Ste. 3083 – 595 Burrard Street
Vancouver, BC V7X 1L3
Tel: 604 566 9080
Fax: 604 566 9081

Ste. 700 – 1000 rue Sherbrooke W.
Montréal, QC H3A 3G4
Tel: 514 289 1183
Fax: 514 289 1188

September 19, 2012

TSX Venture Exchange: FEO
OTCQX : FEOVF

PRESS RELEASE

HOPES ADVANCE PRE-FEASIBILITY STUDY NPV OF $5.6 BILLION AT $100 / TONNE FOB

*U.S. dollars unless otherwise noted**

Vancouver, BC, September 19, 2012 - Oceanic Iron Ore Corp. ("Oceanic", the "Company") is pleased to announce that it has received the results of a Pre-Feasibility Study ("PFS") prepared by Micon International Limited ("Micon") in respect of the Company's 100% owned Hopes Advance project. The PFS was completed using the NI 43-101 Mineral Resource estimate reported in the Company's news release of April 2, 2012 which the PFS has converted to a mineral reserve within engineered pit designs.

HIGHLIGHTS:

The PFS Delivers Positive Economic Results:

- *Optimal production case delivers robust economics*
  - Base case pre-tax NPV of $5.6 billion, pre-tax unlevered IRR of 20.5% and levered IRR (60% debt finance) of 23.2% at a price of $100 / tonne FOB for a 66.5% Fe concentrate;
  - Life of mine operating cost of approximately $30/tonne;
  - Initial production of 10 million tonnes of concentrate per annum commencing in 2017;
  - Expansion to production of 20 million tonnes per annum in 2027 funded through operating cash flows, to coincide with availability of hydroelectric power;
  - Life of mine 31 years;
  - $2.85 billion initial capital cost inclusive of $0.93 billion indirect costs and contingency;
  - Scheduled expansion capital cost of $1.61 billion 2025 – 2026, including $0.49 billion indirect costs and contingencies;
  - Sustaining capital of $0.77 billion over life of mine.

CAD $1.00 = USD $1.00

Additional Attributes of the Project:

- *Project implementation and development schedule independent of third party infrastructure*
  - Construction and operations to commence utilizing self-generated power;
  - Intention to connect to the Hydro Québec grid in 2025 to support expansion (as reported in the Company's press release of September 5, 2012).
- *Projected lowest quartile operating cost per tonne resulting from "no rail" advantage, simple metallurgy and low waste / ore strip ratio (0.57 : 1 in years 1 to 15 of production, 1.17 : 1 over life of mine)*
- *Pilot plant metallurgical testwork confirms product quality suitable for pellet or sinter feed*
  - 66.5% Fe grade concentrate with low deleterious elements and silica content ≤ 4.5%
  - High weight and Fe recoveries using a simple flow sheet
- *Construction of a marine facility in Hopes Advance Bay at Pointe Breakwater as proposed in the Company's Marine Facility and Shipping Logistics Study prepared by AMEC International in September 2011.*

Steven Dean, Chairman and CEO noted: *"Since the acquisition of the Ungava properties in November 2010, we have fast–tracked the development of the Hopes Advance project through to the feasibility stage with the delivery today of a very robust pre-feasibility study. The study presents a construction schedule that enables the commencement of commercial production of iron ore in 2017 with the development components, in particular the construction of key infrastructure, under our control. Operating and capital costs have been refined based on the higher level of engineering and analysis typical of a pre-feasibility study when compared to a preliminary economic assessment. The results of the pre-feasibility study continue to validate the project's position as a future lower quartile operating cost producer, which in turn underpins the project's resilient economics. These economics together with the high quality metallurgical characteristics of the Hopes Advance deposit, help to define the Hopes Advance project as one of the premier large scale iron development projects globally."*

Alan Gorman, COO added: *"We are pleased with the quality and attention to detail that our consultants Micon, Met-Chem, Golder, and AMEC, have applied in generating the Hopes Advance pre-feasibility study. The attributes associated with extraction, particularly our favorable strip ratio, and the simple process required for concentration validated through our pilot plant testwork, as well as no rail requirement, support that we will be a low cost producer. The capital and operating cost assumptions are reasonable and we are confident that with an appropriate level of engineering and planning, the project can be delivered on schedule and on budget.*

The project's location adjacent to an identified port site is a key competitive advantage and my past involvement with northern projects, both in Nunavik and on Baffin Island, together with the conclusions reached by AMEC in their Shipping and Marine Logistics Study, lead me to conclude that shipping from our location is viable. Recognizing that we have undertaken significant upfront work in respect of metallurgy and that our mine plan and schedule are solid, we expect minimal variations to our production scenario, which will be further optimized, as we advance to completion of our Feasibility Study."

Next Steps

- Pot Grate Pelletizing test work Q4 2012
- Strategic Partnering and Project Financing 2012 - 2013
- Fast track completion of the Feasibility Study 2012 - 2013, including a final shipping logistics study
- Complete environmental impact assessment and permitting 2013 - 2014
- Negotiate Stakeholder Impact and Benefits Agreement 2013 - 2014
- Construction 2014 - 2016
- Concentrate Shipments 2017 - 2047

Pre-Feasibility Study

The Company engaged a team of specialized consultants, led by Micon International Limited ("Micon") and Met-Chem Canada Inc. ("Met-Chem") to produce the PFS. Micon performed the mine design and pit optimization and compiled the economic results for the project. Met-Chem performed the process flow sheet design and equipment selection based on the results of the Company's metallurgical and pilot plant test work performed by SGS Mineral Services Lakefield ("SGS"). In addition, Met-Chem completed the site infrastructure design. Port marine infrastructure design was completed by AMEC International (September 2011). Golder Associates Ltd. carried out studies for tailings disposal and waste rock.

The base case in the PFS for the Hopes Advance project assumes initial production of 10 million tonnes of concentrate per annum commencing in 2017 utilizing self generated power, expanding to production of 20 million tonnes of concentrate per annum using hydroelectric power from 2027, following connection to the grid in 2025 and construction to support the expansion in 2025 and 2026.

The PFS has been based on the Mineral Resource prepared by Eddy Canova, P.Geo., OGQ reported in a Company news release on April 2, 2012 and filed on SEDAR on May 17, 2012.

The open pit reserves, summarized below, are based on a 25% Fe cut off grade. The reserves shown below are calculated based on industry standard pit optimization techniques guiding detailed pit designs including ramps and surface constraints. The mineral reserve is contained within the mineral resource. The effective date of the mineral reserve estimate is September 19, 2012.

Table 1 – NI 43-101 In-Pit Mineral Reserve Estimate Hopes Advance Bay (25% Fe Cut-off)

Category	Tonnes	Fe (%)	Wt. Recov. (%)	Concentrate Tonnes
Proven Reserves	763,276,000	32.3%	37.4%	285,428,000
Probable Reserves	595,990,000	32.1%	37.1%	221,246,000
Proven & Probable Reserves	1,359,266,000	32.2%	37.3%	506,675,000

There are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral reserve.

The PFS mine schedule and economic analysis does not include inferred resources of approximately 72.7 million tonnes of 32.8% Fe. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Pre-Feasibility Metrics

The table below lists the key PFS metrics. The analysis is based on the assumption that production begins in 2017.

Table 2 – PFS Results

Variable	**Results**	
Price assumption – FOB	$100 / tonne	
Net Present Value (8%) (pre-tax/post-tax)	$5.6 billion	$3.2 billion
Pre-tax IRR (unlevered / levered)	20.5%	23.2%
Post-tax IRR (unlevered / levered)	16.8%	19.2%
Post-tax Payback	5 years	
Mine Life	31 years	
10 Million Tonne Initial Capital Costs	$2.85 billion	
20 Million Tonne Expansion Capital Costs	$1.61 billion	
Sustaining Capital Expenditure (LOM)	$0.77 billion	
Life of Mine Operating Cost per tonne	$30.18/tonne	
Strip Ratio Years 1 – 15	*0.57*	
Strip Ratio Life of Mine	*1.17*	

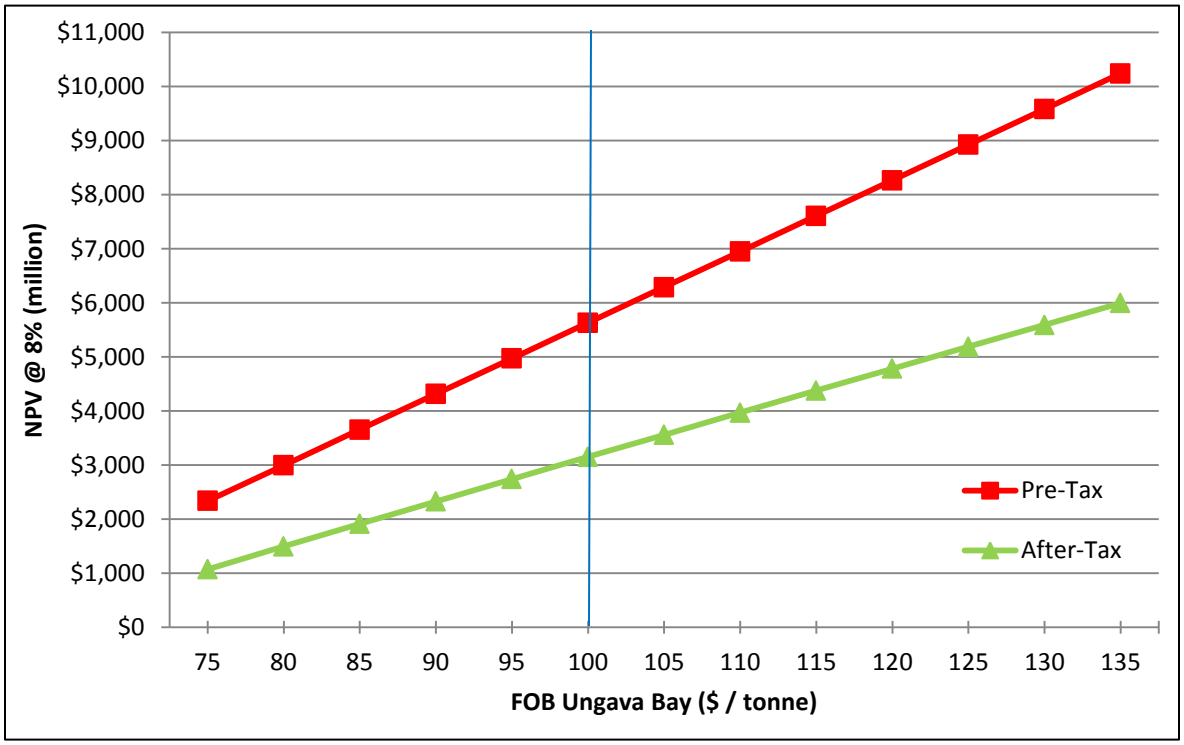
As noted above, the PFS assumes a concentrate selling price of $100/tonne FOB and also takes into consideration the 2% royalty payable to the vendors of the project. The PFS assumes that the Company exercises its right to purchase half of this royalty for $3 million in 2017, the first year of commercial production.

Analysis of the economics has been undertaken on both a pre-tax and post-tax basis and IRR is presented on both an unlevered and levered basis. In respect of the leveraged case, the key assumptions are as follows:

- Initial capital 60% debt financed;
- Annual interest rate of 8%;
- Upfront financing fee of 3%;
- 7 year term post commencement of commercial production;
- Expansion capital is assumed funded through operating cashflow.

Figure 1 below highlights the sensitivity of pre and post tax NPV to the FOB concentrate selling price:

Figure 1 – NPV (Unlevered) Sensitivity to FOB Ungava Bay Iron Ore Price



Capital Costs

Construction Capital Costs are set out below:

Table 3 – Capital Costs

Capital Description	Initial Capex 2014 to 2016 ($000)	Expansion Capex 2025/2026 ($000)
Mine Equipment	92,658	61,231
Mine Development	66,203	2,918
Crusher	29,674	30,355
Concentrator	481,514	492,643
Pipeline	56,740	83,787
Port Filtering and Drying	325,654	267,401
Port and Marine Infrastructure	288,000	84,000
Power	377,892	26,775
Site Infrastructure	81,591	25,675
Site Roads	33,583	-
Camp and Offices	29,575	7,175
Airstrip Upgrade	11,824	-
Fresh Water Supply	10,469	3,621
Sewage	4,554	1,574
Tailings and Hazardous Waste Disposal	23,577	30,122
Communications	2,305	-
Mobile Equipment	9,983	-
Indirect Costs	499,962	249,378
Contingency and Closure Bond	427,899	241,135
Total Construction Capital	**$2,853,657**	**$1,607,790**

The estimated initial capital cost required to support the initial phase of production of 10 million tonnes of concentrate amounts to approximately $2.85 billion. This compares to a cost of approximately $2.4 billion outlined in "Scenario 1" of the Company's preliminary economic assessment (PEA) published in November 2011. Significant components of the increase in capital cost include the addition of concentrate drying and concentrate storage infrastructure and equipment which had not been accounted for in the PEA, in addition to increased indirect costs.

Cost reductions between the PEA and PFS have been realized in the mining and mineral processing components of the capital expenditures, reflecting the attributes associated with extraction, in particular the strip ratio and a simplified process required for concentration. In addition, cost reductions have been realized in respect of power infrastructure, where the estimated initial capital cost of self-generation is below the PEA estimate of capital cost required for the development of an electrical

transmission line (the PEA base case assumed that electrical power would be available at the time of project construction).

The PFS assumes that once the Company moves to the use of hydroelectric grid power in year 9 of the project, the expansion capital required in respect of power is limited given the fact that the transmission line is assumed financed by Hydro Québec and amortized through the power rate charged to the Company by Hydro Québec.

Operating Costs

A summary of the estimated operating costs is set out below:

Table 4 – Operating Costs (excluding royalty)

Category	Years 2017 - 2024 (10 MM T/YR & Self Generated Power)	Years 2025 - 2026 (10 MM T/Y & Hydroelectric Power)	Years 2027 – 2047 (Post Expansion - 20 MM T/YR)	Life of Mine Average
Mining *($/tonne all material)*	$1.57	$1.59	$1.23	$1.27
Mining *($/tonne product)*	$5.46	$6.30	$7.78	$7.37
Concentrator *($/tonne product)*	$20.87	$18.35	$17.45	$18.02
Port *($/tonne product)*	$2.13	$2.13	$1.45	$1.58
Site Services *($/tonne product)*	$3.33	$2.77	$2.04	$2.27
G&A (Site only) *($/tonne product)*	$1.38	$1.38	$0.85	$0.95
Total Operating Cost / tonne product (excluding royalty)	***$33.17***	***$30.93***	***$29.57***	***$30.18***

The low operating costs are a function of a number of factors including:

- No rail component given the project's proximity to the identified port site at Pointe Breakwater;
- A very low strip ratio, averaging 0.57:1 waste to ore in the first 15 years of production and 1.17:1 over the life of mine;
- Straightforward metallurgy and high Fe recoveries, reflected in the simple flowsheet and low operating costs.

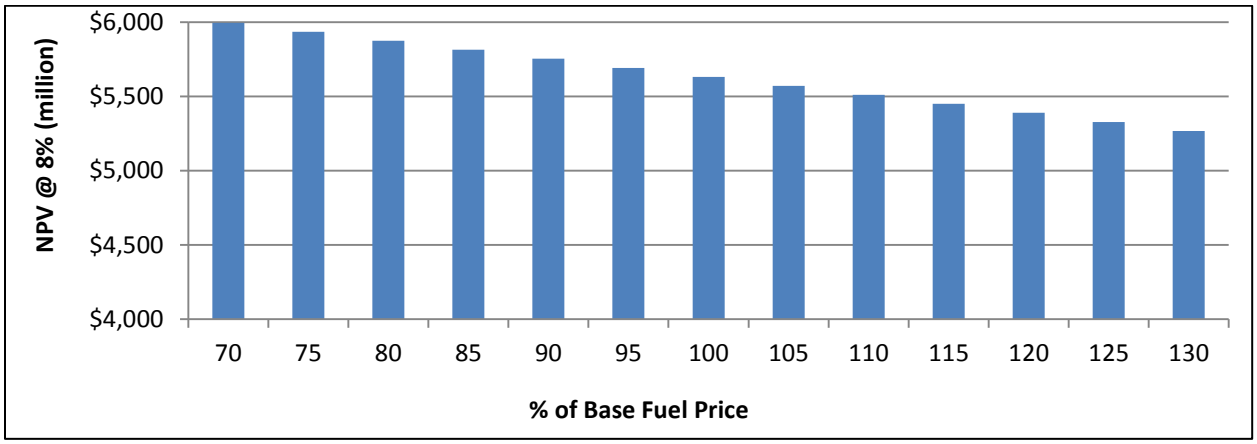
Overall, operating costs have increased relative to the PEA reflecting the net effect of higher electricity costs associated with self-generated power and additional costs for concentrate drying, offset by cost reductions in mining and other process costs.

Before the increase in power costs, total costs per tonne decreased by approximately $1.40/tonne in comparison to the PEA estimate.

In particular, in regards to power, the PEA assumed that Hydro Québec would offer an L rate of $0.045 per kilowatt hour to the project. Subsequent discussions with Hydro Québec confirmed that it would not be consistent with current government policy to offer the Company the L rate. In terms of concentrate drying, the PEA did not include operating costs (or capital costs) for concentrate drying in order to reduce concentrate moisture content to 2% to accommodate concentrate handling during the winter months. The PFS includes estimates with regard to such additional costs.

The chart below sets out a sensitivity of the pre-tax NPV based on a factor of the base fuel price delivered to site for power generation of $0.652/Litre for No. 6 Oil. Diesel fuel for equipment operation has been assumed at $0.75/ Litre.

Figure 2 – Pre-tax NPV Sensitivity to Base Fuel Price

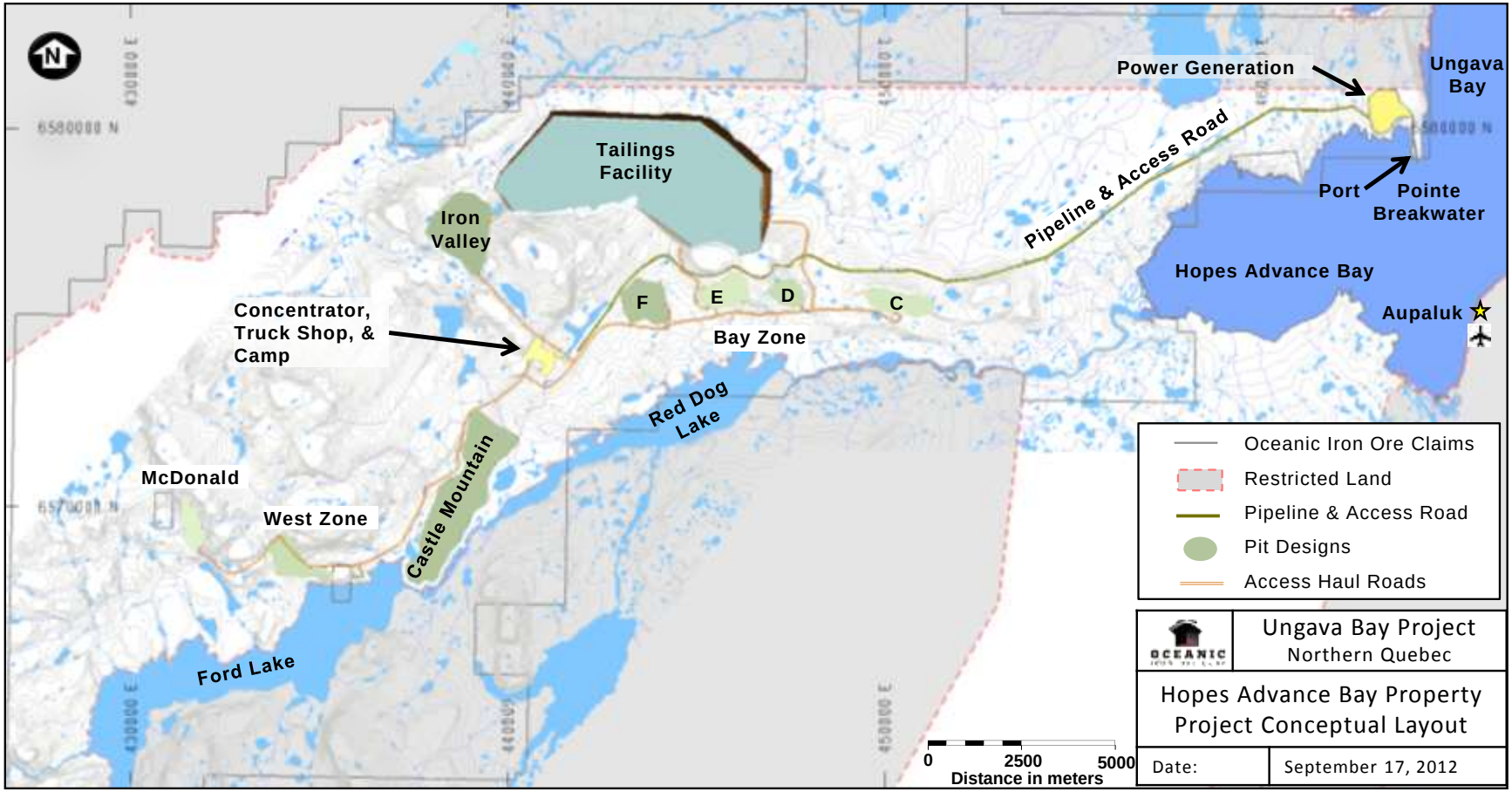


Conceptual Layout

A conceptual diagram outlining the project layout is set out below. As illustrated, the deposits are optimally located within approximately 26 km from the planned port site at Pointe Breakwater (discussed in more detail below) such that a pipeline will run from the concentrator, expected to be placed in proximity to all deposits, to the port. The Company has produced a 3D animated simulation of the project which can be accessed via its website www.oceanicironore.com and which provides a visual interpretation of the project.

The Company's power plant is planned to be located at the port site. The Company expects hydroelectric power from one of the existing operational power reservoirs near Ungava Bay is anticipated to be available by 2025.

Figure 3 – Hopes Advance Conceptual Layout



Metallurgical Pilot Plant Program

Background

In September 2011, the Company took the decision to accelerate its metallurgical test work program in order to continue the fast-track development of the Hopes Advance project. This included the completion of a comprehensive metallurgical bench scale testing program earlier this year by SGS.

In addition to the bench scale work, SGS has undertaken a pilot plant testwork program to determine a flow sheet for the recovery of hematite and magnetite. The pilot plant test work was also used to determine the appropriate size of equipment for the flow sheet as well as the optimum grinding equipment and power requirements.

Bulk Samples and Composites

During the 2011 field season, the Company collected bulk samples to support the bench scale test work and the pilot plant.

The 180.1 tonne Castle Mountain bulk sample was collected from the same three trenches that provided samples for historic metallurgical work conducted in the late 1950's. A 95.1 tonne sample was composited and blended from the Castle Mountain bulk sample for the pilot plant test.

Bench Scale Testing

Bench scale work was conducted on a sample of the Castle Mountain bulk sample and included head mineralogy, bench-scale grindability testing, bench-scale gravity and low intensity magnetic separation (LIMS) testing. A full suite of grindability testing was conducted on the sample. The sample was classified as soft to very soft in terms of rod and ball milling (RWI and BWI) and very soft in terms of autogenous milling (AWI). This bench work complements the Mozley Table and Davis Tube test work conducted on drill core composites earlier this year at SGS.

Pilot Plant Testing

The initial flowsheet for the pilot plant test was designed based on historic metallurgical work with modifications indicated by the results of bench scale Mozley Table and Davis Tube tests conducted on drill core composites from Hopes Advance earlier this year (noted above).

The pilot plant test work concluded that an optimized flowsheet composed of single-stage semi autogeneous milling (SAG), followed by rougher, cleaner, and recleaner spirals was optimal. The rougher spiral tails were sent to a LIMS Cobber for recovery of the remaining magnetite. The Cobber concentrate (12.9% of the feed) is then sent to a regrind mill for further liberation of the magnetite. The liberated magnetite is then sent to the two-stage cleaning LIMS to produce an iron rich magnetite concentrate of 70.0% Fe.

The Castle Mountain composite, with a Head Fe of 34.2% and a magnetite content of 11.8% (Table 5) responded well to the optimized pilot plant flowsheet. With a target grind of 300 microns the gravity circuit produced concentrate with a SiO_2 content of 4.8%. Not only did the gravity circuit recover hematite, it recovered 46.7% of the magnetite (Table 6). The LIMS circuit with a target grind of 37 microns (minus 400 mesh) produced concentrate with a SiO_2 content of 3.0%. The LIMS circuit recovered another 49.8% of the magnetite. The optimized circuit produced a combined concentrate with 4.5% SiO_2 with a weight recovery of 37.6% and an iron recovery of 73.1%.

Figure 4 – Optimized Flowsheet

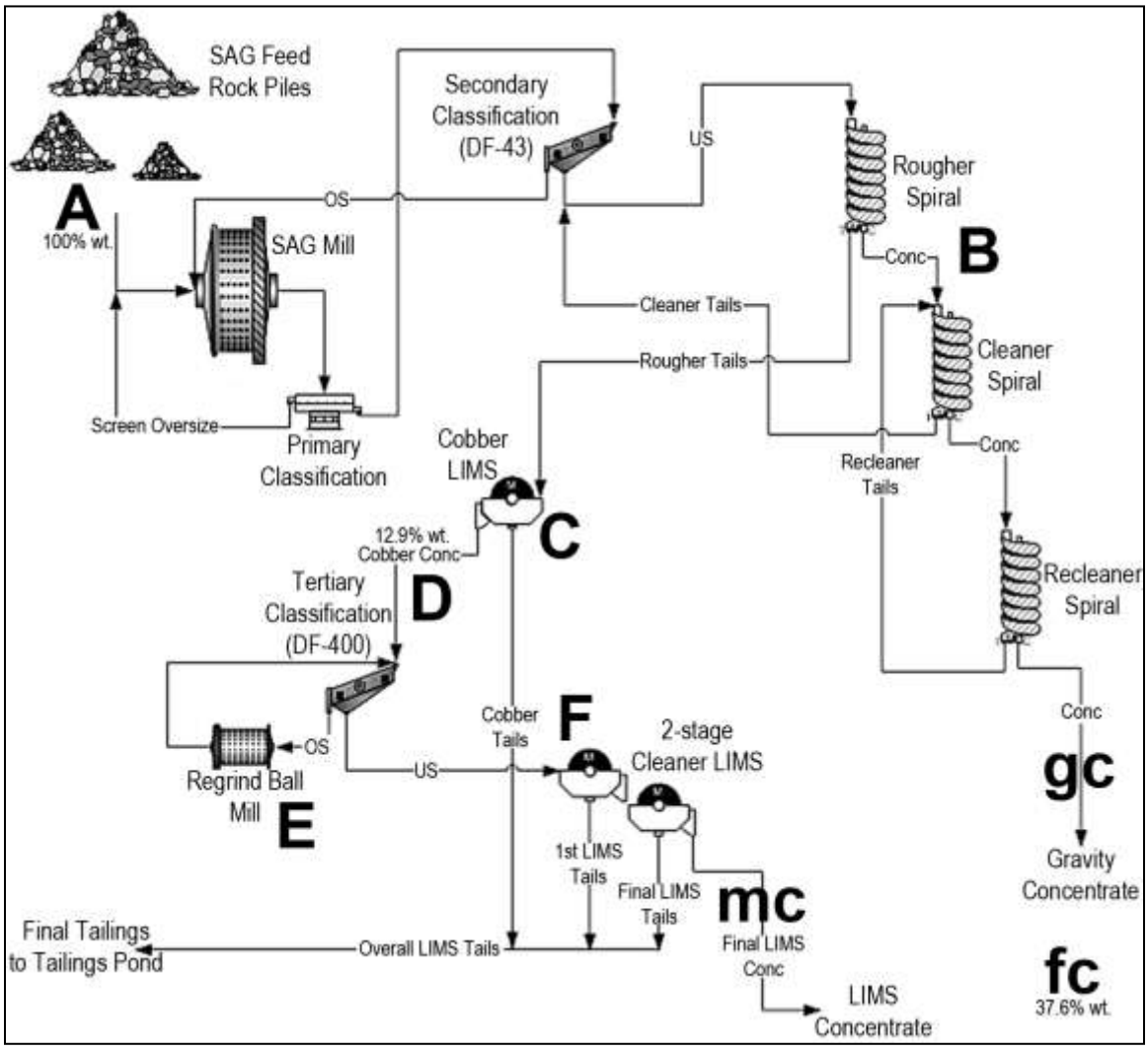


Figure 4 above sets out the optimized flowsheet. A description of the process is set out below:

A. Crushed ore is fed into a SAG mill (no ball mill required at this stage), where the ore is ground to minus 50 mesh (300 microns);
B. Ground ore is passed through a series of spirals to recover hematite, coarse magnetite, and aggregates of hematite and magnetite. A gravity concentrate (gc) is recovered;

C. Tailings (rougher tails) from the spirals are sent to a magnetic cobber (low intensity magnetic cobber) where particles containing magnetite are separated from particles that do not contain magnetite;
D. Only 12.9% by weight of ore requires fine grinding for magnetic separation processing;
E. Residual magnetite containing particles are ground to minus 400 mesh (37 microns);
F. Ground magnetic material is passed through LIMS to recover the remaining magnetite. The magnetite concentrate (mc) is combined with the gravity concentrate (gc) to form the final concentrate (fc). By recovering the magnetite after gravity separation the amount of material that has to be finely ground is significantly reduced.

Table 5 - Analysis of Head for Optimized Castle Mountain Pilot Plant Test

Composite	Fe%	Satmagan%
Castle Mountain	34.2	11.8

Table 6 - Optimized Pilot Plant product quality and recovery

Composite / Streams	Mass	K80	Grade %		Distribution (%)	
	Dist. %	µm	Fe	SiO_2	Fe	Satmagan
Castle Mountain						
Recleaner Spiral Concentrate	31.5	144	65.9	4.8	60.6	46.7
Secondary LIMS Cleaner Con.	6.1	33	70.0	3.0	12.5	49.8
Combined Concentrate	37.6		66.6	4.5	73.1	96.5

The results of the pilot plant test work on the composite suggest that Castle Mountain iron ore:

- Is soft;
- Can be processed with a simple flow sheet;
- Produces a concentrate with low SiO_2 and low deleterious elements;
- Produces concentrate with approximately 37.6% weight recovery and approximately 73.1% iron recovery, with 96.5% magnetite content recovery (Satmagan) (see Table 6 above).

The other zones at Hopes Advance can be expected to respond well to a similar flowsheet given the similarity in response to bench scale testing by Mozley Table and Davis tube as indicated by the results shown in Table 7.

Table 7 - Summary of overall concentrate grade from Mozley Table and Davis Tube bench tests

Deposit	Overall Concentrate Grade					Overall Recovery			
	Fe %	SiO_2 %	Al_2O_3 %	Sat %	MnO %	Wt %	Fe %	SiO_2 %	Sat %
Castle Mountain	65.87	4.42	0.02	30.84	0.33	39.34	78.60	4.34	73.97
Iron Valley	65.97	4.64	0.04	25.48	0.33	40.49	80.58	4.76	62.92
Bay Zone	66.96	4.46	0.03	59.15	0.28	40.08	81.01	4.38	81.06
West Zone	66.20	4.31	0.03	42.55	0.58	40.19	76.93	4.49	73.11

Next Steps

The complete report in respect of the PFS, including further details on mine reserves and schedule layouts, drawings and the results of metallurgical test work and pilot plant will be filed on SEDAR and on the Company's website within 45 days of this news release.

In the coming months, the Company will be focused on continuing to fast-track the development of the project, including:

- Strategic Partnering and offtake agreements
- Pot Grate Pelletizing test work
- Completing a Feasibility Study
- Completing the environmental impact assessment and permitting
- Negotiate Stakeholder Impact and Benefits Agreement

Eddy Canova, P. Geo. (Q403), the Exploration Manager for the Company and a Qualified Person as defined by NI 43-101, has reviewed and is responsible for the technical information contained in this news release.

Conference Call Details

Conference Call Date: **September 19, 2012**

Start Time: **10:30am PST / 1:30pm EST**

Call in Number: **1 (800) 659-3814**

Participants are asked to dial in 10-15 minutes in advance of the commencement of the conference call.

OCEANIC IRON ORE CORP. (www.oceanicironore.com)
On behalf of the Board of Directors

"Steven Dean"
Chairman and Chief Executive Officer
+1 604 566 9080

For additional information, contact:

Alan Gorman Chief Operating Officer +1 514 289 1183 agorman@oceanicironore.com	Stephen Roberts Vice President - Investor Relations +1 604 609 6130 sr@oceanicironore.com

This news release includes certain "Forward-Looking Statements" as that term is used in applicable securities law. All statements included herein, other than statements of historical fact, including, without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of Oceanic Iron Ore Corp. ("Oceanic", or the "Company"), are forward-looking statements that involve various risks and uncertainties. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "scheduled", "believes", or variations of such words and phrases or statements that certain actions, events or results "potentially", "may", "could", "would", "might" or "will" be taken, occur or be achieved. There can be no assurance that such statements will prove to be accurate, and actual results could differ materially from those expressed or implied by such statements. Forward-looking statements are based on certain assumptions that management believes are reasonable at the time they are made. In making the forward-looking statements in this presentation, the Company has applied several material assumptions, including, but not limited to, the assumption that: (1) there being no significant disruptions affecting operations, whether due to labour/supply disruptions, damage to equipment or otherwise; (2) permitting, development, expansion and power supply proceeding on a basis consistent with the Company's current expectations; (3) certain price assumptions for iron ore; (4) prices for availability of natural gas, fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (5) the accuracy of current mineral resource estimates on the Company's property; and (6) labour and material costs increasing on a basis consistent with the Company's current expectations. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risks and Uncertainties " in the Company's MD&A filed August 29, 2012 (a copy of which is publicly available on SEDAR at www.sedar.com under the Company's profile) and elsewhere in documents filed from time to time, including MD&A, with the TSX Venture Exchange and other regulatory authorities. Such factors include, among others, risks related to the ability of the Company to obtain necessary financing and adequate insurance; the economy generally; fluctuations in the currency markets; fluctuations in the spot and forward price of iron ore or certain other commodities (e.g., diesel fuel and electricity); changes in interest rates; disruption to the credit markets and delays in obtaining financing; the possibility of cost overruns or unanticipated expenses; employee relations. Accordingly, readers are advised not to place undue reliance on Forward-Looking Statements. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise Forward-Looking Statements, whether as a result of new information, future events or otherwise.

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