



**OCEANIC**

IRON ORE CORP

[WWW.OCEANICIRONORE.COM](http://WWW.OCEANICIRONORE.COM)

TSX:V - FEO OTCQX - FEOVF

# Investor Presentation

JANUARY 2013

# Cautionary Notes

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This presentation 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](http://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.

**Eddy Canova, P.Geo., OGQ (403), the Director of Exploration 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 presentation.**

# Corporate Overview

Listings	
TSX – V	FEO
OTCQX	FEO-VF

Capitalization Summary (Jan 1, 2013)	
Shares in Issue	196,618,231
Warrants (\$0.65-\$1.00)	37,837,500
Options (\$0.26-\$0.85)	17,463,500
Fully Diluted	251,919,231

Analyst Coverage	
	Gary Lampard
 Macquarie	Daniel Greenspan
	Coverage in Transition
	Craig Miller
	Coverage in Transition

- Iron ore development in the Labrador Trough
- 100% owned Ungava Bay projects, Quebec, Canada
- 3 project areas: Hopes Advance, Morgan Lake, Roberts Lake
- Currently advancing Hopes Advance project through Feasibility Study
- Morgan Lake and Roberts Lake properties historically explored



# Hopes Advance – The Premier Low Cost Iron Ore Project in North America

<p><b>Robust PFS Economics</b></p>	<ul style="list-style-type: none"> <li>• Base case pre-tax NPV of \$5.6bn and unlevered IRR of 20.5%</li> <li>• Life of mine operating cost \$30/tonne</li> </ul>
<p><b>Compelling Infrastructure Advantage</b></p>	<ul style="list-style-type: none"> <li>• Located at tidewater, no rail infrastructure – significant capex and opex savings</li> <li>• Independence and self-reliance over development of power and port infrastructure and implementation of project schedule</li> </ul>
<p><b>Large Scale Deposit</b></p>	<ul style="list-style-type: none"> <li>• Scale – 1.36 bn Proven and Probable Reserves*</li> <li>• Low mining costs with strip ratio of 0.5:1 in years 1 to 15</li> </ul>
<p><b>Straightforward Metallurgy</b></p>	<ul style="list-style-type: none"> <li>• High weight and iron recoveries with simple flowsheet</li> <li>• Extensive bench scale and pilot plant testing suggest high quality product with 4.5% silica, very low other impurities and 66.5% iron grade</li> </ul>

\*See slide 9

# Hopes Advance Pre-Feasibility Highlights (September 2012)

Variable	Highlights
FOB Price	\$100/tonne
LOM operating cost	\$30.18/tonne
Pre-tax NPV (8%)	\$5.6bn
Pre-tax IRR (levered)	23.2%
Initial Capital Cost	\$2.85 billion
Expansion Capital Cost	\$1.61 billion
Strip Ratio Years 1 - 15	0.57
Strip Ratio LOM	1.17

- FOB Ungava price of \$100/tonne
- Lowest quartile operating cost of \$30.18/tonne
- Construction commencing 2014
- Phase 1 production of 10 million tpa 2017 - 2026
- Expansion to 20 million tpa production from 2027
- Expected mine life of 31 years

## Achievements to Date

Achievement	Completion
• Property acquired and private placement financing \$20 million	December 2010
• Appointment of Steven Dean as Chairman and Irfan Shariff as CFO	January 2011
• Commenced field program for Hopes Advance resource evaluation	March 2011
• Appointment of Eddy Canova, P.Geo as VP Exploration	March 2011
• LOI signed with Inuit community	August 2011
• Initial NI 43-101 Resource Estimate and PEA for Hopes Advance	November 2011
• Updated Resource Estimate	April 2012
• Metallurgical test work on approximately 630 composite samples	April 2012
• Pilot plant testwork and flowsheet development	September 2012
• Pre-Feasibility Study in respect of Hopes Advance	September 2012
• Proven and probable mineral reserves*	September 2012
• Appointment of Alan Gorman as President	September 2012
• Completed Private Placement Financing to Raise \$3.5 Million	October 2012

\*See slide 9

## Next Steps

Development Activity	Target Completion Date
Strategic Partnering & Financing	2013
Completion of Environmental Impact Study	2013
Negotiate impact benefits agreement with local stakeholders	2013
Feasibility Study	2013
Project Construction	2014 / 16
Production	2017 - 2047



# Hopes Advance Mineral Reserve

## MINERAL RESERVES (25% Fe cut-off)

Category	Tonnes	Total Fe (%)	Weight Recovery (%)
<b>Proven Reserves</b>	763,276,000	32.3%	37.4%
<b>Probable Reserves</b>	595,990,000	32.1%	37.1%
<b>Proven and Probable Reserves</b>	1,359,266,000	32.2%	37.3%

### Disclosure:

- Open pit reserves are based on a 25% Fe cut off grade
- Reserves 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
- Excludes 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.
- There are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral reserve.

# Hopes Advance Images



Castle Mountain



Zone 2



Camp

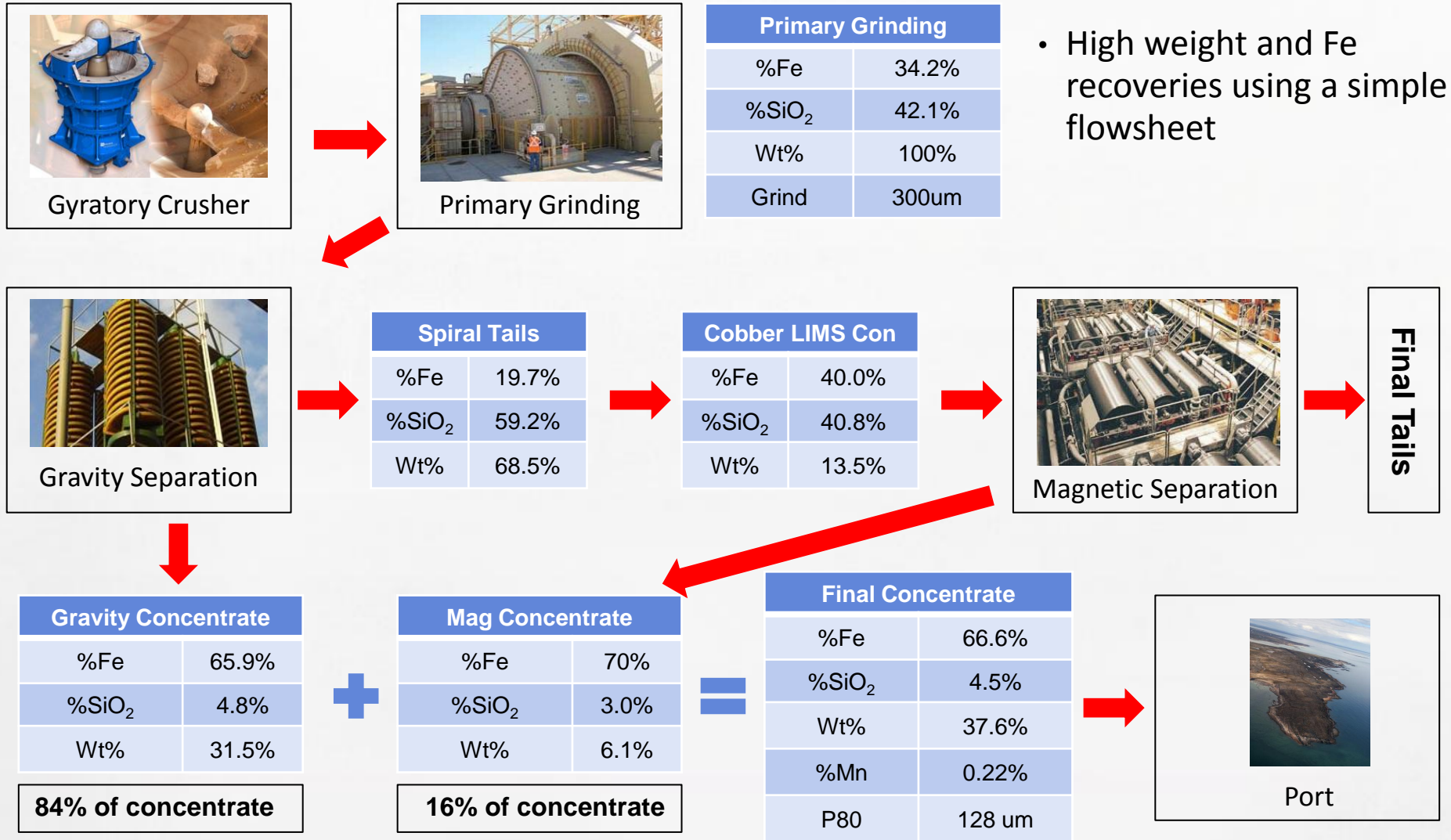


Drill Core

## Hopes Advance Metallurgy

<p><b>Bench – Scale Testwork April 2012</b></p>	<ul style="list-style-type: none"> <li>• 600 samples across all deposits at Hopes Advance</li> <li>• Demonstrated high weight recoveries with high percentage of iron recovery from gravity process</li> <li>• Simple process flow sheet with high grade 66.5% concentrate</li> <li>• Very low levels of deleterious materials, <math>\leq 4.5\%</math> Silica</li> </ul>
<p><b>Pilot Plant Testwork and Flowsheet Development September 2012</b></p>	<ul style="list-style-type: none"> <li>• Based on 10 tonne and 250 tonne composite samples from Hopes Advance</li> <li>• Simple flowsheet</li> </ul>
<p><b>Attributes</b></p>	<ul style="list-style-type: none"> <li>• Minus 300 micron (minus 50 mesh) coarse grind liberates 87% of Fe units</li> <li>• Remaining 13% upgraded through fine grind and magnetic separation</li> <li>• Low processing cost, results from low grind and low power requirements</li> </ul>

# Hopes Advance Flowsheet – Simple Metallurgy



Note: Based on Pilot Plant scale testwork in respect of the Castle Mountain deposit which supports at least the first 15 years of production

# Excellent Product Chemistry

## Major Elements (%)\*

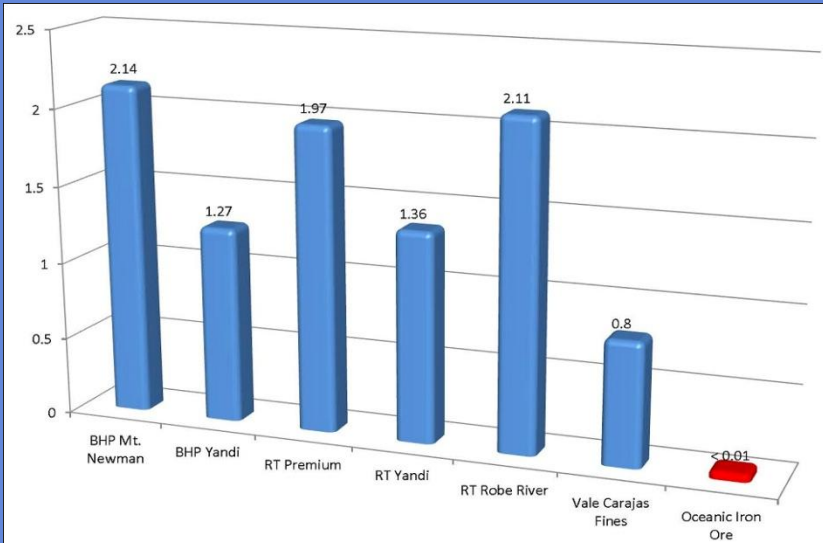
Fe	SiO <sub>2</sub>	MgO	CaO	Al <sub>2</sub> O <sub>3</sub>	Na	K
66.6%	4.5%	0.1%	0.4%	<0.01%	<0.01%	<0.01%

Mn	Ti	Cr	V	P	S
0.22%	<0.01%	<0.01%	<0.01%	<0.01%	0.03%

- Combined concentrate includes 64% hematite and 30% magnetite
- Ratio of hematite to magnetite is 2.1 : 1

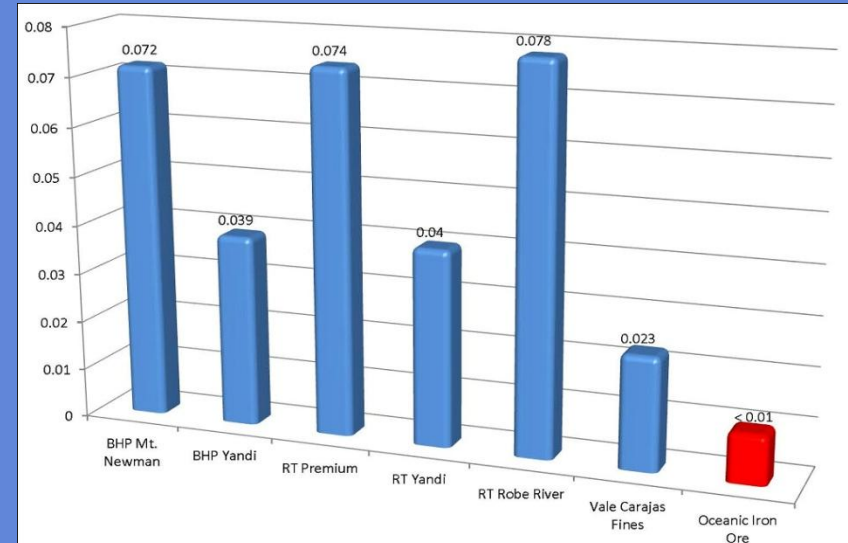
\* Analysis for Castle Mountain deposit

## Alumina - %AlO<sub>2</sub>O<sub>3</sub>



Source: Alderon Iron Ore, Sept 2012

## Phosphorus - %P

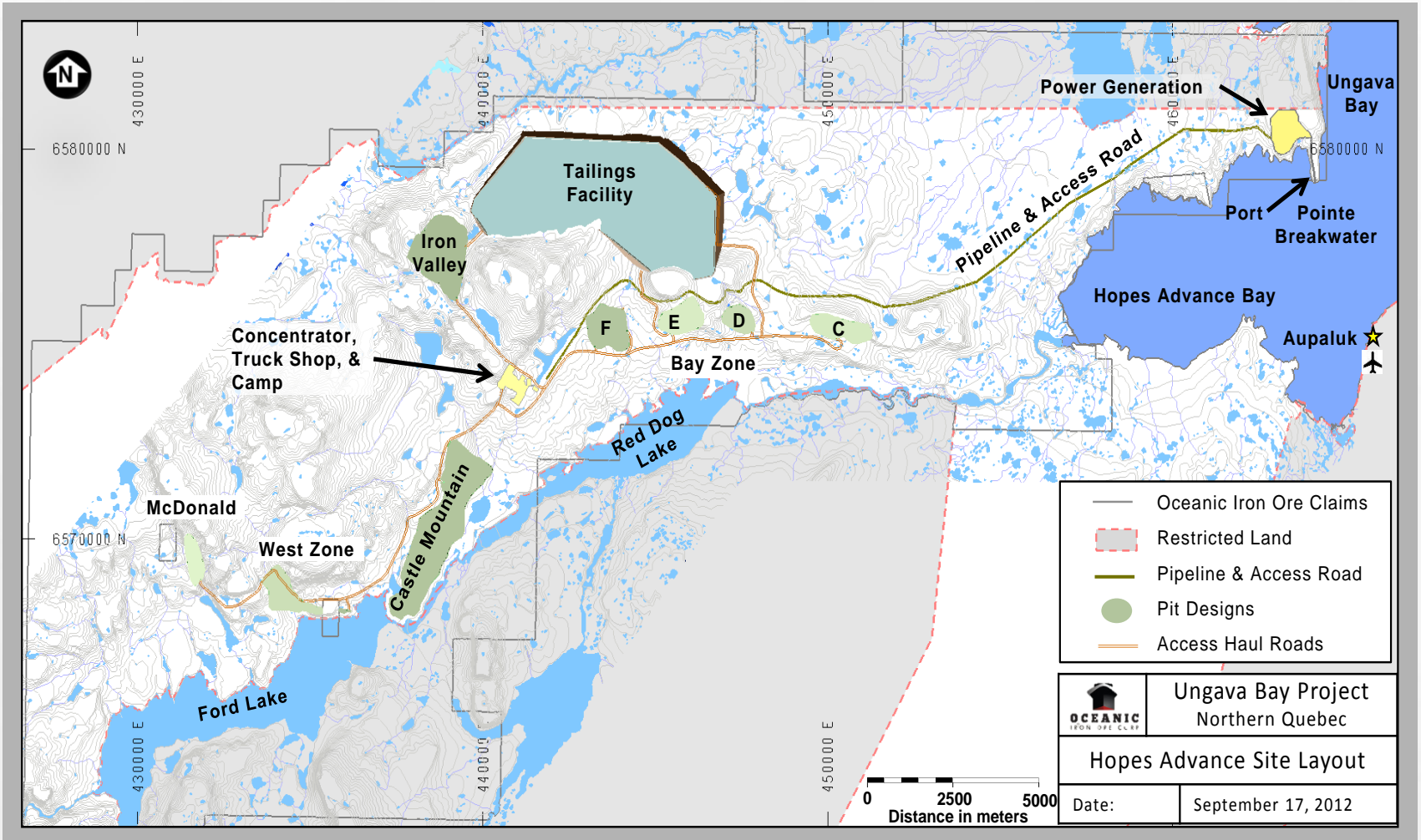


Source: Alderon Iron Ore, Sept 2012

- High quality product with amongst the lowest alumina and phos content
- Positive impact on blast furnace performance and overall operating and capital costs

# Hopes Advance Site Layout

- No rail requirement



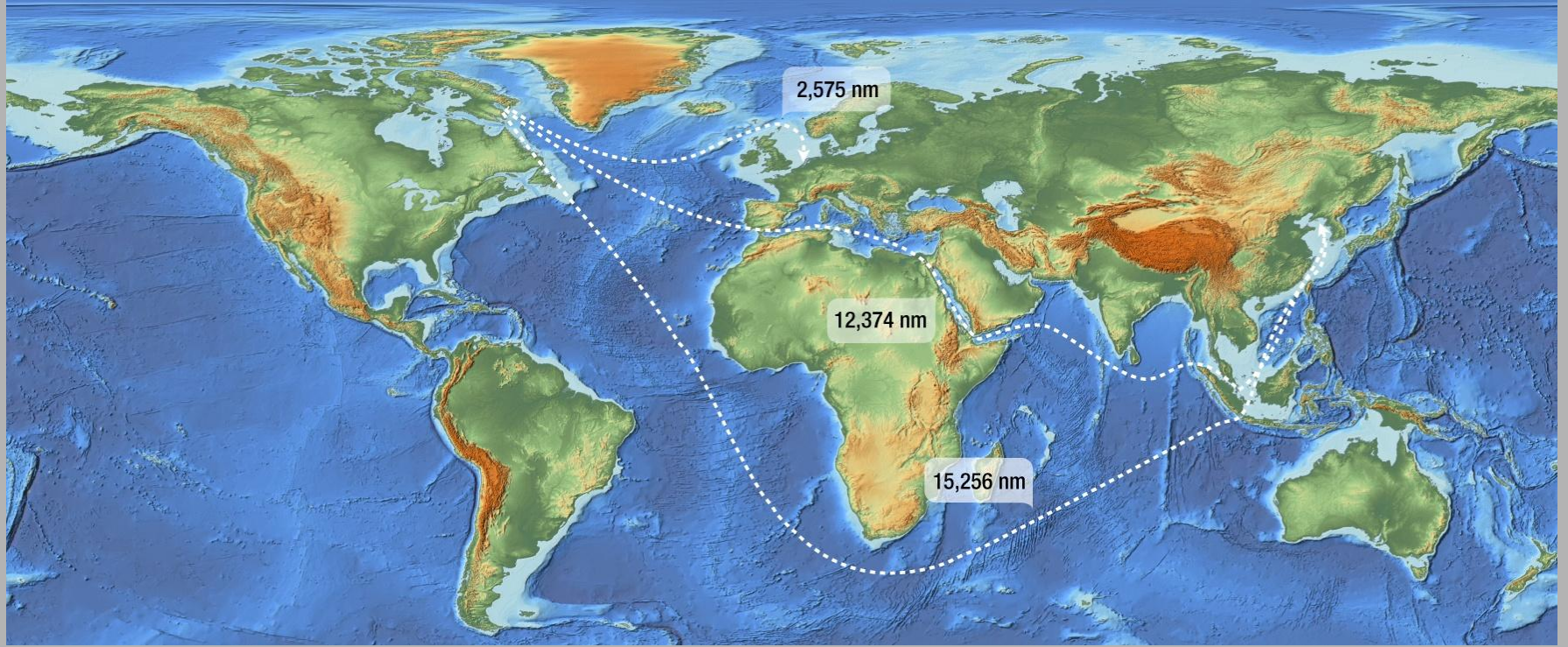
- September 2011 report prepared by AMEC Environmental and Infrastructure Engineering Group concluded:
  - Shipping logistics viable
  - Port design and location (Pointe Breakwater)
  - For European market optimal solution is year round direct shipment using ice class vessels
  - For Chinese market optimal solution is direct shipping during summer and trans-shipment in winter



**Pointe Breakwater Port Site**



# Viable Year-Round Shipping Routes



- Hopes Advance Bay is located at the midpoint between Deception Bay to the NW and Voisey's Bay to the SE
- Raglan (Xstrata Nickel) and Voisey's Bay (Vale) both ship 12 months using ice class vessels

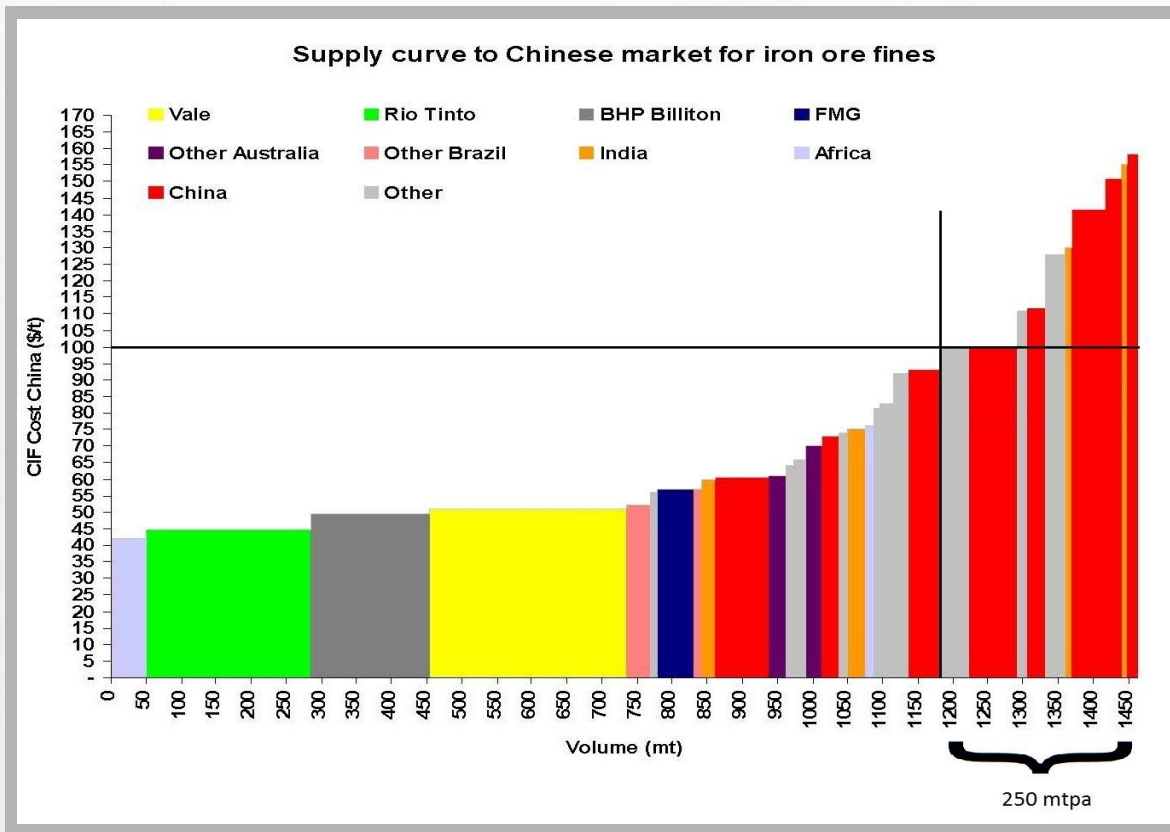
# Social and Environmental Considerations

- A corporate philosophy and priority
  - Clear communication and buy-in required from employees, consultants and contractors
- Early stakeholder and government interaction
  - LOI agreed with Inuit community
- Focus on addressing the needs of local people while also respecting the culture and environment
- Set a standard against which future projects across the industry are measured



# 250 mtpa Production Underwater at \$100/tonne

- New projects target fulfilling demand by producing at lower cost than China's high cost supply
- Continuing cost pressures in Australia, Brazil & China



...With global steel production continuing to recover, we expect prices to continue to grind higher over coming quarters, with a price above US\$150/t needed to induce marginal Chinese production back to the market.

Source: Credit Suisse (Canada) Commodity Forecast update April, 2012

While price cycles will continue to be driven by the directional need for domestic Chinese iron ore production, we believe the ongoing high volume requirements of the market reinforce our price profile above US\$150/t Cfr China (62% basis) on average through 2016. We still consider the iron ore bulk commodity most undervalued by the market.

Source: Macquarie Equities Research, May 2012

# Price Rebound - Cost Supply Curve Fundamentals Kick-In

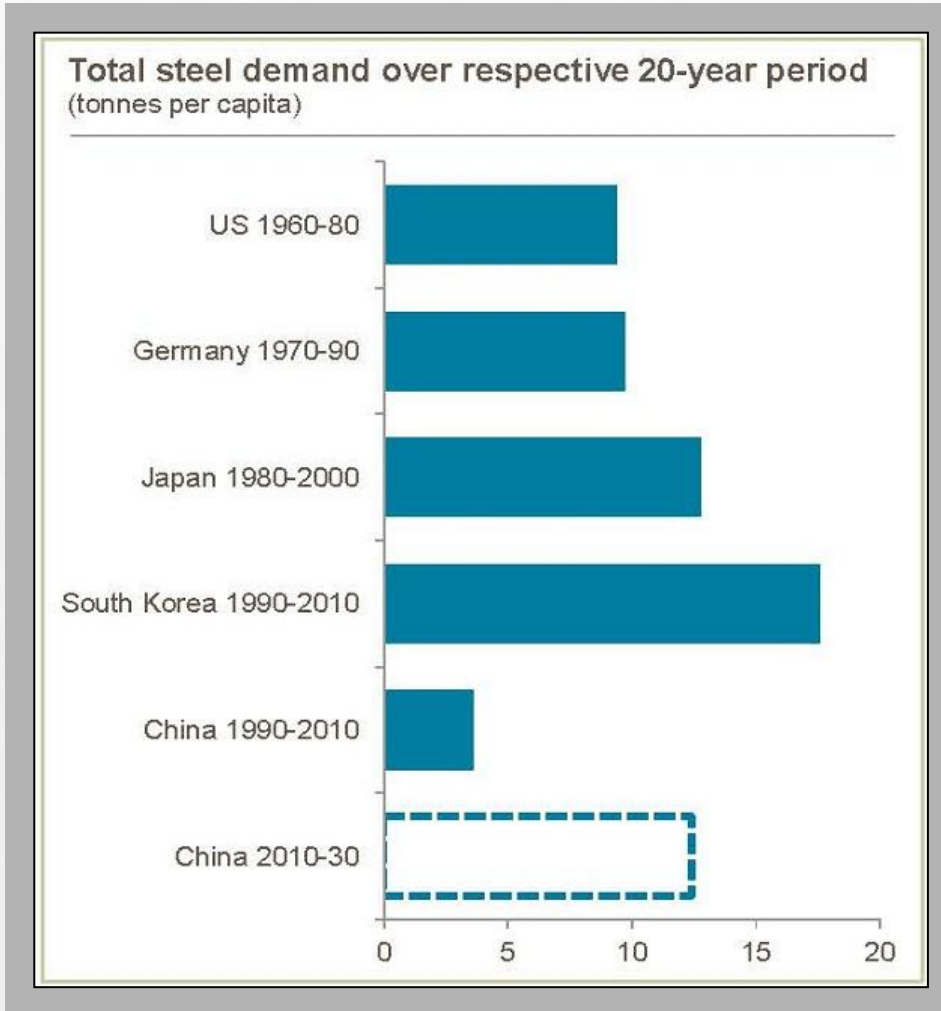


\* Source: Platts Price Analyzer – IODEX 62% Fe CFR \$/t – January 28, 2013

- Rapid recovery in iron price

# China Steel Demand

## Robust Over Medium - Long Term



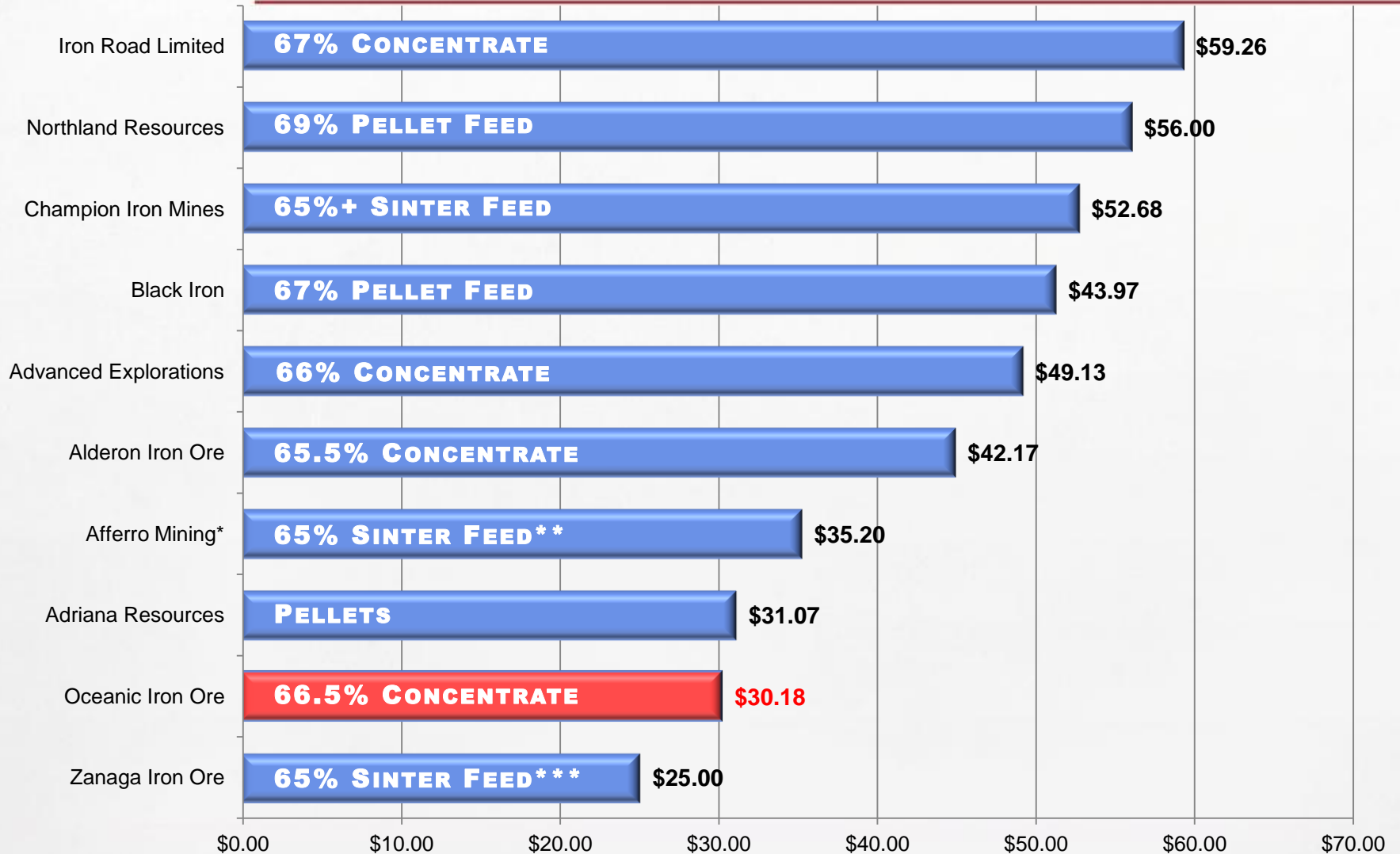
- Significant urbanisation to continue
- China's cumulative steel consumption per capita remains well behind developed world
- This is despite substantial growth over the last decade
- Rio Tinto estimates 4% annualized growth in steel demand this decade – but off a huge base
- Crude steel production in China expected to peak towards 2030

# Oceanic vs. Peers

Company	Oceanic Iron Ore Hopes Advance 100%	Northland Kaunisvaara 100%	Zanaga Iron Ore Zanaga project 49%	Alderion Iron Kami 75%	Afferro Mining Nkout 100%	Black Iron Shymanivske 100%	Champion Iron Mines Fire Lake 100%	Iron Road Limited Central Eyre 100%	Advanced Explorations Roche Bay C Zone 100% (50% option)	Adriana Resources Lac Otelnuk 40%
Geography	Canada	Scandinavia	Republic of Congo	Canada (Labrador)	Cameroon	Ukraine	Canada (Quebec)	South Australia	Canada (Nunavut)	Canada (Quebec)
Stage	PFS Sept 2012	Pre Production	Scoping Oct 2011	Feasibility January 2013	PEA May 2012	Feasibility December 2012	PEA November 2011	PFS June 2011	Feasibility August 2012	PEA April 2011
Deposit Type	Specular Hematite / Magnetite	Magnetite (IOCG)	Hematite / Magnetite	Taconite / magnetite / hematite	Magnetite	Taconite / magnetite / hematite	Taconite magnetite	Magnetite	Taconite / magnetite	Taconite / magnetite / hematite
Pilot Plant Results Disclosed	YES	24 tonne	NO	NO	NO	NO	Limited Info	NA	5 tonne	NO
Product	66.5% sinter feed concentrate	69% pellet feed	65% sinter feed 67% concentrate	65.5% concentrate	61.5% DSO 65% sinter feed 68% pellet feed	68% concentrate	65%+ Sinter feed	67% sinter feed concentrate	66% concentrate	Pellets
Head Grade	32.2 %	32.7%	34.3%	29.6%	32.9%	31.6%	31.0%	16.6%	28.1%	28.9%
Weight Recovery	37.3%	NA	NA	35.0%	42.2%	32.7%	38.0%	NA	Limited info	26.0%
Silica/Phos /Others	Silica ≤ 4.5%	NA	NA	Silica 4.5%	Limited info	NA	5.0%	NA	SiO <sub>2</sub> > 4.5, S in concentrate	4.00%
M&I Attributable Iron (Mt)	446	54	452	243	390	204	164	541	132	1,312
Initial Production (Mtpa)	10 - 20	5.0	45	8	15 - 35	9.1	8.7	12.4	5.5	50
Initial CAPEX (US \$million)	\$2,853	\$765	\$7,545	\$1,273	\$3,030 - \$4,798	\$1,094	\$1,368	AUD \$2,590	\$1,370	\$12,909
Rail Required	NO	YES	YES	YES	YES	YES	YES	Studying Rail vs. Pipeline	NO	YES
LoM OPEX Concentrate	\$30.18 / t	\$56 / t	\$25.00 / t	\$42.17 / t	\$32.70 - \$37.70 / t	\$43.97 / t	\$52.68 / t	AUD \$59 / t	\$49.13 / t	\$31.07 pellet
Strategic Investor	NO	100% offtake with Stemcore, Standard Bank, Tata Steel	Xstrata (51%)	Hebei Steel	NO	NO	NO	NO	XingXing Pipes	WISCO (60%)
Market Cap*	CAD \$35 million	CAD \$108 million	USD \$117 million	CAD \$229 million	CAD \$94 million	CAD \$58 million	CAD \$64 million	AUD \$93 million	CAD \$24 million	CAD \$61 million

\*January 25, 2013

# Low Operating Cost Relative to Peers



**Operating Cost (\$/t)**

\* 15 mtpa production

\*\* Also expected to produce 61.5% DSO and 68% pellet feed

\*\*\* Also expected to produce 67% concentrate

# Hopes Advance – The Premier Iron Ore Development Project

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- Exceptional large scale resource in low risk jurisdiction
- Low cost producer: \$30/tonne life of mine
- High grade (66.5%) premium iron concentrate for seaborne market
- Fast track development schedule independent of 3<sup>rd</sup> party infrastructure and government funding

*“...with its low opex estimate reflecting the location close to tidewater and the low strip ratio, we believe Oceanic is in a good position to develop Hopes Advance relative to its northern peers. Oceanic remains a compelling early stage iron ore development story.”*

*Daniel Greenspan, Macquarie Capital Markets Canada, September 2012*



The image features a textured, light gray background. On the left side, there is a large, abstract graphic composed of several overlapping shapes. At the top left, there is a black curved shape. Below it is a white curved shape. Further down is a larger black curved shape. At the bottom left, there is a red triangular shape. The word "APPENDICES" is centered in the lower right quadrant of the image.

# **APPENDICES**

## Board of Directors

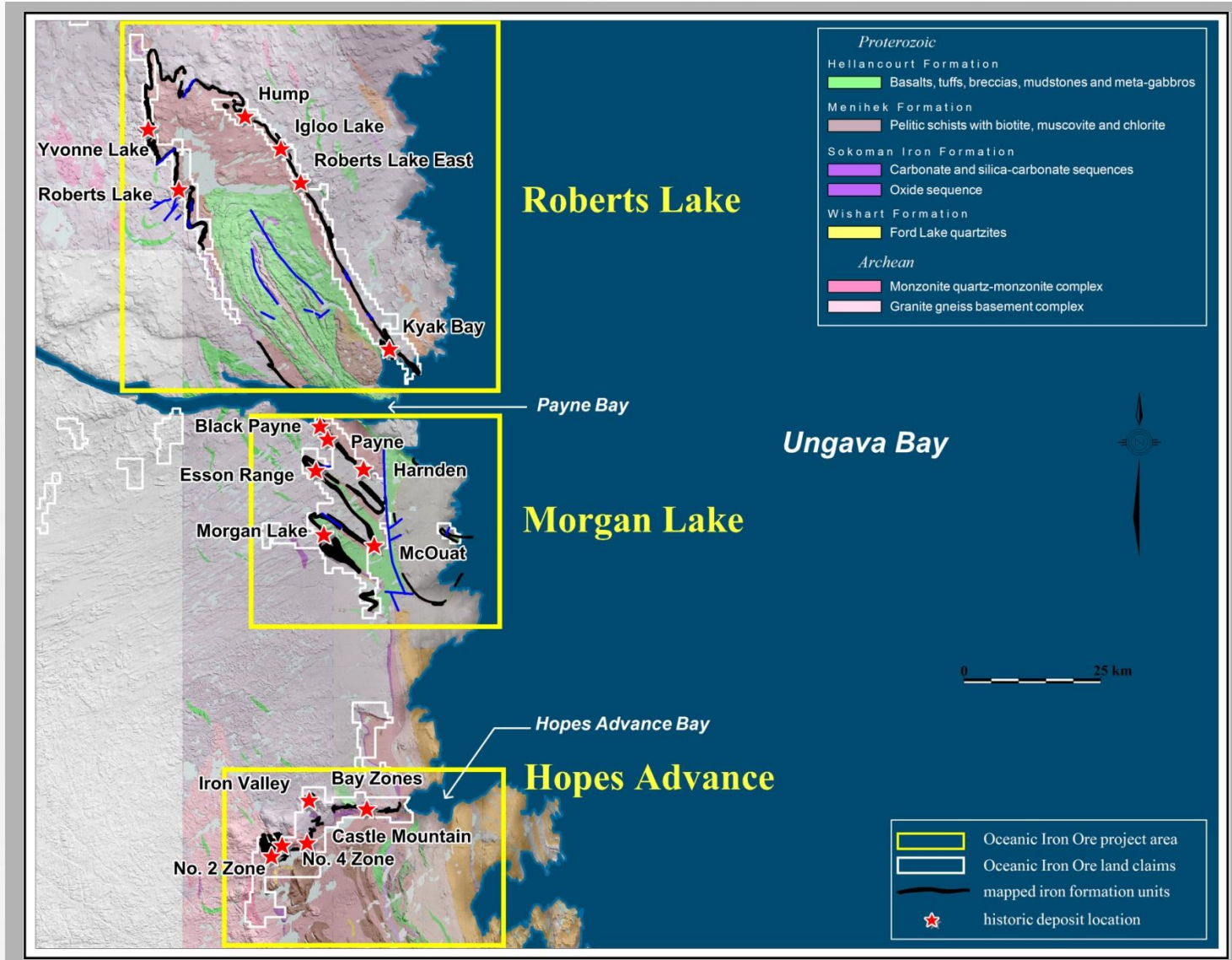
<p><b>Steven Dean,</b> Chairman, CEO and Director</p>	<ul style="list-style-type: none"> <li>• Extensive experience internationally in mining, including as President of Teck Cominco Limited (now Teck Resources Ltd)</li> <li>• A founding director of Normandy Poseidon Group, which became Normandy Mining and was the largest Australian based gold producer until its sale to Newmont Mining. Founder of PacMin Mining which became a subsidiary of Teck Corporation in 1999 and co-founder and former Chairman of Amerigo Resources Ltd. (TSX: ARG)</li> <li>• Chairman and a director of Spur Ventures Inc. (TSX-V:SVU), Infinito Gold Ltd. (TSX-V:IG), Dia Bras Exploration Ltd. (TSX-V:DIB) and Cassius Ventures Ltd. (TSX-V:CZ)</li> </ul>
<p><b>Gregg Sedun,</b> Founder and Director</p>	<ul style="list-style-type: none"> <li>• Director and/or founding shareholder in a number of successful companies including Diamond Fields Resources, Adastra Minerals Inc. and Peru Copper Inc.</li> <li>• Currently President &amp; CEO of venture capital company Global Vision Capital Corp., Executive Chairman of Goldgroup Mining Inc. (TSX:GGA) and Chairman &amp; CEO of Uracon Resources (TSX.V:URC)</li> </ul>
<p><b>Gordon Keep,</b> Director</p>	<ul style="list-style-type: none"> <li>• Extensive business experience in investment banking and creating public natural resource companies. Currently Executive Vice-President of Fiore Financial Corporation, a private boutique merchant banking firm</li> <li>• Also serves as an officer and/or director for several natural resource companies</li> </ul>
<p><b>Hon. John Reynolds, P.C.</b> Director</p>	<ul style="list-style-type: none"> <li>• Served as both an MLA in British Columbia from 1983 to 1991 and as a Member of Parliament in Ottawa, Ontario from 1972 to 1977 and then from 1997 to 2006</li> <li>• Currently a Member of the Queen’s Privy Council for Canada and has been a Senior Strategic Advisor for the law firm McMillan (formerly Lang Michener LLP) since March 2006</li> </ul>
<p><b>Jean Martel,</b> Director</p>	<ul style="list-style-type: none"> <li>• Currently a member of the Board of Directors of TMX Group Ltd. (TMX) , the parent company of the Toronto Stock Exchange and TSX Venture Exchange, as well as the Business Development Bank of Canada (BDC)</li> <li>• Chairs the Regulatory Oversight Committee of TMX, the Rules and Policies Committees of TSX, TSXV, MX and Alpha, the Governance and Nominating Committee of the BDC and the Independent Review Committee of the Québec Bar Investment Funds</li> <li>• Past Assistant Deputy Minister of Finance for Québec and Deputy Minister responsible for the Financial Sector</li> <li>• Since August 1999, Mr. Martel has been a partner at Lavery, a leading Québec full service law firm.</li> </ul>

# Management Team

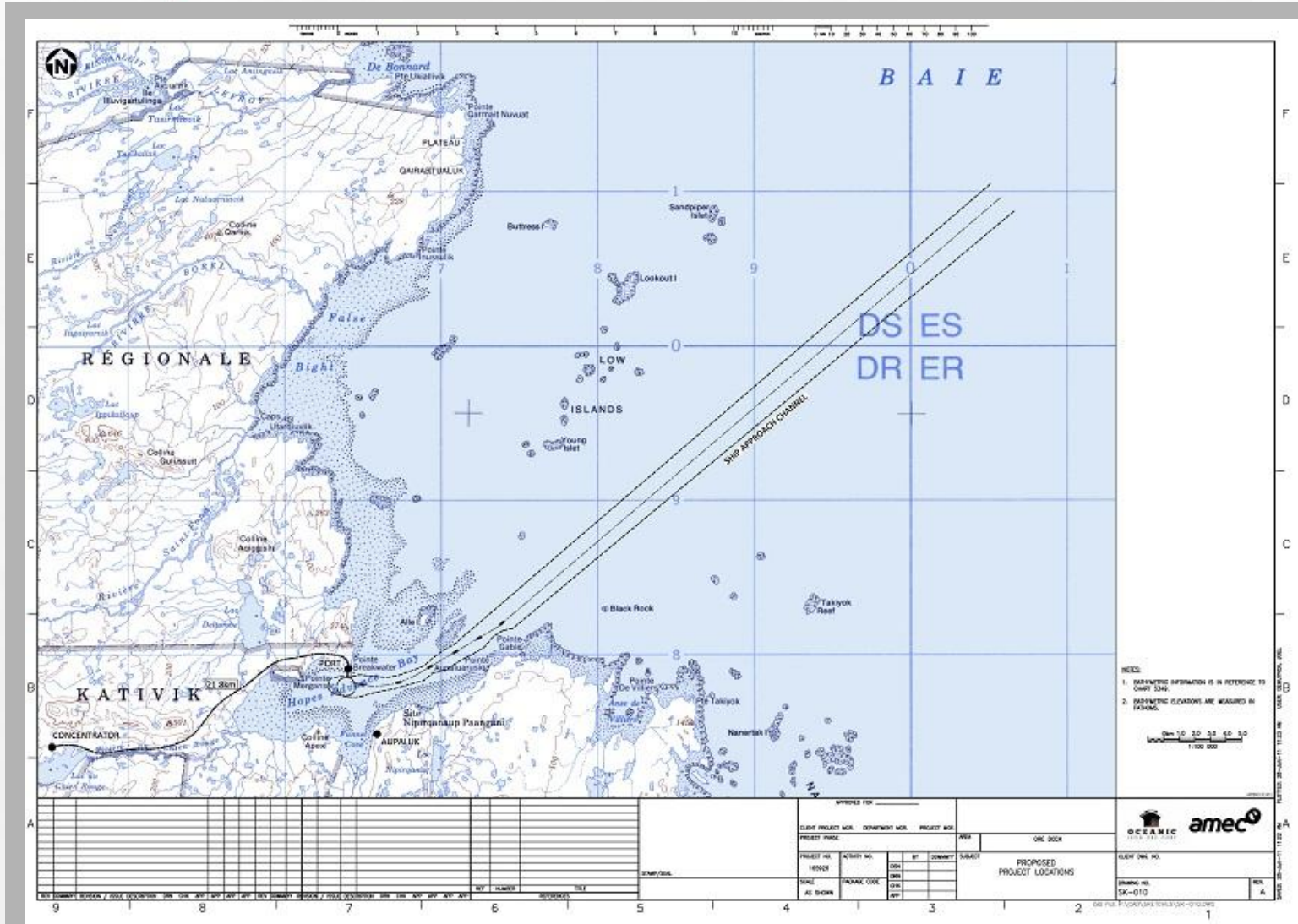
<p><b>Alan Gorman,</b> President and COO</p>	<ul style="list-style-type: none"> <li>• Extensive experience operating in northern and arctic environments</li> <li>• Previously Executive VP Operations for Goldbrook Ventures and of Jien Canada Mining Ltd's Nunavik Nickel Project, as well as Operations Manager for Baffinland Iron Mines Corp</li> </ul>
<p><b>Irfan Shariff,</b> CFO and Corporate Secretary</p>	<ul style="list-style-type: none"> <li>• Consultant to a number of junior resource companies based in Vancouver, Canada</li> <li>• 8 years as a corporate finance and mergers and acquisitions advisor at Citigroup in London, UK (2001-2008)</li> </ul>
<p><b>Eddy Canova,</b> Director of Exploration</p>	<ul style="list-style-type: none"> <li>• Over 25 years experience in the mineral exploration industry in Canada, Venezuela, Mexico, and West Africa and 4 years experience in mineral production in Venezuela</li> <li>• Past experience includes Gold Reserves Brisas's project, Bolivar's Tomi Gold Mine and Alexandria Minerals from 2002 to 2009</li> </ul>
<p><b>Rodney (Rod) Johnson Ph.D,</b> VP Geometallurgy</p>	<ul style="list-style-type: none"> <li>• Served as chief geometallurgist and process mineralogist for Cliffs Natural Resources, Inc., chief geologist for Copper Range Company at the White Pine Mine, and senior exploration geologist and nickel commodity specialist for Western Mining Corporation</li> <li>• Ph.D. in Geology from Michigan Technological University with specialty in the areas of metallic ore deposits, structural geology, low temperature aqueous geochemistry, and geohydrology</li> </ul>
<p><b>Stephen Roberts,</b> VP Investor Relations</p>	<ul style="list-style-type: none"> <li>• Previously VP Investor Relations at Endeavour Mining</li> <li>• 11 years with Credit Suisse and Bank of America as Senior US Equity salesman</li> </ul>

# UNGAVA PROPERTY PROJECT AREAS

## 3,570 CLAIMS – 1,520 SQ.KM.

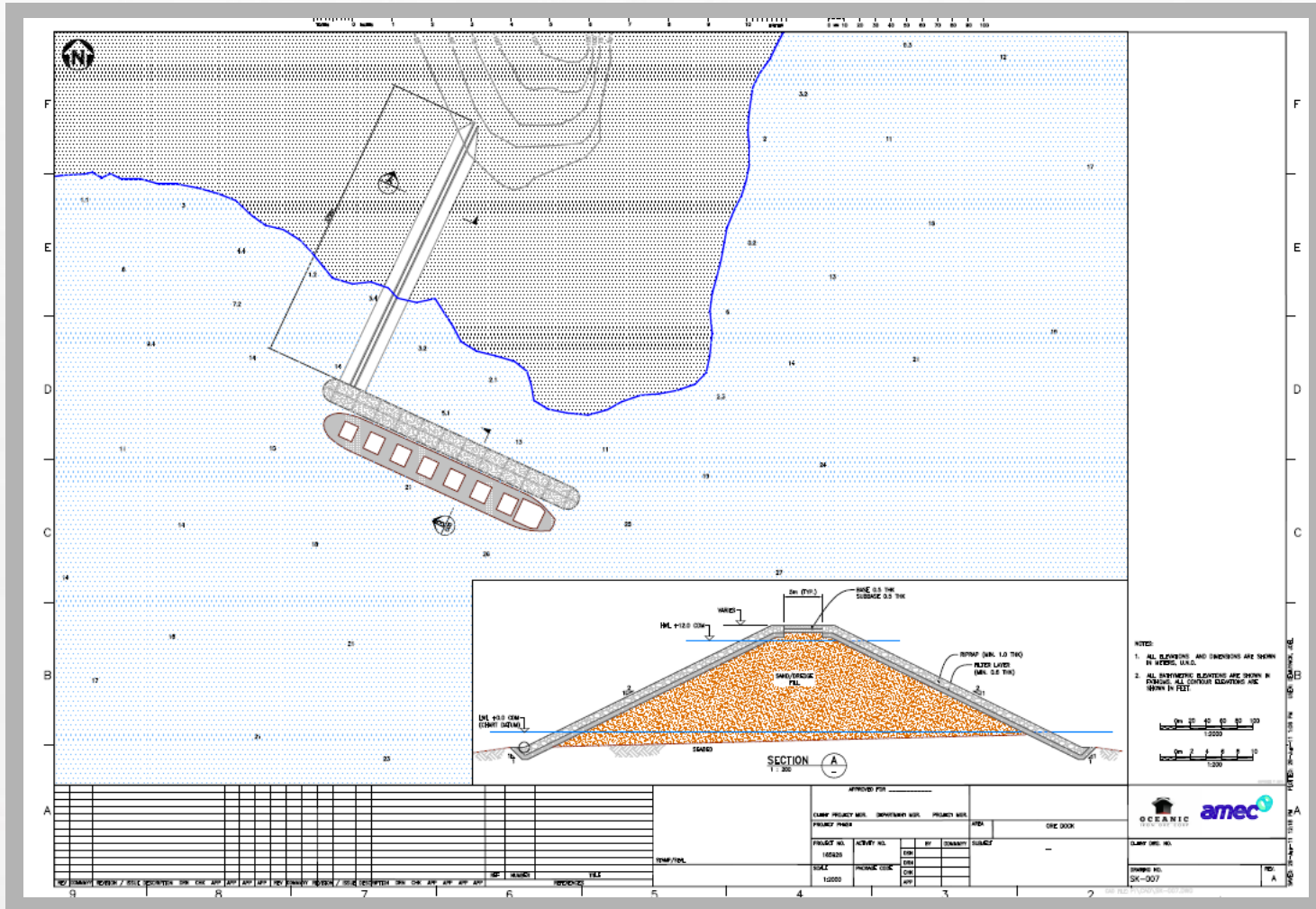


# Conceptual Port Location



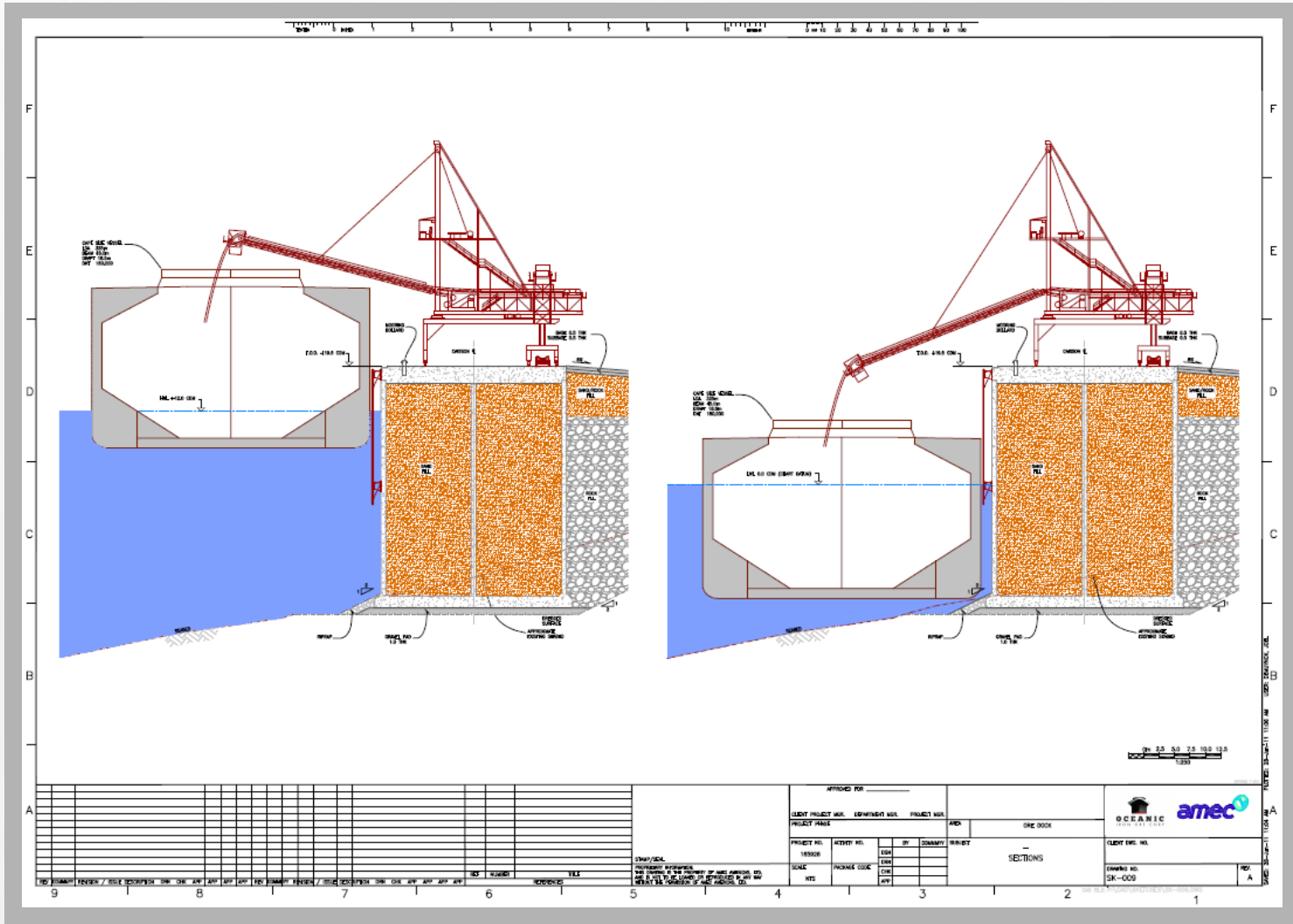
# Conceptual Port Design

- Pointe Breakwater has natural attributes which make it an ideal potential location for a year round large tonnage vessel deepwater port

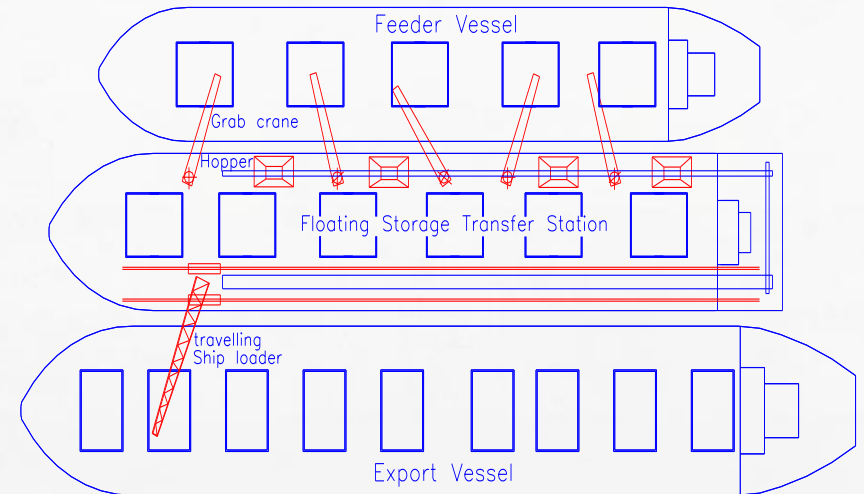
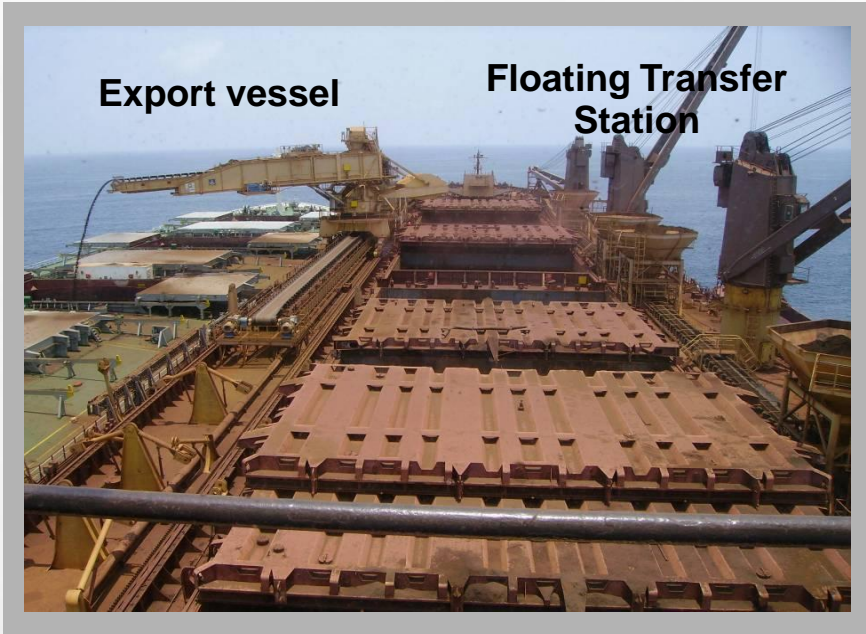


# Conceptual Shiploader Design

- Shiploader will be engineered and constructed to accommodate the tides in Ungava Bay



# Trans-shipment



- Floating transfer station with deck mounted equipment to transfer cargo from ice class vessels to export vessel



## Ice Class Ship In Action



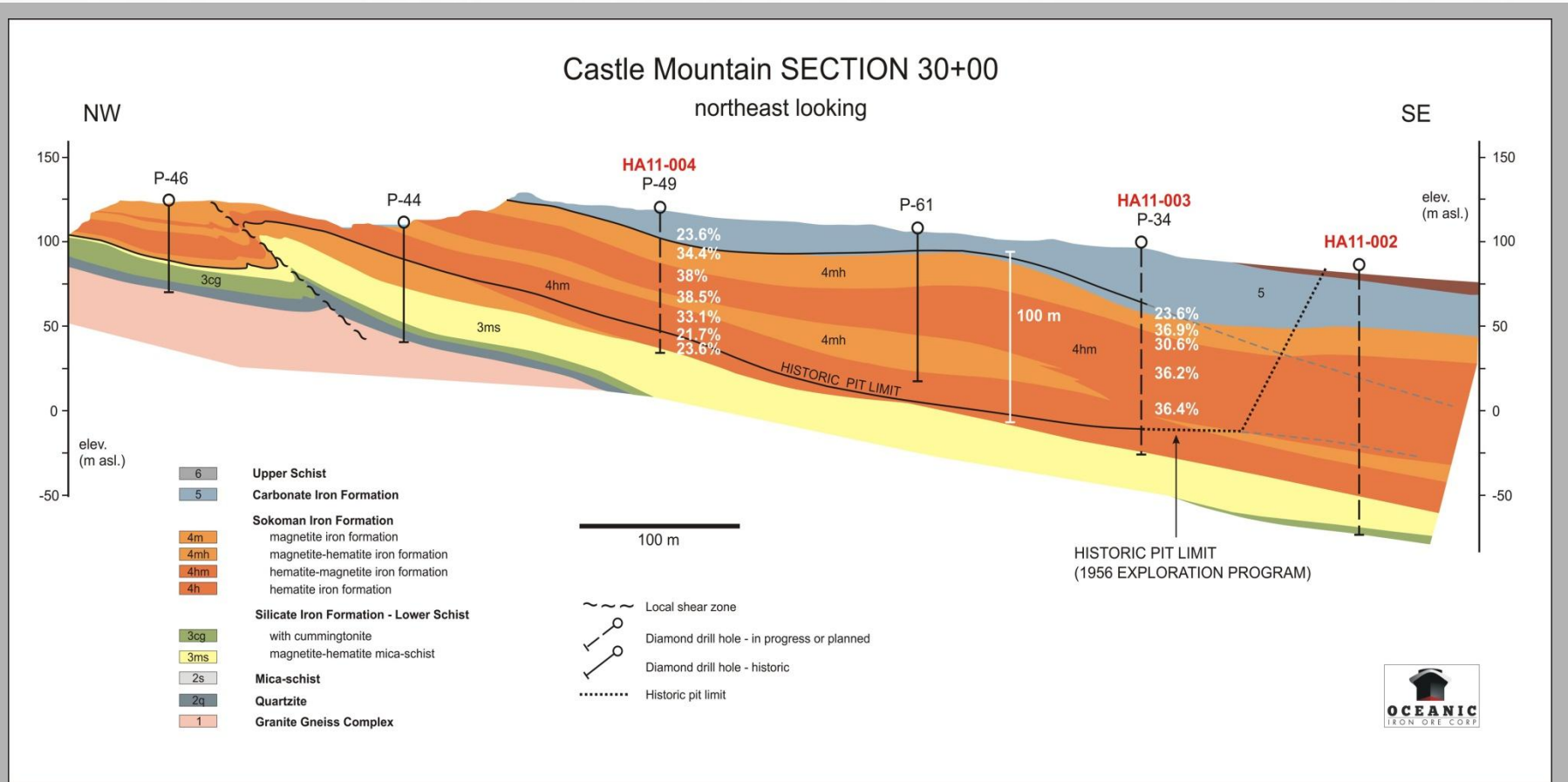
**amec**

Source: Aker Arctic

# Section View of the Castle Mountain Grid

Castle Mountain SECTION 30+00

northeast looking



## Previous Work

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- Labrador Trough noted for iron potential in 1895 by GSC
- First claims staked in Hopes Advance area in 1951
- 1950-1970 active exploration including sampling, trenching, drilling, metallurgical testwork
- Ungava Iron Ores Company completed most of the exploration in Hopes Advance area (1951-1962) including 12,935 m in 185 holes in 8 deposits. Scoping and pre-feasibility studies were completed
- International Iron Ores Limited exploration of the Roberts Lake area (1952-1957) including 5,115 m in 97 holes in 6 deposits
- Oceanic Iron Ores Company was active in the Morgan Lake area (1955-1957) and work included 3,611 m in 45 holes in 2 deposits

# Roberts Lake – Historical Resource\*

Deposit	Crude Resource (million metric tonnes)	Head Iron (Sol. Fe)	Exploration Drillholes	Metres Drilled	Source	Date
Kayak Bay Zone (Zone 1)	111.7	35.3%	45	1,880	P.E. Cavanagh	1970
Payne River (Zone 2)	22.3	31.0%	26	2,535	P.E. Cavanagh	1970
Igloo Lake (Zone 3)	101.6	38.0%	11	248	P.E. Cavanagh	1970
Hump (Zone 4)	203.2	37.6%	15	452	P.E. Cavanagh	1970
<i>Total Drill Indicated</i>	<i>438.8</i>	<i>36.8%</i>	<i>97</i>	<i>5,115</i>	---	---
Synclinal (Zone 5)	203.2	36.0%	0	0	P.E. Cavanagh	1970
Yvon Lake (Zone 6)	101.6	36.8%	0	0	P.E. Cavanagh	1970
Potential Zone 1	254.0	35.0%	0	0	P.E. Cavanagh	1970
Potential Zone 2	254.0	35.0%	0	0	P.E. Cavanagh	1970
<i>Total Potential</i>	<i>812.8</i>	<i>35.5%</i>	<i>0</i>	<i>0</i>	---	---
<b><i>Total Roberts Lake Area</i></b>	<b><i>1,251.6</i></b>	<b><i>35.9%</i></b>	<b><i>97</i></b>	<b><i>5,115</i></b>	---	---

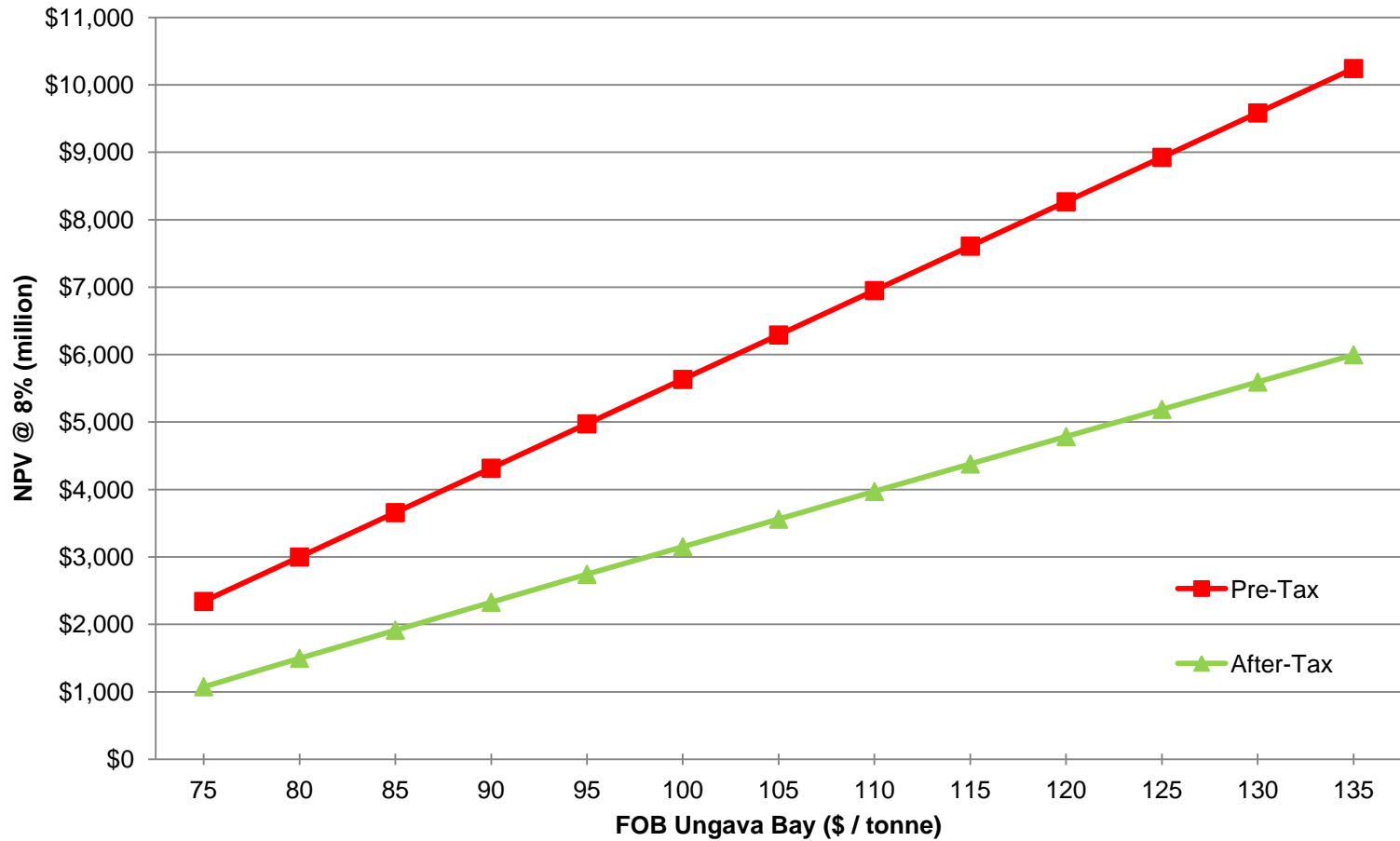
\*These are historical resource estimates that do not comply with the current Canadian Institute of Mining, Metallurgy and Petroleum Resources (CIM) Definition Standards on Mineral Resources and Mineral Reserves as required by National Instrument 43-101 (NI 43-101) Standards of Disclosure for Mineral Projects. These historical resource estimates were described as “drill indicated” and “potential” at the time of reporting which does not correspond to the categorization set forth in sections 1.2 and 1.3 of NI 43-101. Although these historical resource estimates are relevant to support the presence of large areas of iron mineralization, these estimates are speculative, are based on very limited exploration drilling and will require extensive new exploration and metallurgical efforts to validate. They should not be treated as current mineral resources or reserves or relied upon until confirmed by current exploration and a Qualified Person. A Qualified Person has not done sufficient work to upgrade or classify these historical resource estimates as current NI-43-101 compliant mineral resources. The Roberts Lake historic resource was reported in 1970 from drilling in the late 1950s, the Morgan Lake historic resource was reported in 1957 and 1964, and the Hopes Advance historic resource was reported in 1958. Further information in respect of these historic resources is outlined in a 43-101 technical report prepared by Micon entitled “Technical Report on the Ungava Iron Property – Ungava Bay Region, Quebec, Canada dated Oct. 29, 2010, available on SEDAR.

# Morgan Lake – Historical Resource\*

Deposit	Crude Resource (million metric tonnes)	Head Iron (Mag. Fe)	Exploration Drillholes	Metres Drilled	Source	Date
Payne Range	72.4	23.9%	29	1,427	G.A. Gross	1964
Morgan Lake	437.8	21.8%	16	2,184	A.T. Griffis	1957
<i>Total Drill Indicated</i>	<i>510.2</i>	<i>22.1%</i>	<i>45</i>	<i>3,611</i>	---	---
<i>Morgan Lake Potential</i>	<i>101.6</i>	<i>22.7%</i>	<i>0</i>	<i>0</i>	<i>A.T. Griffis</i>	<i>1,957</i>
<b><i>Total Morgan Lake Area</i></b>	<b><i>611.8</i></b>	<b><i>22.2%</i></b>	<b><i>45</i></b>	<b><i>3,611</i></b>	---	---

\*These are historical resource estimates that do not comply with the current Canadian Institute of Mining, Metallurgy and Petroleum Resources (CIM) Definition Standards on Mineral Resources and Mineral Reserves as required by National Instrument 43-101 (NI 43-101) Standards of Disclosure for Mineral Projects. These historical resource estimates were described as “drill indicated” and “potential” at the time of reporting which does not correspond to the categorization set forth in sections 1.2 and 1.3 of NI 43-101. Although these historical resource estimates are relevant to support the presence of large areas of iron mineralization, these estimates are speculative, are based on very limited exploration drilling and will require extensive new exploration and metallurgical efforts to validate. They should not be treated as current mineral resources or reserves or relied upon until confirmed by current exploration and a Qualified Person. A Qualified Person has not done sufficient work to upgrade or classify these historical resource estimates as current NI-43-101 compliant mineral resources. The Roberts Lake historic resource was reported in 1970 from drilling in the late 1950s, the Morgan Lake historic resource was reported in 1957 and 1964, and the Hopes Advance historic resource was reported in 1958. Further information in respect of these historic resources is outlined in a 43-101 technical report prepared by Micon entitled “Technical Report on the Ungava Iron Property – Ungava Bay Region, Quebec, Canada dated Oct. 29, 2010, available on SEDAR.

# NPV Sensitivity to FOB Ungava Bay Iron Ore Price (Unlevered)



# Construction 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
<b>Total Construction Capital</b>	<b>\$2,853,657</b>	<b>\$1,607,790</b>

## Operating Costs (Excluding Royalty)

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





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