

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine
months ended September 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 September 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 LLP, has not performed a review of these condensed interim consolidated financial statements.

Oceanic Iron Ore Corp.

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

		Three months ended	Three months ended	Nine months ended	Nine months ended
	Notes	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Expenses					
Consulting and management fees	6	\$ 58,750	\$ 58,750	\$ 176,250	176,250
Directors' fees	6	7,500	7,500	22,500	22,500
License and insurance		7,162	8,058	24,154	23,874
Office and general		7,321	2,864	14,600	9,999
Professional fees expense		16,055	20,433	42,760	56,437
Rent		2,613	2,540	7,824	7,621
Share-based compensation		6,720	7,608	45,906	69,730
Transfer agent and regulatory		3,912	3,129	12,894	12,421
Wages and benefits	6	21,541	16,975	55,780	57,060
Loss from operations		(131,574)	(127,857)	(402,668)	(435,892)
Other (expenses) income					
(Loss) gain on non-cash derivative liabilities	4	(325,725)	1,013,687	(349,875)	1,461,920
Convertible debenture accretion expense	4	(123,605)	(96,461)	(322,661)	(262,819)
Net (loss) income and comprehensive (loss) income for the period		\$ (580,904)	\$ 789,369	\$ (1,075,204)	\$ 763,209
(Loss) income per common share					
Basic and diluted		\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.01
Weighted average number of common shares outstanding					
Basic		96,768,302	93,972,967	96,740,365	93,940,051
Diluted		96,768,302	134,492,025	96,740,365	134,459,109

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
Balance - January 1, 2022	96,672,967	\$ 61,633,048	\$ 11,205,166	\$ (32,863,178)	\$ 39,975,036
Share-based payments - stock options	-	-	45,907	-	45,907
Shares issued on settled restricted share units	95,335	8,580	(8,580)	-	-
Shares issued on settled debenture interest	838,052	67,044	-	-	67,044
Net loss for the period	-	-	-	(1,075,204)	(1,075,204)
Balance - September 30, 2022	97,606,354	\$ 61,708,672	\$ 11,242,493	\$ (33,938,382)	\$ 39,012,783

	Shares	Share capital	Reserves	Deficit	Total equity
Balance - January 1, 2021	93,867,068	\$ 61,318,043	\$ 11,108,190	\$ (35,958,290)	\$ 36,467,943
Share-based payments - stock options	-	-	69,730	-	69,730
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 income for the period	-	-	-	763,209	763,209
Balance - September 30, 2021	93,972,967	\$ 61,333,048	\$ 11,165,295	\$ (35,195,081)	\$ 37,303,262

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 September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Operating activities					
Net (loss) income		\$ (580,904)	\$ 789,369	\$ (1,075,204)	\$ 763,209
Adjustments for:					
Share-based payments		6,720	7,608	45,906	69,730
Loss (gain) on convertible debenture derivative liability	4	325,725	(1,013,687)	349,875	(1,461,920)
Convertible debenture accretion expense	4	123,605	96,461	322,661	262,819
Net changes in non-cash working capital balances:					
Prepaid expenses and deposits		7,341	9,782	10,375	(5,083)
Receivables		(15,174)	782	(14,677)	(2,250)
Accounts payable and accrued liabilities		(143,357)	7,657	(98,611)	(76,943)
Due to related parties		(244,359)	61,076	(138,306)	(312,905)
Cash used in operating activities		\$ (520,403)	\$ (40,952)	\$ (597,981)	\$ (763,343)
Investing activities					
Mineral property expenditures	3b	(36,022)	(48,782)	(66,072)	(110,033)
Cash used in investing activities		(36,022)	(48,782)	(66,072)	(110,033)
Financing activities					
Exercise of stock options		-	-	-	2,380
Interest paid on convertible debenture	4	-	(67,044)	(134,090)	(176,016)
Proceeds from convertible debentures	4	1,220,000	-	1,220,000	1,519,234
Issuance costs on convertible debentures	4	(9,424)	-	(9,424)	-
Settlement of advance royalty payable		-	-	-	(100,000)
Cash provided by (used in) financing activities		1,210,576	(67,044)	1,076,486	1,245,598
Change in cash		654,151	(156,778)	412,433	372,222
Cash, beginning of period		51,444	575,632	293,162	46,632
Cash, end of period		\$ 705,595	\$ 418,854	\$ 705,595	\$ 418,854

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 nine months ended September 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

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 condensed interim condensed financial statements (“Interim 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 could result in a material uncertainty casting significant doubt on the validity of this assumption. For the period ended September 30, 2022, the Company had an accumulated deficit of \$33,938,382 and a working capital deficit of \$937,301.

While the Company has completed a non-brokered private placement in the amount of \$1,220,000 during the period ended September 30, 2022 (see Note 4), the Company’s ability to continue on a going concern basis for and beyond the next twelve months depends on its ability to successfully raise additional financing for continued operations and for the necessary capital expenditures required to achieve planned principal operations. 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. While the Company 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.

These Interim 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 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 consolidated financial statements.

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

2. BASIS OF PRESENTATION (continued)

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 November 28, 2022.

3. MINERAL PROPERTIES - UNGAVA BAY

a) Acquisition costs

	Nine months ended		Year ended
	September 30, 2022	December 31, 2021	
Acquisition costs - beginning of period	\$ 19,869,499	\$ 19,671,816	
Additions during the period			
Additional advance royalty payable	-	76,678	
Accretion of advance royalty payable	95,530	121,005	
Acquisition costs - end of period	\$ 19,965,029	\$ 19,869,499	

b) Exploration costs

	Nine months ended		Year ended
	September 30, 2022	December 31, 2021	
Cumulative exploration costs - beginning of period	\$ 24,041,146	\$ 23,933,487	
Expenditures during the period			
Permitting and claims	40,048	65,629	
Fieldwork and geology	13,398	14,935	
Consultants	2,028	4,920	
Equipment, supplies & rentals	6,000	6,806	
Office and accommodation	1,441	7,915	
Transportation	-	7,454	
Exploration expenditures for the period	62,915	107,659	
Cumulative exploration costs - end of period	\$ 24,104,061	\$ 24,041,146	
Grand total - mineral properties	\$ 44,069,090	\$ 43,910,645	

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

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Notes to the Condensed Interim Consolidated Financial Statements
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Unaudited – Expressed in Canadian Dollars – unless otherwise noted

3. MINERAL PROPERTIES - UNGAVA BAY (continued)

b) Exploration costs (continued)

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 September 30, 2022 total \$1,000,000 (December 31, 2021: \$1,000,000).

4. CONVERTIBLE DEBENTURES

	Series A Debentures	Series B Debenture	Series C Debentures	Series D Debentures	Total
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 settlements	(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)
Balance - December 31, 2021	\$ 1,164,238	\$ 1,402,324	\$ 538,435	\$ -	\$ 3,104,997
Proceeds received	-	-	-	1,220,000	1,220,000
Transaction costs	-	-	-	(92,882)	(92,882)
Interest expense and accretion	117,150	81,779	98,226	12,643	309,798
Amortization of transaction costs	2,419	3,148	5,748	1,548	12,863
Interest settlements	(48,450)	(53,391)	(99,294)	-	(201,135)
Loss (gain) due to fair value adjustment on derivative liability	578,094	(358,245)	236,821	(106,795)	349,875
Balance - September 30, 2022	\$ 1,813,451	\$ 1,075,615	\$ 779,936	\$ 1,034,514	\$ 4,703,516

On September 26, 2022, the Company completed a non-brokered private placement financing in the amount of \$1,220,000 by way of issuance of convertible debentures (the "Series D Debentures") which earn interest at a rate of 8.5% per annum over a 60-month term (the "Term"), payable quarterly in cash or common shares in the capital of the Company, at the election of the Company, at the market price of the common shares at the time of settlement.

The principal amount of the Debentures will be convertible to units (each a "Unit") during the Term at the election of the subscriber. The conversion price during the first year of the term is \$0.07 per Unit, increasing to \$0.10 per Unit for the remainder of the term. Each Unit will consist of 1 common share of the Company and 1 common share purchase warrant of the Company, with each whole warrant entitling the holder to purchase one common share at a price of \$0.07 per common Share for a period of 5 years after closing of the financing.

The Series D Debentures are secured with a first ranking charge at any time against the assets of the Company, ranking pari-passu with the current secured debenture holders and holders of the Replacement Debentures (as defined below).

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Notes to the Condensed Interim Consolidated Financial Statements

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4. CONVERTIBLE DEBENTURES (continued)

In accordance with IFRS 9 – Financial Instruments (“IFRS 9”), it has been determined that the respective convertible debentures are, for IFRS purposes, hybrid debt instruments which contain non-cash embedded derivative liabilities associated with the conversion features of the debentures into Units. IFRS 9 further determines that the debenture is to be measured at amortized cost and the non-cash embedded derivative is to be measured at fair value.

Similar to the 2018 Debenture (“Series B Debenture”) and 2021 Debentures (“Series C Debentures”), the conversion option associated with the Series D Debentures are treated as a derivative liability and fair valued each reporting period, resulting in an accounting unrealized gain or loss being reflected in the Company’s consolidated financial statements. The convertible debentures are recognized as having two separate liability components. Firstly, the units which are recognized as a derivative liability and fair valued each reporting period, and secondly the convertible debenture liability, which is fair valued at the time of issue, and then accounted for at amortized cost and accreted to the face value over the life of the convertible debentures. At inception, the Company recognized a deferred unrealized loss in the amount of \$1,850,715, which was the difference between the fair value of the combined liability and the proceeds received. The deferred unrealized loss has been recorded against the convertible debentures on the balance sheet and will be amortized over the Term on a straight-line basis.

The Company entered into agreements with holders of the previously issued Series A convertible debentures (the “Series A Debentures”) to replace the Series A Debentures with new debentures (the “Replacement Debentures”) maturing on September 26, 2027.

The Series A Debentures were convertible to units (each a “Series A Unit”) at the election of the holder at a price of \$0.10 per Series A Unit. Each Series A Unit consists of 1 Common Share and 1 common share purchase warrant of the Company, with each whole warrant entitling the holder to purchase one common share of the Company at a price of \$0.10 per common share.

The terms of the Replacement Debentures are the same as the Series A Debentures, other than (i) the conversion price during the first year of the term is \$0.07 per Unit, increasing to \$0.10 per Unit for the remainder of the term; (ii) the warrant exercise price will be \$0.07; (iii) the maturity date, which is September 26, 2027; and (iv) accrued interest payable under the Replacement Debentures may be settled in cash or common shares quarterly, at the election of the Company, at the market price of the common shares at the time of settlement.

In accordance with IFRS 9 – Financial Instruments (“IFRS 9”), it has been determined that the respective convertible debentures are, for IFRS purposes, hybrid debt instruments which contain non-cash embedded derivative liabilities associated with the conversion features of the debentures into Units. IFRS 9 further determines that the debenture is to be measured at amortized cost and the non-cash embedded derivative is to be measured at fair value.

The Company amended the previously issued Series B and C convertible debentures (the “Series B and C Debentures”). The terms of the amended Series B and C Debentures are the same as the previously issued Series B and C Debentures, other than the accrued interest payable

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Notes to the Condensed Interim Consolidated Financial Statements

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4. CONVERTIBLE DEBENTURES (continued)

under the amended Series B and C Debentures may be settled in cash or Common Shares quarterly, at the election of the Company, at the market price of the Common Shares at the time of settlement.

The Company uses an option pricing model to fair value the derivative liability components contained in the Replacement Debentures, Series B and C Debentures and Series D Debentures.

The Series B Debenture and Series C Debentures mature on November 29, 2023 and March 10, 2026, respectively.

The Series B Debenture is 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 Series B Debenture bears interest at 8.5% per annum over a five-year term.

The Series C 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 Series C Debentures bear interest at 8.5% per annum over a five-year term.

5. COMMITMENTS

The Company's undiscounted contractual commitments were as follows:

	September 30, 2022				
	Less than 1 year	1 - 3 years	4 - 5 years	Total	
Accounts payable and accrued liabilities	\$ 282,086	\$ -	\$ -	\$ 282,086	
Due to related parties	111,668	-	-	111,668	
Convertible debenture - liability component	92,970	1,502,659	4,157,792	5,753,421	
Advance royalty payable	200,000	400,000	400,000	1,000,000	
	\$ 686,724	\$ 1,902,659	\$ 4,557,792	\$ 7,147,175	

	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	

Oceanic Iron Ore Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

Unaudited – Expressed in Canadian Dollars – unless otherwise noted

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 September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Wages and benefits	\$ 15,000	\$ 15,000	\$ 45,000	\$ 45,000
Directors' fees	7,500	7,500	22,500	22,500
Share-based payments	6,157	1,585	38,995	51,874
	\$ 28,657	\$ 24,085	\$ 106,495	\$ 119,374

b) Payments for services by related parties

During each of the three and nine months ended September 30, 2022 and 2021, the Company incurred corporate consulting fees of \$28,750 and \$86,250, respectively to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director and officer of the Company. As at September 30, 2022, the Company owed \$nil to Sirocco relating to unpaid consulting fees (December 31, 2021 - \$95,834).

During each of the three and nine months ended September 30, 2022 and 2021, the Company incurred corporate consulting fees of \$15,000 and \$45,000, respectively to Sinocan Consultant Hong Kong Ltd. ("Sinocan"), a company controlled by an officer of the Company. As at September 30, 2022, the Company owed \$nil to Sinocan relating to unpaid consulting fees (December 31, 2021: \$10,000).

As at September 30, 2022, the Company owed \$50,000 in directors' fees to certain directors of the Company (December 31, 2021 - \$52,500). As at September 30, 2022, the Company owed unpaid salaries and benefits of \$nil 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 nine months ended September 30, 2022, the Company incurred \$5,104 and \$15,817, respectively (for the three and nine months ended September 30, 2021: \$4,826 and \$14,846, respectively) in shared lease, overhead and service costs. As at September 30, 2022, the Company owed \$57,458 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. The embedded derivative liability component of the convertible debenture falls under a level 3 hierarchy due to certain inputs that are not based on observable market data.

Oceanic Iron Ore Corp.

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8. SUBSEQUENT EVENT

- Subsequent to September 30, 2022, the Company issued 37,334 common shares pursuant to the settlement of RSUs.