ -	**$ 468,492**	$ -
Amortization	**-**	824	**1,200**	2,472
Consulting and management	**138,050**	6,000	**175,050**	18,000
License and insurance	**-**	-	**2,084**	2,043
Office and general	**2,635**	3,716	**13,100**	5,496
Professional fees	**159,735**	6,555	**190,990**	23,848
Rent and utilities	**28,067**	24,614	**76,995**	73,337
Stock-based compensation (Note 6(c))	**1,864,566**	-	**1,864,566**	-
Transfer agent and regulatory	**20,646**	1,755	**30,937**	11,155
Travel	**16,394**	-	**16,394**	-
Wages and benefits	**399**	17,031	**94,547**	53,059
	2,698,984	60,495	**2,934,355**	189,410
Other items				
Interest income	**1,440**	2,400	**7,009**	7,500
Loss on disposal of marketable securities and investments	**(50,056)**	-	**(50,056)**	(7,181)
Loss on write-off of equipment (Note 4)	**(8,069)**	-	**(8,069)**	-
Unrealized gain on marketable securities	**93,750**	2,750	**99,500**	26,543
Net loss and comprehensive loss for the period	**(2,661,919)**	(55,345)	**(2,885,971)**	(162,548)
Deficit, beginning of period	**(7,943,545)**	(7,572,958)	**(7,719,493)**	(7,465,755)
Deficit, end of period	**$(10,605,464)**	$ (7,628,303)	**$(10,605,464)**	$ (7,628,303)
Loss per common share - basic and diluted	**$ (0.03)**	$ (0.01)	**$ (0.06)**	$ (0.02)
Weighted average number of common shares outstanding	**76,689,644**	7,247,703	**47,061,007**	7,247,703

Oceanic Iron Ore Corp.
(formerly Pacific Harbour Capital Ltd.)
Statements of cash flows
(Expressed in Canadian dollars)
(unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2010	2009	**2010**	2009
Operating activities				
Net loss for the period	**$ (2,661,919)**	$ (55,345)	**$ (2,885,971)**	$ (162,548)
Items not involving cash:				
Amortization	**-**	824	**1,200**	2,472
Stock-based compensation	**1,864,566**		**1,864,566**	
Shares issued as finders fees (Note 5)	**418,492**	-	**418,492**	-
Loss on disposal of marketable securities and investments	**50,056**	-	**50,056**	7,181
Unrealized gain on marketable securities	**(93,750)**	(2,750)	**(99,500)**	(26,543)
Write-off of equipment	**8,069**	-	**8,069**	-
Net changes in non-cash working capital balances:				
Prepaid expenses and deposits	**669**	(8,282)	**1,117**	222
Receivables	**(58,203)**	-	**(62,961)**	-
Accounts payable and accrued liabilities	**7,796**	(2,068)	**(2,883)**	(17,033)
	(464,224)	(67,621)	**(707,815)**	(196,249)
Investing activities				
Cash payment to Kataria (Note 5)	**(2,011,600)**	-	**(2,011,600)**	-
Proceeds from sale of marketable securities	**-**	-	**-**	10,560
	(2,011,600)	-	**(2,011,600)**	10,560
Financing activities				
Private placements (Note 6(b))	**19,972,500**	-	**22,972,500**	-
Share issue costs (Note 6(b))	**(1,309,690)**	-	**(1,340,400)**	-
Exercise of stock options (Note 6(c))	**126,483**	-	**126,483**	-
Exercise of warrants (Note 6(d))	**615,967**	-	**615,967**	-
	19,405,260	-	**22,374,550**	-
Change in cash and cash equivalents during the period	**16,929,436**	(67,621)	**19,655,135**	(185,689)
Cash and cash equivalents, beginning of period	**2,919,868**	336,906	**194,169**	454,974
Cash and cash equivalents, end of period	**$19,849,304**	$ 269,285	**$ 19,849,304**	$ 269,285
Cash and cash equivalents are comprised of the following:				
Cash	**$19,849,304**	$ 43,953	**$ 19,849,304**	$ 43,953
Term deposits	**$ -**	$ 225,332	**$ -**	$ 225,332
	$19,849,304	$ 269,285	**$ 19,849,304**	$ 269,285
Supplemental cash flow information - See note 5				
Interest paid	**$ -**	$ -	**$ -**	$ -
Income taxes paid	**$ -**	$ -	**$ -**	$ -

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

1. NATURE AND CONTINUANCE 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. Its common shares are traded on the TSX Venture Exchange.

The Company has 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 5.

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.

2. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information and are expressed in Canadian dollars. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with Canadian GAAP have been condensed or omitted. These unaudited interim statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, these unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

a) Mineral Properties

All costs directly related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations.

2. BASIS OF PRESENTATION

a) Mineral Properties (continued)

A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Management regularly reviews the net carrying value of each mineral property. Where events or changes in circumstances suggest impairment, estimated future cash flows are calculated using estimated future prices, proven and probable reserves, value beyond proven and probable reserves, probability weighted outcomes and operating capital reclamation costs on an undiscounted basis. If it is determined that the future cash flows are less than the carrying value, a write down to the estimated fair value is expensed in the period. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if carrying values are recoverable. If the carrying values exceed fair value, then the property is written-down to estimated fair value, with the write down expensed in the period.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, and future profitable production or proceeds from the disposition thereof.

b) Changes in Accounting Policies Including Initial Adoption

In December 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Effective April 1, 2010, the Company early adopted all three sections.

c) Recent Accounting Pronouncements

In February 2008 the Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The IFRS transition date for the Company is April 1, 2010. The adoption of IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011.

(Expressed in Canadian dollars)

3. MARKETABLE SECURITIES AND INVESTMENTS

The Company's investments in marketable securities, classified as held-for-trading, and investments, classified as available-for-sale, are recorded at fair value. The balances outstanding for these instruments at December 31, 2010 and March 31, 2010 are as follows:

	December 31, 2010	March 31, 2010
Marketable securities		
Equity securities - held-for-trading	$ 169,500	$ 20,000
Investments		
Equity securities - available-for-sale	$ -	$ 100,056

4. EQUIPMENT

During the three months ended December 31, 2010, the Company wrote off its equipment to nil. The following details equipment outstanding as at December 31, 2010 and March 31, 2010:

	December 31, 2010, net	March 31, 2010, net
Computer equipment	$ -	$ 5,475
Office furniture	-	3,794
	$ -	$ 9,269

5. MINERAL PROPERTIES

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 which will be held in escrow and released as follows: 10% of the shares on March 31, 2011, 10% of the shares on June 3, 2011, 5% of the shares on September 30, 2011 and 15% of the shares on each of the dates that are 12 months, 18 months, 24 months, 30 months and 36 months following December 3, 2010.

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

(Expressed in Canadian dollars)

5. MINERAL PROPERTIES (continued)

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. 2,000,000 common shares held by a principal of Oceanic will also be held in escrow and released from escrow over a 36 month period.

Finder’s fees of $50,000 and 1,100,000 common shares were paid in relation to the acquisition. Oceanic also granted options to purchase up to 7,740,000 common shares at a price of $0.40 per share to directors, officers, consultants and charities.

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

Purchase Price:	
Cash payment to Kataria Group (US$2m)	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
	16,468,587
Net Assets Acquired:	
Mineral Properties	20,055,587
Future Income Taxes	(3,587,000)
	16,468,587

(Expressed in Canadian dollars)

6. SHARE CAPITAL

(a) Authorized

Unlimited common and preferred shares without par value

(b) Issued and fully paid common shares

	Number of shares	Share Capital Amount	Contributed surplus
Balance, March 31, 2009 and 2010	7,247,703	$ 7,616,876	$ 422,733
Private placement - June 9, 2010	40,000,000	3,000,000	-
Private placement - November 30, 2010	13,125,000	4,993,367	256,633
Private placement - November 30, 2010	28,400,000	14,418,888	303,612
Share issue costs, cash	-	(1,304,489)	(35,911)
Future income tax benefit on share issue costs	-	360,000	-
Issued as finders fees (Note 5)	1,010,000	418,492	-
Issued to Sheridan (Note 5)	30,000,000	11,413,411	-
Issued to Kataria (Note 5)	8,000,000	3,043,576	-
Exercise of stock options (Note 6(c))	527,014	203,040	(76,557)
Exercise of share purchase warrants (Note 6(d))	6,159,666	615,967	-
Stock-based compensation (Note 6c)	-	-	1,864,566
Balance, December 31, 2010	134,469,383	$ 44,779,128	$ 2,735,076

Concurrently with closing of the iron ore acquisition, 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 non-flow-through common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow-through common share at a price of $0.65 per share on or before November 30, 2015. Finder's fees of $262,500 were paid.

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 non-flow-through common share and one share purchase warrant, each warrant entitling the holder to purchase one non-flow-through 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 non-flow-through common share at a price of $1.00 per share on or before November 30, 2015. Finder's fees of $736,125 were paid.

(Expressed in Canadian dollars)

6. 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 share at a price of $0.10 per share for a period of two years following issuance. The Company incurred cash share issue costs in the amount of $30,710 in connection with the private placement.

(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:

	Outstanding and exercisable		Weighted average exercise price
Balance, March 31, 2009 and 2010	1,134,028	$	0.24
Exercised	(527,014)		(0.24)
Granted	7,740,000		0.40
Balance, December 31, 2010	8,347,014	$	0.39

On November 30, 2010, the Company granted 7,740,000 stock options to directors, officers and charities. Using the fair value method for stock-based compensation, the value of the stock options granted was $1,864,566, which was recorded as stock-based compensation in the statement of operations, comprehensive loss and deficit. The following assumptions were used in the valuation of the stock options:

Risk-free interest rate	3.37%
Expected life	10 years
Annualized volatility	75%
Dividend rate	0.00%

On September 15, 2010, outstanding stock options were amended as follows:

- 482,014 options which were originally set to expire on June 25, 2012 were amended to expire June 30, 2011.
- 175,000 options which were originally set to expire on March 13, 2013 were amended to expire December 31, 2011.

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

(c) Stock options (continued)

The following table summarizes information about the stock options outstanding at December 31, 2010:

Outstanding and exercisable		Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
432,014	$	0.24	June 30, 2011	0.5
175,000		0.27	December 31, 2011	0.5
7,740,000		0.40	November 30, 2020	9.9
8,347,014	$	0.39		9.2

(d) Share purchase warrants

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

	Number of warrants		Weighted average exercise price
Balance, March 31, 2009 and 2010	-	$	-
Issued pursuant to private placement	40,000,000		0.10
Issued pursuant to private placement	6,562,500		0.65
Issued pursuant to private placement	28,400,000		1.00
Exercised	(6,159,666)		(0.10)
Balance, December 31, 2010	68,802,834	$	0.52

The warrants issued pursuant to the above mentioned private placements were valued using the Black-Scholes fair value model using the following assumptions:

Risk-free interest rate	2.12%
Expected life	5 years
Annualized volatility	25%
Dividend rate	0.00%

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

(c) Share purchase warrants (continued)

The following table summarizes information about the share purchase warrants outstanding at December 31, 2010:

Outstanding and exercisable	Weighted average exercise price	Expiry date	Weighted average remaining contractual life (years)
33,840,334	$ 0.10	June 9, 2012	1.4
6,562,500	0.65	November 30, 2015	4.9
28,400,000	1.00	November 30, 2015	4.9
68,802,834	$ 0.52		3.2

7. COMMITMENT

Effective September 1, 2010, the Company entered into a financial advisory and office rental agreement with Endeavour Administration Services Ltd. (“Endeavour”). Endeavour charges $10,000 per month for the advisory services and $1,000 per month for the rent, and may also earn success fees on certain transactions. The initial term of the agreement is for one year after which it will continue in force on a month-to-month basis.

8. FINANCIAL INSTRUMENTS

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, marketable securities, receivables, investments and accounts payable and accrued liabilities.

Cash and cash equivalents and marketable securities are designated as held-for-trading and carried at fair value, with the unrealized gain or loss recorded in interest income. Receivables are designated as loans and receivables and are measured at amortized cost. Investments are designated as available-for-sale and carried at fair value, with the unrealized gain or loss recorded in other comprehensive income. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The fair values of cash and cash equivalents, marketable securities, receivables, investments and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

8. FINANCIAL INSTRUMENTS (continued)

Fair Value Measurement

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "Financial Instruments Disclosures" requires disclosure of a three-level hierarchy for fair value measurements based upon the significance of inputs used in making fair value measurements as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 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 December 31, 2010, cash and cash equivalents and marketable securities were categorized as level 1.

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. The Company reduces its credit risk by maintaining its bank accounts and term deposits at a large international financial institution. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk

The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. Management has concluded that the Company has adequate financial resources to settle obligations as at December 31, 2010.

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 trading its marketable securities and investments. The Company manages market risk by investing in diverse industries and companies. The Company also has set thresholds on purchases of investments.

The Company 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 fixed rate instruments.

9. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

10. SUBSEQUENT EVENTS

Subsequent to December 31, 2010, 7,665,334 share purchase warrants were exercised for proceeds of $766,533.

Subsequent to December 31, 2010, 156,500 stock options were exercised for proceeds of $49,800.