

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six  
months ended June 30, 2022 and 2021

Unaudited - Expressed in Canadian Dollars, unless otherwise noted



**NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to National-Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Oceanic Iron Ore Corp. (the "Company") for the interim period ended June 30, 2022, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements including International Accounting Standard 34 - Interim Financial Reporting and are the responsibility of the Company's management.

The Company's independent auditor, Saturna Group Chartered Professional Accountants, has not performed a review of these condensed interim consolidated financial statements.

# Oceanic Iron Ore Corp.

Condensed Interim Consolidated Statements of Financial Position  
(Unaudited – expressed in Canadian Dollars)

	<i>Notes</i>	<b>As at June 30, 2022</b>	<b>As at December 31, 2021</b>
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 51,444	\$ 293,162
Receivables		3,188	3,753
Prepaid expenses and deposits		15,034	13,613
		<b>69,666</b>	<b>310,528</b>
Mineral properties	3	44,015,647	43,910,645
<b>Total assets</b>		<b>\$ 44,085,313</b>	<b>\$ 44,221,173</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 357,582	\$ 295,591
Due to related parties	6	356,027	249,974
Current portion of advance royalty payable	3	190,324	172,355
Current portion of convertible debentures	4	1,049,102	1,164,238
		<b>1,953,035</b>	<b>1,882,158</b>
Non-current portion of advance royalty payable	3	467,346	423,220
Non-current portion of convertible debentures	4	2,145,011	1,940,759
<b>Total liabilities</b>		<b>4,565,392</b>	<b>4,246,137</b>
<b>Shareholders' equity</b>			
Share capital		61,641,628	61,633,048
Reserves		11,235,772	11,205,166
Deficit		(33,357,479)	(32,863,178)
<b>Total shareholders' equity</b>		<b>39,519,921</b>	<b>39,975,036</b>
<b>Total liabilities and shareholders equity</b>		<b>\$ 44,085,313</b>	<b>\$ 44,221,173</b>
<i>Nature of operations and going concern</i>	1		
<i>Commitments</i>	5		
<b>Approved by the Board:</b>			
" Steven Dean "		Director	
" Gordon Keep "		Director	

*The accompanying notes are an integral part of these consolidated financial statements*

# Oceanic Iron Ore Corp.

## Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (Unaudited – Expressed in Canadian Dollars)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
<b>Expenses</b>				
Consulting and management fees	\$ 58,750	\$ 58,750	\$ 117,500	\$ 117,500
Directors' fees	7,500	7,500	15,000	15,000
License and insurance	7,161	11,036	16,992	15,816
Office and general	3,562	2,717	7,279	7,135
Professional fees expense	14,181	16,532	26,705	36,004
Rent	2,612	2,540	5,211	5,081
Share-based compensation	17,018	31,188	39,186	62,122
Transfer agent and regulatory	6,145	3,097	8,982	9,292
Wages and benefits	17,264	16,975	34,239	40,085
<b>Loss from operations</b>	<b>(134,193)</b>	<b>(150,335)</b>	<b>(271,094)</b>	<b>(308,035)</b>
<b>Other expenses</b>				
Gain (loss) on non-cash derivative liabilities	887,306	512,051	(24,150)	448,233
Convertible debenture accretion expense	(100,177)	(95,602)	(199,056)	(166,358)
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>\$ 652,936</b>	<b>\$ 266,114</b>	<b>\$ (494,300)</b>	<b>\$ (26,160)</b>
<b>Income (loss) per common share</b>				
Basic and diluted	\$ 0.01	\$ 0.00	\$ (0.01)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>				
Basic	96,768,302	93,966,559	96,726,165	93,923,320
Diluted	119,470,130	148,333,021	96,726,165	93,923,320

The accompanying notes are an integral part of these consolidated financial statements

## Oceanic Iron Ore Corp.

Condensed Interim Consolidated Statements of Changes in Equity  
(unaudited – Expressed in Canadian Dollars, except number of shares)

	Shares	Share capital	Reserves	Deficit	Total equity
<b>Balance - January 1, 2022</b>	<b>96,672,967</b>	<b>\$ 61,633,048</b>	<b>\$ 11,205,166</b>	<b>\$ (32,863,179)</b>	<b>\$ 39,975,035</b>
Share-based payments - stock options	-	-	39,186	-	39,186
Shares issued on settled restricted share units	95,335	8,580	(8,580)	-	-
Net loss for the period	-	-	-	(494,300)	(494,300)
<b>Balance - June 30, 2022</b>	<b>96,768,302</b>	<b>\$ 61,641,628</b>	<b>\$ 11,235,772</b>	<b>\$ (33,357,479)</b>	<b>\$ 39,519,921</b>

	Shares	Share capital	Reserves	Deficit	Total equity
<b>Balance - January 1, 2021</b>	<b>93,867,068</b>	<b>\$ 61,318,043</b>	<b>\$ 11,108,190</b>	<b>\$ (35,958,290)</b>	<b>\$ 36,467,943</b>
Share-based payments - stock options	-	-	62,122	-	62,122
Shares issued on settled restricted share units	93,999	8,460	(8,460)	-	-
Exercise of stock options	11,900	6,545	(4,165)	-	2,380
Net loss for the period	-	-	-	(26,160)	(26,160)
<b>Balance - June 30, 2021</b>	<b>93,972,967</b>	<b>\$ 61,333,048</b>	<b>\$ 11,157,687</b>	<b>\$ (35,984,450)</b>	<b>\$ 36,506,285</b>

The accompanying notes are an integral part of these consolidated financial statements

# Oceanic Iron Ore Corp.

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

	Notes	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
<b>Operating activities</b>					
Net income (loss)		\$ 652,936	\$ 266,114	\$ (494,300)	\$ (26,160)
Adjustments for:					
Share-based payments		17,018	31,188	39,186	62,122
(Gain) loss on convertible debenture derivative liability	4	(887,306)	(512,051)	24,150	(448,233)
Convertible debenture accretion expense	4	100,177	95,602	199,056	166,358
Net changes in non-cash working capital balances:					
Prepaid expenses and deposits		10,322	(19,470)	3,034	(14,865)
Receivables		2,890	16,250	497	(3,032)
Accounts payable and accrued liabilities		31,661	61,031	44,746	(84,600)
Due to related parties		49,445	51,281	106,053	(373,981)
Cash used in operating activities		\$ (22,857)	\$ (10,055)	\$ (77,578)	\$ (722,391)
<b>Investing activities</b>					
Mineral property expenditures	3b	(15,867)	(48,927)	(30,050)	(61,251)
Cash used in investing activities		(15,867)	(48,927)	(30,050)	(61,251)
<b>Financing activities</b>					
Exercise of stock options		-	2,380	-	2,380
Interest paid on convertible debenture	4	(67,045)	(67,045)	(134,090)	(108,972)
Proceeds from convertible debenture, net of issuance costs	4	-	(28,659)	-	1,519,234
Settlement of advance royalty payable		-	-	-	(100,000)
Cash used in financing activities		(67,045)	(93,324)	(134,090)	1,312,642
Change in cash		(105,769)	(152,306)	(241,718)	529,000
Cash, beginning of period		157,213	727,938	293,162	46,632
Cash, end of period		\$ 51,444	\$ 575,632	\$ 51,444	\$ 575,632

The accompanying notes are an integral part of these consolidated financial statements

# Oceanic Iron Ore Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

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### 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 activities on the Property. The Property comprises three project areas: Hopes Advance (also referred to as the “Hopes Advance Project” throughout), Morgan Lake and Roberts Lake, which cover over 35,999 hectares of iron formation and are located within 20 – 50 km of tidewater.

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 three months ended June 30, 2022, the Company had an accumulated deficit of \$33,357,479 and a working capital deficit of \$1,883,369. The Company will need to raise additional funds in order to meet its current obligations and 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.

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 condensed interim consolidated financial statements (“Interim Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of Interim Financial Statements, including International Auditing Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board and interpretations by the International Financial Reporting Interpretations Committee. These Interim Financial Statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited annual consolidated financial statements (the “Annual Financial Statements”) for the year ended December 31, 2021. The accounting policies followed in these Interim Financial Statements are the same as those applied in Note 3 of the Company’s annual financial statements.

The Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. These Interim Financial Statements are presented in Canadian dollars, which is the Company’s functional currency.

These Interim Financial Statements were approved by the board of directors on August 24, 2022.

# Oceanic Iron Ore Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

### 3. MINERAL PROPERTIES - UNGAVA BAY

#### a) Acquisition costs

	Six months ended June 30, 2022	Year ended December 31, 2021
<b>Acquisition costs - beginning of period</b>	<b>\$ 19,869,499</b>	<b>\$ 19,671,816</b>
<b>Additions during the period</b>		
Additional advance royalty payable	-	76,678
Accretion of advance royalty payable	<b>62,095</b>	121,005
<b>Acquisition costs - end of period</b>	<b>\$ 19,931,594</b>	<b>\$ 19,869,499</b>

#### b) Exploration costs

	Six months ended June 30, 2022	Year ended December 31, 2021
<b>Cumulative exploration costs - beginning of period</b>	<b>\$ 24,041,146</b>	<b>\$ 23,933,487</b>
<b>Expenditures during the period</b>		
Permitting and claims	<b>23,280</b>	65,629
Fieldwork and Geology	<b>13,398</b>	14,935
Consultants	<b>2,028</b>	4,920
Equipment, supplies & rentals	<b>3,000</b>	6,806
Office and accommodation	<b>1,201</b>	7,915
Transportation	-	7,454
Exploration expenditures for the period	<b>42,907</b>	107,659
<b>Cumulative exploration costs - end of period</b>	<b>\$ 24,084,053</b>	<b>\$ 24,041,146</b>
<b>Grand total - mineral properties</b>	<b>\$ 44,015,647</b>	<b>\$ 43,910,645</b>

Under the terms of the acquisition of the Property, the Company must pay advance net smelter royalty ("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.

A 1% NSR is payable to 154619 Canada Inc. ("154619") and a 1% NSR is payable to SPG Royalties Inc. ("SPG"). 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.

The total estimated future undiscounted NSR payments as at June 30, 2022 total \$1,000,000 (December 31, 2021: \$1,000,000).



# Oceanic Iron Ore Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

### 4. CONVERTIBLE DEBENTURES

	2017	2018	2021	Total
	Debentures	Debentures	Debentures	
Opening balance - January 1, 2021	\$ 2,692,727	\$ 2,855,760	\$ -	\$ 5,548,487
Proceeds received	-	-	1,557,548	1,557,548
Transaction costs	-	-	38,314	(38,314)
Interest expense and accretion	132,826	104,710	109,120	346,656
Amortization of transaction costs	3,224	4,196	6,387	13,807
Interest payments	(64,600)	(71,188)	(107,273)	(243,061)
Gain due to fair value adjustment on derivative liability	(1,599,939)	(1,491,154)	(989,033)	(4,080,126)
<b>Balance - December 31, 2021</b>	<b>\$ 1,164,238</b>	<b>\$ 1,402,324</b>	<b>\$ 538,435</b>	<b>\$ 3,104,997</b>
Interest expense and accretion	71,836	54,188	65,491	191,515
Amortization of transaction costs	1,612	2,098	3,831	7,540
Interest payments	(32,300)	(35,594)	(66,196)	(134,090)
(Gain) loss due to fair value adjustment on derivative liability	(156,284)	15,359	165,075	24,150
<b>Balance - June 30, 2022</b>	<b>\$ 1,049,102</b>	<b>\$ 1,438,375</b>	<b>\$ 706,636</b>	<b>\$ 3,194,113</b>

The Company uses an option pricing model to fair value the derivative liability components contained in the 2017, 2018 and 2021 debentures.

The 2017, 2018 and 2021 debentures mature on September 26, 2022, November 29, 2023 and March 10, 2026, respectively.

The 2017 convertible debentures are convertible into units at a conversion price of \$0.10 per unit. Each unit will be comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.10 per common share. The 2017 debentures bear interest at 8.5% per annum over a five-year term.

The 2018 convertible debentures are convertible into units at a conversion price of \$0.10 per unit. Each unit will be comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.05 per common share. The 2018 debentures bear interest at 8.5% per annum over a five-year term.

The 2021 convertible debentures are convertible into units at a conversion price of \$0.19 per unit. Each unit will be comprised of one common share and one share purchase warrant exercisable into one common share of the Company at a price of \$0.19 per common share. The 2021 debentures bear interest at 8.5% per annum over a five-year term.

# Oceanic Iron Ore Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

### 5. COMMITMENTS

The Company's undiscounted contractual commitments were as follows:

June 30, 2022

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 357,582	\$ -	\$ -	\$ 357,582
Due to related parties	356,027	-	-	356,027
Convertible debenture - liability component	877,581	1,166,058	1,714,967	3,758,605
Advance royalty payable	200,000	400,000	400,000	1,000,000
	\$ 1,791,190	\$ 1,566,058	\$ 2,114,967	\$ 5,472,214

December 31, 2021

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 295,591	\$ -	\$ -	\$ 295,591
Due to related parties	249,974	-	-	249,974
Convertible debenture - liability component	1,011,365	1,166,058	1,714,967	3,892,391
Advance royalty payable	200,000	400,000	400,000	1,000,000
	\$ 1,756,930	\$ 1,566,058	\$ 2,114,967	\$ 5,437,956

### 6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

#### a) Key Management Compensation

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

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Wages and benefits	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000
Directors' fees	7,500	7,500	15,000	15,000
Share-based payments*	14,366	20,433	32,838	50,289
	\$ 36,866	\$ 42,933	\$ 77,838	\$ 95,289

#### b) Payments for services by related parties

During each of the three and six months ended June 30, 2022 and 2021, the Company incurred corporate consulting fees of \$28,750 and \$57,500, respectively to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director and officer of the Company. As at June 30, 2022, the Company owed \$155,333 to Sirocco relating to unpaid consulting fees (December 31, 2021: \$95,834).

During each of the three and six months ended June 30, 2022 and 2021, the Company incurred corporate consulting fees of \$15,000 and \$30,000, respectively to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by an officer of the Company. As at June 30, 2022, the Company owed \$10,000 to Sinocan relating to unpaid consulting fees (December 31, 2021: \$10,000).

# Oceanic Iron Ore Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

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As at June 30, 2022, the Company owed \$65,695 in directors' fees to certain directors of the Company (December 31, 2021 - \$52,500). As at June 30, 2022, the Company owed unpaid salaries and benefits of \$80,000 to an officer of the Company (December 31, 2021 - \$50,000).

The Company was charged shared lease, overhead and service costs by Artemis Gold Inc. ("Artemis"), a company with common management and directors. For the three and six months ended June 30, 2022, the Company incurred \$5,355 and \$10,713, respectively (for the three and six months ended June 30, 2021: \$4,826 and \$9,857, respectively) in shared lease, overhead and service costs. As at June 30, 2022, the Company owed \$52,354 to Artemis (December 31, 2021: \$41,641).

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

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is based on available public market information or, when such information is not available, estimated using fair valuation techniques (including option pricing models and present value models) which include assumptions concerning the amount and timing of future cash flows and/or debt conversions, discount rates which factor in the appropriate credit risk, as well as historical volatility rate assumptions as applicable. The carrying values of cash, accrued interest receivable, deposits, accounts payable, accrued liabilities and due to related parties approximate their values due to their short-term nature.